

The role of tourism in the new growth perspectives in Southeast Europe (SEE)

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Abstract

Tourism is an increasingly important source of income and development driver in South-Eastern European (SEE) countries^B. Besides positive effects on economic growth, tourism greatly affects the environment. Therefore, new growth perspectives include tourism as important industry with its economic, social, and environmental impacts. Consequently, economic growth is nowadays discussed more in the context of environmental concerns than decades before. The focus of this review paper is put on the new economic growth theories and the role of tourism in it, together with challenges the new theories face. The starting point of the research is the abandonment of existing, neoliberal assumption and paradigm of neoliberal capitalism which includes constant growth and thereby worsens the impact on the environment. Disadvantages, as well as negative impact on the environment leads to the emergence of new perspective on growth – from growth-optimist and green-growth through a-growth to the theory of de-growth. The main premise is that unlimited growth is not possible on a planet with limited resources. Hence, new growth theories emphasise the importance of redefine tourism with focus on the rights of local communities and rebuild the social capacities of tourism. This paper questions advantages and disadvantages, as well as the potential consequences of the establishment of new growth policies. Considering that the Mediterranean countries of Southeastern Europe largely base their economic growth on the tourism sector, the analysis of the position of tourism in new growth perspective as well as adaptation to new policies is an important topic for research.

Keywords: *Economic Growth, Green Growth, Degrowth, Sustainable Tourism, SEE*

Introduction

Tourism has experienced significant growth over time. Between 2009 and 2019—a decade of uninterrupted expansion—international tourist arrivals increased by an average of 5% per year, resulting in a total rise of 64%. During this period, global tourist arrivals surged from nearly 900 million in 2009 to 1.5 billion in 2019 (UNWTO, 2023). Europe, the most visited region in the world, recovered strongly after the pandemic, reaching 94% of pre-pandemic visitor levels in 2023. In terms of economic impact, tourism contributed approximately 3% to global gross domestic product (Tourism Direct GDP) in the same year (UNWTO, 2024a). In 2023, Europe

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hosted 54% of all international tourist arrivals worldwide. Southern and Mediterranean Europe alone welcomed 307.4 million international tourists—a 15.7% increase compared to 2022 and a 1.1% increase over pre-pandemic levels in 2019. Notably, this growth was concentrated in the second and third quarters of the year, suggesting that climate change may be extending the pre-season without yet significantly disrupting the peak summer season (UNWTO, 2024b). These trends underline the significance of tourism as a key economic sector in South-Eastern European (SEE) countries. Given its growing role, it is essential to analyze tourism within the framework of emerging economic growth theories that address environmental and social sustainability. New growth perspectives dominantly include green transition and environmental protection. European Green Deal promotes new growth models, climate-neutral policies, and legislative initiatives, while Greener European tourism is included in mentioned policies and initiatives (European Commission, 2021). Sustainable tourism is one of the prominent roles of United Nations World Tourism Organization (UNWTO) as well as Global Sustainable Tourism Centre (GSTC) in gaining United Nations 2030 agenda for sustainable development. Tourism countries possess rich cultural heritage, natural landscapes, and historical sites which attracts tourists from around the world. Tourism is not only economic phenomenon, but also a social and environmental. Therefore, it requires interdisciplinary research. Tourism fosters new growth perspectives by driving economic growth and development, job creation, and promoting cultural exchange. In order to produce tourism and leisure services, country need to produce capital goods like public and construction infrastructure. Tourism countries invest in infrastructure and facilities like airports, roads, ports, communication infrastructure, hospitals, and restaurants. However, the development of tourism is based mostly upon free national natural resources or attractions, but the costs are protection and management (Andriotis, 2018). Climate change has revived the debate between economic growth and environmental protection or climate policies. Meanwhile, the climate policies may affect economic growth differently. Economic growth is the topic which became interdisciplinary, and the consequences of economic growth are researched by natural and social scientists. The debate may intensify in coming years due to temperature rise that surpasses all predictions. Furthermore, this debate intensifies the interest in growth theories, from those who advocate the reduction of growth as a way of protecting environment for quality life, to those who see progress in population standards only in economic growth. More precisely, growth theories range from *anti-* to *pro-* growth highly connected with political or socio-political support. New growth theories are characterized by the advocacy of abandoning GDP as an indicator of progress. According to it, the GDP is a measure of market activity, but not a measure of social well-being. Recently, numerous indicators have been developed that show the level of well-being (D'Alisa *et al.*, 2016). In the terms of macroeconomics, tourism is one of the most important sources of foreign exchange earnings as well as driving wheel of economic growth primarily through employment. However, systematic and complete tourism macro-statistics for the national economies is very scarce and incomplete, the methodology is not unique and unified disabling the adequate comparisons between countries (Salee *et al.*, 2022). Tourism plays an important role in SEE economies and its regional and sustainable development policies. To conclude, tourism has economic and employment potential, but social and environmental implications. This paper tends to give overview of the application of growth theories and connection with sustainable tourism development. Social justice, equity and human flourishing are main determinants of new growth theories which advocated for a redistributive and democratically organized reduction of energy and resources. *Degrowth* stands out as the most radical anti-capitalist theory, while other *green-growth* and *growth-optimist*

