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REVIEWER'S REPORT

Manuscript No.: IJAR-56882

Title: FISCAL POLICY, INFLATION, AND INTEREST RATES: correlation and impacts of agents intertemporal choice

Recommendation:

Accept as it is

Accept after minor revision.....

Accept after major revision

Do not accept (*Reasons below*)

Rating	Excel.	Good	Fair	Poor
Originality		✓		
Techn. Quality		✓		
Clarity		✓		
Significance	✓			

Reviewer's ID: JPR-002

Detailed Reviewer's Report

The manuscript titled “Fiscal Policy, Inflation, and Interest Rates: Correlation and Impacts of Agents’ Intertemporal Choice” presents a comprehensive and theoretically grounded analysis of the interrelationship between fiscal policy, inflation, and interest rates, with a particular emphasis on intertemporal decision-making by economic agents. The study integrates both theoretical and empirical perspectives, which enhances its academic relevance and practical applicability. The topic is timely and significant, especially in the context of macroeconomic policy formulation and economic stabilization.

In terms of originality, the paper demonstrates a moderate to high level of novelty. The integration of intertemporal choice theory with fiscal policy analysis and empirical validation using Pearson’s correlation coefficient adds value to the existing literature. The attempt to bridge Keynesian and New Keynesian interpretations is commendable, although some arguments rely heavily on established theories rather than offering entirely new conceptual frameworks. Nevertheless, the contextual application to the Brazilian economy provides a distinctive contribution.

Regarding technical quality, the manuscript is methodologically sound. The use of a 25-year dataset (1999–2023) and application of Pearson’s correlation coefficient is appropriate for examining the relationship between inflation and interest rates. The statistical analysis is clearly explained, and the findings ($r = 0.6505$ indicating a moderate to strong positive correlation) are logically interpreted. However, the study could be strengthened by incorporating additional econometric techniques such as

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regression analysis or causality testing (e.g., Granger causality) to provide deeper insights beyond correlation.

With respect to clarity and presentation, the paper is generally well-structured, moving logically from theoretical foundations to empirical analysis. The explanations of economic concepts such as intertemporal budget constraints, Fisher effect, and marginal efficiency of capital are clear and informative. However, certain sections are overly lengthy and dense, particularly the historical narrative and theoretical discussions. These could be condensed to improve readability. Additionally, minor grammatical and stylistic improvements are required to enhance coherence and academic tone.

In terms of significance, the study holds considerable importance for policymakers, researchers, and academicians. The findings highlight the interconnectedness of fiscal policy, inflation, and interest rates, emphasizing the role of productivity and intertemporal preferences in shaping macroeconomic outcomes. The discussion on policy implications, especially regarding expansionary fiscal policy and inflation control, is insightful and relevant in both developing and developed economy contexts.

Despite its strengths, the manuscript has certain limitations. The empirical analysis is limited to correlation and does not establish causality. The focus on a single country (Brazil) may restrict the generalizability of the findings. Furthermore, the paper could benefit from a more explicit conclusion summarizing key findings and suggesting directions for future research.

Overall Recommendation

The manuscript is a well-researched and meaningful contribution to macroeconomic literature. However, it requires minor to moderate revisions before publication. Enhancing the empirical rigor, improving conciseness, and refining language will significantly strengthen the quality of the paper.