

Report on Bachelor / Master Thesis

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

Student:	Bc. Tomáš Vlach
Advisor:	Doc. PhDr. Tomáš Havránek, Ph.D.
Title of the thesis:	Income Elasticity of Water Demand: A Meta-Analysis

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

Tomáš Vlach conducts a comprehensive meta-analysis of the studies estimating the income elasticity of water demand. The elasticity is of obvious policy relevance, especially in developing countries, and policy makers need robust estimates of the parameter. The estimates reported in the literature vary broadly, and two previous meta-analyses have explored the sources of this heterogeneity. Tomáš collects new data, uses modern meta-analysis techniques, and corrects the literature for publication selection bias (which has been largely ignored by the previous meta-analyses). He finds that publication bias in the literature is strong and that the mean underlying elasticity is only about 0.2. He also concludes that the common choices of data (for example, developing vs. developed countries) and methodology (for example, OLS vs. IV) cannot systematically explain the variation in the reported results.

I think this is an honest piece of research that closely follows the best-practice approaches and recent advances in meta-analysis methodology and could be published in a respected international journal after revisions. There are no obvious buried bodies, and I appreciate the author's attention to detail in all parts of the analysis. For example, in the publication bias section the author uses not only study-level fixed effects to correct for unobserved study-level characteristics, but also various weighting schemes (precision weighting and weighting by the inverse of the number of estimates reported per study). He clusters the standard errors at the level of studies. In the heterogeneity section he employs Bayesian model averaging to address model uncertainty inherent in meta-analysis, but he also uses a frequentist check (which combines BMA for reducing model uncertainty and OLS for frequentist estimation) to evaluate the robustness of the results. I also appreciate the author's style and the way how the thesis is formatted.

I am convinced the thesis deserves an "A" and a prize for an exceptionally good master's thesis.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	29
<i>Contribution</i> (max. 30 points)	29
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	96
GRADE (1 – 2 – 3 – 4)	1*

NAME OF THE REFEREE: *doc. PhDr. Tomáš Havránek, Ph.D.*

DATE OF EVALUATION: 12. 5. 2016



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