theories advocated the reduction and decoupling with the focus on amount of material and energy metabolized not on GDP reduction. Therefore, *degrowth* have negative connotations in public due growth sacrifice for environment. Also, *degrowth* scares as it sometimes connects with communism. It is a theory that met with condemnation and disapproval in the public for its radical shift towards sustainability at the expense of economic growth. Through literature (Androit, 2018; Sharpley and Telfer, 2023; D'Alisa et al, 2016; Murray et al, 2023; Van den Bergh, 2023) it seems utopian and still has no strong scientific basis. More exhaustive and comprehensive research is needed to bring this theory closer to the masses. Apart from the theories of growth, policies and initiatives that include new growth theories are also mentioned - the *Green New Deal* - an important development plan.

Literature review

According to Sharpley and Telfer (2023) tourism is the mass movement of people which entails environmental, social and economic costs. However, tourism is an effective contributor to development of destination but with negative environmental impacts. The balance between development and environment led to policies and initiatives of sustainable tourism development. The authors concluded the hypothesis that tourism is also part of global production and consumption system which produces more than necessary with negative environmental impacts. Development theories in tourism, according to Androit (2018) are chronologically divided to: Modernisation/Diffusion (1950s -1960s); Dependency (1960s – early 1980s); Neo-liberalism (Mid 1970s - 1980s); Sustainable development (Late 1980s – 1990s); and Towards a new paradigm (2000s). Similar structure or the evolution of development theory is presented by Telfer and Sharpley in their book *Tourism and Development in the Developing World* (2016). The last period “Towards a new paradigm”(Androit, 2018) or “Global development” (Telfer and Sharpley, 2016) is characterized by increasing concerns related to tourism and climate change, endogenous anti-capitalistic model of development, environmentally-friendly growth, respecting limits to growth, rejection of Western travel amenities and commoditised tourism products, and downscaled tourism infrastructure.

Kallis *et al* (2018) research the different themes of degrowth – history, economics, anthropology and social sciences, technology studies, political science and ecological economics and provides that growth is an ideological construction and ecologically unsustainable. Social transformation is indispensable prerequisite in economic stabilisation and degrowth application. A similar subject of research is presented by environmental political scientists and economists which studied climate change, planetary boundaries and socio-economic inequalities in proceedings from the scientific conference *Degrowth: A Vocabulary for a New Era* edited by Giacomo D'Alisa, Federico Demaria and Giorgos Kallis (2016). It discusses about economic theory and practice in the field of de-growth economics. However, *degrowth* theory is presented as a subversive and controversial topic in contemporary societies. The *Degrowth* advocates do not have a clear and scientifically based plan, making this theory subject to numerous criticisms. Some of the interesting conclusions are that institutional action, as well as institutions very creation and development, is a consequence of human action, hence institutional shortcomings are the result of human action for which responsibility should be taken. Although it is often stated that degrowth theory is primarily a critique of growth, this theory is very radical and insufficiently researched.

– The perspectives of new growth theories in tourism

The tourism sector, with its huge socio-environmental costs, plays an increasingly powerful role in the process of environmental degradation on a global scale. In economic growth context tourism can be related with green growth or sustainable tourism development, *post-development* tourism and *degrowth* tourism. Also, a critical problematization of touristification can be dealt from a *degrowth* perspective – a political agenda from transforming tourism for reproduction on life rather than capital (Murray *et al*, 2023). Although aimed at reducing inequality and poverty, *degrowth* policies in middle-income countries may have different impacts than in high-income countries. Geographical location, as well as economic and institutional capacities play main role related to the adaptation and implementation of economic policy measures that are in line with climate change (Van den Bergh, 2023). Therefore, the expansion of tourism has resulted in exploitation and inequalities. The *degrowth* theory offers the solution for overtourism and proposes that tourism should be rethought within this framework, offering a possible pathway to a post-growth world (Sharpley and Telfer, 2023).

Tourism development research was introduced relatively recent, after the 1970s and there is lack of development theories in the context of tourism (Andriotis, 2018). However, European Union includes sustainable tourism in many initiatives, policies, and strategies of economic development. Recent policies in the domain of tourism put a lot of effort on tourism impacts on economic growth as well as on environment. Furthermore, European Tourism Indicator System (ETIS) created by European Commission monitors and measures sustainable tourism performance of tourism destinations. Along with destination management, social and culture impact, two of four categories are economic value and environmental impact (ETIS, 2016).

