

**ECONOMICS DEPARTMENT
SCHOOL OF ECONOMICS, FINANCE AND BANKING
COLLEGE OF BUSINESS
SECOND SEMESTER 2011/2012**

COURSE CODE: SEEE 3101

COURSE: TOURISM ECONOMICS ANALYSIS

PRE-REQUISITE: EEB2013 MICROECONOMICS; EEB2023 MACROECONOMICS

1.0 SYNOPSIS

This course introduces students to the economics of tourism. This course uses economic principles that students learned in microeconomics and macroeconomics and extends them to the economic analysis of tourism and recreation. Some of the economic analysis includes supply and demand analysis, elasticities, cost-benefits analysis, multipliers, and input-output analysis. Finally, students will learn how government uses tourism for economic development and how government policies may facilitate or hinder its tourist industry.

2.0 OBJECTIVES

At the end of this course, students are expected to:

- 2.1 Understand the factors of supply and demand that influence tourism.
- 2.2 Understand how government uses tourism for economic development.
- 2.3 Understand government policies that facilitate or hinder tourism.

3.0 COURSE LEARNING OUTCOMES

At the end of this course, students are expected to:

- 3.1 Predict changes in a market price and quantity, when supply and/or demand changes.
- 3.2 Understand the application of elasticities and welfare measures to tourism.
- 3.3 Use tools such as multipliers, input-output analysis, and cost-benefits analysis to determine economic impact of tourism.
- 3.4 Understand the trends in tourism, such as mass tourism and sustainable tourism.

4.0 REFERENCES

1. Vanhove, N. 2005. *The economics of tourism destinations*. Amsterdam: Elsevier Butterworth-Heinemann.
2. Tribe, J. 2005. *The economics of recreation, leisure & tourism* (3rd ed.). Amsterdam: Elsevier.
3. Sinclair, M.T. & Stabler, M. 1997. *The economics of tourism*. London: Routledge.
4. Harssel, J.V. 1994. *Tourism: An exploration* (3rd ed.). New Jersey: Prentice Hall.
5. Lunberg, D.E., Krishnamoorthy, M dan Stavenga, M. H. 1995. *Tourism economics*. New York: John Wiley.

5.0 COURSE CONTENT

| No. | Topic | C.H. |
|-----|---|------|
| 1. | INTRODUCTION TO TOURISM ECONOMICS ANALYSIS 1.1 Characteristics of Tourism 1.2 Advantages and Disadvantages of Tourism 1.3 Production Possibilities Curve (PPC) | 3 |
| 2. | REVIEW OF SUPPLY AND DEMAND 2.1 The Demand – The Consumers 2.2 The Supply – The Producers 2.3 How Market Prices are Determined 2.3 Examples of Supply and Demand Analysis 2.4 Economics of Price Controls 2.5 Black Markets | 6 |
| 3. | ELASTICITIES 3.1 Price Elasticity of Demand 3.2 Total Revenue and Elasticity 3.3 Demand Elasticities 3.4 Price Elasticity of Supply | 6 |
| 4. | WELFARE MEASURES 4.1 Deriving a Marshallian Demand Function 4.2 Deriving a Hicksian Demand Function 4.3 Social Welfare 4.4 Upward Sloping Demand Functions | 6 |
| 5. | PRODUCTION COST FUNCTIONS AND COMPETITIVE MARKETS 5.1 Output and Costs in the Short Run 5.2 Output and Costs in the Long Run 5.3 Pure Competition 5.4 Output in the Short Run for Pure Competition 5.5 Output Adjustments in the Long Run | 6 |

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| 6. | MACROECONOMICS AND TOURISM 6.1 The Keynesian Multiplier Effect 6.2 Deriving the Multiplier 6.3 Incorporating Tourism into Aggregate Expenditures 6.4 The Multiplier Effect for Tourism 6.5 Tools for Estimating Tourism Impact | 6 |
| 7. | TOURISM AND ECONOMIC DEVELOPMENT 7.1 Define Development 7.2 Using Tourism for Economic Development 7.3 Developing Countries and Tourism for Economic Development 7.4 Government Involvement into Tourism 7.5 Tourist Industry in Bali, Indonesia | 6 |
| 8. | SUSTAINABLE TOURISM 8.1 Environmental Damage 8.2 Sustainable Tourism 8.3 Tourism in Costa Rica | 3 |
| Total credit hours | | 42 |

6.0 METHODS OF TEACHING

Lectures, discussions, presentations, and assignments.

7.0 EVALUATIONS

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| Examination 1 | 20% |
| Examination 2 | 20% |
| SWOT Essay | 20% |
| Final Exam | <u>40%</u> |
| | 100% |