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**Subject: External Evaluation of the Ph. D. Thesis by Dmytro Vikhrov**

**To whom it may concern:**
The thesis by Dmytro Vikhrov on Essays on the Economics of Labour Migration analyses its basic topic from two different perspectives. The first perspective entails international (the first three chapters) vs. domestic migration, the second contrasts policy-related analysis (the first two chapters) with more behaviour-related analysis.

The first chapter focuses on a theoretical model relating entry restrictions on the number and skill type of immigrants to welfare analysis. Indeed, in a world where new technologies have reduced mobility costs, immigration policy becomes an important factor in the determination of a country's welfare. The main results can be summed up as follows. Over-emigration of workers generated by free mobility is welfare is detrimental to the sending country because of a diaspora effect (migrants negatively affecting their own income). Under some conditions, imposing an immigration quota positively affects the sending country welfare because it reduces the downward effect of new migrants on wages in the destination country. The effects of forming a political union are also considered.

In the second chapter, an immigration policy index measuring the laxity of immigration policy is proposed. This index is based on three types of entry visa restrictions (visa required, visa not required for short stays and visa not required at all), which are shown to affect migration differently. The index is consistently defined and comparable for all countries in the world, varies across destination-origin country pairs and over time. When used in estimation, it accounts for a significant share of the variation in migrations and helps explaining the gender and education composition of migrant labour.

In the third chapter Vikhrov examines the results from a large-scale survey from Ukraine, in which information was collected on migrants' characteristics and labour market outcomes before and after migration. Since the survey tracks migrants' employment details before and after emigration, it enables researchers to identify the process of occupation downshift, whereby migrants take jobs with characteristics set below their capabilities. This feature has rarely been singled out in empirical studies of emigration, and is analysed for the first time for Ukraine. This chapter also provides the first detailed look at the evolution and features of migration from a large emerging market in the aftermath of the depression. The evidence shows that Ukrainian migrants are positively selected in terms of age, education, and pre-migration income. This, however, is not reflected in their labour market outcomes because many of them are employed in occupations below their reported education levels. This may be understood in terms of individual unobservable skills, strict immigration policies, high search costs, and poor transferability of human capital obtained in Ukraine (which is arguably the explanation most stressed by Vikhrov).

The fourth paper relates to migration and commuting in the East of the Czech Republic. This part of the country is subject to relatively high flood risks from

local rivers. To cover flood-related losses, many people started commuting for work to nearby larger cities, which offer safer employment opportunities and higher pay. The evidence shows that commuters on average have higher earnings than non-commuters. Also, while individuals affected by one flood commute *more* than unaffected individuals, those affected by at least two floods are sizeably *less* likely to commute with respect to those unaffected.

The thesis is very carefully written, and edited, in fluent English. It makes good reading and reveals a high degree of competence. I enjoyed reading in particular the second and the third chapter, which form, along with the first one, a pretty compact and coherent set of analyses about international migration.

All chapters make good points and are rather innovative. In the following lines I would like to make a few comments that could possibly add to the value of the analysis.

The first comment relates to the finding in the second chapter according to which "the weakening of visa policy is associated with a 10% increase in migrant stocks and a significant shift toward male and less skilled migration from policy affected source countries. In contrast, the tightening of visa policy is not related to a significant change in migrant stocks, their gender or skill composition". This asymmetry is not easily explainable a priori, and could depend on the set-up of the analysis, which, to the best of my understanding, is basically static (actually there is a reference at p. 73 to a robustness analysis with 5-year averages of the lagged values of GDP per capita and Gini index, but this does not seem to attain the status of a fully-fledged dynamic analysis). If it is possible to construct other yearly observations from the IATA data, it seems to me that an obvious extension of the analysis would be to allow for a lagged relationship between the index and migration. In those conditions, the above-noticed asymmetry may disappear (or weaken).

About the third chapter, I would first like to make a (mainly) terminological remark. It seems to me that one can speak of a down<u>shifter</u> if there is a <u>change</u> in the situation (first in Ukraine and then abroad). If one fares worse than implied by education or skills already at home, it may be better to speak about over-education or over-qualification. More substantively, there is something that puzzles me in the results and that is not very much commented upon in the thesis. I wonder why downshifting is pretty much the same in FSU countries and in EU27 (and USA, for the semi-parametric estimator). Would poor cross-border transferability of human capital obtained in Ukraine also apply for FSU? I find it a bit unlikely a priori, and would certainly welcome more discussion of this issue.

A couple more of points, concerning the fourth chapter. The main one: the analysis (already published in an international journal) could obviously be extended by estimating a system where the Mincerian and the commuting equations are estimated jointly. As it is, the evidence from the OLS Mincerian estimates may not be very robust. Secondly, I find a bit awkward the explanation of the nonlinear effects of floods on commuting in terms of many households out-migrating after the <u>first</u> flood. If I may be pardoned a jocular remark about these tragic matters, it seems we are talking about Noah's flood. Mores seriously, the average reader ought to be provided with more

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background. Are we talking for instance about a first serious flood after many years of lull? Without some background knowledge like this, it is difficult to fully grasp Vikhrov's argument.

As I have already said, these remarks are simply meant to support the potential diffusion of Vikhrov's work and cannot shed any doubt about the intrinsic solidity of the analysis or diminish the value of the tremendous amount of information gathered.

I have no doubt at all that the dissertation thesis satisfies all formal and content requirements for a Ph.D. thesis in economics. Hence I warmly recommend the dissertation for a defence.

Yours sincerely,

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