IMESS DISSERTATION

**Note: Please email the completed mark sheet to Year 2 coordinator
(cc Julia Korosteleva j.korosteleva@ucl.ac.uk and Marta Kotwas m.kotwas@ucl.ac.uk**

Please note that IMESS students are <u>not</u> required to use a particular set of methods (e.g. qualitative, quantitative, or comparative) in their dissertation.

Student:	Lei Tan
Dissertation title:	FINANCIAL GLOBALIZATION AND HOST COUNTRY EFFECT -- An Empirical Analysis of EU Countries

	Excellent		Satisfactory		Poor
Knowledge *Knowledge of problems involved, e.g. historical and social context, specialist literature on the topic. Evidence of capacity to gather information through a wide and appropriate range of reading, and to digest and process knowledge.*		X			
Analysis & Interpretation *Demonstrates a clear grasp of concepts. Application of appropriate methodology and understanding; willingness to apply an independent approach or interpretation recognition of alternative interpretations; Use of precise terminology and avoidance of ambiguity; avoidance of excessive generalisations or gross oversimplifications.*			X		
Structure & Argument *Demonstrates ability to structure work with clarity, relevance and coherence. Ability to argue a case; clear evidence of analysis and logical thought; recognition of an arguments limitation or alternative views; Ability to use other evidence to support arguments and structure appropriately.*	X				
Presentation & Documentation *Accurate and consistently presented footnotes and bibliographic references; accuracy of grammar and spelling; correct and clear presentation of charts/graphs/tables or other data. Appropriate and correct referencing throughout. Correct and contextually correct handling of quotations.*		X			

ECTS Mark:	2	**UCL Mark:**	65	**Marker:**	Slavo Radosevic
Deducted for late submission:				**Signed:**	
Deducted for inadequate referencing:				**Date:**	14.06.2017

MARKING GUIDELINES

A (UCL mark 70+): *Note: marks of over 80 are given rarely and only for truly exceptional pieces of work.***(Charles mark = 1)**
Distinctively sophisticated and focused analysis, critical use of sources and insightful interpretation. Comprehensive understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research.

B/C (UCL mark 60-69):
A high level of analysis, critical use of sources and insightful interpretation. Good understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research. 65 or over equates to a B grade. **(Charles mark = 2)**

D/E (UCL mark 50-59):
Demonstration of a critical use of sources and ability to engage in systematic inquiry. An ability to engage in sustained research work, demonstrating methodological awareness. 55 or over equates to a D grade. **(Charles mark = 3)**

F (UCL mark less than 50):
Demonstrates failure to use sources and an inadequate ability to engage in systematic inquiry. Inadequate evidence of ability to engage in sustained research work and poor understanding of appropriate research techniques.

CONTINUES OVERLEAF

Comments, explaining strengths and weaknesses (_at least 300 words_):

This is well-structured dissertation which has analysed well the effects of financial globalisation on growth in the EU. It is well argued but it also has several mistakes in interpretation which have reduced mark significantly.

A literature review is well structured and organised. The notions are clearly defined, and indicators of financial globalisation discussed. Also, the link between growth, financial globalisation and financial development are fairly discussed. However, given the importance of 2008 financial crisis on the empirical model, it is puzzling why there has not been literature review on the effects of 2008 financial crisis on growth. In fact, the work is entirely silent on this literature.

Also, literature review does not provide any backing for Ho that we should expect a negative relationship between growth and FG and FD after 2008 (p28/29).

The theoretical section which is basically an amalgamation of three theoretical perspectives on the issue seems appropriate. However, three theoretical perspectives are not really integrated into one conceptual framework which should form the basis of the regression model. So, it is not quite clear why the interest rate parity theory is introduced if not interest rate variable has been used from this framework into the empirical model.

It is not clear why there is nothing in descriptive analysis about portfolio investments although it pays same importance as FDI

The interpretation of results for the CEE periphery completely ignores that coefficients are not statistically significant. This has led to misinterpreting results on far too many places and resulted in misleading conclusions. I am treating it as oversight rather than misunderstanding, but still, it has affected the validity of findings and thus has material consequences (p46, 47, 48, 50, 52, 53?pages in pdf)

Work shows insufficient understanding of the EU context which made some interpretation misleading or wrong.
On p. 44 there is argument that 'the European debt crisis derived from the excess government spending of some EU countries' which is plainly wrong especially as Greece is not included in sample
On p. 44 there is an explanation that 'the positive impacts of portfolio investment are only expected to be channelled through the stock market'? The majority of portfolio flows are loans or bonds, public or private not equities.
On p. 54, there is explanation that 'the positive relationship between economic growth and FDI inflows during the period of crises might be the results of the bailout of Troika which restore international confidence in this region, of the speed-up privatization and expediency measures such as the fast-track granting of 'golden visas' to non-EU residents'. This shows misunderstanding and also the fact that results are driven by divergent FDI trends of Ireland

The interpretation of negative results for FDI is far too simplified, especially explanation related to 'golden visa'.

Results for EU SW periphery are probably strongly driven by inflows of FDI in Ireland via US MNCs, and this has been ignored although Ireland is pointed as a specific case in figures in the annex.

Given that the levels of financial development in EU SW core are similar to core it is not clear why they were buried together with the CEE

P 55 Third policy issue ignores that the 2008 financial crisis has been generated by the lax international regulations and that only national regulations cannot solve this issue.

P55. The argument that 'foreign direct investment has enormous positive spillovers such as technology transfer which can promote the productivity and economic growth' does not correspond to findings from the literature.
Page 7 first sentence is quite inarticulate
P 31 Graph 3 has title Neoclassical growth model with financial globalisation does not contain any specific variable or line that would relate to FG so why it is added in the title?
P. 54 The point on the link between consumption and globalisation is not explained. Why financial globalisation should smooth consumption volatility in EU? How 'risk sharing' (not clear what that means) can lead to reduced consumption volatility?

Specific questions you would like addressing at the oral defence (_at least 2 questions_):

1) Which of your econometrics results you find robust and which are very much time and place dependent?

2) Could you interpret results for CEE periphery in table 5.3?

3) Why you do not have an economic interpretation of size of coefficients?