

Econ 320: Introduction to Tourism Economics
Fall, 2007

Course Description

Tourism is one of the fastest growing industries in the world. It is Hawaii's largest industry. This course examines tourism from an economic perspective. Topics include the determinants of consumer demand for leisure travel; structure of competition among suppliers of tourism services; benefits and costs of tourism development to the host community; government's role in the taxation, subsidy, regulation and protection of the tourism industry; tourism's impact on the environment; and sustainable tourism development. The course uses extensive examples from Hawaii and the Asia-Pacific region.

Prerequisite: Econ 120 or Econ 130 or consent of the instructor

Instructor: James Mak, Professor of Economics

Class: T and Th. 9:00 -10:15 a.m. in KUY 209

Office: Saunders Rm 532

Phone: 956-8280

Email: jmak@hawaii.edu

Office Hours: T and Th 10:30-11:30 a.m. and by appointment. I also encourage you to communicate with me via email. Last day of instruction is December 6.

Texts: James Mak, *Tourism and the Economy* (Honolulu: University of Hawaii Press, 2003). Required.

Larry Dwyer and Peter Forsyth, *International Handbook on the Economics of Tourism* (Oxon, UK: Edward Elgar Publishing, Ltd. 2006). Not required to be purchased.

There will be other assigned readings.

See attached outline of topics and weekly reading assignments.

Useful information websites:

The most up-to-date day-to-day news about travel and tourism: Travel Weekly Daily Bulletin, accessible at <http://www.twcrossroads.com/>

State of Hawaii, Department of Business, Economic Development and Tourism (DBEDT): <http://www.hawaii.gov/dbedt/tourism.html> **Click on Statistics and Economic Information.**

The UN World Tourism Organization (UNWTO) at <http://www.unwto.org>

U.S. Department of Commerce, Travel and Tourism Industries at <http://tinet.ita.doc.gov>

The World Travel and Tourism Council (WTTC) at <http://www.wttc.org>

Course requirements: In addition to your weekly reading assignments, there will be frequent homework assignments requiring your analysis of economic issues related to the tourism industry. Each student is also expected to submit one short research paper (about 6 pages long plus endnotes and references.) We probably will all work on the same topic although each student is expected to submit his/her own paper. A mid-term (essay variety) and a final exam (essay variety) comprise the other requirements of the course. **I do not accept late homework assignments or research papers. All assignments are due at the beginning of class.**

Grading: Homework assignments (20%), research paper (20%), mid-term exam (30%) and final exam (30%) will make up your semester grade. Grades will be adjusted based on attendance, which will be taken daily. You can withdraw online without a "W" grade on your transcript until January 16; last day to withdraw from the course is .

Final Exam Date: Tuesday, December 11 at 9:45 a.m.
Make sure that your travel arrangements enable to take the final exam at this scheduled time as NO EXCEPTIONS will be granted; hence please check your travel arrangements before you settle into the course. I don't want you to come to me 2 weeks before the final and say that you have a sweet deal for an airline ticket and can you take the exam early; it won't happen.

Econ 320/TIM 320: Introduction to Tourism Economics (Fall, 2007)
Readings/Sources
(April 19, 2007)

I Introduction

- * What is tourism?
- * What is “tourism economics”?
- * The nature of the tourism product.

Readings: (1) James Mak, Tourism and the Economy, Chs 1-2

(2) Bill Poling, “The Buzz Machine: News that rocked the industry in 2006,” Travel Weekly Daily Bulletin, Article ID # 54326, December 26, 2006.

(3) Travel Weekly staff, “20/20 foresight: What will 2007 hold for travel and tourism?” Travel Weekly Daily Bulletin, Article ID # 54426, January 2, 2007.

(4) Marvin J. Cetron, “A futurist shares his outlook on travel: Five predictions,” Travel Weekly Daily Bulletin, December 18, 2006, Article ID # 54205.

THE TOURIST

II. Demand for Pleasure Travel

Readings: (1) Mak, Chapter 3.

(2) James Mak, Lonny Carlile, and Sally Dai, “Impact of Population Aging on Japanese International Travel to 2025,” Journal of Travel Research (2005).

