



SDI Review Form 1.6

Journal Name:	British Journal of Economics, Management & Trade
Manuscript Number:	2014_BJEMT_10378
Title of the Manuscript:	RISK AND DEVELOPMENT IN DEVELOPING COUNTRIES
Type of the Article	Original Research Article

General guideline for Peer Review process:

This journal's peer review policy states that **NO** manuscript should be rejected only on the basis of '**lack of Novelty**', provided the manuscript is scientifically robust and technically sound.

To know the complete guideline for Peer Review process, reviewers are requested to visit this link:

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



SDI Review Form 1.6

PART 1: Review Comments

	Reviewer's comment	Author's comment (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)
Compulsory REVISION comments The author(s) need to demonstrate that endogeneity is not a problem here.	Do these risk factors “lead to” and “bring about” (using the terminology seen on p. 10) changes in GDP? Or do changes in GDP affect homicide rates, mortality, and poverty. If the later, then there is endogeneity bias in the estimates. Some formal testing is required.	Since data on these risk factors are from time periods prior to that for the dependent variable per capita GNI, there unlikely is endogeneity bias in the estimates. Thanks to this reviewer's comment, we put an endnote addressing this issue (new endnote 5).
Minor REVISION comments Omitted variables bias?	Are the explanatory variables included here the only factors affecting GDP changes? I wouldn't think so. The author(s) need to explain why omitted variables bias is not a concern or resolve the concern by including additional variables. Statements such as “developing countries in which there is a large portion of their population living on less than \$2.50 a day are more likely to have a lower level of economic development” seem tautological.	Since the objective of this study is to assess the impact of risk indicators on economic development of developing countries and since over three-quarters of the cross-country variations in per capita GDP can be explained by its linear dependency on these risk indicators, we do not feel that omitted variable bias would be a major concern. Again, maybe this statement should be rephrased as “developing countries in which there is large portion of their population living on less than \$2.50 a day in 2010 are more likely to have a lower level of economic development two years later”. Author shall edit this statement in the revised paper.



SDI Review Form 1.6

<u>Optional/General</u> comments	This is an interesting topic, and the literature review is good. The statistical analysis must be supported better for it to be convincing.	The addition of endnote 5 and the editing of the concluding remark 4, hopefully, has resulted in a convincing clarification of the statistical analysis of the study.
---	---	---