In response to the challenges of policies to avoid extreme climate change, three groups of solutions are most often formed in the public discourse: *growth-optimists*, *anti-* or *de-growth* and *a-growth*. *A-growth* presents the theory in between two ends of spectrum, on the one side are *anti-growth*, *degrowth* or *post-development* theories and on the other, *growth-optimist* theories. *Growth-optimists* advocate *green growth* based on innovations, encouraging purchase and being commercially attractive (Van der Bergh, 2023). On the contrary, according to Kallis (2017) economic growth cannot be ecologically sustainable regardless of type of growth – either socialist or capitalist. Sustainability, according to Kallis, is only possible without growth.

– The impacts of tourism growth

The connection between economic growth and environment and the role of tourism in it led to a *degrowth* as the end point of environment-development continuum. Climate change, global warming and carbon emissions pressing the need to reduce levels of consumption and exploitation of natural resources. The environmental consequences of consumptions are equally distributed around the globe while the level of consumption is unequal distributed. Responsibility for reducing climate change impacts should be taken by wealthier countries who need to subsidize the cost in underdeveloped parts of the world (Sharpley and Telfer, 2023).

Economic growth has a positive correlation with tourism receipts, tourism expenditures and number of arrivals in many countries. Also, the growth-led tourism hypothesis is supported in case of Croatia, Bulgaria, Greece, Spain, Italy, Tunisia, and Cyprus (Aslan, 2013). Furthermore, the hypothesis of tourism-led economic growth in case of Serbia is confirmed by Hristov Stančić *et al* (2022), while authors imply that tourism industry is trigger of Serbian economic growth. The most comprehensive assessment was made by De Vita and Kyaw (2016) who made a panel analysis on sample of 129 countries in the period 1995-2011 using a system generalized methods-of-moments (SYS-GMM) estimation methodology to the tourism-growth relation-

ship. Their results suggest that role of the level of economic development is not negligible in explaining the tourism-growth relationship. Also, their specification includes the level of financial development while the positive effect of tourism is only significant for middle and high-income countries. At low levels of economic development, tourism does not contribute to GDP growth.

Economic growth theories based on neoliberal economics measure progress by increases in GDP. Although the world GDP is increasing, the world is becoming richer and global poverty had been halved, inequalities rise. Despite increase in average per capita GDP on global level, income inequality continues to grow even in the developed world (Sharpley and Telfer, 2023). Adopting policies based on the wrong indicators can have disastrous consequences for society. Policies based on wrong indicators mean that governments make inadequate policy choices, with long-lasting consequences. Hence, the GDP proved to be an unreliable indicator, and the need for new indicators that would more clearly represent well-being resulted in the emergence of “beyond GDP” frameworks. This framework includes the environmental impacts of economic growth. Furthermore, “beyond GDP” framework includes more powerful indicators which present is economic growth environmentally sustainable and who is benefiting from growth (Stiglitz *et al*, 2018).

– Environment vs. Development

Nowadays societies face a great challenge: need to resist economic growth that endangers the ecosystem and negatively affects climate change, while at the same time economic growth is indispensable. Economic growth, but more the economic development is the main driving force and goal of any economic policy of social arrangement and an opportunity to improve living standards. Hence, resisting growth brings the danger of economic and social collapse. Regarding the new growth perspectives, green economies or *green growth*, *a-growth* and *de-growth* appear as solutions. Solutions vary from radical: an immediate ban on fossil fuels use, to more gradual: transition to net zero carbon emissions. The common to all solution is that global warming entirely depend on appropriate human action (Sharpley and Telfer, 2023). Most important, the basis of the green growth theories is the reduction of economic activity that contributes to pollution and the strengthening of economic activities with a low share of carbon emissions (D’Alisa *et al*, 2016).

The optimal relationship between tourism and ecology is achieved through development that will not degrade the environment. Neoliberal theory is slowly disappearing and losing its significance in front of sustainable theories of economic growth that include care and protection of the environment. But if we compare the new theories of economic growth and development with the neoliberal ones on the one side of environment-development policy spectrum is de-growth theory, and on the other is neoliberal growth policy measured by GDP. In between of these two extremes of spectrum are *steady state economy* and *green growth*. *Stady state* is consistent with new growth perspectives which include *a-growth* perspective.

Balancing development with sustainability represents modest solution. Environmental economics suggest targeting and constraining the industries which contribute to emissions rather than enforcing less consumption overall. In that way, constraining the physical size of the economy is less environmentally and economically effective than targeting the specific ones. Regulations and establishing standards are more effective. Linked with the EU Green Deal, *the European Commission Transition Pathway for Tourism* includes a focus on the transition to greener business models, including through sustainable mobility and integrated circularity for

tourism services (European Commission, 2022). Economic indicators like DTGDP for tourism, or GDP for overall economic performance of destination is not the appropriate measure of tourism contribution, or economic growth in general. Tourism statistics like statistics in general need robust data to ensure that tourism as well as overall economic action on the ground really contributes to the improvement of living standard in sustainable way (Stiglitz *et al*, 2018).

