



SDI Review Form 1.6

Journal Name:	<u>British Journal of Economics, Management & Trade</u>
Manuscript Number:	2014_BJEMT-12921
Title of the Manuscript:	IMPACT OF OIL PRICE VOLATILITY ON ECONOMIC GROWTH IN SUB-SAHARAN AFRICA
Type of the Article	Original Research Article

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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.

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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)
<u>Compulsory</u> REVISION comments	Unfortunately, the manuscript is a clear case of plagiarism – please correct: either provide correct references or rephrase sentences! METHODOLOGY Generally unclear, confusing and totally detached from economic theory! Is the dependent variable real GDP per capita (as stated in line 213) or 'GDP measured in current US dollars' (as stated in line 231); What is actually estimated: equation (2) which uses the level of real/nominal? GDP or actually the annual growth rate? Why use logs of the inflation rate or REER? It is unclear why the authors use Lim et al. (2011) as the starting point for their econometric model; why do not they use Jerome et al. (2009) which takes different growth theories (Solow & endogenous growth models) as its starting point; this appears more appropriate; Relatedly: (Solow-type, endogenous, evolutionary) growth theories have been widely tested empirically and different factors have been found to matter for growth; the way the 'model' is specified is suffers from severe <i>omitted variable bias</i>: with only 3 variables (plus FE), major key variables have been omitted: conditional convergence, physical and human capital, technical	The methodology has been modified. This has been corrected. It was typographical error inflation was not actually in log in the model. Thanks for your suggestion, but capital and labour are not included among the variables. That is we use GMM which can take care of omitted variables. The issues of estimation procedure and endogeneity are usually addressed by resorting to the use of



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	change: R&D, FDI, infrastructure, policy-related variables etc. So, a serious test should include more relevant control variables! Issues of <i>endogeneity</i> between GDP growth and inflation may plague results: both may be determined simultaneously (see Arai et al. (2002) for a discussion) Discuss/provide a rationale why different estimation approaches are used; EMPIRICAL RESULTS This section is pretty uninteresting (lines 240-290); the descriptive stats do not offer much insight here! Should be put in the appendix (together with the correlation matrices) for additional information but the detailed discussion is uninformative; the only really interesting information is the stability of the crude oil price volatility variable: this helps explain why particularly in the FE approach no effect is found: the FE-approach thrives on within-variation! Why do not the authors discuss developments of both GDP and crude oil prices in the two groups? Would be more interesting – in the end, is not this particular nexus the focus of the paper? Would perfectly fit in section 2. FIGURES Please provide data sources underneath figures; Figure 1 is not very interesting; the verbal description in the text suffices to get the point across; Figure 2: what is the difference between ‘North America’ and ‘South & North America’? This is confusing and	the generalized method of moments (GMM) estimator and choice of appropriate instruments – usually lags of the right hand side variables. Reference to Jerome et. al 2009 GMM also take care of endogeneity problem. This has also included We followed the journal guideline that all tables must be between the texts. Thanks for this innovative idea we might look at this in our future research. This has changed to bar chart for more clarity. This has been corrected.
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	unclear; Plagiarism issue- YES (some sentences are taken from other sources: e.g. lines 74-76 and 136-142 from Jerome et al. (2009)) without referring to the source!	This have also be corrected
<u>Minor</u> REVISION comments	It should also be discussed how crude-oil price developments/volatility enter into the inflation rate? Would not changes in oil prices be reflected in the inflation rate?	This will be looked into in our next research.
<u>Optional/General</u> comments	It is highly conceivable that the growth-effect of strong crude oil price volatility takes time to materialize: why do not the authors also explore a more refined lag-structure;	Thanks for this insight.