Consequences of Government Expenditure Shocks with Influence from Effectiveness and Efficiency Indices on National Economic Activities: A Smooth Transition Threshold Regression (LSTAR) Approach

Abouzar. Salari[1] , Marjan. Damankeshideh[2]* , Majid. Afsharirad[3]

[1] PhD student, Department of Economics, Central Tehran Branch, Islamic Azad University, Tehran, Iran
[2] Assistant Professor, Department of Economics, Central Tehran Branch, Islamic Azad University, Tehran, Iran
[3] Associate Professor, Department of Economics, kharazmi University, Tehran, Iran

* **Corresponding author email address**: Mar.daman_keshideh@iauctb.ac.ir

Editor	Reviewers
Rey Segundo Guerrero-Proenza Departamento de Inteligencia Computacional, Facultad 4, Universidad de las Ciencias Informáticas, La Habana, Cuba reysgp@uci.cu	**Reviewer 1:** Ali Sargolzaie Assistant Professor, Department of Management, Zahedan Branch, Islamic Azad University, Zahedan, Iran. Email: a.sargolzaie@iauzah.ac.ir **Reviewer 2:** Alireza Rajabipoor Meybodi Associate Professor, Department of Business Administration, Yazd University, Yazd, Iran Email: Rajabipoor@yazd.ac.ir

1. Round 1

1.1. Reviewer 1

Reviewer:

The phrase, "A glance at global economic trends over recent decades reveals that increasing effectiveness and efficiency transparency and precision in economic processes and policymaking have practically become a global approach," should be supported by data or references to substantiate the global trend mentioned.

The sentence, "The STAR model estimation process begins with selecting the optimal lag length for the dynamic model testing for nonlinear relationships among the variables and choosing the transition variable and the number of regime switches," should detail the criteria or statistical tests used for these selections to ensure reproducibility.

The phrase, "All necessary data for this study were collected from the World Bank website and the Central Bank of Iran," should specify the exact datasets or reports used for better traceability and verification.

The transition variables and their linearity or non-linearity are presented, but the rationale behind selecting these specific variables should be elaborated. Explain why GDP(-1), TAXR, and OILR(-1) were chosen over others.

The coefficients for the linear and nonlinear sections are reported, but their practical implications need more explanation. For example, discuss what a coefficient of 0.138 for OLLR(-1) signifies in real economic terms.

Response: Thank you for your comment. I will consider these comments.

1.2.   Reviewer 2

Reviewer:

The sentence, "If policymakers use monetary and fiscal policies to stabilize the economic system they can minimize the impact of economic shocks on macroeconomic variables such as production inflation and unemployment," lacks references to support the claim. Including sources like Bouakez et al. (2020) and Cevik & Zhu (2020) could enhance credibility.

The statement, "However the extent to which government intervention in the economy can influence the quantitative and qualitative improvement of the economic system has been a subject of discussion and investigation among many economic experts for years," would benefit from citing specific studies or examples that illustrate this ongoing debate.

The description of the STAR model, "Given a time series of data xtx_txt the STAR model is a tool for understanding and predicting future values in this series assuming that the series' behavior changes based on the value of the transition variable," needs clarification on the notation and its significance in the context of this study.

The statement, "Government current expenditures such as employee salaries and wages can help create and maintain employment," should be supported with specific examples or data from the study period to illustrate this point.

The phrase, "To enhance the positive effects of current and capital expenditures on economic growth and mitigate their negative effects the following strategies can be used," should be prefaced with a summary of the key findings to reinforce the connection between the results and the suggested strategies.

Response: Thank you for your comment. I will consider these comments.

2.   Revised

Editor's decision after revisions: Accepted.
Editor in Chief's decision: Accepted.