Report on Bachelor / Master Thesis

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

Student:	Khafiz Khamet
Advisor:	Prof. Ing. Karel Kouba, DrSc.
Title of the thesis:	**Institutional Framework and Development in Selected Emerging Markets**

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

This master's thesis manuscript is, thematically, a sequel to the author's highly commended bachelor's thesis that is listed among recommended readings for students of the Theory of Rules at the Faculty of Social Sciences. In his master's thesis, the author assesses the relevance of the institutional theory for the contemporary development of the selected transition economies.

The first three chapters provide an objective and detailed interpretation of important texts from the institutional analysis of economic and political markets. I fully appreciate the fact that:

1. The choice of authors and their works is very challenging and goes beyond the level usual for programs of study at the IES;
2. The choice of works is consistent with the aims of the thesis;
3. The thesis is an example of an original research within the paradigm of institutional economics and its conceptual equipment that falls outside the scope of the standard neoclassical paradigm ('path dependency', 'Knightian uncertainty', 'governance', 'interest groups', 'lobbying', 'state capture', 'long-term time horizon', 'free-riding').
4. Within the paradigm of institutional economics, the author looks for answers to those research questions to which the neoclassical paradigm remains silent;
5. The author sees the limits of the contemporary neoclassical analysis in its narrow focus on the allocation of productive factors among competing uses, on the one hand, and lack of appreciation of the dominant role that the institutional environment plays in this allocation, on the other. The fact that some representatives of the institutional economics accuse the neoclassical mainstream of 'institutional illiteracy', 'institutional blindness' or 'institutional copycatting' does not lead the author to the negation of the current mainstream economics.

I understand the first three chapters not only as an erudite interpretation of important texts, but in particular also as a conceptual and instrumental equipment for unresolved problems of the quality of institutions. In this respect, the following two questions should have been addressed:

1. The theory of consensus, as interpreted by J. M. Buchanan, and its importance for unresolved structural reforms of the institutional environment.
2. The rationale behind the preference of the dual of internal/external institutions over the more frequently used typology of D. North (formal/informal institutions) or the typology of E. Ostrom.

Chapter 4 (pp. 52–85, especially subchapters 4.2 and 4.3), that could be regarded as the most successful and original part of the thesis, provides an empirical analysis of the quality of institutions in the selected transition economies. The author adopts a formal analysis approach (Kaufmann et al., 2009) that is being used by the World Bank Institute. He applies this sound econometric model with six institutional characteristics to a sample of twelve transition economies and compares the result with that of a sample of eighteen economies of the EU; yet, at the same time, he is aware of the difficulty in using 'soft data' to measure the

quality of institutions. Finally, he concisely summarizes the key findings of the analysis (pp. 86–87).

Conclusion: Khafiz Khamet works methodically through the extensive specialized literature, turning the acquired knowledge into an unconventional analysis of the development in the quality of institutions over the twenty-year-long transformation process. He justifies the primary need for improving the institutions, especially in those countries where the quality of them stagnates for a longer term. I regard this thesis as an original and successful analysis of the development in the quality of institutions of the selected transition economies. Therefore, I recommend the thesis to be graded as 'excellent' (1).

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	20
Methods	*(max. 30 points)*	22
Contribution	*(max. 30 points)*	25
Manuscript Form	*(max. 20 points)*	18
TOTAL POINTS	*(max. 100 points)*	**85**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: **Prof. Ing. Karel Kouba, DrSc.**

DATE OF EVALUATION: **August 31, 2010**

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Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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

Strong	Average	Weak
20	10	0

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.*

Strong	Average	Weak
30	15	0

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.*

Strong	Average	Weak
30	15	0

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.*

Strong	Average	Weak
20	10	0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě