REPORT ON MASTER THESIS
CENTER FOR ECONOMIC RESEARCH AND GRADUATE STUDIES

STUDENT:	Sofiana Sinani
ADVISOR:	Andreas Menzel
TITLE OF THE THESIS:	The Labor Market Effects of the Working Family Tax Credit on Single Mothers in the UK

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

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

CONTRIBUTION:

The student investigates the effect of the working family tax credit (WFTC) on single mothers' paid labor hours and applies the quantile difference-in-difference approach in order to estimate the quantile treatment effects. In general, very nicely written thesis, good command of English language, proper style and vocabulary. Very good description of the features of the British policy (and of its US counterpart). Nice logical structure, results are explained quite well too.

The author deliberately focuses on a subsection of possible effects of the WFTC by analyzing only women who had already been employed prior to the introduction of the scheme. While this facilitates the analysis and this interpretation, it probably means that the author also avoids testing some of the main objectives of the original policy (presumably motivating someone to have at least part-time jobs and thus acquire or maintain basic skills can be more important than increasing the number of hours worked from 16 to e.g. 20 or 30). I do not see this as a flaw, however, since the author clearly explained why she opted for this focus.

METHODS: Methodology appears adequate, it is explained and implemented carefully, robustness checks are included.

LITERATURE: Fairly nice literature review, probably rather complete (I am not familiar with this line of research).

MANUSCRIPT FORM: Manuscript form is appropriate.

SUMMARY AND SUGGESTED QUESTIONS FOR THE DISCUSSION DURING THE DEFENSE:

The control group is really substantially different from the treatment group. The author is aware of that and outlines some possible problems (e.g. p. 37, p. 44-45). There is not just a selection issue in a narrow sense, but the control group appears to include all single women, including much older childless women (max age in the sample is 64) with possibly a rather different position in the labour market. The author deals with that by including of the education (and age) variables and also by restricting the control (less educated women only), but I wonder what would be the effects of using some additional restrictions (max age) to narrow down the control group even more.

While this is probably not relevant for the countries and data used in the paper (at lest not so much), I would have expected a discussion of possible motivation to cheat and possibly misreport hours worked – a kind of agreement between employers and employee about reporting "optimized" number of hours that would help the employees get higher state support (while the hour wage paid by the employers would be adjusted too). This kind of issue might be visible from data on hourly wage (and effects of the policy on the wage might be tested in the same way), but I am not sure whether the data are available.

There is a pretty important reason why single mothers may not be able to work longer (even if they wanted) – the need to take care of the child and the possible unavailability of child care (or of e.g. grandparents who could play the same role). This issue might have deserved a deeper discussion, an ideal analysis would also include additional tests on subpopulations (with and without access to child care). Of course, the data are unlikely to be available in the original survey, but the author might have used the age of the child to get some insight into this (she clearly realized this issue and the role of the age – p. 42).

The author attempts to deal with missing and not-reported data in a specific way recommended by one of her advisors (p. 25). This form does not appear to be unusual and the author even provides some details on possible role of the missing observations in table 2 (p. 27], but perhaps a sensitivity test of possible effects on the results of the regressions might be provided too.

Possible role of macro and seasonal factors – the overall situation in the labour market may influence the demand for riskier employees (women with children are more likely to stay at home when the child is sick and therefore they might appear as more risky to the employers), especially in some professions: how about adding time dummies that would filter this out?

Please indicate whether you recommend the Thesis for defense or not.

I recommend the thesis for defense.   x
I do not recommend the thesis for defense.

TEXT ORIGINALITY CONTROL

I confirm that I acquainted myself with the report on the originality of the text of the thesis from

[ ] Theses   [x] Turnitin   [ ] Ouriginal (Urkund)

Comments on the reported results:

SUMMARY OF POINTS AWARDED *(for details, please see the page 3)*

CATEGORY		POINTS
Contribution	*(max. 30 points)*	25
Methods	*(max. 30 points)*	30
Literature	*(max. 20 points)*	20
Manuscript Form	*(max. 20 points)*	20
TOTAL POINTS *(max. 100 points)*		**95**
GRADE *(A – B – C – D – E – F)*		**A**

NAME OF THE REFEREE: Krešimir Žigić

DATE OF EVALUATION: 29.08.2022

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REFEREE SIGNATURE