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2008 Global Financial Crisis, Its Causes and Its Impact on World Economies

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Abstract

The 2008 global financial crisis had disrupted economic stability, affecting countries and sectors worldwide, leading to declines in growth, employment issues, and financial losses. The United States had been one of the countries most affected by the crisis. The US economy had contracted by 2.46%, unemployment had risen to 9.63%, and inflation had experienced fluctuations. The tourism sector had been severely impacted; in 2009, the number of international tourists had decreased by 5.3%, and tourism revenues had dropped by 14.6%. Similar effects had been observed in Latin America, which had close trade relations with the U.S. Trade, commodity prices, and investments in the region had significantly declined, with Mexico's GDP having shrunk by 6.29%. Unemployment rates had risen, while Chile had experienced the lowest and Uruguay the highest inflation rates. In Europe, the crisis had caused a significant deterioration in the banking system and employment. Unemployment rates had risen to 9.9% in the Eurozone and 18.2% in Spain. The tourism sector had also been hit hard, with tourist numbers having decreased by 5.6% and revenues having fallen by 12.9%. In China, the growth rate had slowed by 5%, foreign direct investments had fallen by 42%, and the number of tourists had decreased by 4.1%. In the East Asia and Pacific region, GDP growth had declined to 2.56%, foreign investments had dropped by 26%, and tourism revenues had decreased by 2.9%. As a result, it can be said that the crisis had exposed weaknesses in the financial system and had highlighted the need for global cooperation and reform.

Key Words: *Global Financial Crisis, Macroeconomic Impacts, International Trade, International Tourism*

2008 Küresel Mali Krizi, Nedenleri ve Dünya Ekonomileri Üzerindeki Etkileri

Öz

2008 küresel finans krizi, ekonomik istikrarı sarsmış, dünya genelindeki birçok ülke ve sektörü etkilemiş ve büyüme oranlarında düşüşlere, istihdam sorunlarına ve finansal kayıplara yol açmıştır. ABD, krizden en çok etkilenen ülkelerden biri olmuştur. ABD ekonomisi %2,46 küçülmüş, işsizlik %9,63'e yükselmiş ve enflasyon dalgalanmalar yaşamıştır. Turizm sektörü ciddi şekilde etkilenmiş; 2009'da uluslararası turist sayısı %5,3 azalmış, turizm gelirleri ise %14,6 düşmüştür. Latin Amerika'da da benzer etkiler gözlemlenmiştir; ABD ile yakın ticari ilişkiler içinde olan bu bölgedeki ticaret, emtia fiyatları ve yatırımlar büyük ölçüde azalmış, Meksika'nın GSYİH'si %6,29 küçülmüştür. İşsizlik oranları artmış, Şili en düşük, Uruguay ise en yüksek enflasyona sahip olmuştur. Avrupa'da kriz, bankacılık sistemi ve istihdamda önemli bir bozulmaya yol açmıştır. Euro bölgesinde işsizlik oranı %9,9'a, İspanya'da ise %18,2'ye yükselmiştir. Turizm sektörü de darbe almış; turist sayısı %5,6 azalmış, gelirler ise %12,9 düşmüştür. Çin'de büyüme hızı %5 yavaşlamış, doğrudan yabancı yatırımlar %42 azalmış ve turist sayısı %4,1 düşmüştür. Doğu Asya ve Pasifik bölgesinde ise GDP büyümesi %2,56'ya gerilemiş, yabancı yatırımlar %26 azalmış ve turizm gelirleri %2,9 düşüş göstermiştir. Sonuç olarak, 2008 küresel finans krizi, finansal sistemdeki zayıflıkları ortaya çıkarmış ve küresel iş birliği ile reform ihtiyacını vurgulamıştır.

Anahtar Kelimeler: *Küresel Finans Krizi, Makroekonomik Etkiler, Uluslararası Ticaret, Uluslararası Turizm*

1.Introduction

The 2008 global financial crisis, which erupted in the last quarter of 2008, has been recorded as one of the most serious economic turmoils in modern economic history. The crisis initially emerged in the housing market of the United States but quickly spread to other economies due to globalization and strong trade and financial connections between countries, leading to a widespread economic slowdown worldwide. This crisis, which began in the last quarter of 2008 and deepened in the first quarter of 2009, was exacerbated by structural issues such as low interest rates, excessive risk-taking tendencies, inadequate financial regulations, and a lack of transparency. Additionally, it was intensified by securitization practices and misleading assessments by credit rating agencies. The bursting of the housing bubble in the U.S. and the subsequent devaluation of financial derivative products played a decisive role in triggering the crisis.
The global financial crisis not only affected the financial sector but also had a negative impact on many other areas, from household wealth to global trade volumes. The emergence of high unemployment rates, declining investments, and slowing economic growth on a global scale were concrete indicators of the devastating effects of the crisis on world economies. In this context, the crisis not only highlighted the instability of financial markets but also brought widespread economic challenges. This study aims to comprehensively examine the causes of the 2008 global financial crisis and provide a detailed analysis of its repercussions across various economic sectors.

2. 2008 Global Financial Crisis

The roots of the 2008 global financial crisis can be traced back to the low-interest-rate policies implemented by the U.S. Federal Reserve (FED) and other central banks following the collapse of the tech bubble in 2000, as well as the loose credit policies adopted by Asian central banks in the aftermath of the 1997 Asian crisis. Factors such as low interest rates and loose credit policies implemented by central banks led to a significant increase in housing prices in countries like the United States, the United Kingdom, Spain, and Ireland. The excessive rise in housing prices peaked in the United States in 2006, followed by a significant decline in real estate prices in the U.S and many other countries. This development impacted global financial markets, leading to a devaluation of securitized risky mortgage products. The severe pressures experienced in interbank markets in August 2007 made banks reluctant to lend to one another, forcing central banks to inject large amounts of liquidity into the markets. The significant deterioration in collateralized markets, the increase in disruptions, and the growing difficulty of borrowing against low-quality collateral prompted the Federal Reserve (FED) and other central banks to take extensive measures to improve the functioning of money markets. Throughout 2007, the continued decline in the prices of risky securitized products put many financial institutions

in a difficult position. One of the largest investment banks in the U.S., Bear Stearns, was sold to J.P. Morgan with the guarantee of the Federal Reserve (FED). This sale, involving the transfer of public funds and guarantees to J.P. Morgan, became a significant indicator of the crisis. However, during this period, while financial markets, particularly banks, were under intense pressure, the real economy was not significantly impacted. Everything in global markets changed in the last quarter of 2008, in September, with the bankruptcy of Lehman Brothers, one of the largest investment banks in the U.S. The closure of Lehman Brothers forced global markets to reassess risk. This bankruptcy caused significant losses for many individuals and institutions, but its most destructive effect was the signal it sent to international markets. This bankruptcy caused significant losses for many individuals and institutions, but its most devastating impact was the signal it sent to international markets. Investors began to reassess the risks they had initially overlooked and started withdrawing from the markets, which led to a liquidity crisis. In the last quarter of 2008 and the first quarter of 2009, economic activities in the U.S. and many other countries saw a significant decline, while the unemployment rate dramatically increased. The economies of many countries in Asia and Europe have suffered greatly, even though their banks have limited exposure to US securities and remain sound. In Japan, for example, economic growth fell by nearly 4% in the first quarter of 2009. Worldwide, industrial production and economic growth have fallen less sharply, while the global economy has gradually reached a standstill (Allen, Carletti, 2009:2-6).
Some of the seeds of the 2008 global financial crisis were sown between 1997 and 2007, during the 10 years preceding the crisis. A series of global events occurred prior to the global financial crisis. A series of global events preceded the global financial crisis. The Southeast Asian Crisis, which started regionally in 1997-1998 and then took on a global dimension by affecting Russia, Latin America and Europe, was compounded by developments such as the collapse of the Nasdaq Technology Exchange in 2001 and the reshaping of world trade volume and structure due to China's rapid growth. Moreover, the large imbalance between savings and investment in China before the crisis, the surplus in production and the deficit in the US deepened import and export imbalances between countries. Thus, before the 2007-2008 crisis, large capital surpluses were accumulating in China, while large deficits were emerging in the US. According to some experts, this growing global imbalance was one of the main causes of the global financial crisis. Some of the events that contributed to the outbreak of the crisis were as follows:

- ✓ The first was the Asian financial crisis, which began in July 1997 in Thailand and was effective during 1997-1998. This crisis led to the creation of large current account surpluses in the region's countries. These surpluses were directed toward offshore investments in an attempt to keep nominal exchange rates low. As a result, the flow of capital from Asia to the U.S., particularly into technology stocks, led to a rapid increase in stock prices on the Nasdaq Technology Exchange.

