**Regional Statistics review form**

|  |
| --- |
| 1. Title: |

|  |  |
| --- | --- |
| 2. Article rating |  |
| Is the article original scientific text?  Yes |  |
| Is the title clear enough?  Yes |  |
| Does the title reflect the contents? |  |
| Is the abstract clear enough and does it reflect the contents of the article? |  |
| Are the key words suitable?  Yes |  |
| Are the methods presented in a clear and punctual way?  Yes |  |
| What is the level of novelty of the research?  Medium. |  |
| Is the conclusion chapter clear in presenting the conclusions?  Yes, but is must be improved with: (1) similar studies confirming/ infirming the results; (2) limits of study (if the case) and further directions of research. |  |
| What is the level of the novelty of the results?  Medium level for international knowledge, but relevant for the Indonesian economy. |  |
| What is the level of text used in the article?  very good |  |
| Are the references adequate?  Yes, but they must be improved, The section of literature review must be a little bit extended with more recent studies on wage convergence  We already added some new literatures in our latest manuscript consist of wage convergence practice in several countries, wage policy, and factors behind wage club formulation (investment, manufacturing) |  |
| Which tables are not necessary?  NA |  |
| Which figures are not necessary?  NA |  |

|  |  |
| --- | --- |
| 3. Final evaluation: |  |
| Article may be published with no corrections: |  |
| Article may be published with minor corrections: |  |
| Article may be published with moderate corrections: X |  |
| Article is not suitable for publishing: |  |

**Regional Statistics review form**

|  |
| --- |
| 1. Title: Convergence in regional wage: new evidence from Indonesian provinces |

|  |  |
| --- | --- |
| 2. Article rating: |  |
| Is the article original scientific text? Yes, it is to my knowledge. |  |
| **Is the title clear enough?** Not quite so. I honestly do not see much of convergence in the result. The title, therefore, should be more open. Like Evaluating... Also, it should include the years of investigation. Also, it should say that it is regional *real* wages that are being investigated. |  |
| **Does the title reflect the contents?** See above. |  |
| **Is the abstract clear enough and does it reflect the contents of the article?** Again, be explicit about *real* wages. And mention first that you do not find convergence as a whole but for groups of countries. |  |
| **Are the key words suitable?** Include also »Indonesia«. |  |
| **Are the methods presented in a clear and punctual way?** A disclaimer. I am not familiar with this type of convergence econometrics. So, I would urge the editor to consult someone who knows this better. |  |
| **What is the level of novelty of the research?** The paper is novel in the sense that it provides new information on regional real wage convergence in Indonesia. It is not novel in terms of theory and method. In sum, a minor empirical contribution. |  |
| **Is the conclusion chapter clear in presenting the conclusions?** The role of policy could be expanded. It is not clear to me what are conclusions on policy that the authors draw. What are those so-called regional-based approaches that the authors mention?  We already emphasizing the policy recommendation.  First, the government should hold a regular high level coordination meeting across province in the same club to debottlenecking social and economic issue. Second, wage policy in Indonesia should refer to labour productivity level. |  |
| **What is the level of the novelty of the results?** I am no expert on Indonesia. The paper might give something new on the development of regional real wages in Indonesia. |  |
| **What is the level of text used in the article?** The level of English certainly needs to be improved. |  |
| Are the references adequate? Yes. |  |
| Which tables are not necessary? |  |
| **Which figures are not necessary?** I would like to see also the coefficient of variation for nominal regional wages. It could be included in Fig 1. |  |

|  |  |
| --- | --- |
| 3. Final evaluation: |  |
| Article may be published with no corrections: No |  |
| Article may be published with minor corrections: No |  |
| Article may be published with moderate corrections: Yes |  |
| Article is not suitable for publishing: |  |

|  |  |
| --- | --- |
| 4. Short notes: |  |
| Requirements for publication: (1) the framing using law of one price can be skipped since the timeframe is too short to make such evaluation meaningful; (2) measurement issue with cost-of-living should be fixed; (3) improved graphical illustration of coefficient of variation; (4) a much more substantive discussion of the factors that caused group convergence and a discussion of magnitudes; and (5) a better discussion of the policy implications following the results. |  |
|  |  |
| 5. Supplement notes to the review form:  I have some major concerns with this paper that I will discuss below. One is that the time frame is very short. The authors frame the paper as a test of the »Law of one price«. But testing the law of one price for labour across 12 years seems completely pointless. This fallacy is illustrated in Fig 1, which shows the coefficient of variation between 2008 and 2020. The series begins at ca 20.5% and ends at 21%. These changes are inconsequential. The possible conclusion based on this illustration is that there is nothing interesting going on during these years. There is no so-called sigma convergence. Also, the coefficient of variation is very sensitive to changes in the denominator (the mean). It may suffice with a few observations whose wage levels bump up or down to create a change in the coefficient of variation. Also, the y-axis of Fig 1 begins at 0.18 which creates the impression that the changes are very large. They certainly are not and that will become apparent if the axis, as it should, begin at zero.    Since the coefficient of variation is a scale-free measure of dispersion it is possible to compare the level in Indonesia with the levels of other countries. This is one way to justify the importance of studying Indonesian labour market integration closer. Looking at developed countries, one would probably find levels that are much lower.    I agree, though, that it might be worthwhile to continue looking for convergence among groups of provinces. Perhaps one group of countries marched towards convergence, but another group marched towards divergence. Then it becomes a matter of great weight to understand the factors behind that lack of uniformity. The authors should bring their econometric results to bear on a longer discussion of these factors. Among the suggested candidates are the initial wage level. This sounds very trivial, though. How could convergence take place without a negative relationship between the initial wage and convergence? This does not tell us anything about underlying mechanisms. In addition, the authors never discuss magnitudes. What do these factors (coefficient) mean in substantive terms? It is pointless to use advanced econometrics if the results cannot be translated to anything tangible.    Since the timeframe is so short it cannot be a test of the so-called law of price, originally developed as an analytical tool to understand price convergence for goods. Workers, however, are not the same as matters. They are not shuffled around from sellers to buyers through the means of market forces. They make, instead, their own decisions based on several circumstances one of which is relative wages. This is not to say that the law of one price does not apply at all to labour markets, but these circumstances clearly affect the ideal design of the investigation. We cannot expect convergence of wages to occur as effortlessly as price convergence of goods. Since the time frame is too short to test the law of one price, the framing of the introduction should be changed.    I have also a measurement issue. The cost-of-living indices are set to 100 in 2005. This means that the authors assume that cost of living is the same across all provinces in 2005. This is certainly not a correct assumption. And it is weird because this year is also outside of the investigated timeframe. Instead, the authors should have, if such information exists, estimated the cost-of-living differentials (in absolute levels) for any year between 2008 and 2020, and using the indices for each province to extrapolate these differentials across the whole time-period. For similar applications see for instance Jeffrey Williamson’s (1995) The evolution of the global labour markets (Explorations in Economic History) or Collin, Lundh and Prado (2019) (cited in the paper under review). |  |

Mas Maul, trkait salah satu komen reviewer, bs dpt data wage at sub-national level bbrp negara ASEAN? Kyaknya ada di CEIC