

# Economics of Tourism

Larry Dwyer

Peter Forsyth

Andreas Papatheodorou

## Contemporary Tourism Reviews

Series Editor: Chris Cooper

 Published by Goodfellow Publishers Limited,  
Woodeaton, Oxford, OX3 9TJ

<http://www.goodfellowpublishers.com>

Copyright © Goodfellow Publishers Ltd 2011



Design and setting by P.K. McBride



## About the authors

**Dr. Larry Dwyer** is Professor of Travel and Tourism Economics in the School of Marketing, Australian School of Business at the University of New South Wales, Australia. Larry is a founding member and President of the International Association for Tourism Economics. In 2007, Larry was appointed as a Fellow of the International Academy for Study of Tourism, the world's peak academic tourism association.

**Dr. Peter Forsyth** is Professor of Economics in the Department of Economics at Monash University, Australia. Most of his research has been on transport economics and especially the economics of air transport, and tourism economics. Peter maintains close links with the German Aviation Research Society. He has been a frequent speaker at the Hamburg Aviation Conference, and in 2005 he delivered the Martin Kunz Memorial Lecture.

**Dr Andreas Papatheodorou** is an Assistant Professor in Industrial Economics with Emphasis on Tourism at the University of the Aegean, Greece. He is a Fellow of the UK Tourism Society and a member of the Executive Board of the International Association for Tourism Economics. In 2009 he was recognized as an Emerging Scholar of Distinction by the International Academy for the Study of Tourism.

## 1. Introduction

Tourism has been a major growth industry globally for over five decades. Factors underpinning this growth include the growth of incomes and wealth, improvements in transport, changing lifestyles and consumer values, increased leisure time, international openness and globalization, immigration, special events, education, information and communication technologies, destination marketing and promotion, improved general and tourism infrastructure and so on (Matias et al 2007). Since there are economic consequences to all of these factors it is not surprising that research in the area of tourism economics has increased substantially during the same period. At the same time, the study of tourism economics has attracted relatively few research economists compared to other topics, such as energy and transport economists, within the mainstream discipline.

Although indirectly related to tourism economics, we may argue that the serious study of the field began in the mid 1960s with the seminal book produced by Clawson and Knetsch (1966) on the *Economics of Outdoor Recreation*. Rather prophetically, the book dealt in detail with environmental issues, which are now considered of crucial importance in tourism economics. Four years later, Gray (1970) published a very enlightening book on the interrelation between international travel and trade. From then onwards, tourism gradually gained momentum among economists; interestingly, however, it was not until 1995 that *Tourism Economics*, i.e. the first academic journal dedicated to the study of tourism economics, emerged. As a complementary development it is also worth noting the establishment of the International Association for Tourism Economics in 2007.

Four major observations can be made about the state of research in tourism economics.

- ◆ First, there are ongoing areas of research very much within the single disciplinary mainstream economic methodological framework. Obvious topics include demand modelling, forecasting, economic impact and industry analysis (Stabler et al., 2010).
- ◆ Second, several areas of research in economics have emerged that were either non-existent two decades ago or were in their infancy. These include Game Theory, Chaos Theory and climate change economics. These have been applied to tourism.
- ◆ Third, there are several research areas relevant to the wider context of tourism studies, that tourism economists have virtually ignored, or have relatively neglected. These relate to themes and issues and methodologies of analysis that have been recognized in other fields of the subject. These include ecological economics, poverty alleviation, and sustainable development.
- ◆ Fourth, tourism economics has become increasingly quantitative over time, paralleling developments in the economics literature.

Critics have argued that the emphasis on 'positivist/post positivist' epistemologies renders the economics of tourism less relevant than it might otherwise be in addressing real world issues and problems. As Jennings (2007) has argued, quantitative based research has become the 'orthodoxy' for tourism economists and has prevented them from addressing tourism problems in a more holistic, interdisciplinary way appropriate to the complexity of tourism phenomena. Jennings's view is that new and different methodologies and methods must be employed by tourism economists for theory development, to better serve the industry, and for policy formulation. Jennings' review reflects the debate in the wider tourism literature concerning the

**Chapter extract**

**To buy the full file, and for copyright  
information, click here**

[http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&st](http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&storyID=221)

[oryID=221](http://www.goodfellowpublishers.com/academic-publishing.php?promoCode=&partnerID=&content=story&storyID=221)



All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recorded or otherwise, without the written permission of Goodfellow Publishers Ltd

All requests should be sent in the first instance to

[rights@goodfellowpublishers.com](mailto:rights@goodfellowpublishers.com)

[www.goodfellowpublishers.com](http://www.goodfellowpublishers.com)