New growth theories like a-growth and *de-growth* denies GDP as main indicator of societal welfare and progress. It is stated that the GDP is not robust indicator of welfare and progress (Van der Bergh, 2011). *Beyond GDP* framework includes alternative to traditional measures for economic indicators such as GDP. Some of the indicators that are characteristic of the new theories of growth and include a broader picture of progress are the EU Social Progress Index (SPI) and Human Development Index (HDI). The SPI measure social and environmental progress at NUTS2 level to better reflect social development helping policymakers and stakeholders in decision making. The SPI is based on a large number of social and environmental indicators from Eurostat in the area of health, education, water, waste, access to information and communication technologies, energy efficiency, education and skills, and pollution (European Commission). Besides SPI, example of “beyond GDP” indicator is the Statistical Framework for Measuring the Sustainability of Tourism (MST). MST is an internationally agreed reference framework for measuring the economic, social and environmental aspects of tourism. However, there is a need to revise the role of tourism in economics growth.

Green Growth

Global issues like climate change and resource scarcity encourage government, regulators, financial institutions, media, and education systems to seek solutions to combat these global issues (Jackson, 2009). *Green growth* is the most widely accepted and moderate theory related to the adaptation of economic growth to climate change. *Green growth* is found across the political spectrum, but it is not guarantee for solving environmental issues (D’Alisa *et al*, 2016; Salee, 2022). Balancing development with sustainability makes *green growth* as politically popular relying on decoupling production from resource exploitation. In that way, *green growth* offers sustainable but still continuing economic growth (Sharpley and Telfer, 2023).

The green growth become a dominant policy response to climate change and environmental degradation. According to green growth theory continued economic expansion is compatible with environmental protection due to technological change and decoupling GDP growth from resource use and carbon emissions. On the contrary, empirical evidence on resource use and carbon footprint emissions implies opposite results to theory premises (Hickel and Kallis, 2020; Jacobs, 2012). Jacobs (2012) imply the importance of green growth definition due to different variations of green growth. Also, timeframe plays an important role. The need of economic theory change is highlighted in Fabozzi *et al* (2022) paper where they claim the concept of growth need to be changed, accepting qualitative growth as true growth.

A-growth

According to van der Bergh (2023) policy support is indispensable for climate and environmental policies while growth is no longer decisive factor. Author constructed the term a-growth which includes public policies for climate change resilience supported by theoretical and empirical evidence which weaken public and political resistance.

Balancing between climate and economy is not in focus in a-growth as in green growth theories. A-growth means “agnostic” about growth and this position allows to be critical about growth without strict anti-growth position. A-growth takes indifferent position about growth and focus on well-being, distribution, and environment - it assumes that growth could be result of social, economic, and environmental policy change (van der Bergh, 2023).

De-growth

Degrowth as a term was coined in 1972 by social philosopher André Gorz while increasing natural disasters caused by climate change put this theory nowadays in the focus of economic debates. Human exploitation and environmental destruction encourage social changes and an orientation towards sufficiency.

The socio-ecological transition includes reduction of energy and material use. Economic de-growth which includes the emission reduction needs to deal with unemployment as the result of production reduction. Hence, de-growth theory in practice requires a reform of social and financial institutions (Martinez Alier, 2009). World Economic Forum (2022) mark the de-growth theory as radical and subversive. The high-income countries could implement de-growth policies by measures like universal basic income, shorter working week and job guarantees. More focus needs to be given on public transportation and renewable resources instead of automobile industry. Low-income countries should grow in more sustainable way to gain the development level of most developed countries.

De-growth can be related to post-growth period. The post-growth is conceived as a period in which growth is not the central principle and meaning of social life. It is associated with post-capitalism, de-growth and post-growth. Such theories are mostly associated with the most developed societies at a high level of development, with a developed system of healthcare, education and public administration, although these theories are lacking scientific approval even there (D'Alisa *et al*, 2016).

Neoliberal statistics stress the GDP as main indicator of progress, while de-growth imply the value of unpaid domestic and voluntary work measuring the welfare and happiness of the population (Martinez Alier, 2009). Economic activity measured by GDP is reflection of rising income not rising prosperity (Jackson, . Furthermore, indicators like Social progress index (SPI) are crucial in measuring the economic progress. Economic progress is best seen through several indicators. Thus, together GDP and SPI are more detailed indicator in representing inclusive growth.

Tourism in SEE

Analysing how tourism affects economic growth can be concluded that tourism contributes to economic growth through revenue generation, job creation, infrastructure development, multiplier effect, diversification of the economy, foreign exchange earnings, trade and cultural exchange. In many regions, tourism serves as a catalyst for economic diversification by fostering entrepreneurship and creating new business opportunities (Hall *et al*, 2020). However, new growth theories in domain of tourism are integrated in measures like universal basic income and public services, policies to oppose privatization and commodification, reductions in working hours and public financing which would support reforms (Kallis *et al*, 2020). Sustainable tourism is one of the main roles of United Nations World Tourism Organisation which requires continuous monitoring of impacts to prevent or correct measures to achieve sustainable

growth. It includes environmental, economic and socio-cultural aspects of tourism development. In next decade tourism will record continued growth. Growth in tourism sector will be followed by investment processes, social progress and environmental sustainability but with one big precondition - tourism need to be a priority in national policy decisions (Petković and Pindžo, 2012).

