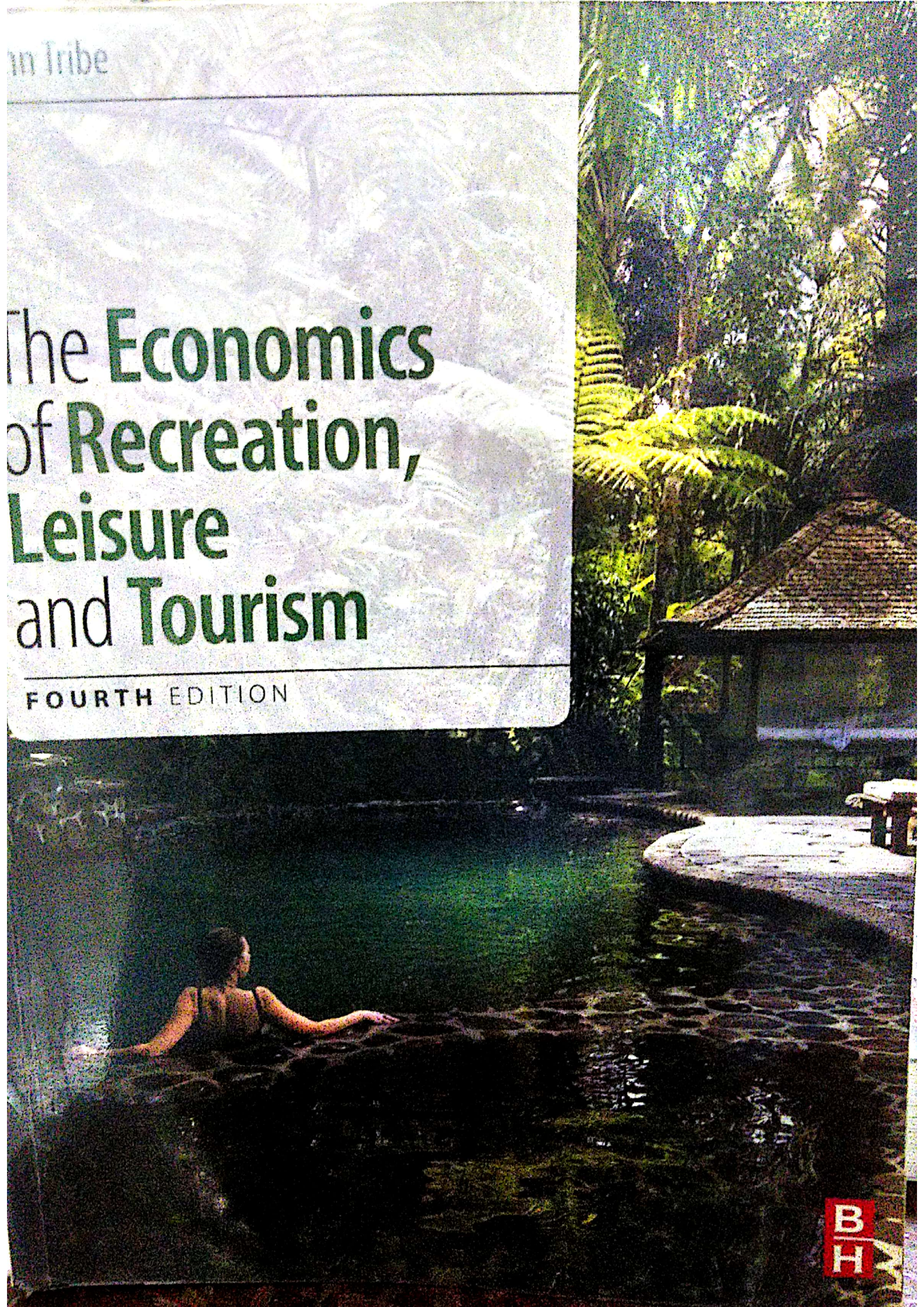


in Tribe

# The Economics of Recreation, Leisure and Tourism

FOURTH EDITION



**B  
H**





# The Economics of Recreation, Leisure and Tourism

---

FOURTH EDITION

---

John Tribe



AMSTERDAM BOSTON HEIDELBERG LONDON NEW YORK  
OXFORD PARIS SAN DIEGO SAN FRANCISCO SINGAPORE  
SYDNEY TOKYO

Butterworth-Heinemann is an imprint of Elsevier





Butterworth-Heinemann is an imprint of Elsevier  
The Boulevard, Langford Lane, Kidlington, Oxford OX5 1GB, UK  
225 Wyman Street, Waltham, MA 02451, USA

