

# Report on Bachelor Thesis

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

<b>Student:</b>	<b>Veronika Mihaldová</b>
<b>Advisor:</b>	<b>Doc. Ing. Tomáš Cahlík, CSc.</b>
<b>Title of the thesis:</b>	<b>Togo in ECOWAS and Slovakia in the EU: Comparison of Economic Development</b>

## **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**

The author looks into the factors that stood behind economic development in West African ECOWAS countries and in the „new“ EU countries between 2007 and 2016. This topic is a relevant and interesting one and overall, I believe the author employed correct methods to investigate the matter. What I see as a problem is a certain inconsistency in the goals of the work: The title of the thesis speaks of Togo and Slovakia and one section of the work is devoted to these countries' standing in ECOWAS and the EU, respectively. However, the empirical sections 7 and 8, which are the most important in the thesis, have very little to do with Togo and Slovakia as such – rather, they explore panels with 15 countries from ECOWAS and 15 from the EU and almost never mention Togo and Slovakia. This causes the thesis to be a little „split“ into two different strands which diverge from each other.

The author concludes that the factors that other authors found to be relevant for development e.g. in South America are not good at explaining growth in West Africa and the EU. Although this is a sort of negative conclusion, it is legitimate and interesting.

### **Methods**

The panel data sets are investigated using standard panel data methods (fixed effects, random effects) and then using a dynamic model with a lagged dependent variable. These are correct methods and it is a positive for the thesis that the author used alternative econometric ways. I see two shortcomings in the econometric results. First, some of the tables are not easy to understand for the reader, such as Table 4 where it is not clear what is „GDPpc“ if there is already GDP per capita in the EU and in ECOWAS. Also, it should be marked in the table that some of the columns present heteroskedasticity-adjusted standard errors. Second, some of the coefficient estimates are very large numbers (e.g. Table 7) and the author should provide their interpretation. This is important because the regressions use variables of different nature (GDP per capita, variables as % of GDP, discrete corruption indices, etc.).

### **Literature**

Literature used is, in my opinion, appropriate, but I would suggest concentrating more literature into Chapter 2 (Literature Review) which is only one and a half pages long and could certainly include more references. References obviously do not have to concern only development in ECOWAS and EU – they could be general examples of the development literature.

### **Manuscript form**

The thesis is of adequate length and generally good form. I see weaknesses in linguistic errors (not too serious, but numerous) and in the assortment of content into sections. For example, the Introduction contains long passages about the ECOWAS and EU, which should be rather in the following sections. Instead, the introduction should discuss motivation for the thesis and its key goals.

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This is however missing there. The same applies to the abstract, from which it is not entirely clear what the exact goal of the thesis is.

## Summary and suggested questions for the discussion during the defense

Overall, I believe that this work satisfies well the requirements for a Bachelor thesis. Although there are shortcomings in the presentation and interpretation of results and in the goals of the thesis, the author demonstrates that she can grasp an important macroeconomic topic and use correct econometric methods. I therefore recommend the thesis for acceptance and suggest grade A.

I suggest the following question for defense:

- The dependent variable is GDP per capita in US dollars. Could the currency choice (US dollar) affect the sometimes counterintuitive results? In other words, the independent variables would perhaps explain GDP per capita well in the local currency, but the exchange rate between the local currency and the USD might be so volatile (especially for African countries) that it can move GDP per capita in US dollars too much and therefore blur the correlation between the independent variables and economic growth. Do the time series for GDP per capita in USD show volatility or rather continuous growth?

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

CATEGORY	POINTS
Contribution (max. 30 points)	27
Methods (max. 30 points)	28
Literature (max. 20 points)	18
Manuscript Form (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>91</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>A</b>

**NAME OF THE REFEREE:** Mgr Pavel Ryska, MPhil

**DATE OF EVALUATION:** May 16, 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.*

Strong	Average	Weak
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.*

Strong	Average	Weak
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.*

Strong	Average	Weak
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.*

Strong	Average	Weak
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