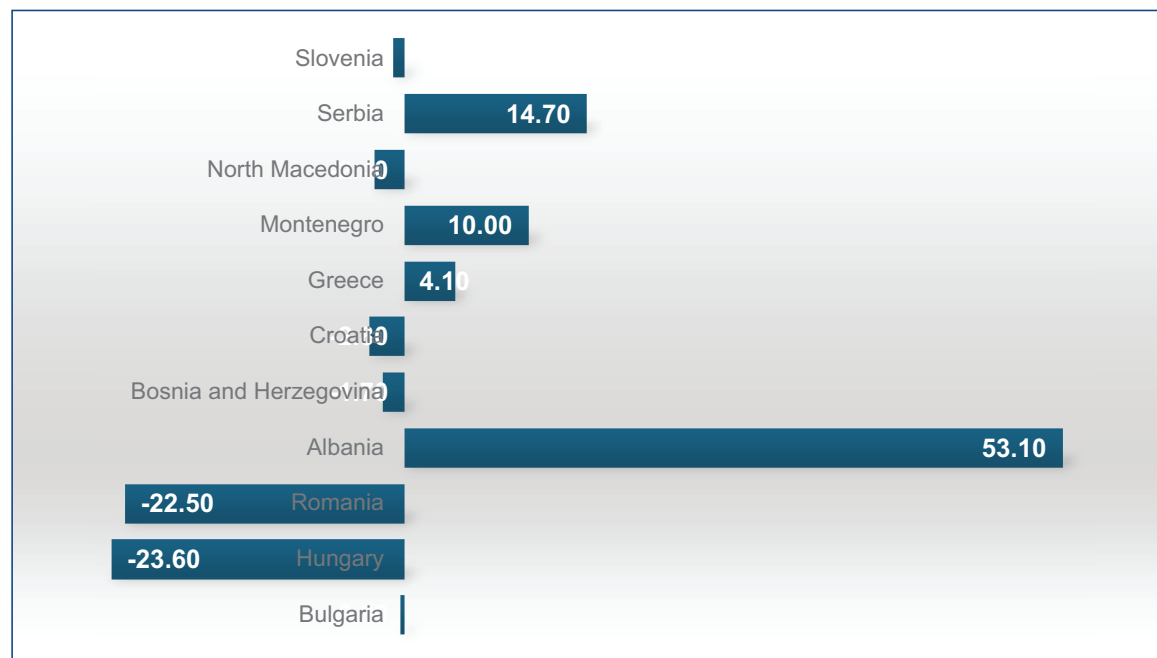
Southeast European countries are considered as small open economies with progress in liberalising investments and business conditions but with the significant gap to European Union level (OECD, 2023). Tourism plays an important role in the economy of SEE. However, there is lack of macro-statistics data to analyse and make comparative analysis on national level. More precisely, countries have a well-established system of statistics to track tourism demand in terms of micro-statistics, like domestic and outbound trips, tourist accommodation and tourist expenditure, but macroeconomic statistics such as employment, the impact on economic growth and contribution to the overall economy of the country are missing (Eurostat, 2023).

Tourism is source of foreign revenues and export industry in SEE countries. Consequently, tourism has been adopted as a development strategy in main policy initiatives due to economic benefits it brings to destinations. According to *International Tourism Highlights* (UNWTO, 2021) Southern Mediterranean destinations shown remarkable tourism performance measured by arrivals (+5%) and earnings (+7%) in 2019. SE Mediterranean destinations led growth due to intraregional demand in Europe, though the economic performance among all Europe was weaker and uneven but the overseas market held up well.

Number of European summer holiday tourists increased significantly since 2010, especially in Albania, Montenegro, Croatia, and Greece. Eurozone countries are primary source for Croatia, Bulgaria and Greece, while Russia for Montenegro. Major shortcomings in tourism development are low quality of infrastructure and underdeveloped air transport network, while all SEE countries are less competitive tourism destinations in comparison with Spain, France, Italy and Portugal (EBRD, 2016). Recommendations of EU and UNWTO in the field of sustainability should lead lowering seasonality, decreasing energy use and increasing the use of renewable energy resources, protecting natural and cultural resources, improving the quality of jobs and developing tourism capacities and programmes (Petković and Pindžo, 2012). The UN Tourism International Network of Sustainable Tourism Observatories (INSTO) created by the EU also works in this direction, but only Croatia and Greece as EU members are part of this program. Environmental policies are key tourism assets. Furthermore, the SEE economies need to control and manage negative impacts of tourism by establishing environmental and tourism policy frameworks.

