

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

This thesis is quite an instructive and voluminous presentation and analysis of institutional factors that are supposed to be associated with the development in recent societies in Central and Eastern Europe. The tenor of the hypotheses outlined first theoretically and later tested empirically is that institutions are a sort of a special "soft" factor of production and economic growth, additional to standard economic factors, which can be to a large extent quantified. It is a widely recognized approach in recent literature. The problem is well explained by referring to a wide choice of relevant resources. Unfortunately, there is missing one crucial link that was virtually avoided in this thesis – the connection between institutions and market failures. It implies that the links to information asymmetries or market imperfections were also difficult to find, even though many topics in this work were implicitly associated with these theoretical concepts.

Chapters 1 and 2 are a refreshing summary of theories dealing with institutional economics, showing also that the author is versed in historical themes. Some explanations based on Tables 1.1 (which seem to contain some own interpretation of the author) should be written with more diligence, as the abbreviations (e.g. Δ STR) and causalities between them are not explained sufficiently.

Chapter 3 is of a different type, concentrating on the systemic differences or shared attributes among transition economies. This is a topic related to various aspects of reforms that are country-specific and hence could be considered the own contribution to the thesis. More care should be given to citations, e.g. "Kruegman" on p. 41, English grammar and wording (such as "their efficiency" in the middle of p. 45, even though it was most probably meant "their inefficiency"). It would be good if this chapter ended in a list of hypotheses to be tested in later chapters, building so a bridge between theoretical and empirical parts of the thesis. At present this interconnection is rather weak.

Chapter 4 is a valuable introduction and illustration of the methods for measuring and quantitatively analysing institutional setups in individual countries based largely on the contribution of Kaufmann et al., 2009, which is an excellent resource in this field. The usage of graphs is helpful, even though it does not offer much valued added to the sources of information. The methods applied in ch. 4.4.1 represent the most important own contribution of the author to the thesis. It is a good initial approach to quantifying the role of institutions in economic growth. Any more advanced study would require a much wider econometric testing because the present model is grossly under-specified. Thus the contribution of omitted variables (e.g. those from production functions) to the explanation of GDP per capita growth was "appropriated" by some of the six institutional factors used, which gave them higher importance (and most probably the structure) than what they really have.

Conclusion: The master thesis of Chafiz Chamet is a valuable review of the world literature on the role of economic institutions in modern capitalist economies and its econometric analysis is interesting. Unfortunately, the analysis itself is incomplete and thus not fully credible. Nevertheless, some of the conclusions (e.g. about the attenuation in the importance of institutions in some countries) remains relevant even at this stage of research. One should appreciate the extensive work required for the processing of information about so many analysed countries.

Suggested question: Could you specify a more theoretically founded GDP function to be applied on this kind of econometric tests?

In the case of successful defense, I recommend **"velmi dobře" (good, 2)**.

V. Benacek 14.8.2010

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	18
<i>Contribution</i> (max. 30 points)	22
<i>Manuscript Form</i> (max. 20 points)	16
TOTAL POINTS (max. 100 points)	74
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: *Vladimír Benáček*

DATE OF EVALUATION: 14.8.2010

Referee Signature