© 2011, 2005, 1999, 1995, Published by Elsevier Ltd. All rights reserved

The right of John Tribe to be identified as the author of this work has been asserted in accordance with the Copyright, Designs and Patents Act 1988

No part of this publication may be reproduced in any material form (including photocopying or storing in any medium by electronic means and whether or not transiently or incidentally to some other use of this publication) without the written permission of the copyright holder except in accordance with the provisions of the Copyright, Designs and Patents Act 1988 or under the terms of a licence issued by the Copyright Licensing Agency Ltd, 90 Tottenham Court Road, London, England W1T 4LP. Applications for the copyright holder's written permission to reproduce any part of this publication should be addressed to the publisher

Permissions may be sought directly from Elsevier's Science and Technology Rights Department in Oxford, UK: phone: (+44) (0) 1865 843830; fax: (+44) (0) 1865 853333; e-mail: [permissions@elsevier.co.uk](mailto:permissions@elsevier.co.uk). You may also complete your request on-line via the Elsevier homepage ([www.elsevier.com](http://www.elsevier.com)), by selecting 'Customer Support' and then 'Obtaining Permissions'

#### **British Library Cataloguing-in-Publication Data**

A catalogue record for this book is available from the British Library

#### **Library of Congress Cataloging-in-Publication Data**

A catalog record for this book is available from the Library of Congress

ISBN 978-0-08-089050-0

For information on all Butterworth-Heinemann publications  
visit our website at [www.elsevierdirect.com](http://www.elsevierdirect.com)

Typeset by MPS Limited, a Macmillan Company, Chennai, India  
[www.macmillansolutions.com](http://www.macmillansolutions.com)

Printed and bound in Spain

11 12 13 14 10 9 8 7 6 5 4 3 2 1

**Working together to grow  
libraries in developing countries**

[www.elsevier.com](http://www.elsevier.com) | [www.bookaid.org](http://www.bookaid.org) | [www.sabre.org](http://www.sabre.org)

**ELSEVIER**

**BOOK AID**  
International

**Sabre Foundation**



# Contents

Preface to the fourth edition	vii
<b>1</b> Introduction	1
<b>PART 1 Organizations and Markets</b>	
<b>2</b> Recreation, leisure and tourism organizations	27
<b>3</b> The market for recreation, leisure and tourism products	51
<b>PART 2 Further Issues of Demand and Supply</b>	
<b>4</b> Demand: time preference, elasticity and forecasting	79
<b>5</b> Supply and costs	101
<b>PART 3 Markets in Practice</b>	
<b>6</b> Market structure and pricing	125
<b>7</b> Market intervention	145
<b>PART 4 The External Operating Environment</b>	
<b>8</b> The competitive, technological, political and sociocultural environment	173
<b>9</b> The economic environment	205
<b>PART 5 Investment</b>	
<b>10</b> Investment in the private sector	237
<b>11</b> Investment in the public sector	255
<b>PART 6 Economic Impacts</b>	
<b>12</b> Income, employment and prices	275
<b>13</b> Economic development and regeneration	305
<b>PART 7 The Global Economy</b>	
<b>14</b> The balance of payments and exchange rates	335
<b>15</b> Globalization	361
<b>PART 8 Environmental Economics</b>	
<b>16</b> Environmental impacts	387
<b>17</b> Action for sustainability	415
<b>18</b> Critique, alternative perspectives and change	449
Bibliography	485
Index	497



