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

In her thesis, Tereza discuss the effects of an increase of minimum wage level on wide range of labour market-related indicators. The methodology is quite straightforward, it relies on panel regressions. The results confirm positive effect of minimum wages on employment of adults and on disposable income – but these findings were not confirmed on regional level.

To some extent, this work replicates the work by K. Fialova (2007). While Fialova used data between 1991 and 2003, and for the Czech Republic, Tereza Majkova utilized much more recent data and for whole branch of the EU countries. Also, Tereza critically discusses the approach by K. Fialová, showing that some of the modelling choices shall be taken with cautious and can affect the results. For the diploma thesis, such an approach is fine.

Let me mention that the original intention was somewhat more ambitious as the core of the study should have been in the analysis with regional data. Unfortunatelly, the data availability is very limited. While the dataset with national data covers 21 countries, the regional data were available for 4 countries only (the variable that is limiting the scope of the study is the average wage at the regional level). Hence, the implications should be taken with caution.

Methods

The panel regressions are estimated carefully and the results are properly described. Besides the baseline results, Tereza presents some sensitivity analysis and interesting extensions. Especially, she estimates the effect of minimum wage not only on unemployment but on overall employment, employment of different age cohorts, disposable incomes and poverty as well. Somewhat sadly, the latter part of the thesis is somewhat boring, all the sections are very similar and one reads similar sections over and over again. Unfortunately, we did not have more time to make this part more readable.

Literature

Tereza proves her good command of the current literature, it stress the differences between the early research on minimum wage effects (pointing to significant positive effects of minimum wage on unemployment) and the new minimum wage research according which the impact is rather ambiguous and sometimes even the opposite. Her results are more close to the latter works.

Manuscript form

The manuscript form is acceptable.

Overall evaluation: I believe Tereza demonstrated good knowledge of the main literature, ability to deliver critical synthetic lessons and to undertake small empirical exercise independently. The outcome is presented in solid way, well structured, just with somewhat critical remarks towards the way how part of the thesis is being written. Overall, this thesis fulfills the main requirements for the diploma theses at the IES and I believe it can be awarded by grade A.

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	25
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	19
Manuscript Form	*(max. 20 points)*	15
TOTAL POINTS	*(max. 100 points)*	**84**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: *Jaromír Baxa*

DATE OF EVALUATION: *June 13, 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