III Demand for Intermediate Services

(A) Why some travelers choose to travel on package tours

Readings: (1) Mak, Chapter 4

(B) Why some travelers use travel agents?

Readings: (1) Mak, Chapter 5

(2) Global Aviation Associates, The Economics of Travel Distribution in an Internet Driven Environment (Washington D.C.: July 2002).

IV Once There: Determinants of Trip Duration and Tourist Spending

-An integrated theory of tourist behavior: a sketch.

Readings: (1) Mak, Chapter 6.

(2) James Mak and Edward Nishimura, "The Economics of a Hotel Room Tax," Journal of Travel Research (Spring, 1979), just pages 2 and 3.

THE SUPPLIERS

V Competition in the Tourism Industries

Readings: (1) Mak, Chapter 7

(2) General Accounting Office, Maritime Law Exemption: Exemption Provides Limited Competitive Advantage, but Barriers to Further Entry under U.S. Flag Remain (Washington D.C.: GAO, Feb. 2004). (Norwegian Cruise Line Hawaii Exemption from the U.S. Passenger Services Act)

(3) Roger Blair, James Mak, and Carl Bonham, "Collusive Duopoly: The Effects of the Aloha and Hawaiian Airlines' Agreement to Reduce Capacity." Antitrust Law Journal (forthcoming, 2007).

VI Getting You There

Readings: (1) Mak, Chapter 8

(2) Frederick Dimanche and Dominique Jolly, "The evolution of alliances in the airline industry," in Dwyer and Forsyth (2006).

(3) Clive Morley, "Airline alliances and tourism," in Dwyer and Forsyth (2006).

VII Barriers to International Tourist Travel

Readings: (1) Mak, Chapter 9.

(2) Discover America Partnership. A Blueprint to Discover America, January 31, 2007 at <http://www.poweroftravel.org>

(3) Christopher Edmonds, Sumner LaCroix, and James Mak. Prospects for Mainland Chinese Tourism in the United States, Unpublished paper.

THE HOST COMMUNITY

VIII Tourism's Place in the Host Economy

Readings: (1) Mak, Chapter 10.

(2) Kuhbach, Peter, and Bradlee Herauf, U.S. Travel and Tourism Satellite Accounts for 2002-2005 (Wash. D.C.: Bureau of Economic Analysis, June, 2006).

(3) Junning Cai, PingSun Leung, and James Mak, "Tourism's Forward and Backward Linkages," Journal of Travel Research, (August, 2006).

IX Benefits and Costs of Tourism to the Host Community

Readings: (1) Mak, Chapter 11.

X Taxing Tourism

Readings: (1) Mak, Chapter 12

(2) James Mak, Taxing Cruise Tourism, Alaska's Head Tax on Cruise Ship Passengers (April, 2007).

(3) Richard Bird, "Taxing Tourism in Developing Countries," World Development (1992).

XI Tourism and the Environment:

Readings: (1) Mak, Chapter 13

- (2) Graham Todd, Background Paper on Climate Change and Tourism, Prepared for the World Tourism Organization, March, 2003.
- (3) Clem Tisdell, “Valuation of Tourism’s Natural Resources” in Dwyer and Forsyth (2006).

XII Sustainable Tourism Development

Check out these following websites:

<http://nationalgeographic.com/travel/sustainable/>

<http://www.uneptie.org/pc/tourism/sust-tourism/home.htm>

Readings: (1) Mak, Chapter 14

- (2) Walter Jamieson, Harold Goodwin, and Christopher Edmonds, Contribution of Tourism to Poverty Alleviation (November, 2004).
- (3) Harold Goodwin, Measuring and Reporting the Impact of Tourism on Poverty (University of Surrey, UK, School of Management, June, 2006).

XIII Tourism in the Post 9-11 World

Readings: (1) Mak, Chapter 15

- (2) Carl Bonham, Christopher Edmonds, and James Mak, “ Impact of 9/11 and Other Terrible Global Events on Tourism in the U.S. and Hawaii,” Journal of Travel Research (August, 2006).
- (3) Newsweek International, The Future of Travel (July 22/July29, 2002).

XIV Tourism in Hawaii

Readings:

- (1) James Mak, Developing a Dream Destination: Tourism and Tourism Policy Planning in Hawaii , Chapters 2 and 3.