White Paper #3: Leisure: The New Center of the Economy?

If you have been concerned about the erosion of America's manufacturing base and the proliferation of minimum wage service jobs, listen to this! The Academy of Leisure Sciences claims that leisure is becoming the new center of our economy. This seems almost a contradiction in terms as leisure activities are generally thought to be what we do when we are not working. How can leisure be a significant economic force?

Identifying leisure's economic importance is difficult. Leisure doesn't fall neatly into the categories we use to describe our economy. It is hard even to find the word "leisure" in government economic statistics. Entertainment, sports, recreation, and travel businesses form the basis of a leisure industry that extends to virtually every industry in America. Recreation vehicles, recreation rooms, vacation homes, leisure clothing, sports medicine, home entertainment centers, athletic shoes and fun foods indicate how pervasive leisure has become in the American economy.

Time and money are our scarcest resources and how we spend both in large part determines the nature of our economy and our society. A third of our time is leisure. American's spend about a third of their income on leisure pursuits. One third of our land is devoted to leisure and recreation. A set of activities that accounts for a third of our land, labor, and capital must be central to our economy.

Leisure Spending

The most commonly cited government statistic on leisure is the recreation portion of consumer spending. The Department of Commerce defines recreation spending to include spending on home electronics, radio and television, music, entertainment, sporting goods, amusements, home gardening, toys, books and magazines, and recreation equipment like boats, motor homes, and bicycles. In 1990 consumers spent $280 billion on these recreational goods and services, constituting 7% of all consumer spending. This is three times what consumers spent for new cars in 1990.

As impressive as this may seem, $280 billion is only a small part of all leisure spending. The majority of leisure spending is classified elsewhere. For example, of the $458 billion consumer's spent on transportation in 1990, more than a third involved leisure travel. About a third of all automobile vehicle miles are for recreation trips. Sixty percent of air passengers are on leisure, not business trips. Via similar arguments, considerable portions of consumer spending on housing, clothing, food, and education can be classified as leisure spending. Add all of this up and leisure easily accounts for over one trillion dollars or about a third of all consumer spending. In an economy driven primarily by consumer spending, this makes leisure America's number one economic activity.

Robert Crandall, Chairman of American Airlines, recently told customers in the airline's American Way magazine, "you are a customer of the world's largest industry." He was not referring to the airline industry, but to the much larger travel and tourism industry. Worldwide, travel and tourism is a $3 trillion a year industry, with revenues of over $600 billion in the United States. Somerset Waters, who edits an annual industry summary for the world travel industry, argues that an industry is any collection of businesses that produce a related set of goods and services. The U.S.'s top three industries by his reckoning are tourism with $621 billion in spending, health care with $604 billion and education with $331 billion. Waters defines tourism to include all spending on trips of 25 miles or more away from home. If we deduct business travel from his estimate of tourism spending, and add the portion of leisure spending that occurs at home or in the local community, we again get a leisure spending figure in the neighborhood of one trillion dollars.

Leisure Jobs

What about jobs, you may ask. A comprehensive count of leisure industry jobs is hard to find. There are some leisure jobs in every industry, including defence. Crandall claims that travel and tourism employs 9 million people in the U.S. There are about a quarter million public sector recreation jobs in
federal, state, county and local agencies. There are nearly 2 million writers, artists, entertainers and professional athletes. No one has completely sorted out all of the jobs that are linked to leisure and converted these to full time equivalents. The simplest way to get a total leisure job estimate is to convert leisure spending to jobs. If about $40,000 in consumer spending generates a job (full time equivalent), a trillion dollars in leisure spending translates into 25 million jobs about a quarter of all jobs in 1990. If this isn't enough, figure that every leisure job generates another job in a supporting industry. This ties nearly half of all jobs to leisure.

