

REPORT ON THE MASTER THESIS

IEPS – International Economic and Political Studies, Faculty of Social Sciences, Charles University

Title of the thesis:	THE TRADE ECONOMIC RELATIONSHIP AND POLITICAL POSITION BETWEEN AMERICA AND CHINA
Author of the thesis:	Yuantong Diao
Referee (<i>incl. titles</i>):	Doc. Ing. Vladmír Benáček, CSc.

Comments of the referee on the thesis highlights and shortcomings (following the five numbered aspects of your assessment indicated below).

1) Theoretical background: Theoretically, the thesis follows to a large extent the concept of asymmetry interdependence, which is not economic but political and rather heterodox and fuzzy. The economic contribution is thus appended to that in a parallel, revealing some discontinuity. The theoretical underpinning of the thesis is thus opaque.

2) Contribution: The topic of this thesis is of high political and economic relevance since the relationship between China and the US will most probably shape the world development at least in the next 30 years. Of course, the author could analyze just a small part of the complexity of relationships. Unfortunately, too many sections of the analysis lack clarity and the choice of the thesaurus of economic terms reveals the Chinese style of writing which is not compatible with the Anglo-American writing style.

The econometric model in chapter 4 is the author's main contribution to her analysis. Its specification was courageously designed by the student, for which she should be praised. The lack of theory and the issuing intuitive voluntarism led to a specification that in some parameters caused me raising doubts about the practicality of the concept.

3) Methods: As the chapter 1.3 on the Methodology says explicitly, "this thesis goes on the quantitative analysis and qualitative comparison". That loose combination did not guide the research in a contiguous unity. The quantitative analysis seems in some situations ad hoc. Extensive calculations in chapter 3 that are based on decomposed identities, whose list of variables is in Table 2.1, are theoretically weak, even though they provide certain intuitive insights into the extensive collection of data. They cannot be considered of high methodological contribution.

More fundamental contribution is provided in chapter 4 where the author constructs a series of specific econometric models based on her own innovative ideas. The snag is that the models are not described in a reader-friendly way. E.g. the equation 4.4 on p. 35 does not add much inside why the model was constructed in that particular way, including the variables that do not raise credibility. A similar impression follows the specification 4.5.

It is disillusioning to see how certain intensive work and data were invested into a brand-new model in chapter 4 and witness results that are not leading to clear conclusions. It looks as if a mere technical exercise was sufficient for the success of an analysis and not the economic interpretation and discussion of results. I cannot give a good grade to this methodologically ambitious chapter.

Chapter 5 provides a simple quantitative analysis of value added in trade – an interesting short contribution but somehow disconnected from the other chapters.

Chapter 6, dedicated to the credit expansion and financing (which is a substantial political aspect of the US-CN relationship), is challenged by a similar situation of standing alone. Nevertheless, this chapter became the main contribution to the thesis by touching the politically highly explosive issues.

4) Literature: The extensive list of literature, many of which come from the Chinese research, enriched the resources that can be used for the study of the US-CN relationships. I found the choice satisfactory. The author could work more intensively with some fundamental titles.

5) Manuscript form: Unfortunately, the thesis is polluted with sentences that are not clearly written, which can be only partially ascribed to the fact that English is not the author's mother language. More care should have been given to the readability of the thesis.

Box for the thesis supervisor only. Please characterize the progress in the working out of thesis (e.g., steady and gradual versus discontinuous and abrupt) and the level (intensity) of communication/cooperation with the author:

Unfortunately, I did not supervise this thesis from the very start since Professor Mejstrik was the original supervisor. There was certain discontinuity in the guidance where the student had to re-adjust to my different approach to the topic. The communication with the student was quite intensive in the April – July 2021 when too many details were fine-tuned in the last month.

Suggested questions for the defence are:

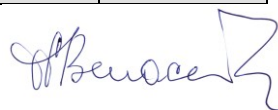
- 1) Please explain to a non-econometrician the research highlights and conclusions of your model in chapter 4.
- 2) Please explain the potential clash between the US and CN concerning the creditor-debtor relationship of these two countries. What is your assessment of the present asymmetry in that position in the next 5 years?

I recommend the thesis for final defence.

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

CATEGORY	POINTS
<i>Theoretical background (max. 20 points)</i>	11
<i>Contribution (max. 20 points)</i>	12
<i>Methods (max. 20 points)</i>	12
<i>Literature (max. 20 points)</i>	17
<i>Manuscript form (max. 20 points)</i>	11
TOTAL POINTS (max. 100 points)	63
The proposed grade (A-B-C-D-E-F)	D

DATE OF EVALUATION: 12 September 2021



Referee Signature

Overall grading scheme at FSV UK:

TOTAL POINTS	GRADE	Quality standard
91 – 100	A	= outstanding (high honour)
81 – 90	B	= superior (honour)
71 – 80	C	= good
61 – 70	D	= satisfactory
51 – 60	E	= low pass at a margin of failure
0 – 50	F	= failing. The thesis is not recommended for defence.