THE BERMUDIAN ECONOMY,  
AN IMPACT STUDY


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In 1989, the Bermudas Government Ministry of Finance published its first economic impact study, carried out by Dr. Brian Archer, an economist with a Doctorate in Economics from the University of Surrey (England). Professor Archer is head of the Department of Tourism and Administration Studies at this university.

The study is a research paper on the Bermudas tertiary economic sector. It evaluates the impacts of its banking sector and international businesses and the operations of the US Naval Base and Canadian Military Base, and analyses the impact of tourism and its economic contribution.

At the end of 1987, tourism in Bermudas generated direct and indirect revenue that made up 57% of its economic activity and was 1.5 times the revenue generated by Bermudas international trade. The Bermudas economy relied on 81% private sector export revenue and 19% public sector revenue. Tourism, in general, followed the same economic pattern in relation to its contribution, contributing to 68% of the jobs in the country, which represented 2.42 times the number of jobs available in international trade.

International tourism and excursions are the highest revenue generators in the Bermudas economy. During 1987, Bermudas received approximately 630 thousand temporary visitors (tourists and excursionists) who spent around US 465 million on the islands, although tourism during this period generated primary and secondary revenue of US 1,125 million, that is, 2.54 times that generated by international tourists and excursionists. Likewise, the net impact of tourism on the Balance of Payments was US 146 million, including secondary effects, since the tourism income was US 465 million. However, Bermudas had to import US 154 million to be able to provide its visitors with the required services, as well as US 165 million to provide services and goods to all its inhabitants who work in the tourism sector. Consequently, 69% of the receptive tourism

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Bermudas que trabalham no setor turístico. Dessa forma, 69% da receita do turismo receptivo corresponderam às importações necessárias para poder realizar a operação turística.

Para este ano de 1987, o emprego gerado pelo turismo foi estimado em 12.760 pessoas (68% empregos diretos e 32% empregos indiretos, ou seja, a receita turística primária e secundária por empregado foi de mais ou menos US$96.000 por ano. Em média 70% foi de emprego de pessoas nascidas nas Bermudas e 30% de estrangeiros. O turismo receptivo criou mais empregos que o excursionista de cruzeiros.

A economia turística da Bermudas dependia, em parte, da relação entre o valor do dólar norteamericano e o valor da moeda europeia. Quando o valor do dólar cai na relação às outras moedas, o efeito recessivo do turismo se fazia sentir.

Uma super valorização do dólar norte-americano em relação às moedas europeias produziria uma baixa no turismo proveniente da Europa e, ao contrário, quando cai a moeda norte-americano em relação às moedas europeias, unindo isto a uma ação promocional incrementava-se, então, a receita da chegada de visitantes temporários.

O principal mercado de Bermudas era o de turistas norte-americanos, especialmente aqueles provenientes dos estados do Leste, segundo em importância pelo mercado turístico de cruzeiros norte-americanos procedentes do Canadá. O mercado europeu nesse momento representava uma média de 6% do total, igual ao mercado canadense.

O padrão de gastos do turista era muito parecido ao padrão médio do turismo nas ilhas, ou seja: 66% do gasto total se realizava em alojamento, 8% em alimentação, 14% em compras, 5% em bares e festas e 7% em transporte interno. Quanto ao gasto do excursionista de cruzeiro, 56% se realizava em compras, 16% em alimentação e 28% em transporte interno. Esses padrões de gasto tinham diferentes repercussões na economia de Bermudas:

1) parte destes gastos era direcionada ao setor público em forma de impostos;
2) outra parte servia para que o setor privado pagasse por serviços e imóveis;
3) uma parte escapava ou se filtrava para fora da economia de Bermudas (importações, repatriação de ganhos de capital);
4) e o remanescente ficava como valor agregado para liquidação de valor os fatores de produção utilizados (diários, salários, rendas, juros e ganhos não distribuídos, etc.). O processo de geração dessas receitas continuava a corrente de transações (o efeito multiplicador dos ingressos) e no caso de Bermudas este efeito foi de 1.17 vezes o gasto original.

revenue corresponded to the required imports needed to be able to carry out tourism operations.

During 1987, an estimated 12,760 jobs were generated by tourism (68% direct jobs and 32% indirect jobs, i.e., the primary and secondary revenue per employee was approximately US$96,000 per year. On average, 70% of the jobs were occupied by Bermudian people and 30% by foreigners. Receptive tourism created more jobs than cruise excursions.

The tourism economy of Bermuda depended partially on the relationship between the average value of the American dollar and the European currencies. When there was a drop in the value of the American dollar in relation to other currencies, negative effects on tourism were noticed.

If, on the one hand, a high valuation of the American dollar in relation to the European currencies produced a reduction in the number of tourists coming from Europe, on the other hand, when there was a drop in the value of the American dollar in relation to the European currencies, together with promotional action to increase tourism, the number of arrivals of temporary visitors showed signs of recovery.

The leading Bermudian market was composed of North-American tourists, especially those from the eastern states, followed by tourists and cruises from Canada. The European market at the time made up an average of 6% of the total market, being equal to the Canadian one.

The tourists' spending pattern was similar to the average pattern of tourism on these islands. that is: 66% of the total spending was spent on lodging, 8% on food, 14% on shopping, 5% on bars and parties and 7% on internal transportation. Concerning the spending pattern of excursionists, 56% was spent on shopping, 16% on food, and 28% on internal transportation. These spending patterns had different repercussions on the Bermudian economy:

1) part of the spending was directed towards the public sector in the form of taxes;
2) another part was used by the private sector to pay for services and initial investments;
3) another part escaped or was filtered out from the Bermudian economy (imports, capital repatriation);
4) and the remainder stayed in the form of added value in order to pay for the production factors used (hotel charges, salaries, profits, interest, undistributed earnings, etc.). The process of revenue generation maintained the flow of transactions (the multiplying effect of income) and, in the case of Bermuda, this effect was 1.17 times that of the original cost.