All SEE countries have tourism frameworks and institutions in place while qualitative assessment found that tourism prioritisation and promotion together with qualified workforce is strongest area for economic improvement. Hence, value-added effects of tourism measured by tourism satellite accounts as well as robust and comprehensive statistics are still lacking in SEE countries (OECD, 2018). According to World Tourism Barometer (UNWTO, 2024) the number of international tourist arrivals on global level had not reached the 2019 level. On the contrary, Albania is one of the destinations which in 2023 above pre-pandemic levels with growth of 56% in international arrivals compared to 2019. In the same period, Serbia reported 15% growth in number of international arrivals and 79% in international tourism receipts. Romania is also one of the several destinations which reported 45% growth in international tourism receipts compared to 2019 but with 22,55% decrease of arrivals (*Figure 1*). In 2024, UNWTO forecast tourism rise in Romania and Bulgaria regarding joining to the Schengen area.

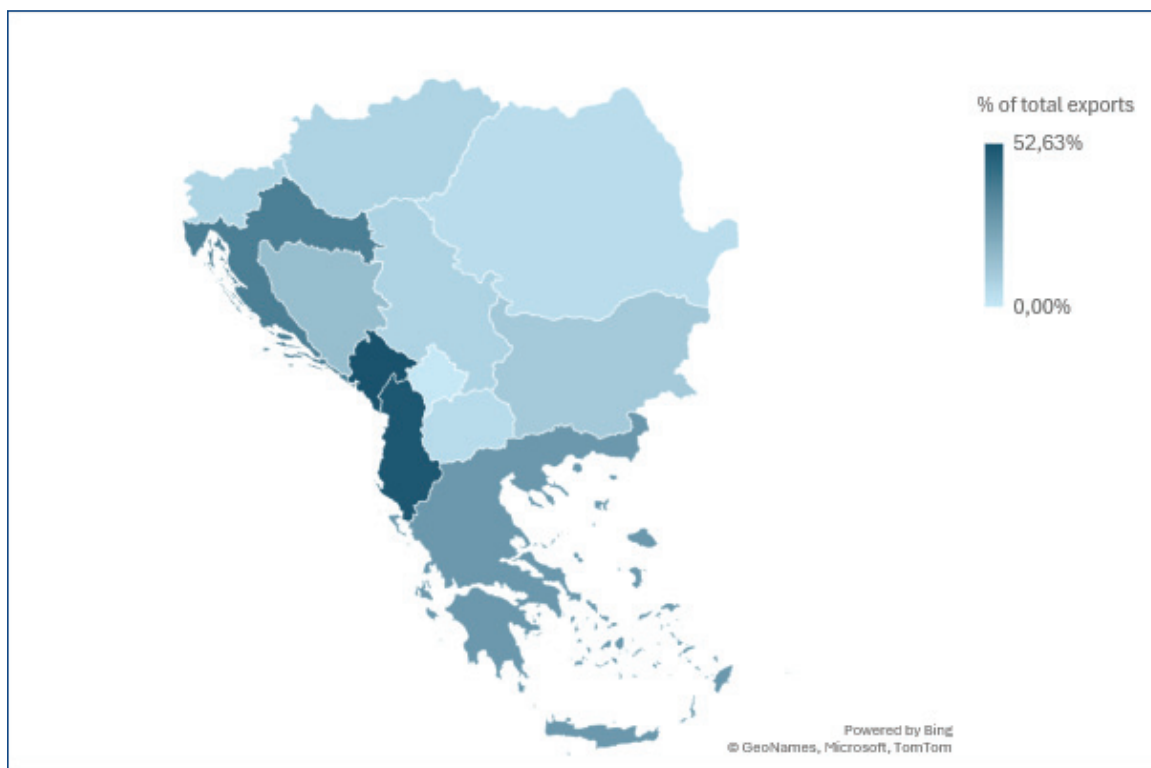
Figure 1. International Tourist Arrivals, change (%) 2019 - 2023



Source: UNWTO World Tourism Barometer 2024

SEE has potential based on diverse and rich regional heritage to capture higher growth in tourism. However, stronger growth demands comprehensive tourism policies while more competitive tourism industry contributes to international export earnings (OECD, 2018). Export earnings from international tourism reached USD 1.7 trillion in 2019 making the world's third largest export category after fuels and chemicals. International travel and passenger transport is important source of foreign revenues which develop local economies by encourage entrepreneurship and creating jobs. Export revenues from tourism can reduce trade deficits and improve the balance of payments (UNWTO, 2021). In 2019 international tourism receipts measured as present of total export dominated in Albania and Montenegro followed by Croatia and Greece (*Figure 2*). On the one hand, international export earnings proved source of finance to foster economic growth and boost job creation, but on the other, makes the country dependent on tourism. Although international tourism can improve balance of payments, the share of income from international tourism in the total exports of a country shows its vulnerability to shocks in tourism demand. This mainly refers to natural disasters, wars and pandemics, but also geopolitical threats that also affect tourism.