Depending on which measure of economic importance you choose to accept, leisure is between five and twenty times the size of the automobile industry in the U.S. Indeed, in 1990 there were almost twice as many full time equivalent jobs in lodging establishments alone, as in all businesses, manufacturing, motor vehicles and parts. Leisure industries are generally far more labor intensive than the auto industry and manufacturing. Ironically, this means that leisure industries provide more jobs, and manufacturing provides more leisure. Nevertheless, leisure seldom comes to mind when discussing our economy, unless it is the unwanted leisure from unemployment. Why is this?

Why Isn't Leisure's Economic Importance Recognized?

Our perception of leisure's economic importance depends a great deal on how we look at leisure and the economy. We don't see much of a relationship if we define leisure as time off of work and make work and the production of goods synonymous with economic development. These commonly held perspectives on work, leisure, and the economy were formed during the industrial revolution. Virtually all of our existing economic theory, industry classifications and statistical reporting systems were also developed for a period when manufacturing led the economy and leisure was merely time to recuperate for more work. These somewhat outmoded ideas and economic reporting systems still shape the way we see leisure and the economy today, even though the nature of our economy and leisure has changed dramatically.

Changes in societal values and understanding of our economy comes slow. We still haven't fully accepted and understood the decline in agriculture's economic importance, although it was superseded by manufacturing over 130 years ago. During the 1970's, economists like Daniel Bell and John Kenneth Galbraith pointed out the changes that were transforming the United States to a "post-industrial" society. The most significant of these structural changes was a transition from a goods to a service economy, and with it a decline in manufacturing's importance. For the past 20 years, the economy has largely undergone this transition. Growth in leisure and recreation service industries, as predicted by Bell, has been an important part of the transition to a post-industrial economy.

The transition to a service economy has been far too rapid to expect necessary adjustments in societal values or measures of economic development and worth. Since Adam Smith, economists have largely characterized services as a residual or leftover category of economic activity. Services handled what were seen as the unimportant but necessary housekeeping chores for the economy. It is probably not coincidental that women have historically performed many of these service jobs. The women's movement and other forces have recently begun to reshape society's views about the social and economic values of services like childcare, education, housekeeping, nursing, community service, and leisure.

The recognition of leisure as both a social and economic force requires even more difficult adjustments in our value systems. While most Americans are often "waiting for the weekend," we are reluctant to admit this, particularly when confronted by Japanese competitors. Economist Juliet Schor documents the American addiction to work in her book, *The Overworked American*. She describes how a goods-oriented economic system has fed this addiction, trapping people in a work-spend cycle. The result, she argues, has been a decline in leisure and, for many, a lower quality of life.

The Economic Significance of Leisure Time

The economic significance of leisure goes far beyond measures of spending and jobs. These figures account for spending on leisure. Also of economic significance is the fact that most consumer spending occurs during leisure time. Holidays and festivals account for large upswings in retail sales, with Christmas sales making or breaking the year for many businesses. It has been suggested that shopping for pleasure has become our most popular leisure activity. Compared to Europeans, American's spend three to four times as many hours a year shopping. Mega-malls cater to leisure
shopping today, just as interstate highways stimulated the number one outdoor recreation activity during most of the 1970's driving for pleasure. Shopping centers have become a gathering place for teenagers after school, a place for seniors to get exercise, a location for various community events and fairs, and a place to just browse and pass the time.

Shopping centers are not alone in using leisure to sell their products. The vast majority of advertising is directed at us during our favorite leisure pursuits. Try to watch television, listen to radio, read a magazine, watch a rented video, attend a movie or sporting event, or just take a leisurely ride without being interrupted by some commercial message. Businesses sell to us during our leisure and in most cases directly use our interest in leisure to help sell their product.

Also of more economic significance than what people spend on leisure is how much of their time they devote to leisure and how they use this time. Time is our scarcest resource, as it is for all practical purposes relatively fixed in supply. The quality of our lives depends a great deal on how we use the time we have. Juliet Schor notes that through increases in efficiency, we can reproduce the standard of living American's enjoyed in 1948 in half the time it took fifty years ago. We could have chosen a four-hour day or a six month work year. Instead, we chose to produce more goods, or perhaps we were not given this choice.

