



SDI Review Form 1.6

PART 1:

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	2013_BJEMT_3822
Title of the Manuscript:	Determinants of Economic Growth in Laos

General guideline for Peer Review process is available in this link:

(<http://www.sciencedomain.org/page.php?id=sdi-general-editorial-policy#Peer-Review-Guideline>)

- This form has total 7 parts. Kindly note that you should use all the parts of this review form.



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PART 2: Review Comments

	Reviewer's comment	Author's comment <i>(if agreed with reviewer, correct the manuscript and highlight that part in the manuscript. It is mandatory that authors should write his/her feedback here)</i>
<u>Compulsory</u> REVISION comments	The article addresses an important topic in economic growth and development but in its current version, it is not publishable. The empirical model seems to be mis-specified and needs to be modified. • There is some duplication of variables in equations (1) and (2). • These 2 equations can be reduced into 1 equation. • FDI, DI, AID, GoEx are all correlated, and should not be estimated together. Because of this, the results reported on the extreme right column of Table 1 might have been affected by multicollinearity problem. • What are the reasons that Aid, DI, and POP variables do not appear in equation 1? • Foreign aid is mostly granted for subsistence unless it is earmarked for capital and infrastructure development. • Use only the part of foreign aid earmarked for capital construction. • What is the reason that D (the dummy variable) does not appear in equation 2? • Provide descriptive statistics of the data. • Report the unit root (ADF) stationarity tests in both level forms and first difference. • The variables also should be entered in first difference forms when estimating the model. • The starting and/or ending years of the time	• Thank you very much for a very good suggestion and comments. I have followed your comments and d suggestions. • The reason that I separated in two equations, one I want to identify whether the trade openness has a positive impact on economic growth. Then other variables are adding in regression 1, as to see other factors that would have impacts on economic growth. • The second regression I just want to prove that foreign aid produces an impact in economic development of Laos, that is the reason that we do not add aid in regression 1. One of economic development of Laos is relying on foreign aid for social and economic development. • The unit descriptive statistics in table 1 and unit roots test for each variable in table 2 are now available in paper. • The values in the parentheses are the



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	series data of some variables are different. Please explain any adjustments you have made to make the data uniform. • In Table 1, some of the values in the parentheses do not seem to be t-statistics as stated under the table. If they are, then almost all of the variables are statistically insignificant. My guess is that the values in the parentheses are the standard errors of the parameter estimates. • Also, since there is only one table, the table can be just titled as “Empirical Results.” • The most surprising, perhaps a questionable empirical result, is the positive effect of foreign aid on economic growth? • If this empirical finding still prevails after incorporating the changes suggested above, then the paper will have some positive contribution to the empirical literature.	standard errors of the parameter estimates. • The main reason of identify the impact of foreign aid, because we want to provide suggestion of aid allocation and other potential resources that would contribute on economic development. • Foreign aid may have a positive impact on economic growth, through the investment on infrastructure improvement, social and rural development. Particularly, many agencies of aid providers are focusing on rural development and poverty reduction. • The Breusch-Pagan / Cook-Weisberg test for heteroskedasticity is used to check the result of each regression.
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<u>Minor</u> REVISION comments	• The literature review is extensive and complete but it needs a thorough editing. • In a lot of cases, words are not spaced and some sentences seem to lack proper syntax. • Citations should be provided for studies reported as “several studies” and “numerous studies” on page 5. • The abstract also should be rewritten and briefly state the empirical methodology, findings, and the contribution of the paper. • Assign a number to every equation regardless of whether the equation is a theoretical function or empirical. • Change the wording “chapters” to sections. The manuscript is divided into sections not chapters.	The literature review edited and added more
<u>Optional/General</u> comments	• The effects of trade openness, FDI, and population are fairly empirically established in the literature. • The paper should emphasize the contribution of the other variables to economic growth.	Good suggestions and comments that I can improve my paper