Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	**Bc. Anastasia Pankina**
Advisor:	**PhDr. Jaromír Baxa, Ph.D.**
Title of the thesis:	**Cost of Conflict: Empirical Analysis of Economic Situation in Palestine and Israel**

***OVERALL ASSESSMENT** (provided in English, Czech, or Slovak):*

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

Ms Pankina has selected a very sensitive and interesting topic. Although some texts testing related issues do exist (see the literature section of the report), she definitely managed to provide new empirical evidence on economic effects of the Second Intifada and especially on the economic effects of Israel's response to it (the West Bank Barrier). This constitutes the main relevant contribution of the text.

Methods

Ms Pankina has opted for the synthetic control method (SCM). While she approaches the method as a qualified user (i.e. using a readily available package for R) and most probably did not experiment with any more substantial modifications, she provides a decent introduction into the logic of the method and uses more recent improvements of the methodology such as the augmented SCM too.

Application of the method on macroeconomic data is not entirely uncontroversial, but it has been applied to similar types of issues in published papers, and the method seems to have been accepted as a possible to more traditional econometric approaches, especially for topics such as this one, where obtaining any other counterfactuals might not be feasible.

Concerning the suitability of the method for tests of the three hypotheses presented by the author (p. 27) – the SCM is useful for providing at least some evidence on the first two hypotheses, but the results cannot provide any additional evidence (at least not directly) for the tests of the third hypothesis. Nevertheless, the third hypothesis is rather tautological anyway.

There are two crucial weaknesses of the application of the method:

- Reliability of Palestinian data is likely to be rather low.
- Both countries (and again especially Palestine) have rather specific features for which an appropriate set of control units may be difficult (or even impossible to find).

However, both of the weaknesses are duly mentioned by the author. Still inclusion of e.g. the Czech Republic in the donor pool for Israel is quite an interesting result (p. 36), especially given the fact that the Czech economy during 1993-2000 had its own rather specific development. I would prefer to find better justification for this than political cliches.

Literature

The thesis includes lengthy bibliography – which covers both the history of the conflict, as well as the development and use of the SCM. The author uses the references appropriately to support the claims and data which appear in her theses.

However, in spite of the fact that she cited so many diverse sources (e.g. on the history of the conflict), some possibly relevant texts were not included. For instance, a paper by Horiuchi & Mayerson published in 2015, in which the two authors construct a "synthetic Israel" (by means of SCM) and analyze how much Israel's GDP decreased because of the Second Intifada. Comparing her results with this paper might quite interesting for the author – the paper for instance uses a rather different donor sample.

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Manuscript form

The style and language of the thesis are appropriate, although a few typos can be found in the text. The manuscript is logically structured, although perhaps a bit too much space has been dedicated to the historical roots of the conflict. Firstly, not all the historical aspects are necessarily relevant for the analyzed topic and tested hypotheses. Secondly, while the historical facts are definitely fascinating, the sheer complexity and numerous ramifications of the problem make it rather difficult to provide an unbiased overview of the history that would cover all the sensitive issues and satisfy all the readers – although I must admit that the author of the thesis has been trying to do her best.

The author uses quite a few charts which describe the results of her implementation of the synthetic control method. While they are relevant, perhaps some might have been moved to an appendix.

Summary and suggested questions for the discussion during the defense

The author has demonstrated that she is able to work independently and create a paper with plausible and relevant results. I, therefore, recommend her thesis for the defence.

Questions for the defense:

Question 1: Can you briefly compare your results with the results of Horiuchi and Mayerson (2015). Do they confirm your results? What are the biggest methodological differences?

Question 2: Can you provide additional details on how you selected the "donor pools"?

References:

Horiuchi, Y., & Mayerson, A. (2015). The Opportunity Cost of Conflict: Statistically Comparing Israel and Synthetic Israel. Political Science Research and Methods, 3(3), 609-618. doi:10.1017/psrm.2014.47

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SUMMARY OF POINTS AWARDED *(for details, see below):*

CATEGORY		POINTS
Contribution	*(max. 30 points)*	23
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	14
Manuscript Form	*(max. 20 points)*	19
TOTAL POINTS	*(max. 100 points)*	**81**
GRADE	**(A – B – C – D – E – F)**	**B**

NAME OF THE REFEREE: *Vilém Semerák, Ph.D.*

DATE OF EVALUATION: *June 12th, 2019*

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Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

Strong	*Average*	*Weak*
30	*15*	*0*

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

Strong	*Average*	*Weak*
30	*15*	*0*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong	*Average*	*Weak*
20	*10*	*0*

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

Strong	*Average*	*Weak*
20	*10*	*0*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F