SDI Review Form 1.6

Journal Name:	**British Journal of Economics, Management & Trade**
Manuscript Number:	**Ms_BJEMT_19814**
Title of the Manuscript:	**Estimating Potential Output for Pakistan: A Production Function Approach**
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:

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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)*
Compulsory REVISION comments	1.The author should more clearly specify the objective of the paper, and refer to it in Conclusions, too. Is it only to give a refined analysis of Pakistan's economic performance since 1975? Or is it to test the applicability of a complex methodology on the example of Pakistan, or maybe both? Are there any general messages that may go beyond the example of Pakistan? Please explain why your findings are important for the international reader. 2.Altogether, Conclusions should be somewhat more extensive. Instead of simply repeating the numerical outputs, the author should also explain in more detail the significance of the outcomes of the research. *3.*Reference [2] is not directly referred in the text. Its basic reference could be [2] the author forgets to include it (although includes the date 1928 once). I suggest that it is placed somewhere at: line 36: *„we adopt a standard Cobb-Douglas production function methodology [2] to"*. It can also be included in line 164 as: *„.To estimate potential output for Pakistan, we use a Cobb-Douglas production function [2] with…"* 4.Throughout the text the author often refers to various methods without the „a" or „the" articles, as in line 101: *….used production function approach….,* or in 104: *….using production function approach…..* I think that the correct usage would be *…the production function approach...* I suggest that the author should correct these in the text. The same is true for „HP filter" and „Kalman filter". 5.Generally the author seems to omit many „the" articles	1. The present study will be important for achieving a better understanding of Pakistan's economy and for setting macroeconomic policies. There are several reasons why estimating potential output and NAIRU is important to help policy making in Pakistan and also for developing countries like Pakistan which we highlighted in the introduction section. Please refer to line 43-59 highlighted text. 2. Refer to line 333-353 in conclusion section. 3. Yes we add this reference [2] in the text 4. We go through the whole paper and fixed it 5. We go through the whole paper and fixed it 6. We used the total labour force which is available in the Pakistan Economic Survey and capital stock data set which is generated by perpetual inventory method and the time span is 1973-74 to 2007-08 7. Summary table included in appendix 8. Summary table included in appendix

	where it would be needed. Please check the text for missing „the”-s. 6. In section 4, at lines 183-188 the author should clearly specify what datasets have been used for the estimation of the parameters. Give the content, time period and accessibility of the used datasets clearly. 7. In sections 4, 5 and 6 some of the data series are difficult to distinguish as time series often go very close to each other. For this purpose it suggest that the author should provide a summary table that gives all the data used for estimating potential output (Section 6, eq. 9) for each variable and each year of the 32-year period assessed. 8. In Figure VI actual and potential output are practically the same. I suggest that the author provides a table that gives the exact figures, as Figure VII already presents the difference of Potential and minus Actual output in percent, Figure VI should maybe present these differences in actual natural units.	

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Minor REVISION comments	Small formatting or stylistic improvements are suggested: • line 20: as the text seems to be a word-by-word reference, the page number should be included in the brackets as: *„…scope for sustainable, non-inflationary growth" [4, p. #].* • line 30: It is again a word-by-word reference, I assume that it is in page 98 in [19]. please make it more straigthforward as: *unlimited amounts of aggregate demand" (see [19, p. 98]).* • line 42: A reference should be needed at the end of the line: *we estimate NAIRU using Philips curve with Kalman filter [?].* • line 55-56: Figure I. does not include unemployment rate. Please correct the sentence accordingly. • line 83-84: *….[26] another study seeks…..* should be *….Another study [26] seeks…* • line 98: *…has a high correlation with …* should be *….has a higher correlation with….* • line 99: *….growth of 7 to 8 is….* should be *…..growth of 7 to 8 percent is….* • *line 111: …..[22] calculated the European Union…* should be *…[22] calculated for the European Union…* • line 114 : *….. Cobb-Douglas production function (1928) is ……..* should be *….. Cobb-Douglas production function [2] is …* • line 152 : *….. suggest that TFP ……..* should be *….. suggest that total factor productivity (TFP) ……* • line 167 : the variable *t* indicating the time period should be written as suffix e.g. Y_t instead of *Yt*, similarly to the way it is written in equations (1), (2) etc. • line 199: A reference should be given for the Hodrick Prescott filter. • line 204: In Figure II the two variables are difficult to	All suggested comments are incorporated in the text.

	distinguish, as their values are very close to each other. Maybe the scale of the vertical axis should be limited to 1.3-1.8 so that the two series may be easier to distinguish. • line 210: Please use the full form of GFCF (gross fixed capital formation) at the first occurrence of the acronym. • line 225: Please explain here the meaning of AHOURS, too (average hours worked per year?) as used in eq (8).	
Optional/General comments	The author nicely explains the process of the research and gives a thorough overview of empirical results in the field, covering many countries throughout the world, comparing findings of different estimation methods and approaches. The mathematical analysis is sound, the findings are well presented. The language is clear, with only a very small number of stylistic problems which should be easy to correct. Most of the illustrations – Figures – are nice and informative , however, some of the data should be better to present in Tables and not Figures, especially when values of two variables are very close to each other (details are indicated above).	The reviewer provided the very valuable and comprehensive comments and after incorporating all the comments, we think that the draft is much better than before. Thanks for your valuable comments.