

Report on Master Thesis

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

Student:	Jan Mouček
Advisor:	Julie Chytilová, Ph.D.
Title of the thesis:	Effects of human capital in developing countries

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

The aim of the thesis is to quantify the effect of human capital on productivity. This is an important research question studied by many before and, given the issue of causality, a very ambitious task. Jan decided to follow the methodology of P. Schultz who used several instrumental variables for different measures of human capital on data from Ghana and Ivory Coast. The contribution of this thesis is the analysis of data from two additional countries (Indonesia and Bangladesh). Originally, Jan's plan was to investigate to what extent can the difference in the measured effects of human capital be explained by differences in GDP and poverty rates in the four selected countries. However, Jan did not replicate the original results in two additional countries which lead him to deeper investigation of the instrumental variables. He found that the instrumental variables are of insufficient quality which prevented him from comparison of the results across the four countries.

There are several nice features of the thesis. It is very clearly written. Jan did a thorough work with the data, searching for datasets which would include all the variables necessary to replicate Schultz's analysis. He did the right thing when he decided to investigate the quality of the instruments rather than to proceed with comparison of the results which would not make much sense.

At the same time, I believe that the thesis would benefit from further analysis. I did not notice the description of the dependent variable in the text which should be done in a detailed way including its comparison to the study of Schultz. The main contribution of the thesis lies in pointing towards weakness of the previous research (using bad instruments) and it would be valuable to elaborate on this in more detail. Ideally, it would be nice to analyse the quality of the instruments directly with the datasets from Ghana and Ivory Coast to show whether the argument applies to them as well. It would be also natural to discuss more recent studies (compared to Schultz from 2003) which estimate effects of human capital and methodological progress in the recent decade.

To sum up, I am happy to recommend the thesis for the defence and suggest grade B (velmi dobře, 2).

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	15
<i>Methods</i> (max. 30 points)	20
<i>Contribution</i> (max. 30 points)	20
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	75
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: Julie Chytilová

DATE OF EVALUATION: January 28, 2015



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