John Robinson, director of the American's Use of Time Project, reports that half of American workers today say they would give up a day's pay to have an additional day off of work. While there are increasing stories of people who have opted out of the rat race, whom the rest of us tend to view with considerable envy, large scale trade-ins of work for leisure still seem rather distant. For most, an increase in leisure time requires a change in lifestyle to reduce expenses, including spending on leisure. Irrespective of whether Americans choose to have more or less leisure, the economic ramifications of these decisions are substantial.

Changing Definitions of Economic Value

Not everyone in the recreation and leisure field is enthusiastic about leisure's growing economic importance. The commercialization of leisure is often at the expense of intrinsic values of leisure--like freedom, creativity, learning, socialization and self development. Leisure sociologists are concerned about the commercialization, commodification and packaging of leisure by our economic system. These concerns are not very different from those of liberal economists who wonder how our economic system can use so many resources, produce so much, and yet have so little relative impact on the quality of people's lives.

Is leisure destined to the same fate as other goods and services in our society? Must it be mass produced, bought and sold, and consumed in large quantities to be economically significant? In spite of the growing commodification of leisure, households still produce most of their leisure services themselves. The value of leisure experiences that we provide for ourselves are not captured at all in economic measures like the Gross National Product (GNP). If we included the labor costs of providing our own leisure, child care, housekeeping, and everything else we do for ourselves, we would likely double GNP and, more importantly, have a better appreciation of the value of these services. It is somewhat odd that these services have economic value when we pay other people to do them for us, but have no value when we perform them for ourselves?

Only the value of goods and services exchanged in the market are included in GNP. While economic statistics, theories, and measures of value are strongly rooted in the traditional marketplace, economists have increasingly had to broaden theories and methods to address a host of nonmarket issues. Environmental quality and many leisure-related concerns have been in the forefront of these developments. For example, economic values can be estimated for parks, endangered species, air and water quality, and yes, even solitude and sunsets. While such non-market measures of value have been routinely included in estimating the ratio of benefits to costs of individual public investment decisions such as building roads and reservoirs, these non-market values are not reflected in overall measures of the performance of our economy. GNP rises if we replace a park with a factory and little distinction is made between a polluting factory or a clean one.

Economic measures that more fully account for human resources, and all of the benefits and costs associated with the production of goods and services will inevitably increase understanding of the importance and role of leisure in our society. Trillion dollar estimates of leisure spending are impressive, but only partially capture leisure's economic significance. Much of our leisure time and
many of our most valued experiences do not involve market transactions and therefore do not show up as spending or contributions to GNP. Indeed, while consumer spending on leisure is growing, most analysts report a decline in both the quantity and quality of our leisure time.

Daniel Bell argued that the post-industrial society will involve a change in societal goals and values from those of production efficiency to serving social needs. As a concept somewhat antithetical to efficiency, leisure can perhaps help liberate us from an excessive concern for efficiency. Leisure also pulls us toward a social need orientation, being a personal and social need to which most Americans can relate. Leisure is therefore well suited to be the catalyst for reshaping the goals and values that our economic system should serve. For example, current leisure issues direct attention to the structure of work and leisure, the value of services we provide for ourselves, the roles of government and the private sector in meeting social needs, the distribution of wealth and opportunities across population subgroups, the quality of the environment, the character of our communities, and the quality of life.

The set of values, activities, and resources subsumed under the concept of leisure can therefore play a significant role in helping to redirect our economic system to meet the challenges of the 21st century. In this sense, leisure is arguably not yet the center of our economy, although it is center stage for most buying and selling. It may be more accurate to say that leisure will be the catalyst for most of the significant changes that our society and economy will undergo as we adapt to the post-industrial period.

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