

Report on Bachelor / Master Thesis

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

Student:	Václav Těhle
Advisor:	Matěj Bajgar, M.Sc.
Title of the thesis:	Structural Change in the Course of Economic Development

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

The thesis is a piece of original and well-executed empirical research going beyond what can be reasonably required from an undergraduate thesis.

The author is one of the first researchers to use an interesting and unique dataset describing 38 economies over many years in disaggregation to 9 different sectors. The thesis documents similarities between the patterns of change in economic structure that different countries underwent and it arrives at several main conclusions:

- The well-known shift away from agriculture and towards manufacturing is the dominant pattern of structural change even if we observe also other sectors such as finance, retail, construction, transportation and services.
- Many of the instances of rapid growth in the included countries in the past several decades were related to such agriculture-manufacturing shift.
- A number of other instances of rapid growth took place without significant growth in manufacturing and were instead accompanied with growth of the financial sector.
- In a number of cases (Taiwan, Brazil, Turkey...) countries first experienced growth related to a shift from agriculture to manufacturing and after some time growth in the financial sector gained in importance.
- A number of countries managed to grow in certain periods even without substantial structural transformation.

The main contribution of the thesis is a complex analysis of panel data, which involves relatively advanced programming in several different software tools. The author designs his own methodology for identifying patterns of structural change, because the usual regression-based methodologies are not suitable for his question at hand. The methodology is meaningful, and it is clearly described and explained, so that a careful reader can follow the author's argument and the steps of his analysis.

The thesis is well-written and well-structured, following a structure common in contemporary papers in academic economics. The literature review is admittedly based to a large extent on classical works from 1950s and 1960s, but this is mostly due to the fact that that is when the debate on structural change was in the heart of development economics. Since then, the mainstream has moved from the „big questions“ towards microeconomics of development, and there is less modern work on structural change now. Where modern literature related to the topic exists (for example the work by Dani Rodrik or by Ricardo Hausman and César Hidalgo), it is in most cases discussed by the author.

One of the highlights of the paper is the graphical representation of the relationship between different patterns of structural change in the form of proximity maps, which provide a lucid summary of patterns existing in the data. Graphical representation of the relationship between different patterns of structural change and GDP growth is also extremely useful and well crafted.

The main drawback of the otherwise excellent thesis is in the interpretation of the results. It is a drawback common to much work attempting to study broad patterns of economic development across many countries and many years. Analysis of data leads to a large set of results, but a proper interpretation of these results would require a detailed background knowledge of the developments in the studied countries and periods, knowledge which few people have, given the massive time and geographical scope of the analysis. As a result, while the thesis documents some interesting patterns and regularities of the data, many of them are left unexplained. It should be said, however, that in looking for commonalities across countries, a wide scope is inevitable and careful discussion of country-specific context for many countries would require much more space than bachelor's thesis offers.

All in all, the thesis demonstrates the author's good knowledge of the relevant literature, uses original and sound methodology, is well-written, shows author's formidable programming skills in computation and graphical representation of the results, and its contribution, while somewhat moderated by at times insufficient detail in interpretation of the results, is highly original and important.

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

CATEGORY	POINTS
Literature (max. 20 points)	17
Methods (max. 30 points)	28
Contribution (max. 30 points)	25
Manuscript Form (max. 20 points)	20
TOTAL POINTS (max. 100 points)	90
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Matěj Bajgar

DATE OF EVALUATION: 3th June 2012



Referee Signat

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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