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Abstract

This paper empirically examines the relationship between economic growth of Greece by using causality analysis and international tourism earnings. A Granger causality test for 1960:I-2000:IV. The results of co-integration tests indicate a long-run relationship among real gross domestic product, real effective exchange rate and international tourism earnings. Granger causality tests based on Error Correction Models (ECMs), have indicated that there is a 'strong Granger causal' relationship between international tourism earnings and economic growth, a 'strong causal' relationship between real exchange rate and economic growth, and simply 'causal' relationships between economic growth and international tourism earnings and between real exchange rate and international tourism earnings.



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