# Index

## A

A380, 251  
Accelerator principle, 249  
Adaptation, 440  
Advertising, 59, 434  
Aesthetics, 462  
Alliances, 370  
Allocative efficiency, 148  
Allocative mechanism, 6  
Altruism, 436  
Americans with Disabilities Act, 194  
Amadeus, 35  
Asia Pacific Economic Cooperation Forum (APEC), 339  
Average costs, 108  
Average rate of return, 246

## B

Balance of payments, 340–351  
Bank base rate, 214  
Barriers to entry, 175–180  
Beijing Olympics, 9  
Biodiversity, 403  
Big Mac index, 297  
Black markets, 71  
Blue flag, 433  
Bournemouth artificial surf reef, 328  
Brand proliferation, 180  
Break even pricing, 138  
*Brundtland Report*, 417–418  
Buying and selling economies of scale, 111

## C

Cairns group, 339  
Capital, 106  
Capital account, 346–347  
Capital costs, 241–243  
Carbon trading, 430  
Carrying capacity, 401  
Centrally planned economy, 6, 154  
Ceteris paribus, 52  
Channel Tunnel, 139–141  
China, 320–321  
Circular flow of income, 221, 277  
Climate change, 404–406, 417–418, 460  
Coca Cola Company, 366, 378–379  
Command and control, 421  
Comparative advantage, 336  
Competitive environment, 174–183  
Competitive rivalry, 182–183  
Complementary goods, 56  
Computable general equilibrium (CGE) models, 219–220

Conglomerate merger, 115  
Constant returns to scale, 110  
Consumer sovereignty, 149–150  
Contracting out, 163–164  
Corporate social responsibility, 423  
Cost-benefit analysis, 260–261  
Costs, 106–110, 218  
Credit crunch, 213–214  
Crime, 462  
Cross subsidization, 182  
Cross-price elasticity of demand, 89–90  
Cruise industry, 65  
Current account, 341–346

## D

Debentures, 37–38  
Declutter, 116  
Deflation, 350–351  
Delphi technique, 93  
Demand, 53–63  
Demand management, 297  
Demographics, 195  
Demonstration effect, 373  
Deposit-refund schemes, 431  
Depreciation, 349  
Devaluation, 349–350  
Development strategies for developing countries, 318–320  
Diminishing returns, 109  
Disciplines, 19  
Diseconomies of scale, 113  
Disneyland Paris, 347  
Disposable income, 54–55, 210–211  
Distribution channels, 177–178  
Diversification, 115–116  
Dose response, 439  
Dumazedier, Joffre, 81  
Dualism, 375

## E

Eco-labels, 432–433  
Economic cycles, 220–221  
Economic efficiency, 147  
Economic growth  
causes, 309–311  
data, 307  
meaning, 306–307  
measurement, 306–309  
rationale, 308–309  
Economies of increased dimensions, 112  
Economies of scale, 110–111, 112–113, 176–177  
Economics, definition of, 4–5



Ecotourism, 436  
 Eden project, 327  
 Effective demand, 52  
 Emissions Trading Scheme (ETS), 430  
 Employment, 211–212, 282–286  
 Enclaves, 375  
 Enterprise, 106  
 Entry wars, 179  
 Environmental economics, 385–448  
 Environmental impacts, 387–414  
 Environmental impact assessment, 421–422  
 Environmental Management Systems (EMS), 433–434  
 Environmental pricing, 437–440  
 Environmental taxes, 424–428  
 Equilibrium price, 67–71  
 Ethics, 477  
 Euro, 354, 356–357  
 European Union, 338  
 Exchange rates, 351–355  
   trends, 355  
   government policy, 349  
 Expectations, 214–215  
 Export demand, 215–216  
 External economies of scale, 112–113  
 External diseconomies of scale, 113  
 Externalities, 150–152, 389–390

**F**

Factors of production, 106–107  
 Fair Trade, 473–475  
 Fashion, 59  
 Financial crisis, 225, 465  
 Financial economies of scale, 111  
 Fiscal policy, 222  
 Five forces, 176  
 Fixed costs, 107  
 Fixed exchange rates, 356  
 Fixed factors, 107  
 Floating exchange rates, 356  
 Forecasting, 90–94  
 Forward exchange rates, 355  
 France, 329–330  
 Free market, 147–153  
 Free market economy, 7  
 Free trade, 336–337

