

After receiving your e-mail with the last version of the article I would like to explain my point of view with regard to this paper.

As I have previously said I think that the paper needs mayor changes before it can be published. Until now only minor changes have been introduced without paying the necessary attention to the global coherence of the work.

According to my opinion the problems of this paper should not be solved with a quick answer introducing changes in a single word (for instance, writing “spurious” instead of “superior” or “heteroskedastic” instead of “homoscedastic”).

The last version of the paper has changed the conclusions of the homoscedasticity test (table 3, page 8) from “homoskedasticity” to “heteroskedasticity” but nevertheless the estimation has not been changed (if heteroskedasticity is detected a solution should be provided, for instance with weighted least squares).

Regarding the specification of equation (2), differences have been introduced before the logarithms but nevertheless the interpretation of the variables has not been changed.

The comments referred to the sign and significance of the dummy variable are still valid since no changes have been introduced.

As a consequence of the described situation, I would suggest a mayor revision of the paper, in order to achieve a coherent empirical application.

My feedback

I have re-checked again through the previous comments, particularly the first and second comments. I think I have followed your suggestions and comments, after changing there are other several issues pointed out. Particularly, the **heteroskedastic** which I did not mention in my first draft paper, I just wanted to show that I have checked **heteroskedastic**, after running each regression and this analysis has no problem about heteroskedastic. **I should not detail all of these issues in this paper, if it relates to other issues that relates to other problems.** Even, your comments and suggestions seem to be useful for me, if you still not mentioned clearly what you want and what the right direction, this would suggest you to have a look at your first comment again, and look again at the last version of my paper.

Again, I have updated my paper based on your third comment, about the time series analysis. Practically the question of whether a particular variable is non-stationary or stationary resides on testing

whether it has unit root or not. If variables have unit root and so non stationary, one often gets 'spurious regression' results, that is, a seemingly significant effect though the variables are actually unrelated in a statistical sense. To avoid spurious relations among economic variables, time series analysis should not use the original series but recommended to be transformed as of weakly stationary process. To transform the non-stationary processes in to stationary processes, the deterministic or stochastic trends have to be eliminated.

Regarding the specification of equation (2), about the transforming to logarithm variable, as your last suggestion, I provided some detail about this issue, In regression analysis both the dependent variable (GDPP) and independent variable(s) are log-transformed variables, based on the basic interpretation of coefficients in a regression analysis is that a one unit change (or one percent change) in the independent variable results in the respective regression coefficient change in the expected value of the dependent variable while all predators are held constant.

In model 2, "d" in front of each variable stands for the first difference of the variables; it suggests that a change in number of economic determinants (both dependent and independent variables) in current year is correlated with a change of last year. For example the GDPP this year is correlated with GDPP last year, the OPEN level of this year is likely correlated with OPEN last year, and the OPEN last year is correlated with the GDPP last year.

Regarding the 3rd comment about the estimation results summarized in table 3 include the dummy variable related to the ASEAN membership, as the result from the last regression in model 2 which provides a negative (and non-significant) coefficient for this variable. I am checked again with different regression, for the second regression, I decided to drop the OPEN, and check the correlation between growth and AID, as well as dummy. See the change in the paper.