

## ***Syllabus of the course “Tourism Economics”***

### **I. GENERAL INFORMATION**

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- ✓ **Name of the course:** Tourism Economics
- ✓ **Code:** 101206
- ✓ **Degree:** Degree in Tourism
- ✓ **Type of course:** Compulsory
- ✓ **ECTS Credits (Hours):** 6 (150)
- ✓ **Period of teaching:** 1st Semester
- ✓ **Language of teaching:** English
- ✓ **Teaching staff:** Mónica Oviedo

### **II. INTRODUCTION**

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The purpose of *Tourism Economics* is to cover the essential content of a course in macroeconomics, emphasizing the role of the tourism sector. The objective of the course is to develop students understanding of the functioning of aggregate markets to enhance their skills in taking decisions on tourism business and in analysing tourism business environment.

The course is organized in theory lectures, and self-study and guided activities. In the theory sessions different static models will be used to study, in a simplified manner the following subjects:

- The determinants of the equilibrium levels of aggregate economic variables.
- The determinants of production of goods and services, employment, prices, interest rates, etc.
- The effects of the economic policies implemented by the government on the overall performance of the economy.
- The impacts of the tourism industry on the economy in Spain and some neighbouring countries.

After completing this course, students should be able to understand the functioning of current mixed economies and be familiar with the most relevant statistics, so that they will be able to relate the theory with the current macroeconomic context. This course is useful to comprise the economic reality around us and to understand the role of different forces acting in the modern economy.

These objectives involve developing two types of skills: *specific skills*, above concepts, methods, tools and indicators typical of macroeconomics, and *transversal skills*, such as ability to deductive analysis, graphical analysis and critical thinking, among others.

### **III. OBJECTIVES, COMPETENCES AND LEARNING OUTCOMES**

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#### **OUTCOMES AND COMPETENCES TO BE ATTAINED**

COMPETENCE CE1. Demonstrating knowledge and understanding of the basic principles of tourism in all its dimensions and areas.

LEARNING OUTCOMES

CE1.2. Identifying the theoretical and conceptual basis of economic analysis of tourism, both from the microeconomic and the macroeconomic perspective.

COMPETENCE CE5. Identify and evaluate the elements of the tourism system and its interaction with the environment as well as their impact.

#### LEARNING OUTCOMES

CE5.1. Describing the demand and supply of tourism, cycles and economic growth, as well as international economic relations in the sector.

CE5.2. Determining the economic impact generated by tourism.

COMPETENCE CE15. Assessing the economic dimension of tourism at different scales and analysing the relationships between them.

#### LEARNING OUTCOMES

CE15.1. Relating the economic dimension of tourism through the analysis of demand and supply of tourist products in the context of markets and economic cycles, among other elements.

### IV. TRANSVERSAL SKILLS

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CT1. Developing capacity for autonomous learning.

CT4. Managing communication skills at all levels.

CT5. Decision making under uncertain situations and being able to evaluate and predict the consequences of these decisions in the short, the medium and the long run.

CT10. Teamwork.

### V. TOPICS AND CONTENTS

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#### Topic 1. Macroeconomic variables. GDP and Disposable Income. Balance of Payments

- I. Introduction and objectives of macroeconomics. The functions of the State.
- II. Basic concepts: nominal and real figures; labour force, employment and unemployment. And fees. Evolution in time. State budget: spending, taxes, budget balance, debt and public deficit
- III. Circular flow of income and expenditures. Components and methods for calculating GDP and national income. Economic aggregates: production, product value and income. Primary distribution of income.
- IV. Balance of payments. The tourism balance of payments.

#### Topic 2. The Short Run: Real Economy, Money and Financial Systems. The Economic Policy of the State

- I. Private consumption, investment and saving. Public spending and net exports. Income-expenditure model. Spend multiplier and the Paradox of Thrift.
- II. The goods market equilibrium. The IS curve.
- III. The financial market. Money supply and monetary aggregates. Creating and controlling money supply. Interest rate and money demand. Financial market equilibrium. The LM curve.
- IV. The IS-LM model: income and interest rate of equilibrium with fixed prices. Relationship with the income-expenditure model. The economic role of the state. Fiscal and monetary policies.

**Topic 3. The Medium Run (I): Aggregated Demand and Supply. Employment, Unemployment and Income Distribution**

- I. Aggregate demand curve and the general price level: goods and money markets equilibrium. Monetary and fiscal multipliers
- II. The labour market and the aggregate supply. Supply and demand for labour. Wages of equilibrium. Unemployment. Role of trade unions and income distribution. Profile of employment in tourism subsectors.
- III. Economic equilibrium with flexible price levels: The AS-AD model.

**Topic 4. The Medium Run (II): Inflation and more on Employment and Unemployment**

- I. Inflation: causes and effects. Demand inflation and costs inflation. Stagflation.
- II. Wage bargaining, inflation and employment. The Phillips curve in the short and long run. Inflation and unemployment for different types of expectations. Natural rate of unemployment.
- III. Macroeconomic policy: effects and dilemmas. Effects of supply and demand policies in the Keynesian model and the traditional model.
- IV. Inflation and growth

**Topic 5. Open Economies: International Economic Relations. Tourist Flows.**

- I. International trade. The European Union.
- II. Basic concepts: currency markets and exchange rates. Competitiveness and real and effective exchange rates. Tariffs and protectionism.
- III. Economic policy in open economies.
- IV. Exchange rates and tourist flows.

**Topic 6. The Long Run: Economic Growth. Tourism and Economic Development. Tourism Policy.**

- I. Stylized facts of economic growth. Indicators of growth. Theories of growth cycle.
- II. Growth and convergence.
- III. The Solow model

**VI. RECOMMENDED BIBLIOGRAPHY**

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Blanchard, O., & Johnson, D. R. (2013). *Macroeconomics*. Boston: Pearson. Available online at the [UAB library](#).

