



SDI Review Form 1.5

PART A:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	MS: 2012/BJEMT/1426
Title of the Manuscript:	<i>The Link between Remittances and Economic Growth in Pakistan: A Boon to Economic Stability</i>
Manuscript received on (Date)	
Review comment submitted (Date)	



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PART B: Review Comments

	Reviewer's comment	Author's comment (if agreed with reviewer, correct the manuscript and highlight that part and write here 'Corrected'/ if not agreed, give suitable justifications)
General comment:	This paper reports an application of the ARDL cointegration technique to some Pakistani data. The application may be of interest. The methods may have been applied correctly, although this is not entirely certain, due to the many typos, lesser grammatical problems, and occasions of inaccurate wording.	
Specific comments:		
Title and abstract	The abstract contains invalid statements about statistically insignificant effects. The policy conclusions stated in the abstract have no basis in the empirical results.	
Introduction	The introduction is much too long and contains unnecessary detail. The statement that Pakistan faced a decline in the general price level during the 1980s is incorrect. Note that remittances are neither a part of GDP nor of GNI, while they are contained in GNDI (gross national disposable income). There is no such thing as a BOP balance, only a current-accounts balance. Figure 2 is of low quality, a scatter plot of GDP growth versus the remittance ratio may be of additional interest.	
Review of literature (Heading may differ in the case of review paper)	The portion of disposable income that is not consumed by households is saving by definition. Saving equals investment in the aggregate economy. Recipient families cannot "save or invest" 35% of their disposable income.	
Materials & methods (Heading may differ in the case of review paper)	Capital formation is the expression that national accounting uses for investment. It cannot be a proxy for investment. Notation (GFCF vs. GCF etc.) varies across sentences. At lines 289, 297, 321, 335, objects such as formulae or letters appear to be missing from the manuscript. Log-linear modelling cannot have a deterrent effect on the outcome. The symbols $1(1)$ and $1(0)$ are used instead of the correct symbols $I(1)$ and $I(0)$. Equation (vi) is referred to as equation (vii). Equation (vii) is incorrect: LY cannot be on both sides	



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	if this represents the equilibrium. The Schwarz criterion is abbreviated as SIC and also as SBC. The specification of the alternative hypothesis for the bounds test is incorrect. It is not the negation of the null hypothesis statement.	
Results & discussion (Heading may differ in the case of review paper)	The Schwarz criterion is referred to as the Shazbaz criterion. Footnote 6 should be omitted. At several occasions, insignificant effects are interpreted in economic terms, although they have no basis in statistical results (exports, inflation). The estimation procedure that yields the results in Table 4 is unclear: if OLS has been used, this would be inefficient and would not correspond to the cited role-model paper by Pesaran et al. Table 4 shows that only the remittance ratio and FDI affect GDP in the long run. GDP and its growth rate are confused throughout the manuscript. The results of Table 4 are of central interest if correctly estimated: $\log(\text{GDP}) = 0.3 \cdot \log(\text{remittances})$ approximately in the long run, as WR represents a ratio, $\log(\text{GDP}) = 0.42 \cdot (\log(\text{remittances}) - \log(\text{GDP}))$ and $0.3 = 0.42/1.42$. This result should be in focus. In Table 6, "independent" should be replaced by "causes" and "dependent" by "effects". The lag orders used in Table 6 are unclear. The effects in Figure 3 are generally insignificant, and even Table 6 has little added value on top of the ECM of Tables 4 and 5.	
Conclusion	The policy recommendations given in the conclusion section have no basis in the statistical results.	
References	Surname and given name have been confused for Natalia Catrinescu. All authors should be specified for the work of Gilani, Fahim Khan, and Iqbal.	

Note: Anonymous Reviewer