Report on **Master Thesis**

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

Student:	Tereza Májková
Advisor:	Jaromír Baxa
Title of the thesis:	Effect of minimum wages: Do regional data tell a different story?

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

Please provide your assessment of each of the following four categories. The minimum length of the report is 300 words.

Contribution

The main contribution of this thesis is in verifying the existence of a relationship between minimum wage and labor market characteristics using regional data as opposed to country-level data used in the majority of studies in the field. There is a reason, though, why regional data are scarcely used in the literatire. It is not only due to the abvailability of data on regional level, as the author writes, but also due to the lack of variation of minimum wage levels across regions. Moreover, it is not clear why the author expects that regional data would bring a new insight to the topic. The author finds no significant effects of minimum wage using regional data. This might be driven by the mentioned above little (or no) variation in the level of minimum wage across regions within countries, by low precision of estimated due to few data points (as acknowledged by the author) or by a specific sampel of countries used in the regional analysis consisting solely of post-communist EU members.

Methods

To identify the effect of the minimum wage level on labor market he author uses a panel of European countries or a panel of European regions. Given the structure of the available data, fixed effects model is used for estimation, which is a good choice in my opinion. What I miss in the thesis, though, is a clear link between theoretical considerations about the relationshib between minimum wage and employment levels and the empirical model used for estimation. In the first sentence of the Methodology section the author writes that a fixed effects model is used for estimation. The reader, however, does not know at this stage what exactly will be estimated, what kind of relationship is in the background (linear, nonlinear, which variables are of key importance and why, etc). Thus, it is hard to verify at this stage whether fixed effects are appropriate.

Literature

Literature review and discussion is the strongest part of the thesis. It is really comprehensive and well discused.

Manuscript form

The manuscript is written in good English, but gives an impression that some parts received more attention than others. For example, right after the introduction the situation in Europe is discussed. While it is clear why the author discusses minimum wage legislation in European countries, the second part becomes clear only after learning what model the author is estimating. I would suggest adding a discussion about potential effects of minimum wage as the first chapter folowing the (very well written, by the way) introduction, where the author would clearly indicate what she is going to analyze.

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All in all the thesis makes a good impression and I suggest grading it as „very good" (2).

Suggested question for defense:
Could you explain using, for example, the cited theoretical models why regional data could tell a different story about the effects of minimum wage than national data?

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	20
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	20
Manuscript Form	*(max. 20 points)*	13
TOTAL POINTS	*(max. 100 points)*	**78**
GRADE	**(1 – 2 – 3 – 4)**	**2**

NAME OF THE REFEREE: ***Barbara Pertold-Gebicka***

DATE OF EVALUATION: ***14.6.2017***

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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