

Report on the paper MS 663: The effect of tourism on crime in Italy: a dynamic panel approach", by B. Biagi, M.G. Brandano and C. Detotto

This is an empirical paper which tries to investigate two questions: a) whether criminal activity is stimulated by the presence of tourists; and b) whether the propensity to be victimized (the probability of being victimized) is higher for tourists than residents.

In order to do this they estimate a model where the endogenous variable is the number of crime offences per capita, using a panel data on Italian provinces for the period 1985-2003, taking care in the final specification of the potential bidirectional causality between the crime and the tourism variables, the dynamic structure of this relationship and the potential measurement error problem in the crime variable.

Their empirical results corroborate what was found in a previous paper (Biagi and Detotto, 2012) using a cross-section of Italian provinces, i.e. a positive relationship between crime and tourism. Nothing new is added by the paper since, as expected, the positive relationship is statistically significant. A different point is whether this relationship between the variables (in logs) is linear as specified in the model or we should expect a non-linear pattern where, for instance, the effect of the tourism variable is only significant or more important for higher levels of the tourism variable than for lower levels.

With respect to the second question, the authors claim that they are estimating the propensities to be victimized for tourists and residents by estimating a model where the endogenous variable is redefined by using the concept of equivalent population. In our opinion these coefficients of the tourism and density variables do not measure these propensities because we do not know the values of the crime variable for each subgroup and also because given the log specification for the variables in the model the coefficients do not measure the effect of an extra tourist (or an extra resident) as pointed out in p. 14. Additionally, the final conclusion about the similar impact of a rise on residents and visitors on crime depends very much on the large standard deviation of the density coefficient which makes it significant only at a 10% significance level.

Finally, the values of the Sargan and Hansen's tests seem quite large what makes doubtful the validity of the instruments. In that sense, additional

information about the degrees of freedom and critical values would be useful.