

Comments on “Do Labor Market Opportunities Affect Labor Force Participation of Educated Youth Female in Developing Countries? Evidence from Palestine”. PMMA 20015 Bilal Nabeel Falah, Arwa Abu Hashhash, Iman Saadeh, Mohammad Hattawy

The paper is interesting. The LFP of young educated women is most pertinent and it is well motivated with descriptive statistics. The presentation has a nice flow. The arguments and results were presented in a transparent fashion. I just have a few points.

Point 1: The title gives the impression that a large part is general to all developing countries and/or that the results about Palestine could be generalized to all countries. I do not think that this is the case. I suggest using: “Do Labor Market Opportunities Affect Labor Force Participation of Educated Youth Female in Palestine”.

Point 2: The theory or conceptual framework is underdeveloped. The focus on a demand-side effect should be justified. One could argue that as a general rule, if some explanatory variables are excluded, the remaining variables will have biased coefficients. The exclusion of supply-side factors could induce a bias in the estimation of the demand-side effects. Is the discouraged worker theory such that it could not accommodate variables conditioning the supply of labor by educated women?

Point 3: The theory posits that a negative economy-wide shock reduces labor demand and in particular demand for young educated women. Since most of the educated working women work in the formal sector, could it be that they are particularly sensitive to labor shocks because of labor contract clauses protecting older workers?

POINT 4: It might be interesting to consider threshold regressions allowing shocks below and above a threshold to have asymmetric effects on LFP. You could have a two-threshold or band threshold model in which a large negative shock may have a significant impact while a small negative shock may have a very small effect. The same could then be said about positive shocks. Another way to account for non-response to small shocks is to construct a momentum variable and to posit that a response is triggered only if there is a long enough series of uninterrupted negative shocks.

POINT 5: In Table 5, the regression results reported are for specific cohorts, like young educated women. I do not understand why the list of control variables has age groups.

Minor points:

p.13. We construction... change We for The.

Section 4 title: Remove “Application” in Application and Results.

References: Some entries have different styles and there is some errors in the name of at least one journal is misspelled (empirical economic vs empirical economics). The quotation marks differ in some cases, like Olsen (2006).

In Table 2 replace retaile with retail.

Most of the control variables have insignificant coefficients. Isn't that somewhat surprising?

On the next to last line on p. 18, it is written "and ask to what whether labor demand". Remove the word what.