

# Institut ekonomických studií

## Fakulta sociálních věd, Karlova universita Praha Referee report on the Rigorosis Master Thesis

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| <b>Student Name:</b>           | <b>Lucie Mišicová</b>   |
| <b>Thesis Supervisor Name:</b> | <b>Ondřej Schneider</b>   |
| <b>Thesis Title:</b>           | <b>Does Foreign Direct Investment Contribute to General Economic Development?</b> |

### Overall Evaluation:

The master thesis submitted by Lucie Misicova is an interesting and unorthodox attempt to analyze impact of foreign direct investment on host country's economy. Lucie offers her interpretation of the often analyzed data and she does not shy from being controversial. The thesis main strength is in the author's determination to double-check conventional truths about the FDI's impact. The weakness lies in fact that Lucie often opts for an unorthodox and controversial statement even if the data or sources do not support her fully. Furthermore, the case studies that form the second part of the thesis are rather haphazard and often rely on other's sources. The thesis sometimes uses non-standard literature, English is reasonable. Therefore, I recommend the thesis for the defense and suggest grade C, i.e. **good**.

The thesis is split into two parts: chapter 2 discusses "theory" and chapter 3 presents empirical part. Lucie seems inspired by critics of conventional "no-classical" model of FDI and often quotes well-respected authors as Rodrik or Stiglitz when they doubt positive effects of the FDI (part 2.3). However, I find this discussion very incomplete – the author rarely presents quantitative arguments. When pressed, she included a vague sentence on Brazilian experience, but did not discuss catastrophic experience of Argentina. Stiglitz's argument on China's refusal of the IMF policies (page 18) is absurd, I think.

Part 2.4. illustrates shortcomings of the thesis: the author discusses effects of the FDI on industrial performance of receiving countries and concludes by saying "*History tells us that under reasonable industrial policy which is appropriate for given country, the positive effects of FDI are enhanced. Such a policy may consist of selection of good FDI industries, support to selected domestic forms, tax holidays, directed credits etc. A traditional neoclassic liberal would argue that if FDI under liberal regime was not successful it was due to incomplete liberalization, but in the world of externalities and asymmetries such argument is questionable.*"

Very strong arguments, and I would love to see them more seriously argued and supported by data (what "history", what "good FDI industries", what "directed credits"?). Just stating controversial arguments is not good enough.

The third chapter is much less controversial and brings mostly stylized data on the FDI flows into the Czech economy.

I believe that the main contribution of the thesis lies in its determined effort to cast doubts on conventional truths about the FDI's impact. Also, I appreciate the author's efforts to improve the text – the final version stands no comparison to the initial drafts that were much less sophisticated and much more chaotic.

On the other hand, Lucie did not argue her point entirely convincingly and she often used half-baked arguments or data.

I recommend the thesis for the state exam defense and I would recommend grade "C" for the final exam grade.

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#### SUMMARY OF POINTS AWARDED:

| <b>CATEGORY</b>            | <b>POINTS</b> |
|----------------------------|---------------|
| Quality of Research        | 15            |
| Clarity and Readability    | 10            |
| Content/Quality of Ideas   | 30            |
| Organization & Development | 5             |
| Manuscript Form            | 4             |
| <b>TOTAL POINTS</b>        | <b>64</b>     |
| <b>LETTER GRADE</b>        | <b>C</b>      |

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Evaluated on: 3 September 2008