Report on Bachelor / Master Thesis

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

Student:	**Milan Frydrych**
Advisor:	**PhDr. Jaromír Baxa, Ph.D.**
Title of the thesis:	Which Aspects of Culture Play an Important Role in Economic Development?

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

The thesis aims to uncover the effect of several cultural variables on the level of average GDP over 1996-2000 for a sample of 46 countries. The cultural variables include family ties, role of women, generalized morality and attitudes toward hard work. The author applies an innovative methodological approach of Instrumental Variable Bayesian Model Averaging.

The thesis is well written, deals with not entirely innovative, but still interesting topic and employs the relevant methodological approach. The author surveys a vast amount of literature to uncover theoretical underpinnings of effect of culture upon growth. Nevertheless, the thesis still suffers from several shortcomings.

Major comments
The author presents a vast amount of literature which however lacks clear focus. I would prefer theoretical part to be much shorter and more focused on the question at hand.

Additionally, the thesis is not very well structured. Literature review and discussion on methodological issues should follow the logical line explaining: 1. what we mean by culture, what features are important; 2. why culture affects economic growth: theoretical underpinnings; 3. how cultural aspects can be "measured" - surveys, empirical literature; 4. discussion on empirical studies analyzing effects of culture upon economic growth; where does this contribution stand in the current stream of literature?

The thesis answers most of these points, but the reader gets easily lost while being inundated with much not very important information.

I would also prefer the model's specification to precede the description of methodology. Firstly, we specify the model and then we discuss how the effects can be estimated.

Minor comments
It is not clear what is behind the choice of 46 countries.
Aggregation of general morality variable deserves some discussion. Why is obedience subtracted?
Table with descriptive statistics is entirely missing.
A short discussion on why variables are endogeneous is missing.
Some tables are not referenced in the text. Some tables may be directly in the text and not in the Appendix.

Questions
As cultural variables tend to be persistent over time, how are results sensitive to the change of period analyzed? Why is the period 1996-2000 chosen? I suppose that the data on cultural aspects from the World Values Survey matter also for other periods analyzed.
Are not cultural variables more relevant for a process of catching up for less developed countries than just for explaining differences within a sample of developed and developing countries?
Surprisingly, institutions do not matter as much as expected. Does it mean that cultural variables substitute for institutional variables as institutions tend to be largely affected by culture? Why is not the variable reflecting institutions treated as endogenous?

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	18
Methods	*(max. 30 points)*	26
Contribution	*(max. 30 points)*	28
Manuscript Form	*(max. 20 points)*	15
TOTAL POINTS	*(max. 100 points)*	**87**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: *PhDr. Lenka Šťastná, Ph.D.*

DATE OF EVALUATION: *14.6.2016*

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Referee Signature