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ECONOMIC RELATIONSHIP BETWEEN TERRORISM AND TOURISM

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EXTENSIVE SUMMARY

The terrorist activities that have started to increase as a result of globalization and technological conditions and become an international subject towards the end of the last century, forced the country's economies both nationally and internationally. Rising risk perception in consumers' mind, which is brought by the increase in the terrorist activities, has negatively affected the buying behavior and led to a decrease in domestic spending. Terrorist attacks make tourists worried and the touristic activities decrease until these attacks are forgotten. Besides, terrorist attacks could tarnish the positive image of the country and put the tourism sector in danger. The negative effects of terrorism and terrorist activities on the economies of the world's countries can be clearly seen when growth rate of the countries, foreign trade revenues, export items, foreign direct investments in countries and numerical data related to all other international activities are examined. Because on one hand terrorism is following an intimidation policy on society, on the other hand it is a phenomenon that aims to influence the country's economy in the negative way. Terrorism, which has become the focus of the main values of 21st century especially and international politics, heavily targets the country economies compared to the past century.

This research aimed to investigate the direct relationship between terrorist incidents and tourism incomes, and the impact of terrorism incidents on the country's economy through tourism incomes by using the EVIEWS package program which is frequently used in the econometric studies. In this context, in order to determine the effect of terrorism on tourism revenues and then the effect of tourism revenues on the country's economy, two economic models were developed to be studied with time series technique.

When the findings of the first and second models are evaluated, it is determined that the existence of the effect of terror index variable on tourism revenues by both short-term regression analysis and long-term Co-Integration and Causality tests of the first model. In other words, it is determined that the terrorist incidents have negatively affected the tourism revenues, as a result. In the second model, as a result of the long-term co-integration and causality tests conducted in order to determine the effect of tourism revenues on economic growth, it is found that the share of tourism revenues over GDP has long-term cointegration with economic growth and there is a causality relationship between them. When the relationship between the international terrorist index which is a sign of terrorist acts in the country and the tourism incomes, and the relationship between tourism incomes and economic growth is examined together, increase of the terrorist index in the country has a negative effect on economic growth through the decrease in tourism incomes. Besides, the increase in the terror index is also influential on economic growth through other variables. According to the results, it is clearly seen that from 1980

to present, despite the increase in both the number of tourist coming to country and the tourism revenues, there is a decline in 1998 and 1999. The reason can be that the increase in the terrorist index within the same period, in other words, that the terrorist incidents occurring in the country play a significant role. With the terror index which increased between the years 2001 and 2005, the number of tourists and tourism revenues started to decline. A decrease of 0.5% in tourism revenues from the year of 2009 to 2010 followed by a decrease of 3.5% in average expenditures per tourist. The 4 terrorist acts that took place in 2013 did not affect the tourism sector much, it even brought an increase of 11.38% in tourism income and 7.5% in the number of tourists compared to the previous year. The number of terrorist act which is 3 in 2014 rose to 44 in 2015 and it resulted in a 9.2% decrease in tourism revenues and a 0.86% decrease in average expenditure per tourist. A significant decline in tourism revenues and incoming tourists, triggered a decrease of 29.73% in tourism revenues, 24.6% in arriving tourists and 6.7% in average amount of spending per tourist in 2016. It is statistically proven that the reason of this situation is the increase in the severity of the terrorist incidents and the terrorist attacks begin to arise in the big cities.

As a result, according to the view of that tourists are reasonable consumers evaluating the products in terms of price-performance, the risks associated with the increased terrorist incidents at a holiday destination causes the cost of seeing that zone to increase for the tourists. For this reason, terrorist acts in a region cause tourists to see the region as more risky (cause cost of seeing the region to increase) and lead them to prefer holiday zones which are more secure. In this case, when we look at the relationship between the terrorism and tourism, the relationship is at a level that cannot be underestimated at all, and the removal of this negative situation is dependent on the precise elimination of terrorism.