

Peer Review

Review of: "Testing Baumol's Cost Disease in Tourism: Productivity, Prices, and Labour Costs in Selected EU Countries Post-COVID"

Lorenzo Zirulia¹

1. University of Milan, Italy

The paper "Testing Baumol's Cost Disease in Tourism: Productivity, Prices, and Labour Costs in Selected EU Countries Post-COVID" presents an interesting application of the Baumol's Cost Disease framework to tourism, with an econometric analysis of European data.

I have two observations:

1. In the empirical formulation of the econometric model, an index for sector k (manufacturing vs tourism) should be introduced. With the current equation, I struggled to understand what was done for a while.
2. The pre- and post-Covid perspective does not add too much to the paper, in my view. In the theory section, there is not a priori, or a discussion, on that, and I can see why. The "post-treatment" effect captures, in fact, several factors at the same time: the impact is different for tourism and manufacturing, it captures immediate effects associated with the pandemic for 2020 and 2021, and more long-term effects (and other shocks for the European economy, such as the Russia-Ukraine war). The post-2020 variable could be treated as a control, which in fact affects the level of the dependent variable, but not the relationship between productivity and price, possibly in a different way for manufacturing and tourism (this would require the use of more interaction variables). The authors could also try to run the model only on the pre-Covid period as a robustness check.

Declarations

Potential competing interests: No potential competing interests to declare.