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Economic Growth and Terror: An Empirical Analysis / Ekonomik Büyüme ve Terör: Ampirik Bir Analiz

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ABSTRACT

The phenomenon of terrorism, has acquired a global character especially after 11 September 2001 attacks, and has become a more significant threat to the world recently with spreading in many parts of the world. Terror in Turkey, as a problem which our country has been facing for many years, has both direct damages and also spread over long-term indirect losses. These indirect losses have a great importance because of its heavy costs imposed on economies when its social and political losses are added. The damages of terror to the economies arises by affecting economic growth through many elements such as consumption, investment, foreign direct investment, public expenditure and budget, trade, tourism, financial markets, agriculture and animal husbandry. In the study, after searching the effects of terror to economic growth by these elements and the damages of terror; the effects on the economies of OECD countries were tried to be measured through the changes in economic growth. In this regard, the changes in economic growth were tried to be explained by the variables such as basic macroeconomic variables, internal conflict and external conflict indication of terror and violence and also institutional variables such as corruption, religious tensions and ethnic tensions. In the analysis, dynamic panel data were applied for 29 OECD countries for the period of 1984-2015 and a result of the analysis, it was found that terrorism and violence, corruption and religious and ethnic tensions had a negative impact on the economic growth.

KEYWORDS Economic growth; terror; institutional factors

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