

# SYLLABUS

## Econ 320: Introduction to Tourism Economics Fall, 2008

### 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: MW 1:30 – 2:45 in Crawford 105

Office: Saunders Rm 532

Phone: 956-8280

E-mail: [jmak@hawaii.edu](mailto:jmak@hawaii.edu)

Office Hours: 10:30 – 11:30 MW and by appointment

Texts: James Mak, *Tourism and the Economy* (Honolulu: University of Hawaii Press, 2004). Required.

James Mak, *Developing a Dream Destination: Tourism and Tourism Policy Planning in Hawaii* (Honolulu: University of Hawaii Press, 2008). 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. Expect daily handouts.

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.travelweekly.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 weekly homework assignments requiring your analysis of economic issues related to the tourism industry. 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. All assignments are due at the beginning of class—in class and in hardcopy.**

Grading: Homework assignments (30%), mid-term exam (35%) and final exam (35%) will make up your semester grade.

Attendance will be taken daily; students who cannot attend the entire lecture should not sign in. After the first 4 absences, each missed class will result in a subtraction of 2% from your final semester grade. If you are unable to attend classes regularly, or if you expect to be late or must leave early consistently, please do not take this course. You can withdraw online without a “W” grade by 9/2; the last day to add a class or change a grade option is 9/3 .

I use + and – grading.

Final Exam Date:

Make sure that your travel arrangements enable you to take the 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**  
**Introduction to Tourism Economics: Fall, 2008**  
**Readings/Sources**

**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) State of Hawaii Department of Business, Economic Development and Tourism (DBEDT), 2006 Annual Visitor Research Report (2007), can be accessed via the DBEDT website (see Syllabus).

**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).

(3) Wietze Lise and Richard S. J. Tol, “Impact of Climate on Tourist Demand,” Climate Change, 55 (2002).

**III. Once There**

Readings: (1) Mak, Chapter 6

**IV. Competition in the Tourism Industries**

Readings: (1) Mak, Chapter 7

(2) Roger Blair, James Mak, and Carl Bonham, “Collusive Duopoly: The Economic Effects of the Aloha and Hawaiian Airlines’ Agreement to Reduce Capacity,” Antitrust Law Journal (2007).

(3) Roger Blair and James Mak, “Saving the Last American Cruise Ship” Manuscript in Preparation (2008).

## THE SUPPLIERS

### V. Getting You There

Readings: (1) Mak, Chapter 8

- (2) Steven A. Morrison and Clifford Winston, “A \$20 billion misunderstanding” The Milken Institute Review, Third Quarter, (2000), pp. 20-29.
- (3) Clive Morley, “Airline alliances and tourism,” in Dwyer and Forsyth, *International Handbook on the Economics of Tourism* (Oxon, UK: Edward Elgar Publishing, Ltd. 2006).

### VI. 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> or [http://www.poweroftravel.org/pdf/DAP\\_blueprint.pdf](http://www.poweroftravel.org/pdf/DAP_blueprint.pdf)
- (3) Christopher Edmonds, Sumner LaCroix, James Mak and Shawn Arita, Impact of “Approved Destination Status” on Mainland Chinese Travel Abroad (Manuscript in preparation).

## THE HOST COMMUNITY

### VII Tourism’s Place in the Host Economy

Readings: (1) Mak, Chapter 10.

- (2) Paul Kern and Edward Kocis. U.S. Travel and Tourism Satellite Accounts for 1998-2006 (Wash. D.C.: Bureau of Economic Analysis, June, 2007) at [http://www.bea.gov/scb/pdf/2007/06%20June/0607\\_Travel.pdf](http://www.bea.gov/scb/pdf/2007/06%20June/0607_Travel.pdf)
- (3) Kuhbach, Peter, and Bradlee Herauf, U.S. Travel and Tourism Satellite Accounts for 2002-2005 (Wash. D.C.: Bureau of

Economic Analysis, June, 2006). Required reading:  
[http://www.bea.gov/scb/pdf/2006/06June/0606\\_TTSA.pdf](http://www.bea.gov/scb/pdf/2006/06June/0606_TTSA.pdf)

- (4) Junning Cai, PingSun Leung, and James Mak, “Tourism’s Forward and Backward Linkages,” Journal of Travel Research, (August, 2006).

## **VIII Benefits and Costs of Tourism to the Host Community**

Readings: (1) Mak, Chapter 11.

- (2) John Knox and Associates, Survey of Hawaii Resident Sentiments on Tourism, 2006, Honolulu: Hawaii Tourism Authority, November, 2006.

## **IX Taxing Tourism**

Readings: (1) Mak, Chapter 12

- (2) James Mak, “Taxing Timeshare Occupancy: Lessons from Hawaii” (2008). Manuscript in preparation.

- (3) National Business Travel Association (NBTA), Lodging, Rental Car and Meal Taxes on Travelers in the Top 50 U.S. Cities (July, 2008).

## **X Tourism and the Environment:**

Readings: (1) Mak, Chapter 13

- (2) James Mak, Developing a Dream Destination: Tourism and Tourism Policy Planning in Hawaii (University of Hawaii Press, 2008), Chapter 7.

## **XI 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) National Geographic Traveler, *Islands Rated*, Nov./Dec., 2007  
at:

<http://www.nationalgeographic.com/traveler/features/islandsrated0711/islands.html>

(3) Walter Jamieson, Harold Goodwin, and Christopher Edmonds, Contribution of Tourism to Poverty Alleviation (November, 2004).

(4) Harold Goodwin, Measuring and Reporting the Impact of Tourism on Poverty (U.K.: University of Surrey, School of Management, June, 2006).

## **XII** 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) Frank Budde, James Groth, Ross Love, Dale Schilling, Ben Woffenden, *The Impact of China and India on Future Long-Haul Travel Exaggerated?* BCG/Focus (July 20, 2006).

(4) Newsweek International, The Future of Travel (July 22/July29, 2002).

## **XIII** Tourism Development in Hawaii

Readings:

(1) James Mak, Developing a Dream Destination: Tourism and Tourism Policy Planning in Hawaii (University of Hawaii Press, 2008).