- ✓ The second event that occurred before the crisis was the rapid increase in the value of technology stocks in the U.S. between 1998 and 2000, leading to the overvaluation of the Nasdaq Technology Exchange. This overvaluation resulted in a significant loss of value and the eventual collapse of the exchange in 2001.
- ✓ The low-interest rate policy implemented by the US Federal Reserve to stimulate the market between 2001 and 2004, due to concerns of possible deflation and economic downturn, was one of the factors contributing to the crisis.
- ✓ Easy credit, the excessive rise in housing prices, mortgage borrowings, significant growth in loans, the proliferation of secured agreements, and weak legal oversight have led to a period in which investors act with the desire to achieve high returns with minimal capital.
- ✓ In addition to the increase in demand from China and, to some extent, India, the excessively rising global economic conditions, the rapid rise in commodity prices such as oil, minerals, and food from the end of 2004 to the end of 2007, and factors such as inflation, led monetary authorities to tighten their monetary policies from June 2004 to July 2006 (Mckibbin and Stoeckel,2009:4-5).

In the first half of 2007, issues within the subprime mortgage market in the United States were one of the fundamental causes of the crisis. Subprime loans are those in which borrowers possess lower credit quality criteria. These types of loans accounted for one-fifth of new home mortgages in 2006 and approximately 15% of the existing mortgage stock in the United States. A significant characteristic of this period was the securitization of subprime and other loans by the original lenders, who then sold them to investors. This structure allowed even low-quality loans to receive high credit ratings. Additionally, the high yields and strong protective features made these securities attractive to investors. The problems experienced in the first half of 2007 initially only affected the U.S. financial sector. However, in August 2007, the French bank BNP Paribas announced that it had suspended three of its funds that had invested in U.S. mortgage-backed securities. This development revealed that some European banks and off-balance-sheet vehicles had also made significant investments and could thus face substantial losses. The magnitude of this uncertainty and exposure led to a loss of investor confidence in financial institutions. The crisis intensified as the scale of the losses became apparent. In September 2007, panic at Northern Rock bank led to its nationalization. Subsequently, major banks in both the U.S. and Europe announced significant losses, and in March 2008, Bear Stearns was rescued. Although these developments briefly stabilized market conditions, credit risk premiums remained well above pre-crisis levels. However, the crisis deepened in September 2008 with the bankruptcy of the U.S. investment bank Lehman Brothers. This marked the first instance where creditors of a major financial institution faced significant losses. Lehman's collapse was followed by the nationalization of Fannie Mae and Freddie Mac. Subsequently, the nationalization of the world's largest insurance company, AIG, was announced, along with the bankruptcy or near-bankruptcy of other financial institutions in the U.S. and Europe. Additionally, uncertainties surrounding the content and approval process of bailout packages further exacerbated the overall turmoil (Edey,2009:186-187).

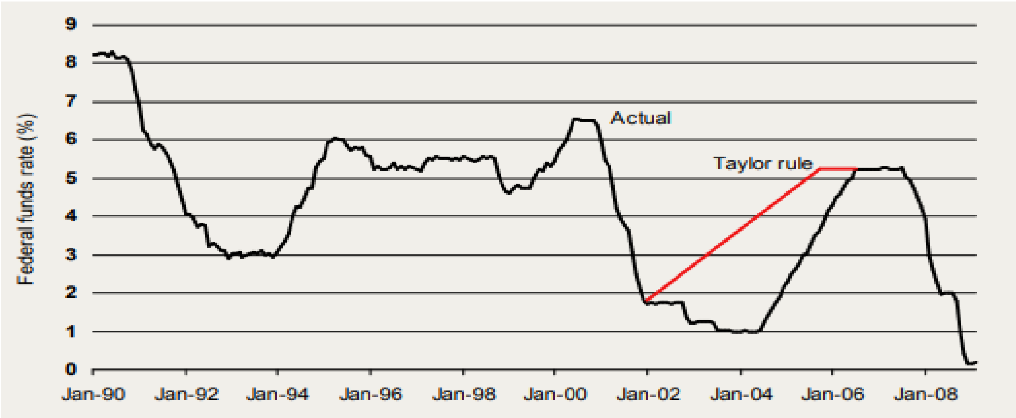
3. Causes Of The 2008 Global Financial Crisis

The causes of the global financial crisis, which began in the fourth quarter of 2008 and intensified in the first quarter of 2009, include the following

3.1.Low Interest Rates

The U.S. Federal Reserve's low-interest rate policy, particularly between 2000 and 2006, is considered one of the contributing factors to the crisis. The collapse of the Nasdaq Technology Exchange, coupled with the economic recession in 2001 and 2002 following the terrorist attacks on the World Trade Center on September 11, led the U.S. Federal Reserve to lower short-term benchmark interest rates in an effort to stimulate the economy. In 2001, short-term interest rates stood at 6.5%, and within two years, they decreased by 5.5 percentage points, reaching 1% in 2003. This decline in short-term interest rates also reduced the interest rates on adjustable-rate mortgages. In the U.S., low inflation and low interest rates reduced the cost of homeownership and increased the demand for mortgage-backed homes. During this period, the low interest rates, coupled with the low returns on traditional investment vehicles, encouraged investors to take on more risk in pursuit of higher returns. As a result, the volume of risky mortgage loans increased, and a large portion of the receivables arising from these loans were securitized and began to be traded in financial markets. In 2004, the U.S. Federal Reserve raised interest rates 17 times between 2004 and 2006 in an effort to control rising inflation and stabilize the economy. During this period, the interest rate, which was 1% in 2000, increased to 5.25% by 2006. This rapid rise in interest rates is considered one of the factors that contributed to the crisis (Kutlu and Demirci, 2011:122,124).

Figure 1: Federal Funds Rate January 1990 to January 2008



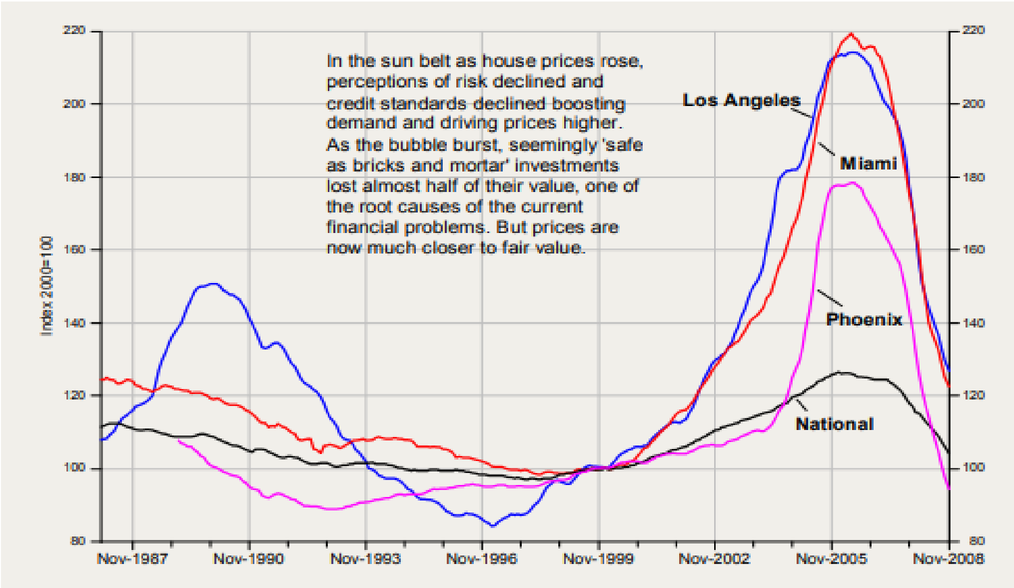
Source: McKibbin and Stoecke,l 2009:8

As shown in Figure 1, the United States began lowering short-term benchmark interest rates in 2001 to mitigate the recession. Interest rates, which were around 6.5% in 2001, dropped by more than 5% over a three-year period, reaching 1% in 2004. This situation led to a significant increase in bank loans, a rapid rise in asset prices, and a noticeable increase in commodity prices during the 2003-2004 period due to the extremely low interest rates.