**G**

Generations X, Y and Z, 199  
 General agreement on tariffs and trade (GATT), 337  
 General agreement on trade in services (GATS), 337  
 Globalization, 362–365, 381–382  
 Government expenditure, 216–217  
 Government policy, 221–222  
 Greenpeace, 193, 469–470  
 Gross national product (GNP), 278–279  
 Guggenheim Museum Bilbao, 259, 268  
 Guidelines, 434

**H**

Happy Planet Index (HPI), 392–393, 473  
 Health, 465–466  
 Hedonic pricing, 437–438  
 Horizontal integration, 115  
 Household consumption, 209–210  
 Human rights, 463–464

**I**

Ideology, 479  
 Import demand, 215–216  
 Income consumption curve, 56  
 Income elasticity of demand, 89  
 Index of Sustainable Economic Welfare, 391  
 Inferior goods, 55  
 Inflation, 294–297  
 Injections, 289  
 Input–Output (I–O) models, 218–219  
 Interest rates, 214  
 Interest groups, 193–194  
 Intergenerational equity, 417  
 Intergovernmental Panel on Climate Change (IPCC), 397  
 Internal rate of return, 248  
 Intoxicating Liquor Act, 194–195  
 Investment, 217, 237–251, 255–270  
 Investment appraisal, 246–248  
 Invisibles, 342–345

**J**

Japan, 315–316

**K**

Keynes, J.M., 220, 323  
 Kyoto protocol, 417  
 Kinked demand curve, 134

**L**

Labour, 106, 309–310  
 Land, 106, 309  
 Law, 422  
 Leakages, 289, 374  
 Leisure, definition of, 3  
 Leisure society, 81–85  
 Leisure time, 60, 80  
 Lifestyle entrepreneur, 46, 252  
 Lifestyles, 196–198  
 Limited liability, 34  
 Linder, Staffan, 84  
 Local government organizations, 28–29  
 London Olympics, 22  
 Long run, 110–111  
 Low Pay Commission, 192

**M**

Macroeconomics, 10–11, 276  
 Managerial economies of scale, 111–112  
 Marginal analysis, 11



Marginal costs, 108  
 Marx, 451–456  
   Manifesto of the communist party, 452–455  
 Maximum price, 71  
*McDonaldization of Society, The*, 84  
 Mergers, 114–115  
 Merit goods, 157  
 Merlin Entertainment, 252–253  
 Methodology of economics, 11–13  
 Microeconomics, 10–11  
 Minimum wage, 192  
 Mission, 43  
 Mitigation, 420–440  
 Mitigation behaviour method, 439  
 Mixed economy, 7  
 Models, 13, 93–94  
 Monetary policy, 222  
 Money income, 210  
 Monopolies and mergers legislation, 154–157  
 Monopolistic competition, 135  
 Monopoly, 128–130  
 Multinational corporations/enterprises, 365–372  
   effects of, 373–376  
   and government policy, 376–378  
 Multimedia, 184  
 Multiplier, 288–294

**N**

Naive forecasts, 91  
 National diamond, 368  
 National income, 278  
 National government organizations, 30–33  
 National Lotteries, 264–266  
 National Trust, 424  
 Natural monopoly, 180  
 Net investment, 239  
 Net present value, 247  
 New Economics Foundation, 472–473  
 Non-profit-making organizations, 41–42  
 Non-renewable resources, 398  
 Normal good, 55  
 North American Free Trade Agreement (NAFTA), 338–339

**O**

Offer for sale, 39  
 Oligopoly, 133–135  
 Omerod, P., 450  
 Oneworld, 370  
 Open access, 395–396  
 Opportunities and threats analysis, 228  
 Opportunity Cost, 5–6, 263–264  
 Outdoor recreation, 20  
 Oxfam, 470–471  
 Ozone depletion, 404

