Report on **Bachelor / Master Thesis**

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

Student:	**Dominika Kolcunová**
Advisor:	**Petr Jánský, Ph.D.**
Title of the thesis:	**R**egional disparities in price levels across the European Union

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

The author set herself a goal to construct a predictive model of regional price levels in the European Union. The thesis first introduces the topic, provides a literature review, introduces the methodological steps, constructs the model, and puts the results of the model into perspective.

To begin with, I must say that I find the thesis to be of outstanding quality regarding the level of work required from bachelor students. I came to the conclusion for several reasons:
- The thesis has well-motivated relevant question (task) it pursues. In this case the construction of the predictive model of regional prices.
- The model is constructed with notable rigor and careful study of various materials. The econometric analysis shows great amount of work. Robustness checks only amplify this feeling.
- The author does not overvalue her results and clearly states many short-comings that are indeed present.
- The results are illustrated with real-world implications that show that our understanding of some economic phenomena might be misguided.

Hence, my following comments are more of a formal nature rather than real problems. The manuscript form:
- The thesis is written in rather informal language. (To sum up = summarize, get rid of = remove,...)
- Inconsistent use of the decimal sign, sometimes „,“ is used, sometimes „.“. Inconsistent use of hyphen, n-dash, and m-dash.
- In standard bibliography, the links are usually not provided.

Some theoretical issues that **can also be considered as questions for the defense**:
- We know that economic variables are often measured with error. How would this measurement error assumption change the analysis?
- Let us assume that the prices of tradable assets are the same in all regions. (Petrol, Mars bar, or a beer should cost approximately the same everywhere. Especially in the times of on-line stores.) The difference should then be in non-tradable assets, mostly rents. There are significant amounts of online data about offered rents. Could you elaborate on this, might this help you estimate the true price levels?
- If we rule out that the tradable assets cause the effects and look at some non-tradable examples, how do you rule out that it is a sample selection? I.e. take piano lessons as example. Can you rule out the sampling in a way that the better (i.e. also the more expensive) teachers move towards the demand and that the average price simply reflects the average quality of the service?

Given the evaluation above and that the student is able to comment on the above theoretical issues, **I strongly suggest the thesis for defense with grade „1“, i.e. excellent**. Moreover, I would recommend the thesis to be considered for the dean's prize for outstanding theses.

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

CATEGORY	POINTS
Literature *(max. 20 points)*	20
Methods *(max. 30 points)*	30
Contribution *(max. 30 points)*	30
Manuscript Form *(max. 20 points)*	15
TOTAL POINTS *(max. 100 points)*	**95**
GRADE *(1 – 2 – 3 – 4)*	**1**

NAME OF THE REFEREE: Mgr. Tomáš Křehlík, M.A.

DATE OF EVALUATION: 29. 5. 2015

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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