3.2. Excessive Rise in Housing Prices

The mortgage crisis began in the U.S. with an excessive rise in housing prices, followed by a rapid decline. Banks' lending practices, which included extending credit to individuals with no assets, job, or income, led to an uncontrolled increase in housing prices. The housing bubble, which began in 2001 and peaked in 2005, is defined by the rapid rise in real estate values in both local and global property markets, reaching unsustainable levels that surpassed the purchasing power of income and other economic indicators. The sharp decline following the rapid increase in housing prices caused mortgage loans to exceed the value of the homes. This situation led to individuals with low purchasing power being unable to repay their debts, an increase in the number of foreclosed homes in banks' portfolios, and the release of these homes into the market by banks, ultimately causing the bubble to burst. The US Federal Reserve raised interest rates from 1% to 5.25% between 2004 and 2006. However, the FED later stopped raising interest rates due to concerns that the rapid decline in the housing market could harm the overall economy. Roubini from New York University issued warnings in August 2006 regarding the decline in sales and prices in the housing market. Roubini criticized the Federal Reserve's monetary policy, suggesting that the freefall in the housing market would lead to an economic recession in 2007 and negatively impact other sectors of the economy. He also stated that the FED's interest rate decisions were made too late. In addition, *Barron's* magazine, in

August 2006, drew attention to the impending housing crisis by noting that housing prices had dropped by 3% since January 2006 and predicting that they would decline by approximately 30% over the next three years (Bianco,2008:3-6).
Figure 2: US Housing Prices by Per Capita Household Income



Source: McKibbin and Stoeckel, 2009:7
As shown in Figure 2, the decline in housing prices in the United States since 2005 has had a profound impact on household wealth, consumption expenditures, and the default rates on loans held by financial institutions. Between 2000 and 2006, housing prices in some regions doubled, but quickly declined following this period. While these changes attracted significant media attention in some areas, overall, the U.S. housing price index experienced a notable real decline from the first quarter of 2006 to the same quarter in 2009, when the crisis deepened.

3.3.Securitization

Securitization is considered one of the causes of the 2008 global financial crisis because it transferred risk from one institution to another. Securitization involves converting cash flows from various institutions or consumers, collected in a pool, into securities that are then sold to investors. Between 2000 and 2006 in the United States, the environment of abundant liquidity and securitization allowed banks to meet their legal capital requirements, provide higher returns, and share risks, while also being able to issue new loans without the need for additional deposits. This situation led individuals to take on excessive debt. Mortgage-lending banks, in order to secure the repayment of the loans they issued, securitized these loans and sold them, either partially or completely, to a mortgage institution or another bank. This system, in the event of a disruption in the payments of securitized loans, caused losses for both the financial institutions that purchased the securities and the banks, thereby facilitating the transfer of risk from one institution to another (Alantar,2008:2-3).

3.4.Housing Market Adjustment

Between 2000 and 2007, rising housing prices made homeownership a significant investment vehicle. The homeownership rate, which was 64% in 2004, increased to 69.2% in 2006 due to the impact of speculative home purchases. In the United States, the value of a home that was worth $100,000 in 2000 reached $160,000 by 2007 (Kutlu and Demirci, 2011:122).
In 2006 and 2007, many business writers and economists predicted that a correction would occur in the real estate market due to the excessive rise in housing prices. It was anticipated that this correction could range from a few percentage points of decline to decreases as steep as 50%. Moody's Chief Economist Mark Zandi predicted that between 2007 and 2009, the economy would experience double-digit inflation and a severe collapse. Another economist, Robert Shiller from Yale University, analyzed historical real estate data and pointed out that in some regions, housing prices had already fallen by up to 50%, and he anticipated that these declines would deepen in the near future (Bianco,2008:6).

3.5. Greenspan's Criticism

In March 2007, during a session at the Future Industry Association's annual conference, then-FED Chairman Greenspan responded to a question about the causes of the risky mortgage crisis by stating that the rise in subprime loans was a new development. He also mentioned that the issue of housing prices was a larger problem than the mortgage credit issue itself. Additionally, he pointed out that borrowing at high prices, the delayed entry of subprime loans into the system, and the impossibility of generating sufficient capital without raising interest rates were contributing factors. In December 2007, during a session, Alan Greenspan argued that the housing bubble was less related to the FED's interest rate policy and that the global savings surplus had lowered interest rates, driving up housing prices worldwide. These statements contributed to the escalation of the crisis. Some economists criticized the FED's low-interest rate policy, claiming that it had caused the bubble to inflate, and they also criticized President Greenspan's policy of rebuilding the housing market (Bianco,2008:4).

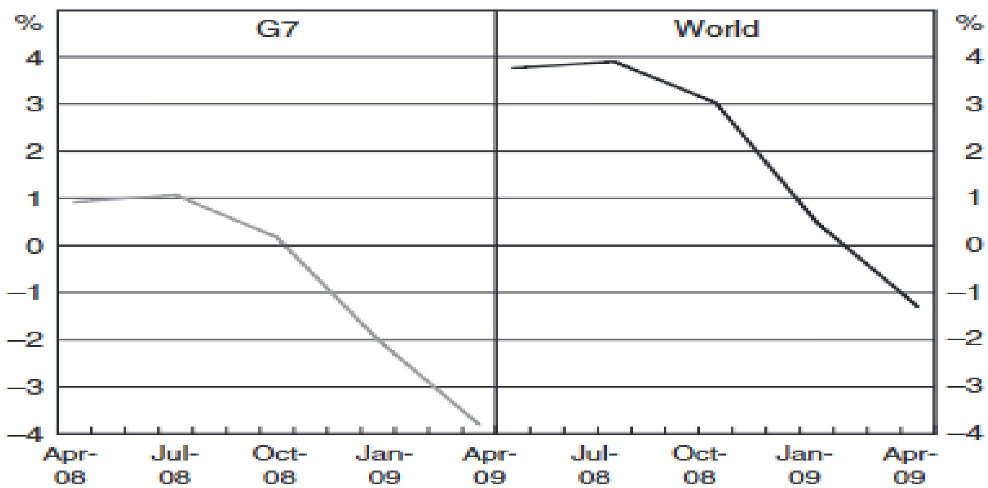
3.6.Inaccurate Assessments and Ratings by Rating Agencies

Financial institutions and banks, along with credit rating agencies that assess their financial structures and reliability, played a significant role in the outbreak of the crisis due to their erroneous assessments and the inaccurate ratings they assigned prior to the crisis. These institutions, due to their inability to accurately analyze risks, misled investors and created a false sense of security in the financial markets. For instance, before the collapse of Enron, one of the largest companies in the U.S., credit rating agencies failed to detect the serious issues within the company's financial structure. Such flawed assessments not only misled investors but also posed a significant threat to the economic system, contributing to the deepening of the crisis (Alantar, 2008:4).

4.Effects Of The 2008 Global Financial Crisis on Regional and Country Economies

The 2008 global financial crisis deeply affected the economies of many regions and countries around the world. The crisis led to a severe recession, particularly in developed economies, while economic contractions were also observed in developing countries. The U.S. economy was hit hardest by the collapse of the financial sector, facing high unemployment and economic contraction. Emerging markets such as Latin America, Asia, and China were negatively affected by the global repercussions of the crisis. However, China's strong economic structure allowed it to recover more quickly. On the other hand, Latin American countries faced significant challenges due to falling commodity prices and reduced demand.

Figure 3: IMF GDP Forecast (Year-Average Percentage Change)



Source: Edey,2009:189

As seen in Figure 3, until mid-2008, the IMF had estimated global growth for 2009 to be around 4%. However, starting from August 2008, this forecast was revised downward, and by April 2009, the global growth projection was reduced to 1.5%, with the G7 economies experiencing a negative growth rate of approximately 4%. As clearly shown in the figure, the downward revision of more than 5% in the global and G7 growth forecasts within just a few months clearly reflects the scale and severity of the crisis.