Mankiw, N. G., & Taylor, M. P. (2014). *Macroeconomics*. London: Cengage Learning. Available online at the [UAB library](#).

Tribe, J. (2016). *The Economics of recreation, leisure and tourism*. London; New York: Routledge. Available at the [UAB library](#).

UNWTO (2013). *Economic Crisis, International Tourism Decline and its Impact on the Poor*, World Tourism Organization (UNWTO) and International Labour Organization (ILO), Madrid, Spain. Available online at [ILO website](#).

## VII. METHODOLOGY

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The course is organized in theory lectures, and self-learning and guided activities. In the theory sessions different static models will be used to study, in a simplified manner, each of the proposed topics.

Self-learning activities and guided sessions are designed to internalize and understand the mechanisms described by the models. Some of these activities require reading tourism-related case studies and visiting the websites of the leading producers of tourism statistics and reports on economic performance, so that students will be able to relate the acquired knowledge with the current macroeconomic context.

The Virtual Campus will be used as a complement and as an alternative means of communication between students and their instructor. All the relevant material of the course, examples and exercises will be attached there online.

## VIII. EVALUATION

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Students may choose between a continuous assessment and direct access to the final examination (a unique final evaluation).

### Continuous assessment

In order to follow continuous assessment, attendance to at least 80% of class sessions and to 100% of evaluation activities is mandatory. Continuous assessment consists of:

- a) Two individual tests based on theory and exercises (60% of the final mark).
- b) Individual and group exercises developed throughout the semester (40% of the final mark).
- c) Public presentation of readings in the classroom and written control of readings (20% of the final mark).

To get the final mark, an average of at least 4 out of 10 must be reached in each part being evaluated.

Those students who fail at the continuous assessment, will be evaluated by the second option (unique evaluation) and none of the grades obtained during the semester will be taken into account.

### Unique final evaluation

Students will be examined on all the topics taught in class and the result of this exam will count for a 100% of the final mark.

### Re-evaluation

Only those students who present the final evaluation and obtain a grade equal or greater than 4.0 but less than 5.0 are allowed to present the re-evaluation. The highest mark of re-evaluation is 5.0.

## IX. STUDENT'S DEDICATION TIME

| Training activities   | Teaching-learning methodology  | Hours      | ECTS     | % ECTS      | Learning goals                                    |
|-----------------------|--|------------|----------|-------------|---|
| Oriented activities   | Theoretical sessions with active participation of students in class. | 40         | 1.6      | 27%         | CE1.2 CE5.1. CE5.2. CE15.1. CT1, CT4, CT 5. CT 10 |
|                       | Develop and discussion of exercises and case studies.                | 30         | 1.2      | 20%         |   |
| Supervised activities | Tutorship  | 25         | 1.0      | 17%         |   |
| Autonomous activities | Individual study and practical sessions                              | 50         | 2.0      | 33%         | CE1.2 CE5.1. CE5.2. CE15.1 CT1, CT4, CT 5. CT 10  |
| Evaluation activities | Assessment of the individual learning process.                       | 5          | 0.2      | 3%          | CE1.2 CE5.1. CE5.2. CE15.1 CT1, CT4, CT 5. CT 10  |
| Total                 |  | <b>150</b> | <b>6</b> | <b>100%</b> |   |

## IX. SCHEDULE AND CONTENTS

| Week | Topic   | Methodology             | Hours |
|------|---|-------------------------|-------|
| 1    | Presentation of the course and introduction to basic concepts   | Lecture                 | 1     |
| 2    | Topic 1. Macroeconomic variables. GDP and Disposable Income. Balance of Payments                            | Lecture                 | 3     |
| 3    |   | Autonomous activity     | 1     |
| 4    | Topic 2. The Short Run: Real Economy, Money and Financial Systems. The Economic Policy of the State         | Lecture                 | 3     |
| 5    |   | Autonomous activity     | 1     |
| 6    | <b>First evaluation</b>   | Individual written exam | 2     |
| 7    | Topic 3. The Medium Run (I): Aggregated Demand and Supply. Employment, Unemployment and Income Distribution | Lecture                 | 3     |
| 8    |   | Autonomous activity     | 1     |
| 9    | Topic 4. The Medium Run (II): Inflation and more on Employment and Unemployment                             | Lecture                 | 3     |
| 10   |   | Guided activity         | 1     |
| 11   | Topic 5. Open Economies: International Economic Relations. Tourist Flows.                                   | Lecture                 | 3     |
|      |   | Guided activity         | 1     |
|      | Topic 5. Open Economies: International Economic Relations. Tourist Flows.                                   | Lecture                 | 3     |
|      |   | Autonomous activity     | 1     |

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|----|---|-------------------------|---|
| 12 | Topic 6. The Long Run: Economic Growth. Tourism and Economic Development. Tourism Policy. | Lecture                 | 3 |
|    |   | Autonomous activity     | 1 |
| 13 | Topic 6. The Long Run: Economic Growth. Tourism and Economic Development. Tourism Policy. | Lecture                 | 3 |
|    |   | Autonomous activity     | 1 |
| 14 | <b>Second evaluation</b>  | Individual written exam | 2 |

## XI. ENTREPRENEURSHIP AND INNOVATION

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Entrepreneurship and innovation will be fostered through the reflections by the students about the topics studied in class. These reflections will be directed to observe what aspects of tourism are needed to be improved and to develop an entrepreneurial spirit by analysing opportunities of innovation in the sector during their professional activity. One way to do this is to analyse the reality of the tourism sector through the analytic reading of articles and papers about the current situation of the tourism industry and the impact of certain macroeconomic developments –in particular the contemporary crisis– on the sector economic performance.