Report on **Master Thesis**

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

Student:	**Aleš BĚLOHRADSKÝ**
Advisor:	**Doc. Ing. Vladimír Benáček, CSc.**
Title of the thesis:	**Local Development and Policies of Protectionism**

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

The master thesis of Mr Belohradsky, comprising altogether 60 pages, is a respectable piece of experimental inventiveness in both the investigated topics and the methods applied on their analysis. Indeed, even though the topic of „local development" became a standard recourse of new economic geography, the theoretical approaches followed by the author are non-orthodox, pushing the frontier further on by extending the theory of international trade and finance on regions, which ex-post seems to be a logical step. Considering that the author could not rely on a long list of well-tested previous studies, he had to rely often on his own consideretions and investigations by trial and error. That is why some of his many innovative hints still pend solutions.

What concerns the literature, Mr Bělohradský considered all potential resources known to me, some of them very recent (e.g. the papers originated in Netherlands). Of course, the list of literature dealing with input-output could be even more extensive.

The thesis builds on its theoretical part elaborated in chapter 3 where there are summarised four main hypotheses addressing the effects of agglomerization, intra-regional intensity, its diversity and regional openness, which at the same time have potential policy implications (often biased to protective measures). The author summarizes the approaches of the existing research in given fields and contrasts them with his own approaches, which are to be investigated by tests on data from regions.

The core of author´s contribution to research stems from considerations outlined in chapter 4 (methodology of empirical tests). There he defines an extensive set of regions that runs accross Germany, Visegrad-4, Austria, Italy, Slovinia and Croatia. Gathering data on all its 77 regions was found too difficult for accomplishing it in full, thus the main tests based on input-output regional tables were proposed for the eight Czech regions only. Nevertheless, the tests of some partial statistical characteristics (such as the tests of disparity in inequalities, economic diversity and labour mobility, or the NEG model) were exercised on the full data set.

The main innovative exercise was devoted to the derivation of regional input-output tables where the author had to combine various experimental techniques (explained in Appendix A) in order to estimate regional full output, wage, income and employment multipliers and elasticities. The author complemented the I/O analysis with the NEG spatial equilibrium simulations derived from production function, with implications to the price and real wage levels in regions. In those latter simulations the analysis is akin to the theoretical principles of recent gravity models. Using these two techniques in a simulative mode the author investigates for the explanation of inequality among regions.

The results and policy implications of empirical tests based on two alternative models (I/O in a static mode and NEG in a dynamic/evolutionary mode) are explained in chapter 5. Indeed, some experimental conclusions are quite unique (e.g. about the natural tendencies to protectionism in regions or their murky dependence on the „flag industry", such as

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automobiles), pointing to the innovative nature of the research. Even more experimental are the NEG simulations in secton 5.3 where the short-term and long-term equilibria have been estimated. The new research presented in the thesis is still in progress and further tests would be required in order to unveil the richness and/or the shortcomings of the chosen technique (e.g. in a PhD research).

What should be stressed at the end is that the author went into a research that imposed enormous demands on the quantity, transformation and quality of data. The completion of such a work deserves recognition on its own.
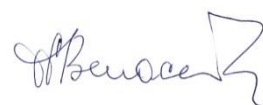

Proposed questions to be explained during the defence:
1) Did you find in your research the reasons why the East-West communist divide has been still so apparent in the regional development in Europe? What could be still improved in the East?
2) Is the chosen input-output technique applied on the trade in goods a substitute or a complement to the analysis of monetary and income flows?

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	18
Methods	*(max. 30 points)*	26
Contribution	*(max. 30 points)*	27
Manuscript Form	*(max. 20 points)*	19
TOTAL POINTS	*(max. 100 points)*	**90**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: Vladimír Benáček

DATE OF EVALUATION: 14 Sept 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