"The effect of tourism on crime in Italy: a dynamic panel approach"

ANSWERS TO REFEREE 2

Question 1

"Nothing new is added by the paper since, as expected, the positive relationship is statistically significant".

Answer

In Biagi & Detotto (2012) a cross sectional analysis is performed, the point of the present paper is to test whether tourism-crime relationship still holds when panel data analysis is applied. Furthermore, using this approach, short and long run relationship is confirmed.

Question 2

"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 then for lower levels".

Answer

We have tested tourism-crime relationship using also quadratic form of the tourism variables and we have found confirmation that in this model this relationship is (log-)linear (see column 3 and 6 of Table 5 and note 8 page 13).

Question 3

"…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".

Answer

We are aware that we were not estimating exactly the propensities to be victimized. In order to do that the victimization rate should have been used. Unfortunately, the statistical data on crime issued by the National Institute of Statistics does not provide such information and, as far as we know, there are not any studies or statistics on the propensity to report of residents and tourists In Italy. Therefore, in this paper equivalent population represented an attempt to approach this issue. However, in order to tackle the critics of the referee, we test five new models (see the new version of section 3.2 and columns 4-8 of Table 5). In these new models, the dependent variable is crime in level and the independent variables of interests are the so-called equivalent tourists (total night in a year divided by 365), resident population, and area of the province (in square kilometres). Despite we are not estimating the propensity to be victimized and to report of tourists and residents, this new specification (equation 8, p.15 in the new version of the paper) allows to hypothesize three possible scenarios (scenarios 1, 2, 3 p. 16 in the new version of the paper). Unfortunately, due to the lack of statistical information available at the moment we cannot indicate which scenario is at work for the case of Italy. What we can say is that in this new specification the effect of the presence of residents on crime is higher than the effect of the presence of tourists, and that the difference of the two coefficients is significantly different from zero.

Question 4

"*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*".

Answer

Following your comment a new model is performed (see columns 4-8 of Table 5 in the new version of the paper)

Question 5

"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".

Answer

The statistics of the Sargan and Hansen's tests are both below the critical values, two further rows have been added to Table 5 indicating, respectively, the degrees of freedom and the critical values.