4.1. Impacts on the US Economy

The 2008 global financial crisis, which began in 2007 and was the most severe crisis since the Great Depression of 1929, impacted on all international markets and economic sectors, becoming so widespread and influential that it drove tens of millions of people into poverty. The crisis that began in 2007 led to a rapid decline in housing prices and the collapse of financial markets, reaching its lowest point in 2009. This process resulted in a reduction of $19.7 trillion in U.S. household wealth, which was equivalent to the total value produced by the U.S. economy over 15 months. Most of the losses were driven by artificial price increases fueled by Wall Street. Many families, whose futures were tied to overvalued assets like stocks and housing, experienced significant losses. Between 2008 and 2009, in just an 8-month period, these families faced an average loss of $100,000 in their home and stock investments. While wealthier individuals suffered larger losses, middle-class and low-income families were hit harder due to the proportionally greater decline in the net value of their assets. The 2008 global financial crisis not only shook financial markets but also deeply disrupted the economic structure of society. In the United States, middle-class families lost approximately 40% of their wealth between 2007 and 2010, experiencing significant impoverishment. The impact of the crisis became more pronounced between the third quarter of 2007 and the first quarter of 2009, leading to a loss of $16 trillion, or a quarter of the total household wealth in the U.S. This process not only undermined the reliability of individuals but also severely damaged the trust in the entire economic system, effectively erasing financial wealth and capital. The crisis deepened economic inequalities and particularly weakened the resilience of the middle class. The 2008 global financial crisis profoundly impacted the U.S. labor market, leaving millions of people facing economic uncertainty. Throughout the crisis, more than 8.7 million people lost their jobs, and many workers were forced to struggle with long-term unemployment or mass layoffs. By July 2009, the effects of the unemployment crisis became even more pronounced, with the number of people desperately searching for work, forced to take jobs well below their skill levels, working part-time, or having given up looking for work, reaching 12 million. During this period, the labor market was hit not only by numerical losses but also by a significant decline in individuals' motivation to participate in the workforce (Atkinson et al, 2013:14; Beachy;2012:3-4).

In the early 2010, one in every ten mortgage holders in the U.S. was unable to pay off their debts. By mid-2012, approximately 8 million families were facing foreclosure proceedings as a result of the crisis. The crisis that started in the housing and finance sectors quickly spread to the entire economy. The near halt of credit flow in the market, the decline in business investments and consumer spending, as well as the increasing layoffs, plunged the economy into a deep recession. This situation not only severely undermined financial stability but also shaken the overall economic confidence of society. The production downturn that began in December 2007 continued with a sharp decline until June 2009. During this period, 8.8 million people in the U.S. lost their jobs, equivalent to the total employment population of New York. As a result of the crisis, the unemployment rate, which was 4.7% in October 2007, more than doubled within two years, reaching 10% in October 2009. This dramatic increase clearly illustrates the deep and lasting impact of the crisis on the labor market. Although the unemployment rate showed a decline in the years following the crisis, its effects were felt for a long time. In 2012, the unemployment rate was 7.9%, which decreased to 6.7% in 2013, 5.6% in 2014, and 5.0% in 2015. By January 2016, the unemployment rate had dropped to 4.9%, approaching pre-crisis levels. However, this improvement highlighted that the recovery in the labor market was a gradual and time-consuming process (BLS Bureau of labour statistic US Department of labour 2016; Beachy, 2012:4-5),

Table 1: GDP Growth, Unemployment and Inflation in the US 2007-2010 Period

2007			2008			2009			2010		
GDP	Unemp	Inf	GDP	Unemp	Inf	GDP	Unemp	Inf	GDP	Unemp	Inf
2	4.62	2.85	0.11	5.78	3.83	-2.57	9.25	-0.35	2.69	9.63	1.64

Source: World Bank

According to World Bank data shown in Table 1, the U.S. GDP growth during the years 2008 and 2009, reflecting the effects of the 2008 global financial crisis, was 0.11% and -2.57%, respectively. This indicates that the U.S. economy contracted by 2.46% between 2008 and 2009. The GDP growth in 2010, the year when the effects of the crisis began to wane, was 2.69%. During the 2007-2010 period, the unemployment rate, which was 4.62% in 2007, rose to 5.78% in 2008, 9.25% in 2009, and further increased to 9.63% in 2010. This indicates that unemployment continued to persist in the U.S. even after the financial crisis. During the years of the financial crisis in the U.S., inflation rates saw fluctuations. In 2008, the inflation rate was 3.83%, but it dropped to -0.35% in 2009. After that, inflation began to rise again in 2010.

The U.S., which is the world's largest tourism revenue earner, experienced a significant decline in both international tourist arrivals and international tourism revenues in 2009, when the impact of the 2008 global financial crisis was deeply felt. Table 2 below shows the number of tourists visiting the U.S. and the tourism revenue earned between 2007 and 2009.

Table 2: International Tourist Arrivals and Tourism Receipts in United States (2007-2009)

	International Tourist Arrivals (Million)			Change %	
	2007	2008	2009	08/07	09/08
United States	55.979	57.937	54.884	3.5	-5.3
	International Tourism Receipts US$ (Billion)			Change %	
United States	96.896	109.976	93..917	13.5	-14.6

Source: World Tourism Organization (UNWTO 2009-2010)

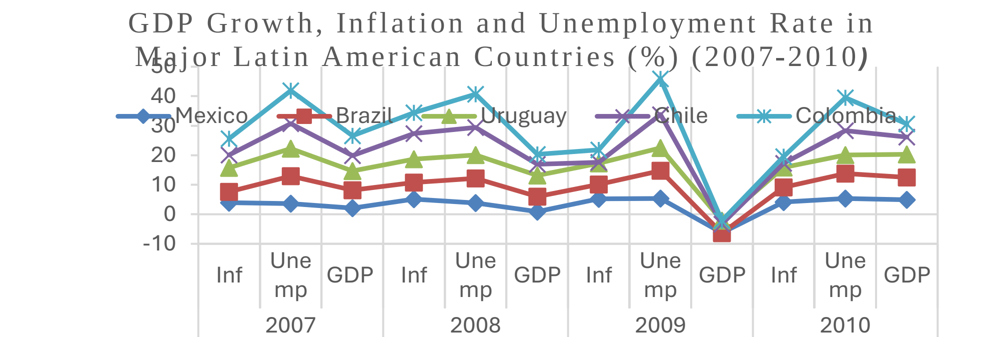
The United States, the country with the highest tourism revenue in the world, welcomed 55.979 million international tourists in 2007, according to data from the World Tourism Organization. In 2008, the number of tourists increased by 3.5%, reaching 57.937 million. However, in 2009, as the effects of the global financial crisis began to be felt, there was a significant decline in tourism, and the number of international tourists decreased by 5.3%, dropping to 54.884 million. This situation highlights how devastating the effects of economic crises can be on the tourism sector. In terms of tourism revenue, the U.S. earned $96.896 billion in 2007. In 2008, this revenue increased by 13.5%, reaching $109.976 billion. However, in 2009, due to the impact of the financial crisis, tourism revenues dropped by 14.6%, falling to $93.917 billion. The crisis not only negatively affected all sectors of the U.S. economy but also had a significant impact on the tourism sector, leading to a noticeable decline in both the number of visitors and the revenue generated (World Tourism Organization (UNWTO), 2010:6-8).

The crisis, which deeply affected key sectors of the U.S. economy, quickly spread to other regions of the world. The financial collapse particularly impacted on troubled companies on Wall Street and foreign banks that conducted business with firms operating at similar risk levels. This highlighted how interconnected the global financial system is and demonstrated that crises can cause significant destruction not only on a local scale but also internationally. The crisis in the U.S. led to a decrease in income and spending, which in turn caused significant declines in tourism, exports, aid, and investments in many countries with trade relations with the U.S. In 2009, global production of goods and services shrank by 2%. According to estimates, between 47 and 84 million people fell below the poverty line due to income losses and rising unemployment. The U.S.-originated global crisis not only caused financial damage to institutions and companies but also had tragic effects on the most vulnerable segments of society. The World Bank estimated that more than fifty thousand babies in Sub-Saharan Africa lost their lives due to the crisis. This highlights how the crisis was not only economically devastating but also had a profoundly destructive humanitarian impact (Beachy, 2012:4-5).

