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Why Not Borrow, Invest, and Escape Poverty?

Dear Professor Moav,

Thank you for submitting your manuscript to Journal of Development Economics.

I now have three referee reports and have also taken a look at the paper myself. All 3 referees were intrigued by the paper (as was I) but ultimately they all felt that the paper was not a good fit for the JDE and recommended a rejection and I am in agreement with their views.

As you will see from the reports, the referees think that while the paper is intriguing it is ultimately unconvincing for a variety of reasons. On the theoretical front it is not clear from the paper to what extent the results depend upon particular functional form assumptions. All referees felt that the paper could be much more precise (and narrower) in its claims. In general, I think your best bet would be to write a much more careful version of the paper and be less ambitious with its links to development. I would imagine that an applied theory journal might be then a better fit for such a version.

We appreciate you submitting your manuscript to Journal of Development Economics and thank you for giving us the opportunity to consider your work.

Kind regards,  
Aprajit Mahajan  
Co-Editor

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