

## **Referee Report**

**IPS FSV UK,**

**International Economic and Political Studies Master Thesis, 2006**

**Author of the Thesis: Irena Cerovic**

**Title of the Thesis: Human Capital and the Transition in Serbia:  
Accumulation, Allocation, and Implications for Development**

**Adviser: Doc. Ing. Tomas Cahlik, CSc.**

**Referee: Karel Janda**

The thesis has four relatively independent parts and Conclusions. The author starts with a very nice and well written five pages introducing the concepts of human capital and its social and private returns. In the following five pages author introduces the transition process in Serbia, with attention being paid especially to the comparison of Serbia with other transition economies and to the Serbia labor market. The author defines the transition in Serbia as a process starting in the year 2000 when the thirteen years of Slobodan Milosevic's rule ended.

Part II is concerned with human capital building through formal educations in schools. First seventeen pages are devoted to the discussion of formal education systems both in general and in the specific situation of the transition countries. This is followed by eight pages dealing with the critical description of the Serbian school system with special attention being paid to the situation in the period 2000-2005.

In Part III the author is dealing with the emigration with special respect to brain drain and brain circulation questions. First nine pages are devoted to the general problems of emigration of skilled people. The following seven pages apply this discussion to the Serbia.

The last part of the thesis discusses the problem of the allocation of the human capital to different economic activities. The major dividing line is between rent-seeking activities and productive (growth and innovation supporting) activities. Similarly as in the other parts of the thesis, the author first introduces this problem in general framework with application to transition countries and then follows with the analysis of the specific situation in Serbia.

The thesis is written in a good and very readable language. There is only a very small number of typos and incorrect citations (for example missing citation for Rodrik on page 10) in the thesis. When the author incorrectly describes GATS as General Agreement on Trade and Services (should be "Trade in Services"), there confusion may arise with the GATT (General Agreement on Tariffs and Trade). Trade in services is very different concept than trade and services.

The thesis is well structured. Each part of the thesis taken in isolation constitutes a very good discussion of a particular problem. The obvious strong point of the thesis is the author's familiarity with the specific problems of Serbia. The weak point of the thesis are missing sufficient links between individual sections. After a very nice general introduction to the human capital concept, the parts dealing with schooling, emigration and occupational choice were not really integrated into a unified human capital accumulation and allocation framework. The major unifying feature of the thesis is the overall context of the Serbian development in the transition.

For me as an education professional the part of the thesis dealing with schooling systems was especially interesting. I would be interested in hearing the author's opinion about the tradeoff between inclusive education for everybody and individual approach to less and more talented students. The statement "Quality education for all" is very nicely sounding in policy debate, but the major question of economics is the problem of efficient allocation of scarce resources.

In the description of the Serbian schooling system on p.35 I was missing the type of schools called "viceleta gymnazia" in Czech. This type of school was common in the Austro-Hungarian Empire and in the Czechoslovakia before communist era and it was reintroduces in the nineties. In this type of school the children in the middle of the primary education have the choice to continue in the primary education in the style described on p.35 or to apply for admission to 8 years long schools which include both the second half of primary and the whole secondary education. In this way the children (or their parents) starting with the 6<sup>th</sup> grade may choose between the "egalitarian" and "elitist" track in education. Does this system exist in Serbia? Did it exist there before 1945?

In the discussion of the Serbian school system I did not notice the problem of tuition being mentioned. Is there a discussion in Serbia about introducing the tuition payments by students at the public universities?

Is it really the case in Serbia, that there is no professional teaching education for teachers teaching higher than 4<sup>th</sup> graders as mentioned on the page 37? The situation in the teachers' education was very different in Czech Republic both before and after 1989.

How does the author explain the fact mentioned on p.37, that students in Serbia typically spend 7-8 years at university? Was this somehow connected with unemployment problem?

I conclude these comments with a statement that I enjoyed reading the thesis and that I consider it to be a nice introduction to some aspects of education and emigrations in general and in the Serbian transition economy in particular.

I suggest to evaluate the diploma thesis by the grade A.

**I recommend the thesis to be allowed to go to a defense.**

Prague, January 16, 2006



Karel Janda