**P**

Party manifestos, 192–193  
 Peak oil, 406

Payback method, 246  
 Perfect competition, 126–127  
 Perfect market, 53, 149–150  
 Performance targets, 163  
 Permits, 421  
 PIGS, 227  
 Placing, 38  
 Planning costs, 241  
 Political environment, 190–195  
 Polluter pays principle, 418  
 Pollution, 308, 401–403  
 Population, 61, 195–196  
 Porter, Michael, 174  
 Positive statements, 11, 451  
 Poverty, 457–459  
 Power of buyers, 180–181  
 Power of suppliers, 180  
 President's Council on Fitness, Sport and  
   Nutrition, 191  
 Pressure groups, 468  
 Price, 53, 63  
 Price discrimination, 130–132  
 Price elasticity of demand, 85–89  
 Price elasticity of supply, 102–106  
 Price leadership, 137  
 Price makers, 128–132  
 Price mechanism, 7  
 Price shapers, 132–133  
 Price takers, 126  
 Private costs, 116  
 Private sector, 33–41  
 Privatization, 162  
 Product differentiation, 135–137  
 Production possibility frontier, 5  
 Pro-poor tourism, 476–477  
 Protectionism, 351  
 Public goods, 152–153  
 Public private partnerships, 266  
 Public provision, 159–160  
 Public sector, 28–33, 138

**Q**

Qantas, 36  
 Qualitative forecasts, 91

**R**

Real income, 210  
 Recession, 206, 216–217, 220–227  
 Recreation, definition of, 3  
 Regeneration, 323–327  
 Renewable resources, 398  
 Replacement cost technique, 439  
 Ricardo, David, 336  
 Risk analysis, 249  
 Ritzer, George, 84  
 Russell, Bertrand, 84



## S

- Satellite accounts, 279–282, 300
- Savings, 213
- Scarcity, 14
- Scenario planning, 231
- Schor, Juliet, 83
- Sensitivity analysis, 249
- Shares, 37, 39
- Short-run, 107–110
- Sinks, 394–395
- Smith, Adam, 14
- Social benefits, 138, 260
- Social costs, 116, 260
- Social science, 11
- Sociocultural environment, 195–198
- Soft tools, 431–436
- Sources, 394–395
- Spain, 313–315
- Special designation, 422–423
- Spot exchange rates, 354–355
- Stern Report, 410, 445
- Stock exchange, 33, 35
- Strategic drift, 175
- Subsidies, 66–67, 428–429
- Substitutes, 56
- Superior good, 56
- Supply, 63–67
- Surveillance, 464
- Sustainable development, 416–419
  - by market approaches, 423–431
  - by ownership, 424
  - by regulation, 421
  - by policy, 419
  - by soft tools, 431–436
  - by taxes and subsidies, 424–429

## T

- Tastes, 59
- Taxes, 66, 212, 286
- Technical economies of scale, 112
- Technological environment, 183–190
- Technology, 311

- Teleworking, 95
- Terms of trade, 340
- Terrorism, 63
- Threat of entrants, 175
- Time-series analysis, 92–93
- Total costs, 108
- Total income, 345–346
- Total revenue, 108
- Tourism Concern, 193, 468–469
- Tourism, definition of, 3
- Tourism destination price index, 295–297
- Tradable rights and permits, 429
- Trade Unions, 467
- Trading blocs, 338
- Tragedy of the commons, 395
- Trans-European Network, 262
- Transfer pricing, 377
- Travel cost method, 438

## U

- Unemployment, 463
- Underwriting (shares), 39
- United Nations World Tourism Organisation (UNWTO), 405, 417

## V

- Variable costs, 108
- Variable factors, 107
- Vertical integration, 114
- Vietnam, 321–323
- Virgin, 45
- Visibles, 341–342

## W

- Wages, 285, 459–460
- Web 2.0, 188
- Well being, 390–392
- Willingness to pay, 437
- Working Time Directive, 194
- World Trade Organization (WTO), 337
- World Wide Fund for Nature (WWF), 17