4.2. Impacts on the Latin American Economies

During the 2008 global financial crisis, Latin American countries exhibited different economic responses. Some countries, such as Uruguay, Bolivia, Peru, and Panama, showed resilience against the crisis and did not experience an economic downturn. Countries such as Brazil, Colombia, and the Dominican Republic experienced only minor downturns during the crisis, whereas nations like Mexico and Chile suffered significant economic declines. These differences highlight how each country's economic structure and crisis management strategies played a decisive role. Mexico, which has strong trade ties with the U.S., experienced a severe economic contraction of 7% during the 2008 global financial crisis. As of September 2009, the World Bank projected a 2% contraction for the Latin American region in 2009. However, while Mexico and Chile were the countries most affected by the crisis across Latin America, other nations in the region did not suffer as much damage during this period. The region was less affected compared to other parts of the world and demonstrated a more resilient performance. During the 2008 global financial crisis, Western Europe's GDP was expected to decline by 4.1%, Eastern Europe's GDP by 5.4%, and Japan's GDP by an anticipated 5.7%. In the Americas and Latin America, GDP was estimated to decrease by approximately 3%. These figures demonstrate that the global impacts of the crisis varied across regions, depending on their economic structures and levels of resilience. The United States holds a significant share in Latin American countries' imports, exports, foreign direct investments, and remittances. Therefore, U.S. economic indicators are of great importance for Latin American countries. The recession in the American economy caused by the 2008 global financial crisis led to a 28% decrease in U.S. imports from Latin American countries between 2008 and 2009. According to data from the Economic Commission for Latin America, there were significant declines from the first half of 2008 to the first half of 2009: a 29% drop in commodity prices, a 31% decrease in trade volume, and a 42% reduction in foreign direct investment. These declines highlight the profound impact of the global financial crisis on Latin America's economy (Blanco, 2010:81-83).

Figure 4: GDP Growth, Inflation and Unemployment Rate in Major Latin American Countries



	2007 Inf	2007 Unemp	2007 GDP	2008 Inf	2008 Unemp	2008 GDP	2009 Inf	2009 Unemp	2009 GDP	2010 Inf	2010 Unemp	2010 GDP
Colombia	5,54	11,2	6,73	6,99	11,27	3,28	4,2	12,06	1,13	2,27	11,15	4,49
Chile	4,4	8,42	5,16	8,71	9,28	3,78	0,35	11,31	-1,11	1,41	8,27	5,85
Uruguay	8,11	9,4	6,54	7,87	8,02	7,17	7,06	7,74	4,24	6,69	6,3	7,8
Brazil	3,64	9,28	6,06	5,67	8,26	5,09	4,88	9,41	-0,12	5,03	8,52	7,52
Mexico	3,96	3,62	2,07	5,12	3,87	0,94	5,29	5,35	-6,29	4,14	5,3	4,97

Source: World Bank

Note: Data obtained from the World Bank. The table and graph were created by the author.

According to Figure 4, in 2009, when the effects of the 2008 global financial crisis were most pronounced, Mexico, the locomotive economy of Latin America, experienced a significant GDP contraction of -6.29%. This downturn can be attributed to its close trade relationship with the United States. In terms of GDP growth, while Mexico, Brazil, and Chile were negatively affected in 2009, it is notable that Uruguay and Colombia managed to grow by 4.24% and 1.13%, respectively. In terms of inflation rates, the most noticeable effects of the 2008 global financial crisis were observed in 2009. Among the five major economies of Latin America, inflation rates were as follows: Mexico at 5.29%, Brazil at 4.88%, Uruguay at 7.06%, Chile at 0.35%, and Colombia at 4.2%. In 2009, Chile experienced the lowest inflation, while Uruguay had the highest. In the largest economies of Latin America, there was a significant increase in unemployment rates during 2008, 2009, and 2010. During the 2008 global financial crisis, Mexico's unemployment rate rose from 3.62% in 2007 to 3.87% in 2008. In 2009 and 2010, the unemployment rate showed an increase of about 2% compared to the pre-crisis year of 2007. In Chile, the unemployment rate was 8.42% in 2007 and increased to 9.28% in 2008. In 2009 and 2010, it further rose to 11.31% and 8.27%, respectively. In contrast, unemployment rates in other economies of the Latin American region were significantly higher.

Unemployment rates increased in most countries in 2009, the year when the effects of the crisis were most pronounced, with the exception of Uruguay. In 2009, the unemployment rate rose by approximately 1.5% in Mexico and

Colombia, and by 3% in Chile, while Uruguay experienced a 2% decrease. This indicates that Mexico was more resilient in terms of unemployment during the crisis, whereas Colombia felt the unemployment issue more acutely.

When examining the impact of the global financial crisis on the tourism sector, it is clear that tourism plays a crucial role in the economies of Latin American countries. It contributes significantly to both Gross Domestic Product (GDP) and employment. However, the 2008 global financial crisis led to a decrease in disposable income, resulting in a notable decline in international tourism activities in 2009. This situation, particularly in 2009 when the crisis deepened, had a negative impact on the number of international tourists and tourism revenues in Latin American countries. As a result, the tourism sector faced significant challenges during this period, experiencing losses in both economic growth and employment.

Table 3: International Tourist Arrivals and Tourism Receipts in Latin America (2007-2009)

	International Tourist Arrivals (Million)			Change %	
	2007	2008	2009	08/07	09/08
Latin America	48,6	50.1	48.4	3.8	-4.16
	International Tourism Receipts US$ (Billion)			Change %	
Latin America	46,3	49,2	47,0	4.9	-4

Source: World Tourism Organization (UNWTO),2010)

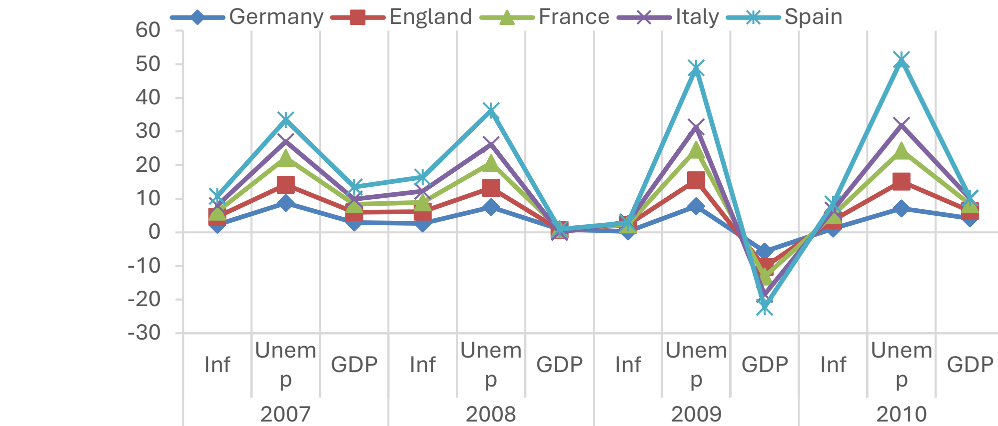
When examining Table 3 it is observed that the number of international tourists visiting Latin American countries was 48.6 million in 2007. In 2008, it increased by 3.8% to reach 50.1 million. However, in 2009, a decline in tourism occurred, with the number of international tourists decreasing by 4.16% to 48.4 million. These changes reflect the challenges faced by the region's tourism sector during the crisis period. In terms of tourism revenues, Latin American countries earned $46.3 billion in 2007. In 2008, revenues increased by 4.9% to $49.2 billion. However, in 2009, tourism revenues decreased by 4% to $47 billion due to the crisis. According to the World Tourism Organization's 2010 data, particularly in 2009, when the effects of the crisis intensified, the Latin American region experienced a negative trend in both the number of incoming tourists and tourism revenues (World Tourism Organization (UNWTO) 2010).

