

# IMESS DISSERTATION



Note: Please email the completed mark sheet to Year 2 coordinator

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

<b>Student:</b>	Lei Tan
<b>Dissertation title:</b>	Financial Globalization and host country effect – An Empirical Analysis of EU Countries

	Excellent	Satisfactory	Poor
<b>Knowledge</b> <i>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.</i>	x		
<b>Analysis &amp; Interpretation</b> <i>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.</i>		x	
<b>Structure &amp; Argument</b> <i>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.</i>	x		
<b>Presentation &amp; Documentation</b> <i>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.</i>	x		

<b>ECTS Mark:</b>		<b>UCL Mark:</b>	67	<b>Marker:</b>	Magdalena Firtova Ph.D.
<i>Deducted for late submission:</i>				<b>Signed:</b>	
<i>Deducted for inadequate referencing:</i>				<b>Date:</b>	

## MARKING GUIDELINES

**A (UCL mark 70+):** Note: marks of over 80 are given rarely and only for truly exceptional pieces of work.

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.

**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.

**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.

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**Comments, explaining strengths and weaknesses (*at least 300 words*):**

The master thesis provides a clear problem outline and searches for correlation patterns between various effects of financial globalization and economic growth. The author demonstrates a very good understanding of concepts and terms used and proper embedding in the abundant academic literature in this extensively covered field. The quantitative data and the methodology are well presented and the results are convincing, however they clearly show the limitations of this model for concrete application. The thesis is generally cleanly written and accessible, with minor typos (i.e. p.26 reference to an inexistent equation 5.4).

My main concern is that these empirical results confirm the difficulty to interpret and to operationalize the selected measures for an extended period of time and for a large group of countries. The model using of NFDIGDP (net foreign direct investment inflow to real GDP) measure provides the author with interesting but surprising findings for CEE countries on the periphery, suggesting the negative relationship between FDI inflows and economic growth (p. 43). This conclusion, however, does not allow for systematic analysis of the data across selected countries. I claim, the model does not capture the sector and industry-wise composition of FDI, or FDI's sectorial composition. The changes in important segment of FDI in banking sector, real estate and construction sectors (or non-tradable sectors), or FDI in manufacturing or other tradable sectors which can result in very different spill-over effects on economic growth. Therefore, this limitation of the research should be strengthen in the discussion. Similarly, in case of the second coefficient of NPIRGDP, it might be useful to differentiate between different portfolio flows because portfolio equity flows feature less volatile and more beneficial effects on growth (comparable to FDI) than portfolio debt flows. This could reduce the volatility of the data and separate flows from the financial sector and the traditional investors.

Despite the claim to look for global-centric model as a susceptible framework for the economic growth of a country (p. 3), author's policy recommendations call rather for national-priorities, or country-specific features into design of appropriate capital account liberalization model (p. 47).

Overall, the submitted thesis proves the ability of student's very good analytical and technical skills.

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

Can you please provide a more in-depth interpretation of the study finding that periphery countries benefit more from financial globalization during the period of crises (p. 46)? To what extent demand boost from capital inflows could only mask hidden growth problems before the crisis, especially in high-deficit countries?

Please specify what are the sectors of "national priorities with positive spillover effects in the economy," (p. 47) which should attract FDI in CEE in order to enhance positive relationship between economic growth and FDI inflow?