

Economic Impact of Crimes on Tourism in New Orleans: A Causality Analysis

Victor Ukpolo and Charles Briggs

Southern University at New Orleans, Louisiana, USA

Abstract: The tourism industry is a significant contributor to the overall economic outlook of New Orleans, which is one of America's most favorable destination spots for visitors worldwide. In 2017, New Orleans welcomed 17.7 million visitors who spent more than \$8.7 billion in the city, according to New Orleans and Company (2019). Tourism spending in 2021 was estimated to have created 90,000 direct jobs and direct earnings of \$2.4 billion. However, increased crime rates over time could serve as a significant deterrent to economic prosperity in the city. According to the City Data crime index, the 2020 crime rate in New Orleans was 726 per 100,000 residents, representing approximately three times higher than that of the U.S., with the crime rate rising by 6% in 2020 from its 2019 level. With such a discouraging data, tourists may choose other destinations with less chance of being victimized. Using annual data, the paper adopts the Johansen cointegration model and Granger-causality test within the Vector Error Correction Model (VECM) framework to evaluate the relationship between crime and tourism. Our findings suggest no causal relationship between crime and tourism in the case of New Orleans.

Keywords: Crimes, Tourism, Causality, New Orleans