4.3. Impacts on the European Union Economy

The risky mortgage crisis that emerged in 2007, with roots dating back to the late 20th century, quickly grew into the largest financial crisis since the Great Depression of 1930. This crisis led to a significant decline in global stock markets, the bankruptcy of major financial institutions, and forced governments to prepare bailout packages to rescue their financial systems. The European Union, with its close trade relations with the United States, was quickly affected by the crisis, leading to deep negative impacts on the EU's economic structure. At the onset of the crisis, banks dealing with troubled Wall Street companies or firms operating at similar risk levels found themselves in a state of chaos. The worsening economic situation in the United States and the rapid spread of the crisis's contagious effects led many financial institutions in Europe to urgently request government assistance. European financial institutions had to rely on government support to cope with the impacts of the crisis. The crisis, further deepened by the freezing of liquidity, began to show its negative effects on real economies in the last quarter of 2008. The growth rate of the Eurozone, which was 2.7% in 2007, dropped to 0.7% in 2008, and in 2009, it experienced a contraction of 4.2%. The crisis deeply affected large European economies such as Germany, Spain, Italy, the United Kingdom, and France, and these countries faced significant economic devastation. The global financial crisis resulted in a $1.6 trillion loss in the European banking system, while also exacerbating unemployment issues within the European Union. The unemployment rate in the Eurozone, which was 7.5% in 2007, rose to 9.9% in 2009, when the effects of the crisis were most acutely felt. This highlights the destructive impact that both the turmoil in the financial system and the economic downturn had on the labor market. Except for Germany, significant increases in unemployment rates were observed in all other major European countries. In Spain, one of the largest economies in the European Union, the unemployment rate rose from 8.3% in 2007 to 18.2% in 2009. Eastern European countries were severely impacted by the global financial crisis due to high current account deficits and significant external debts, leading some nations to request urgent assistance. Particularly, Ukraine and Hungary sought emergency help from the International Monetary Fund (IMF) to recover from the crisis (Shixue, 2010:4-7).

The 2008 global financial crisis negatively impacted employment in the European Union, leading to a rise in unemployment rates once again. From the beginning of 2005 to the third quarter of 2008, the unemployment rate steadily decreased from 9.5% to 6.7%. However, in the six-month period between the last quarter of 2008 and the first quarter of 2009, when the effects of the crisis were strongly felt, the rate rose again to 9.5%, the same level as four years earlier. In men, the unemployment rate, which was 6.5% in the third quarter of 2008, rose to 9.5% in the first quarter of 2009. For women, the rate increased from 7.4% to 9.2%. These figures demonstrate that the crisis had a significant impact on employment for both men and women (Holler et all,2010:3-4).

Figure 5: GDP Growth, Inflation and Unemployment Rate (%) in Major EU Countries (2007-2010)



	2007 Inf	2007 Unemp	2007 GDP	2008 Inf	2008 Unemp	2008 GDP	2009 Inf	2009 Unemp	2009 GDP	2010 Inf	2010 Unemp	2010 GDP
Spain	2,78	6,41	3,6	4,1	10,1	0,88	-0,28	17,65	-3,76	1,78	19,56	0,16
Italy	1,82	4,87	1,48	3,34	5,49	-0,96	0,77	6,72	-5,28	1,52	7,49	1,71
France	1,48	8	2,42	2,81	7,38	0,25	0,08	9,12	-2,87	1,53	9,27	1,94
England	2,38	5,39	2,97	3,52	5,74	-0,22	1,96	7,68	-4,61	2,49	7,97	2,23
Germany	2,29	8,73	2,97	2,62	7,5	0,95	0,31	7,8	-5,69	1,1	7,1	4,17

Source: World Bank

Note: Data obtained from the World Bank. The table and graph were created by the author.

According to Figure 5, in 2009, when the effects of the 2008 global financial crisis were most pronounced, the five major economies of the European Union experienced notable declines in Gross Domestic Product (GDP). Germany saw a decrease of 5.69%, the UK 4.61%, Italy 5.28%, Spain 3.76%, and France 2.87%. During this period, an increase in unemployment rates and a decrease in inflation were observed. For instance, in 2007, the GDP growth rates of Germany, the UK, and Italy were 2.8%, 2.62%, and 3.6%, respectively. However, in 2008, these economies experienced contractions of 0.95%, -0.22%, and -0.96%, and in 2009, all these economies faced significant downturns. These data reflect the contraction in economic activities and the challenges faced in the labor market during the crisis period. In 2009, when the global financial crisis deepened, the average unemployment rate in the five largest economies of the European Union reached 10%. In Spain, the unemployment rate, which was 6.4% in 2007, increased to 10.1% in 2008, 17.65% in 2009, and 19.56% in 2010. Following Spain, France experienced the highest unemployment rates among the five major EU economies.

It can be said that as a result of the crisis, there was a significant increase in unemployment rates across the five major economies of the European Union. Looking at inflation rates, the lowest rates in 2008, 2009, and 2010 were observed in Germany, the largest economy of the European Union. After the decline in inflation rates in 2009, inflation rates started to rise again in 2010. According to the data in figure 6, the impact of the 2008 global financial crisis began to decrease from the second quarter of 2009, but its effects continued to be felt in the European Union economy in 2010. This indicates that the recovery process from the crisis was long and challenging, and economic recovery did not occur immediately.

When examining the impact of the crisis in the context of the tourism sector in the European region, it is clear that tourism plays a significant role in the European Union economy, contributing greatly to both gross domestic product (GDP) and employment. The tourism sector accounts for approximately 5% of the European Union's GDP and provides employment opportunities for 5.2% of the working population. The tourism industry has a significant impact on the EU's Gross Domestic Product and total employment, not only through direct contributions but also through indirect contributions. With indirect contributions included, the tourism sector accounts for more than 10% of the European Union's GDP, and its job creation rate outpaces the overall European economy. In this context, the tourism sector contributes more than 12% of total EU employment. These figures demonstrate that tourism is a significant driver of the European economy, and that related industries are also growing (Hirschfeld and Gomez,2011:1074).

The 2008 global financial crisis caused significant losses for many airlines in Europe. As a result of the crisis, these companies were forced to implement low pricing strategies and develop various marketing strategies in order to survive. Additionally, in an effort to reduce their losses, airlines increased customer demand through promotions. Leading European airlines such as Air France and KLM experienced revenue declines of up to 30% due to the decrease in ticket prices. In response to this situation, Air France and KLM reduced their workforce by 3% in 2009. British Airways, on the other hand, implemented various incentives for its loyal customers in an effort to retain them, adopting a strategy focused on maintaining customer loyalty, even if it meant not generating profit. Additionally, British Airways had to lay off 1,700 of its 14,000 cabin crew members in order to reduce costs (Oprea, 2010:56,57).

Table 4: International Tourist Arrivals to Continental Europe and Major European Countries (2007-2009)

	International Tourist Arrivals (Million)			Change %	
	2007	2008	2009	08/07	09/08
Europe	485.411	487.616	460.103	0.5	-5.6
Austria	20.773	21.935	21.355	5.6	-2.6
Croatia	9.307	9.415	9.335	1.2	0.9

Cyprus	2.416	2.404	4.141	-0.5	-10.9
Germany	24.420	24.886	24.224	1.9	-2.7
Hungary	8.638	8.814	9.058	2.0	2.8
Netherlands	11.008	10.104	9.921	-8.7	-1.8
Spain	58.666	57.192	52.231	-2.5	-8.7
Sweden	5.224	4.728	4.875	-9.5	3.1
Switzerland	8.448	8.608	8.294	1.9	-3.7
Turkey	22.248	24.994	25.506	12.3	2.0

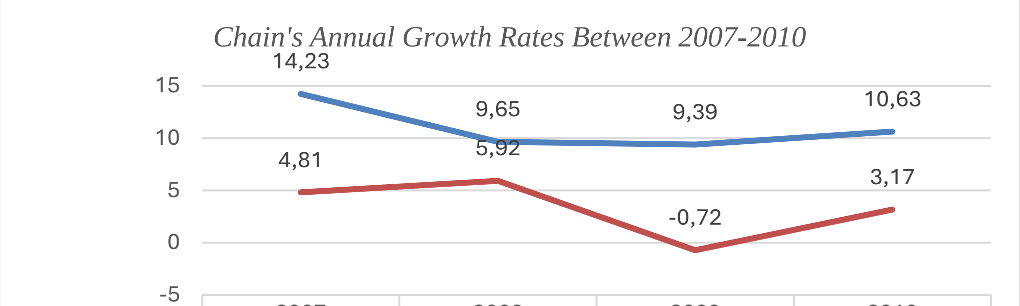
Source: World Tourism Organization (UNWTO)