Figure 2. International tourism receipts (percent of total export), 2019



(Source: Created by Author, based on World Bank^C data (World Development Indicators

SEE countries could be divided into five groups according to impact of international tourism receipts measured by percent of total export (*Figure 2*):

Very high international tourism dependence: Montenegro (53%), Albania (51%)

High international tourism dependence: Croatia (38%), Grece (29%)

Medium international tourism dependence: Bosnia and Herzegovina (15%), Bulgaria (11%),

Low international tourism dependence: Hungary (8%), Serbia (8%), Slovenia (7%)

Very low international tourism dependence: North Macedonia (5%), Romania (4%)

Consequently, tourism is important contributor to growth and export in SEE economies, but it varies from more than 50% in Montenegro and Albania to less than 5% in North Macedonia and Romania. Despite strong growth of tourism sector, SEE economies need to improve competitiveness and support sustainable and inclusive tourism growth. Policy makers have to improve and manage development strategies to direct it to sustainable tourism development.

Discussion: The Challenges of New Growth Theories

The environmental justice movements stress the importance of the physical and biological aspects of the economy while conventional economic accounting ignores it (Martinez Alier, 2009). Furthermore, pro-growth theories or conventional economic theories regarded as emis-

^C No Data for Kosovo

sion producers while anti-growth theories are considered as environmental conscious but with negative economic growth impact (Van der Bergh, 2023). The latter are increasingly entering the scene and their influence is growing stronger. When stating the challenges that new economic theories of growth bring, it should be kept in mind that the role of economic development level is crucial in socio-environmental transition and anti-growth theories. Namely, economies on higher level of economic development could face with new growth theories while those on lower level have insufficiently developed institutions for growth transition.

The challenges of the new growth theories are first how to reconcile economic progress while preserving resources and protecting the planet. Those moderate growth theories, such as *green growth*, put the environmental limitations of growth in the foreground - decoupling of GDP and negative environmental impacts. Despite the potential of tourism's development on economic growth, the extent to which economic and social progress is linked to the growth of tourism sector is subject of debate (Telfer and Sharpley, 2016). Tourism is the part of global consumption system and in that way, it strengthens unsustainable production on global ecosystem. Sustainable tourism initiatives are increasingly becoming central to new growth perspectives (Sharpley and Telfer, 2023). In SEE countries sustainable tourism growth and competitiveness are still below the EU level. More effective institutions and mechanisms together with stronger horizontal and vertical coordination of government bodies will foster sustainable tourism growth (OECD, 2018).

Green growth theory is dominant policy response to climate change, but empirical evidence doesn't support theory. According to Hackel and Kallis (2020) there is no empirical evidence that continued economic growth is possible due to impossibility of absolute decoupling from resource use as well as absolute decoupling from carbon emissions. Authors suggest alternative strategies for policymakers with the aim of gaining targeted environmental protection objectives like preventing global warming over 1.5°C or 2°C.

The area of the Balkans, or officially Southeastern Europe, in the Western European discourse is often seen as a periphery that represents backwardness, violence and resistance to modernization. The officially available statistical data and numerous economic and social surveys data partially confirm this statement. Therefore, one of the main challenges in implementing new development theories is resistance to change, corruption and nepotism (D'Alisa et al, 2016). Practical degrowth actions refer to buying less stuff, growing your own food, and using empty houses instead of building new ones (World Economic Forum, 2022). Following to that, the SEE or the area of the Balkan is a source of valuable practices that are part of the degrowth program. This primarily refers to the widespread practice of growing food for one's own needs. In this way, health and ecological sustainability are affected, but cohesion and resilience are also promoted (D'Alisa et al, 2016).

Tourism become one of the fastest growing industries in the world. Since the Second World War tourism has been experiencing continued expansion driven by strong global economy, affordable travel, technological advances and new business models (UNWTO, 2021). However, despite its contribution to economic growth, tourism also entails the issue of sustainability. Numerous organizations in tourism are aware of the importance of caring for the environment, and in their guidelines strive to contribute to sustainable tourism.

To conclude, the appearance of new theories of economic growth gives hope that all is not lost and that an optimistic future is possible, however, there is still a great lack of their applicability based on scientific research. Researching the connection between tourism and development is relatively unexplored topic. Critical analysis of tourism impacts on development include environmental impacts as tourism significant contribution to environmental costs. Sustainable

tourism development in the context of degrowth is radical new approach. Degrowth address negative impacts and overconsumption of tourism which resulted in exploitation and inequality (Sharpley and Telfer, 2023). Hence, there is lack of data and statistics to support the theory with numbers, especially in SEE countries. One of the main challenges is to develop tourism data and statistics in line with international standards and good practices. Without more robust and comprehensive data there is no strategic planning and decision making. For comprehensive and comparative analyses, the implementation monitoring needs to be supported by quality evidence base (OECD, 2018). Furthermore, the *degrowth* theories as well as degrowth policies lack sufficient voter and political support due to lack of empirical evidence. Furthermore, move away from capitalism is giant leap for all government and political support is crucial. In that way, social-political support is indispensable (Van der Bergh, 2023).

