

Report on Bachelor / Master Thesis

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

Student:	Miran Kaltak
Advisor:	Jiří Schwarz
Title of the thesis:	The Impact of Ethnic Diversity on Institutions and Economic Development in Former Yugoslavia

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

The original aim of the thesis was to explain and describe the link between ethnic diversity and economic growth by identifying the middleman – the institutions. Or, more specifically, institutional complexity. Miran described how the political institutions developed differently in the individual ex-Yugoslavian countries and that this development seems to be correlated with the degree of ethnic diversity.

However, during the process of writing the thesis, Miran found out that he is not able to gather enough data of the needed detail in order to convincingly identify the above-mentioned effects. As a complementary, or rather as an alternative approach, he analyzes qualitatively the institutional development of the individual countries from the Yugoslavia region and tries to link it to their different levels of ethnic diversity. Unfortunately, he was finishing the thesis in a hurry and didn't have time to really dig into the details and provide original insights. As the advisor, I didn't even have the opportunity to read the whole thesis before it was submitted.

In the end, I have to admit the thesis feels more like a (rather nice) literature review of the topic of what impacts ethnic diversity may have on the economic growth.

Methods

Miran struggled with the econometric part which, in the end, turned out to be not very useful for analyzing the topic of the thesis. But apart from suffering from the small number of observations, it should have been done, and its results interpreted, with more care.

For example, on p. 30 Miran writes: "Even though variable for ethnic diversity is statistically significant, variation in ethnic diversity shown by the two presented values for this variable is not huge, but it still clearly shows *negative impact* of ethnic diversity on GDP per capita of the countries in this region." (emphasis added) I am confused, since in the results in Appendix I see a positive coefficient with the fixed effects model. Which means that the larger diversity, the larger GDP per capita – the exact opposite of what is written. This would be much easier to understand if there was a standard table with results present in the thesis, as I wanted Miran to add.

Regarding the second ("qualitative") approach in the section 5.2, I have to admit that I miss the link back to the economic growth. Also, I would very much like if Miran utilized his understanding of the institutions and his knowledge of the language of Bosnia and Hercegovina and provided a much more detailed analysis of the system there. 14 parliaments and 136 ministries sounds fascinating and describing the functioning of the political institutions in larger detail, and their link to ethnic diversity, could provide a much clearer contribution of the author to the existing literature.

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Literature

The literature review aspect of the thesis is nice and rather carefully done. The only negative thing is that the thesis has been finalized in a hurry and some references are sometimes missing in the list of used references. Such as Annette (or Anette), 2001 (p. 16), or Talpos, Donath and Milos (p. 36) which is even missing the publication year.

Manuscript form

As I already mentioned, the thesis suffers from a rather large number of typos and other small errors and would have benefited from a more thorough proofreading. For example, on p. 29 Miran writes that "Results can be found in Appendix 4". But there is no Appendix 4 in the thesis.

Summary and suggested questions for the discussion during the defense

In spite of my critical remarks, I believe that Miran has written a defensible thesis where he nicely addresses the topic of ethnic diversity and its impact on economic growth on the example of ex-Yugoslavian countries. For them, ethnic diversity has always been a large and influential topic. Therefore, I recommend the thesis for defense and suggest a grade "D".

Suggested questions for the defense:

1. Is/was the EU membership of the analyzed countries the source of institutional improvement, or its result?
2. Why is it a problem if a non-stationary time series is used in a regression?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	22
<i>Methods</i> (max. 30 points)	12
<i>Literature</i> (max. 20 points)	17
<i>Manuscript Form</i> (max. 20 points)	12
TOTAL POINTS (max. 100 points)	63
GRADE (A – B – C – D – E – F)	D

NAME OF THE REFEREE: PhDr. Jiří Schwarz Ph.D.

DATE OF EVALUATION: 15.8.2019



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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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