Europe, the largest and most developed region in global tourism, was significantly impacted by the 2008 global financial crisis. In 2009, the European region accounted for 52% of international tourist arrivals and 48% of international tourism revenue. However, in 2008, Europe hosted 487.6 million tourists, but in 2009, the number of tourists decreased by 5.6%, falling to 460.1 million. Tourism revenues in the European region were $471.8 billion in 2008, but in 2009, they decreased by 12.90%, dropping to $410.9 billion. As a result, Europe, the world's largest tourism destination, was significantly impacted by the global financial crisis, both in terms of tourist arrivals and tourism revenues. In Europe, countries in Western, Southern, and Mediterranean regions performed relatively better in response to the global financial crisis, while many countries in Eastern and Central Europe were severely impacted by the crisis, and their recovery has been more challenging. While there was a 10% decrease in the number of tourists visiting Eastern and Central Europe, some countries, such as Sweden with a 3% increase, Hungary with a 3% increase, and Turkey with a 2% increase, saw growth. However, overall, the region experienced a general decline in tourist arrivals. In some countries that are close to the European market and easily accessible, such as Croatia with a 1% decrease, the Netherlands with a 2% decrease, Germany with a 3% decrease, Austria with a 3% decrease, and Switzerland with a 4% decrease, the decline rates were lower than the overall 5.6% decrease seen in the European region in 2009. In countries like Cyprus and Spain, which are part of the Eurozone and heavily dependent on the British tourist market, the decline in tourism in 2009 exceeded the regional average, with significant reductions. Cyprus experienced a major blow with an 11% decrease, while Spain, one of the world's top tourist destinations, saw a 9 % drop. However, in France and Greece, the number of tourists also decreased by 6% (World Tourism Organization (UNWTO), 2010, 2011:6).

4.5. Impacts on the Chinese Economy

The 2008 global financial crisis, which began in the real estate sector in the United States, deeply affected the world economy and had a negative impact on many countries, including China. In the years prior to the crisis, China stood out with a growth rate of around 12%. However, due to the impact of the global financial crisis, its growth rate significantly slowed down. The impact of the crisis led to a noticeable decline in China's exports, foreign direct investments, and overall economic growth. Despite China's strong growth figures, the global crisis put significant pressure on its economy during this period (Linyue Li et al,2012:2)

Figure 6: China's Annual Growth Rates Between 2007 and 2010



	2007	2008	2009	2010
GDP	14,23	9,65	9,39	10,63
Inflation	4,81	5,92	-0,72	3,17

Source: World Bank
Note: Data obtained from the World Bank. The table and graph were created by the author.

According to Figure 6, in the years 2008 and 2009, which illustrate the effects of the 2008 global financial crisis, China's Gross Domestic Product (GDP) was 9.65% in 2008 and 9.39% in 2009. During this period, inflation decreased from 5.92% in 2008 to -0.72% in 2009. During the crisis period between 2008 and 2009, China's annual growth experienced a decline of approximately 5%. While this rate may be considered a normal growth rate for many countries, the decline during the crisis period indicates that China, like developed countries, was significantly affected by the global financial crisis.

Figure 7: Foreign Direct Investment in China (Billion Dollars)

Source: World Bank
Note: Data obtained from the World Bank. The graph was created by the author.

According to Figure 7, the 2008 global financial crisis had a significant negative impact on foreign direct investments in China. Before the crisis, in 2007, foreign investments reached $143 billion, but in 2008, they decreased by 15%, falling to $121.068 billion. By 2009, when the effects of the crisis were most pronounced, foreign direct investments in China dropped by 42% compared to the previous year, falling to $70.032 billion. These developments highlight the significant impact the crisis had on the Chinese economy.

China, one of the top five countries in the world in terms of tourism revenue and tourist arrivals, experienced negative impacts on its tourism sector due to the 2008 global financial crisis. The crisis led to noticeable declines in both the number of tourists visiting the country and tourism revenues. The following Table 5 presents the number of tourists visiting China, the tourism revenue, and the annual changes for the years 2007, 2008, and 2009.

Table 5: China International Tourist Arrivals and Tourism Revenues (2007-2009)

	International Tourist Arrivals (Million)			Change %	
	2007	2008	2009	08/07	09/08
China	54.720	53.049	50.875	-3.1	-4.1
	International Tourism Receipts US$ (Billion)			Change %	
China	37.233	40.843	39.675	9.7	-2.9

Source: World Tourism Organization (UNWTO),2010:6).

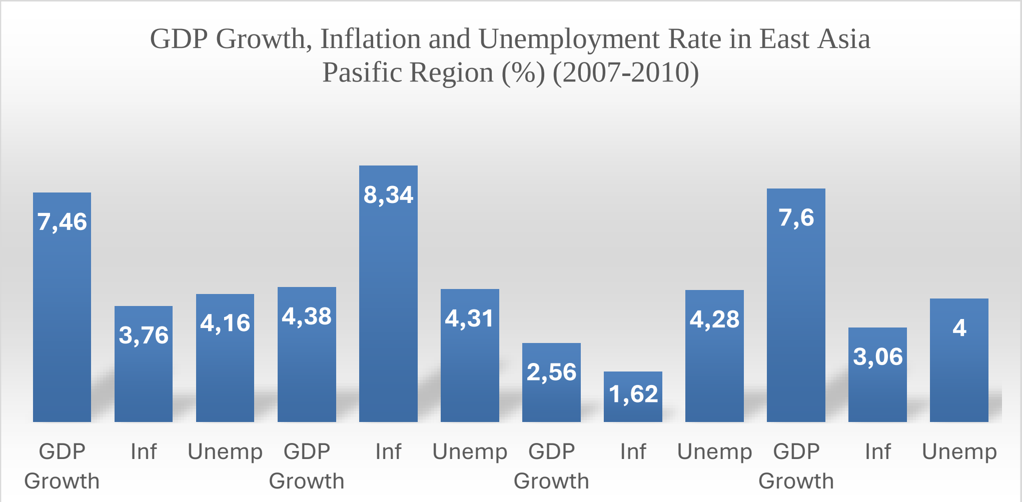
As shown in Table 5, the number of international tourists visiting China was 54.72 million in 2007. In 2008, this figure dropped by 3.1%, falling to 53.049 million, and in 2009, it decreased by an additional 4.1%, reaching 50.875 million. These declines highlight the significant impact of the global financial crisis on the tourism sector, indicating a reduction in international travel to China. In terms of tourism revenue, the income was $37.233 billion in 2007. In 2008, it saw an increase of 9.7%, rising to $40.843 billion. However, in 2009, due to the decrease in the number of tourists, revenue declined by 2.9%, falling to $39.675 billion. This indicates that, despite the growth in 2008, the economic downturn in 2009 had a negative impact on revenue, reflecting a decrease in spending (World Tourism Organization (UNWTO, 2010:6).

4.6. Impacts on the Economies of East Asia Pacific Economies

During the 2009 global financial crisis, the East Asia Pacific economies faced a particularly challenging and turbulent period. The scale of the crisis turned out to be much larger than anticipated for the Asian economies. Starting in the second half of 2008, the global economic crisis triggered a simultaneous period of recession across the world. The effects of the crisis spread through trade and financial channels, particularly amplifying fluctuations in production and making economic vulnerabilities more pronounced in countries that were strongly integrated into global markets. The impact of the crisis varied depending on the countries' reliance on external demand and credit. While Asia, in general, was not severely affected by the crisis, significant differences emerged between countries and subregions. Countries more dependent on exports, particularly South Korea and many Southeast Asian economies, experienced a significant decline in export demand. This situation had a substantial impact on other areas of the economy, leading to a chain reaction of consequences. For example, countries like Thailand experienced significant economic contractions at the start of the crisis due to the collapse in external demand. In 2009, exports in Thailand dropped by 13.9%, in South Korea by 13.7%, in Malaysia by 21.1%, and in the Philippines by 22.3%. In contrast, South Asian countries, which were less integrated into global supply chains and international financial markets, were less affected by the crisis. India, for example, had a lower export-to-GDP ratio compared to many East Asian economies, resulting in a slower and less pronounced decline in its Gross Domestic Product (Brunschwig et al, 2011:2).

