

Report on Bachelor / Master Thesis

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

Student:	Bc. Ľubica Laslopová
Advisor:	PhDr. Zuzana Havránková, Ph.D.
Title of the thesis:	The Elasticity of Substitution between Skilled and Unskilled Labor: A Meta-Analysis

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

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

All structural models that distinguish between skilled and unskilled labor have to assume something regarding the elasticity of substitution between the two. Dozens of empirical studies have estimated the elasticity, but in spite of that (or perhaps because of that) no clear consensus on the magnitude of the elasticity has emerged, and we observe calibrations that vary greatly even for models that have a very similar setting and definition of skilled and unskilled labor. Lubica Laslopova provides the first systematic synthesis of the available empirical evidence on this elasticity. She collects 684 estimates from 78 studies and examines the literature using up-to-date meta-analysis methods, including model averaging techniques. She provides an authoritative discussion of the differences among reported elasticities in relation to differences in the definition of skilled labor and in the methodology employed in primary studies. Remarkably, she finds little evidence of publication bias, which is rare in most fields of economics (as a recent paper in the Economic Journal by John Ioannidis and co-authors clearly demonstrates). After revisions and polishing, this important contribution can be published in a respected international journal.

Methods

The methodology used in this master's thesis follows the state of the art in meta-analysis. I would highlight the use of Bayesian model averaging, which is, to my knowledge, not taught at econometrics courses at the Institute of Economic Studies. So Lubica had to learn the technique by herself, and she applies it competently.

Literature

Aside from a meta-analysis, this thesis also presents a very useful narrative survey of the literature. When published, it will be useful for many researchers in the field.

Manuscript form

The thesis is typeset in LaTeX and is written in good English. Perhaps the names of variables in various tables (such as Table 6.1) could be made more self-explanatory. But apart from that, I like the form of the thesis a lot.

Report on Bachelor / Master Thesis

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

Student:	Bc. Ľubica Laslopová
Advisor:	PhDr. Zuzana Havránková, Ph.D.
Title of the thesis:	The Elasticity of Substitution between Skilled and Unskilled Labor: A Meta-Analysis

Summary and suggested questions for the discussion during the defense

This is a great master's thesis that deserves an **award** for excellent work.

Potential questions for thesis defense: Why do you think there is not much publication bias in this literature related to other fields of (macro)economics? Researchers use very different definitions of skilled and unskilled labor. How does that affect your study and how do you take it into account? How do you decide on your benchmark choice of priors in Bayesian model averaging?

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

CATEGORY	POINTS
Contribution (max. 30 points)	29
Methods (max. 30 points)	29
Literature (max. 20 points)	19
Manuscript Form (max. 20 points)	17
TOTAL POINTS (max. 100 points)	94
GRADE (A – B – C – D – E – F)	A*

NAME OF THE REFEREE: Zuzana Havránková

DATE OF EVALUATION: January 12, 2018



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F