

June 5, 2019

Dear Dr. Roger,

I have now received reports from two reviewers and one of the authors of the original study which you replicated (JMT). The reviewers all acknowledge that you have done a thorough job of replicating JMT. After re-reading your paper, the comments of the reviewers, and your responses, I am pleased to conditionally accept your paper subject to satisfactorily addressing the comments below.

The replications website of the journal provides a set of guidelines for doing a replication study (see here: <http://www.economics-ejournal.org/special-areas/replications-1>). Of particular importance is Item 8, repeated below:

8. *The standard format for a replication study consists of 4 parts:*

- *An introduction in which the importance of the original study is discussed, including metrics where possible (e.g., citations from Web of Science, Scopus).*
- *A reproduction of key results from the original study, with the original study's results and the replicating study's corresponding estimates placed side-by-side in a table.*
- *If necessary, robustness checks in which one or more dimensions of the original study are extended or modified (e.g., the sample is updated with more recent data, alternative econometric procedures are employed, etc.) NOTE: It will not be necessary to do robustness checks if it is determined that the original study's results cannot be reproduced using the original author's code and data. Also, robustness checks are to be judged by their relevance to the original research question—if a replication study moves sufficiently beyond the original research question, it ceases to be a replication study but instead becomes a regular submission, which is subject to a different set of guidelines.*
- *A conclusion that summarizes which results from the original study have been confirmed/disconfirmed.*

In the context of your study, that would mean something like the following: After discussing the importance of JMT and why it is a paper worthy of replication, you should attempt to exactly reproduce some findings from JMT. A good candidate would be their Table 7. You should show how results change/don't change when you use alternative datasets (PWT7, PWT8, and WDI). You should then assess the results from this robustness check to determine whether it affects JMT's overall conclusion.

I take JMT's overall conclusion to be given by the following statement (page 177 of their paper): "Applying our cointegrated VAR model to each of these countries, we found convincing support for the hypothesis that aid has had a positive long-run impact on investment and GDP in the vast majority of cases, and almost no support for the hypothesis that aid has had a negative effect on these variables." Accordingly, you should use the results from replicating Table 7 to see if you come to the same conclusion with the new data.

In revising your manuscript, please pay attention to the points raised by the other reviewers. The following comments may guide you in how you respond to Reviewer #2:

I agree with you that the debate over aid effectiveness is still controversial. Therefore, you need not modify the introductory statements that use this assertion to motivate your study.

Comments 2-4 from Reviewer #2 make several valid points. First, statistical significance is a poor gauge of aid effectiveness. It completely ignores the current controversy about the value of null hypothesis statistical testing. See, for example, the recent special issue of the *American Statistician* (<https://www.tandfonline.com/doi/full/10.1080/00031305.2019.1583913>).

Second, for all of the reasons raised by Reviewer #2, it is magnitudes that matter for benefit-cost analyses of aid effectiveness. The original study, and hence your replication, are unfortunately unable to address the issue of magnitudes. I don't know what one can do about this. At the very least I would like to see some acknowledgment of this in your revision.

A revised version of your manuscript that addressed the comments above will be reconsidered for publication. If you choose to submit a revision, be sure to confirm that you made the changes you said you would make in your responses to the reviewers. Also, include a point-by-point response to the comments listed above.

Please note that submitting a revision of your manuscript does not guarantee acceptance. However, I would not ask you to make these changes unless I was optimistic about a positive publication decision.

Once again, thank you for submitting your manuscript to *Economics; The Open-Access, Open-Assessment E-Journal*. I look forward to receiving your revision.

Sincerely,

Bob Reed  
Co-Editor, *Economics E-Journal*