The global financial crisis led to a withdrawal of foreign investments from stock markets in the region, causing significant declines in both stock and currency markets. However, the severity of these declines varied across different economies. Given the significant impact of foreign investors on capital markets in certain countries, capital outflows led to a marked depreciation of exchange rates against the US Dollar. Since August 2008, the largest stock market declines were seen in Thailand and Indonesia, while the most significant currency depreciation against the US Dollar occurred in the Republic of Korea, Indonesia, India, and Pakistan. Countries have managed to partially prevent the full reflection of currency outflows on exchange rates by using their foreign exchange reserves. Pakistan faced significant challenges in maintaining the value of its currency when it hit an all-time low in October and had to seek IMF support to bolster its declining reserves. The Republic of Korea and Singapore, each considered a $30 billion currency swap agreement with the U.S. Federal Reserve as a precautionary measure (Macroeconomic Policy Brief,2008:1).

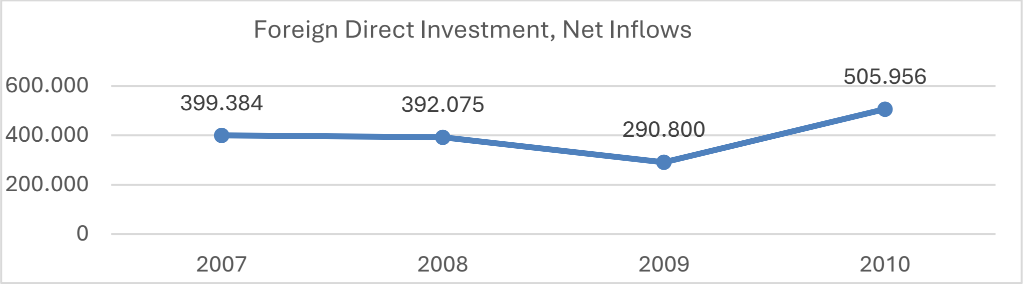
Figure 8: GDP Growth, Inflation and Unemployment Rate (%) in East Asia and the Pacific (2007-2010)



Source: World Bank
Note: Data obtained from the World Bank. The graph was created by the author.

According to World Bank data in Figure 8, the most significant effects of the 2008 global financial crisis were observed in 2009, with a marked decline in GDP growth in the East Asia and Pacific region, especially in 2009 when the crisis deepened. There was no major change in the unemployment rate, but inflation saw a rapid increase in 2008, followed by a 5.7% decrease in 2009 compared to the previous year. The GDP growth rate, which was 7.46% in 2007, contracted by 3% to 4.38% in 2008, and further declined by 5% to 2.56% in 2009 compared to 2007. The dramatic drop in Gross Domestic Product reflects the contraction in economic activities and the challenges faced in the labor market during the crisis period. In the East Asia and Pacific region, the inflation rate, which was 3.76% in 2007, rose by approximately 5% to 8.34% in 2008. By 2010, when the effects of the crisis began to subside, the inflation rate had decreased to 1.62%. Looking at the data, it is evident that the East Asia and Pacific region's economy was negatively affected by the crisis, with a slowdown in economic activities and a decrease in investments during the crisis period.

Figure 9: Foreign Direct Investment in East Asia and the Pacific Region (Billion USD)



Source: World Bank
Note: Data obtained from the World Bank. The graph was created by the author.

The 2008 global financial crisis led to a noticeable decline in foreign direct investments in the East Asia and Pacific regions. Before the crisis, in 2007, foreign direct investments reached $399.384 billion, but in 2008, foreign direct investments decreased by 2%, falling to $392.075 billion. In 2009, the year when the impact of the crisis was most severely felt, foreign direct investments decreased by 26% compared to the previous year, dropping to $290.8 billion. In 2010, foreign direct investments flowing into the region increased by 88%, reaching approximately $506 billion. This situation demonstrates that the East Asia and Pacific region was significantly impacted by the crisis, particularly in 2009, when foreign direct investments were sharply affected. However, it is also evident that the recovery in 2010 was remarkably rapid, reflecting a strong rebound in investment flows. From the perspective of the region's tourism sector, the 2008 global financial crisis had a negative impact on tourism in the Asia and Pacific region. International tourist arrivals and tourism revenues in the region, particularly in 2009, experienced a decline compared to the previous year. Although not as severe as in other regions, the Asia and Pacific region still experienced a decline in tourist numbers and revenues due to the significant negative impacts of the global financial crisis on developed markets

Table 6: International Tourist Arrivals and Tourism Receipts in Asia and the Pacific Region (2007-2009)

	International Tourist Arrivals (Mllion)			Change %	
	2007	2008	2009	08/07	09/08
Asia and The Pacific	182.0	184.1	180.9	1.1	-1.7
	International Tourism Receipts (Billion $)			Change %	
Asia and The Pacific	186.8	208.9	203.1	11.8	-2.9

Source: World Tourism Organization (UNWTO) 2009,2010,2011

When examining Table 6, it can be observed that international tourist arrivals, which were 184 million in 2008, decreased by 1.7% in 2009, falling to approximately 181 million. This decline indicates that the 2008 global financial crisis, along with a reduction in disposable incomes and economic uncertainties, had a negative impact on the tourism sector. A similar decline occurred in tourism revenues; in 2008, the revenue was $208.9 billion, but in 2009, it decreased by approximately 2.9%, falling to $203 billion. This decline in international tourism activities indicates a significant loss in economic income within the tourism sector. The impact of the crisis led not only to a decrease in the number of tourists but also to a reduction in spending, resulting in a contraction of tourism revenues (World Tourism Organization (UNWTO), 2009, 2010,2011).

5. Conclusion

The 2008 global financial crisis has gone down in history as a major financial crisis that deeply shook the world economy and changed the economic structure of many countries. The key causes of the crisis included the excessive rise in housing prices, high-risk mortgage loans, low-interest rate policies, securitization practices, and weak regulations. The bursting of the housing bubble in the U.S. and the collapse of major financial institutions led to the crisis spreading to global markets. The effects of the crisis on the world economies were widespread. In developed countries, particularly in the U.S. and Europe, the crisis led to high unemployment rates, economic contraction, and banking crises. These regions faced severe economic downturns, with businesses shutting down, financial institutions facing insolvency, and governments having to intervene with bailouts and stimulus packages to stabilize their economies. Developing countries, such as those in Latin America, were negatively affected by the decline in external demand and falling commodity prices. The impact was particularly pronounced in Mexico and Chile, which have close trade relations with the United States. Despite showing a faster recovery due to strong growth fundamentals, China and the Asia-Pacific region were negatively impacted, particularly in the first half of 2009, when the effects of the crisis were strongly felt, especially in terms of foreign direct investments and growth. The 2008 global financial crisis deeply shook the U.S. economy. The crisis was triggered primarily by the collapse of the housing market bubble, which led to the bankruptcy of financial institutions and large-scale job losses. As a result of the crisis, consumer confidence in the U.S. significantly declined, unemployment rates surged, and economic activity contracted sharply. The 2008 global financial crisis caused an economic recession worldwide and significantly impacted the tourism sector. The tourism industries in the U.S., Europe, Latin America, China, and the Asia-Pacific region were affected by the crisis to varying degrees. In the U.S. and Europe, there was a significant reduction in consumer spending, rising unemployment rates, and a loss of confidence in the economy. This situation led to restrictions in domestic tourists' travel expenditures and a decline in the number of international tourists. In the U.S., the financial crisis particularly impacted household spending, leading to a decrease in travel demand. In Europe, many countries were directly affected by the crisis, and due to the economic downturn, there was a notable decline in tourism revenues. Latin America, particularly in developing economies, experienced a period of declining tourism demand. The crisis led to a contraction in global demand, resulting in a decrease in both tourist arrivals and tourism revenues, especially in countries like Mexico, which have strong commercial ties with the U.S. The crisis not only had a deep impact on financial markets but also resulted in multifaceted negative consequences, such as rising unemployment rates, weakened consumer confidence, and disruptions to the economic growth targets of countries. The crisis exposed the structural weaknesses of the global financial system, highlighting the inadequacies in financial regulations and deficiencies in risk management practices.

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