

Opponent's Report on Dissertation Thesis

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Title of the Thesis:	Essays on Natural Resource Richness, Economic Growth and Institutional Quality
Type of Defense:	DEFENSE
Date of Pre-Defense:	December 7, 2016
Opponent	prof. Ing. Karel Janda MA, Dr., Ph.D.

Address the following questions in your report, please:

- a) Can you recognize an original contribution of the author?
- b) Is the thesis based on relevant references?
- c) Do the results of the thesis allow their publication in a respected economic journal?
- d) Are there any additional major comments on what should be improved?
- e) Were the comments raised at the pre-defense, addressed in the dissertation submitted to the regular defense?
- f) What is your overall assessment of the thesis? (a) I recommend the thesis to be defended without major changes; (b) The thesis is not defensible.

(Note: The report should be at least 2 pages long.)

Content of the Report:

- a) Yes, the thesis contains an original contribution of the author.
- b) Yes the thesis is based on relevant references. This is particularly evident for the meta-analysis part of the thesis, where the relevant references are crucial.
- c) The results of the thesis allow their publication in a respected economic journal. Actually, first chapter (out of 3) was published in World Development which is a highly respected journal. I am familiar with this journal and I can confirm that this is internationally recognized journal in which serious researchers publish their development policy relevant research. Second chapter was accepted by Resources Policy, which is Elsevier journal with an impressive WoS impact factor over 2. Third chapter was published in a well established Springer journal covered by SCOPUS (as far as I know not covered by WoS).
- d) Given that all 3 papers were already accepted for publication by journals, I do not offer any additional major comments on what should be improved.
- e) I did not ask for any changes in the dissertation, since I do not see any point in ex-post fine-tuning or language editing already published articles.
- f) My overall assessment of the thesis is (a) I recommend the thesis for defense without major changes.

This is a very nice original contribution to a developing natural resources research direction at IES. The dissertation not only benefits from European Union's Horizon 2020 Research and Innovation Staff Exchange programme under the Marie Skłodowska-Curie grant agreement No 681228 but it also provides significant contribution to the continuing success of this GEMCLIME project. In line with the nature of this collaborative GEMCLIME project I especially appreciate the ability of the author, Ayaz Zeynalov, to engage in fruitful cooperation with more senior co-authors with a considerable wealth of empirical experience in natural resource/energy/climate economic research and with outstanding command of quantitative techniques used in these joint papers.

In the first chapter Ayaz Zeynalov and his co-authors engage in a very standard meta-analysis focused on publication bias effect. The area to which the methodology developed by Tomas Havranek and his coauthors is applied is a relation between natural resources and economic growth. In a quantitative survey of 605 estimates reported in 43 studies they find out that overall support for the resource curse hypothesis is weak when potential publication bias and method heterogeneity are taken into account. The topic of relation between natural resources and economic growth is a very classical topic in resource economic literature and it is very alive topic, as confirmed by prof. David Stern who is a leading authority in this research area. The publication of this chapter in the World Development journal is an important achievement of the whole co-authors team (Havranek, Horvath, Zeynalov) and for the junior PhD candidate Ayaz Zeynalov in particular.

While the last chapter does not fully belong to the natural-resources literature framework since it is a very standard gravity model study of international trade, we may very easily make the case for its inclusion into the natural resources focused dissertation. The reason is that this chapter is dealing with Azerbaidjan, which is a good example of country with important role of oil in its economy and its international trade.

This last chapter examines the gravity model of bilateral trade in several ways. It extends the literature by simply using a 'similarity index' range from 0 to 1. It detects whether the similarity indices on GDP and institutional level matter for Azerbaijan's exports. It considers whether better institutional quality of resource-rich countries encourages bilateral trade with other countries. It studies whether historical background, contiguity and distance matter for Azerbaijan as a former Soviet country. The main focus of this chapter was on analysis of institutional similarity across countries, and on clarification whether similarity at the institutional quality level is crucial for bilateral trade relationship.

Second chapter forms a very nice link between 1st and last chapter. It takes natural resource topic from the first chapter, but it radically changes its economic analysis instrument kit. Instead of metaanalysis it uses panel regression (which will be again used in the last chapter). Also it switches attention from global nature of the first chapter to post-soviet area, which is further developed on the last chapter focused on Azerbaijan.

In the second chapter authors examine the effect of natural resource exports on economic performance during the 1996-2010 period in the 15 independent countries that formerly comprised the Soviet Union. It utilizes the fact that after the fall of communism, these countries began to demonstrate marked differences from one another with respect to economic development and institutions, which has resulted in unique cross-sectional and time variation. Using several panel regression models that address endogeneity and clustering

issues, they show that natural resources crowd out manufacturing unless the quality of domestic institutions is sufficiently high.

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