Conclusion

This review paper has examined the role of tourism within the framework of new growth theories, with a particular emphasis on the theoretical implications and policy propositions these models offer. The findings underscore that strategic investment in tourism infrastructure, along with destination branding and marketing, plays a crucial role in attracting visitors. In turn, increased tourist arrivals contribute to revenue generation, job creation, and the growth of related industries such as hospitality, transportation, and retail. More broadly, tourism can serve as a catalyst for economic diversification, reducing dependency on traditional sectors and improving the standard of living for local populations. Importantly, the paper highlights the significance of sustainable tourism policies that seek to minimize negative environmental and social externalities while maximizing long-term economic and community benefits. In this context, tourism contributes meaningfully to the principles of new growth perspectives by promoting innovation, sustainability, and inclusive development. Embracing these principles can unlock tourism's full potential as a driver of long-term and balanced economic growth.

Tourism holds particular importance in the economic development of South-East European (SEE) countries. These economies can be categorized into five groups based on the relative impact of international tourism receipts, measured as a percentage of total exports. The influence of tourism ranges from countries like Montenegro and Albania, where tourism accounts for more than 50% of total exports, to others like North Macedonia and Romania, where this figure is below 5%. Despite the tourism sector's considerable growth, many SEE countries still face challenges related to competitiveness and the sustainability of tourism development. It remains critical for these countries to adopt policies that support inclusive and environmentally responsible tourism growth. However, it is essential to recognize that tourism, while offering significant economic benefits, also carries potential downsides, including environmental degradation, cultural commodification, and rising socioeconomic inequalities. To mitigate these risks, sustainable tourism practices must be embedded in development strategies from the outset.

The paper also critically examines the position of degrowth theories within the broader discourse of economic transformation. While these theories promote environmentally conscious and socially equitable alternatives to growth, they currently lack strong political backing and are often perceived as unrealistic or overly radical. Furthermore, degrowth models tend to suffer from a lack of empirical evidence and actionable policy frameworks, particularly when it comes to reducing emissions effectively. As such, there is a legitimate concern about the po-

tentially adverse consequences of implementing degrowth policies without sufficient preparation or evidence.

In light of these challenges, a more pragmatic approach may involve adapting traditional pro-growth models with sustainability-oriented regulations and pricing mechanisms. Rather than embracing radical shifts, initial steps should focus on incremental change grounded in empirical research and proven policy tools. There is a pressing need to establish robust comparative analyses between pro-growth and degrowth strategies using empirical economic models. Such studies are essential to inform sound policymaking and ensure that theoretical frameworks translate into practical, context-sensitive outcomes.

– Theoretical and practical implications

This study contributes to the theoretical understanding of tourism's role in new growth models by illustrating how tourism drives not only economic expansion but also fosters structural transformation, innovation, and environmental sustainability. It emphasizes the relevance of non-traditional growth factors such as human capital, knowledge transfer, and infrastructure in shaping modern economic development trajectories. The critique of degrowth theories further enriches this discourse, highlighting the need for evidence-based, balanced strategies that integrate sustainability without undermining economic and social stability.

From a practical standpoint, the findings suggest that well-targeted investments in tourism—particularly in infrastructure, branding, and marketing—can yield substantial benefits. The varying impact of tourism across SEE countries indicates the need for differentiated national strategies. In countries where tourism constitutes a significant portion of exports, such as Montenegro and Albania, there is an urgent need to adopt sustainable policies to avoid overdependence and mitigate associated risks. Meanwhile, countries with less developed tourism sectors, like North Macedonia and Romania, should explore how tourism can be leveraged as a supplementary driver of growth. Sustainable tourism development not only enhances competitiveness but also promotes social inclusion by generating employment and improving local livelihoods.

– Limitations and future research

A major constraint lies in the lack of empirical data to substantiate many of the theoretical claims made about tourism's role in economic growth or the feasibility of degrowth alternatives. While the paper provides a broad regional overview, it risks oversimplifying the diverse political, economic, and cultural realities of SEE countries. Moreover, although it briefly acknowledges the potential negative consequences of tourism—such as environmental degradation, cultural commodification, and inequality—these challenges are not deeply explored or integrated into a coherent policy framework.

Given these limitations, future research should prioritize empirical analysis that rigorously compares the impacts of pro-growth and degrowth strategies, particularly in economies heavily reliant on tourism. Country-specific case studies within the SEE region would provide valuable insights into how local conditions influence the success of tourism-driven development models. Further studies should also aim to quantify the social and environmental outcomes of tourism policies to better evaluate their sustainability. Research into innovative policy instruments—such as environmental taxation, green certification systems, and public-private partnerships—could offer more nuanced solutions to balance growth with environmental and cul-

tural preservation. Longitudinal research tracking the long-term effects of tourism investments on economic resilience, especially in the face of global challenges such as pandemics or climate change, would also be valuable. Finally, integrating climate metrics into economic models of tourism development could help assess the sector's alignment with broader environmental goals and commitments.

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