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### **A Note on Regional Development, Space-based Policies and Tourism**

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*A fil rouge* runs through the papers presented in this Issue of the Review: the idea that the tourist development is less and less related to the distinct touristic attractions of a region and more and more to the context where the tourist attractions lie. Clearly, not every region is suitable for tourist and recreation mission. However, policy makers have several opportunities in order to find the appropriate strategic decisions in tourism planning and to obtain sustainable and smart growth.

This approach is now at the core of EU regional policies. The implication is that policy makers have several options to stimulate tourism demand and supplies in its regions, and by this channel, burst local economic development. Therefore, it is not surprising that tourism industry is one of the sectors targeted most frequently by public policies. Different policy instruments may be used to support the development of the tourism sector and are classified as economic, regulatory or institutional (Logar, 2010). Economic (or market-based) instruments include eco-taxes, user fees, financial incentives and tradable building permits. The regulatory or command and control instruments include quotas and zoning, and institutional instruments refer to eco-labels and changes in property rights. Another classification distinguishes between policy instruments as follows: either horizontal and industry-specific (tourism industry), or direct (part of a government's expenditures) and indirect (Schubert and Brida, 2008).

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As reported in a World Trade Report (2006), subsidy programmes for tourism were mentioned by 62 of the 97 Members reviewed in Trade Policy Reviews reports between 1995 and February 2004. Motivation for tourism subsidies can differ significantly across countries and regions. In many developing countries, subsidy programmes for tourism are explicitly mentioned in relation to the nation's development strategy, as the tourism sector can have significant and positive effects on economic growth. In industrialised countries, subsidies are frequently intended to support the tourism industry in the form of marketing support or support for SMEs (Small and Medium Enterprises). Furthermore, the European Union's Support Measures Database shows that 50% of support in the tourism sector occurs in the context of regional development programmes.

The tourism sector is a clear of for the place-based approach to the regional development. The idea is that provision of public goods has to be tailored to the context. The local context matters, and the space neutral sector policies in terms of intent (i.e. a unique "size" tourism policy fits all regions) are almost never space neutral in terms of outcomes. Actually, outcomes depend on behavioural responses of actors, like knowledge acquisition, spillovers, and dissemination, most of which are geographical in nature.

The place-based approach assumes that the interactions between institutions and geography are critical for development, and many of the clues for development policy lie in these interactions (Barca, McCann, Rodriguez-Pose, 2012). In order to understand the likely impacts of a regional policy, the interactions between institutions and geography require to explicitly considering the specifics of the local and wider regional context. In the case of tourism, the policy makers have to take into consideration not only the factors of competitiveness of the regional tourism product, the cost and budget effectiveness, but also its social and environmental performance in regional development and the institutional framework that can support or reduce the touristic attractiveness of the area.

Actually, a huge amount of funds are spent each year on national and regional tourism policies and subsidies. However, the literature is still relatively limited considering the importance of the topic. Moreover, there is little consensus on the effectiveness of public incentives. In a time of limited public budgets, this is clearly a hot issue. Part of the literature has investigated the impact of investments in different tourism features and infrastructures on regional economic development, especially for sporting and other mega-events. These investments were made to capture a portion of the tourism market and establish an image to which human capital can be attracted to advance economic development and support local economies.

An interesting study is presented by Logar (2010), who explored the potential use of several instruments for managing sustainable tourism in the coastal town of Crikvenica,

Croatia. The study distinguishes between economic, regulatory and institutional instruments using three criteria: effectiveness in mitigating the previously identified impacts, and hence, in improving the sustainability of tourism; acceptability to stakeholders; and economic and technical feasibility. The paper concludes that not every instrument examined satisfies all three criteria. For instance, financial incentives (e.g., subsidies) are seen as effective and highly acceptable but economically unfeasible. The author also emphasises that conclusions about the actual effectiveness of an instrument depend on the availability of an ex post policy evaluation. However, ex post evaluation of the majority of instruments has not yet been implemented. Even for those that are in place, data availability and confounding effects present major obstacles to assessment. The OECD (1997) identified the same problems in its study on the efficiency and effectiveness of economic instruments conducted in several member countries and concluded that there is little tradition of policy evaluation due to its complexity.

The conclusion is that empirical research investigating the impact of public policies on the tourism industry is still scarce. In contrast, the impact of government subsidisation for supporting regional development of manufacturing has largely been investigated via the use of Rubin causal models. Several empirical studies have particularly evaluated the impact of regional policies (either in Europe or America) on the performance of private firms in terms of employment, investment, productivity and efficiency on the basis of capital subsidies. My opinion is that we can take advantage of this stream of research by applying evaluation methods typical of the manufacturing industry (in terms of statistical techniques or variables of interests) to the uniqueness of the tourism sector (the territorial characteristics where tourism firms operate). A tentative in this direction has been made by Bernini and Pellegrini (2013).

Several analyses presented in the ERSA 2013 Congress tackled the issue of policy evaluation considering the role of space and regional spillover. This is what we need for a correct analysis of the impact of tourism policies on regional growth. The papers collected in this Special Issue, showing the importance of tourism policies for local development, can give some important insights on this topic.

## References

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