

Report on Bachelor Thesis

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

Student:	Ksenia Karavaeva
Advisor:	doc. Ing. Tomáš Cahlík CSc.
Title of the thesis:	The Relationship between Sustainable Development and GDP Growth in EU Countries

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

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary

The paper is based on an analysis of the relationship between sustainable development and GDP growth in the EU. It largely relies on simple panel regression methods applied on a specification which resembles traditional growth regressions with added variables which are to capture the role of factors linked to sustainable development.

Contribution

The author sees her contribution in her attempts at empirical analysis of joint effects of poverty, inequality, health and education (unlike most previous attempts, which allegedly mainly focus on the factors individually) and suggests possible misspecification of previously published estimates (p. 3). The second contribution she sees in the identification of heterogeneity of the effects of analyzed factors. And she even suggests that her research is *“the first to tackle the problem of heterogeneous effects of sustainable development goals on the economic growth of the EU members.”* (p. 3).

All these claims are very self-confident, especially given the relative simplicity of her empirical methodology. In fact, the sketchy description of the logic of the specification and the simple estimator use do not provide any strong reasons to believe that the afore-mentioned strong claims are correct. The main contribution of the thesis can thus be perhaps the attempt to map the literature on the effects of the analyzed variables on growth, but even this contribution is weaker (partly also because the text is relatively short).

Methods

The author attempts to analyze the impact of four chosen SDGs on GDP growth in the EU countries empirically. For this purpose, she uses a simple specification which has the form of a dynamic panel, where economic growth is the explained variable.

The author does not attempt to derive her model from any underlying framework explicitly and the specification seems to differ from traditional growth regressions a la Barro – at least at first sight. However, it seems that the description of the specification on p. 22-23 is not necessarily complete because table 3.3 (and table 3.4) with results suddenly also mentions $\log(\text{gdp})$ which might be the level of GDP (often used in growth regressions, but not mentioned by the author in her description of the specification). And the author cites a paper by Ogundari and Awokuse which attempts to link its specification to an underlying endogenous growth model (and which includes a lagged value of GDP amongst the regressors). A more detailed and careful description of the actual methodology used by the author would therefore definitely be useful.

Although the author briefly mentions that the presence of lagged dependent variables might have some consequences (p. 24), she does not discuss possible implications for her methodology explicitly.

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While it is true that dynamic panels might be beyond the scope of methods expected at bachelor level, the author might have noticed that the paper that inspired her methodology estimated the specification with a system GMM and she might have at least tried to discuss possible problems of her decision to opt for a simpler approach.

Literature

The thesis includes a voluminous list of references; the length and coverage is adequate for a bachelor thesis, although it is still possible to find interesting and possibly relevant text (e.g. on wealth inequality and growth) which are not included. The list of references is, however, quite long in comparison with the relative brevity of the paper. What is more troubling, some references appear only in the final list and they are not mentioned in the main text of the thesis, e.g. Beker (2016), Bleakley (2010), Daly.

As the author focuses on inequality, and suggests and partially tests differences between older and newer members of the EU (table 3.4), perhaps literature on the presence of different social models in Europe (Sapir, Boeri) might have also been relevant.

Manuscript form

Some sections of the text might have benefitted from additional editing – for example, the author uses four identical sentence on p. 2 and 3 (see “Economic growth has the potential to diminish many problems: more economically advanced countries gain access to resources that provide healthcare, food, and shelter to their populations. [...]”). The text contains links to (foot)notes (see e.g. p. 3) which do not seem to be present in the pdf version of the text. There are occasional imprecisions (“maternal deprivation” should probably be “material deprivation” – p. 7, “[...] health is a consequence, as well as a cause of health” – p. 10). A significant part of the literature review has the form of summary table which attempt to summarize the findings of previous research.

Overall evaluation and suggested questions for the discussion during the defense

The results of the Urkund analysis do not indicate significant text similarity with other available sources (7% similarity with other texts).

While I do realize that bachelor-level students have had fewer opportunities to obtain and practice their econometric skills, the thesis still appears to be relatively weaker – especially when additional issues (list of references, errors which remained in the text) are taking into account. However, the thesis still fulfils the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, and I recommend it for the defense and suggest a grade D.”

Questions for the defence:

- Please explain the logic of selecting the control variables, specifically, why you have opted for the inclusion of the fertility rate.
- Please explain whether your specification includes the previous level of GDP amongst the explanatory variables or not.
- Does the presence of the lagged growth rates in your specification have any implications for the assumptions mentioned on p. 24? Is that a problem for your results?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	16
<i>Methods</i> (max. 30 points)	21
<i>Literature</i> (max. 20 points)	16
<i>Manuscript Form</i> (max. 20 points)	13
TOTAL POINTS (max. 100 points)	66
GRADE (A – B – C – D – E – F)	D

NAME OF THE REFEREE:

Vilém Semerák, Ph.D.

DATE OF EVALUATION:

May 27, 2021

Digitally signed (May 27, 2021)
Vilém Semerák

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.*

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.*

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

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.*

Overall grading:

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