

Report on Bachelor / Master Thesis

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

Student:	Krzysztof Uchman
Advisor:	Shahriyar Aliyev, MSc.
Title of the thesis:	A Panel Data Investigation of the Military Spending – Economic Growth Nexus in the EU

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 main contributions of the thesis to the literature are in four folds; 1. The thesis analyzed the linkage with updated recent data, 2. The thesis considered the structural breaks and investigated the linkage in three time frames, 3. The thesis tried to compare the EU case to the rest 44 countries, and 4. The results show now statistically significant relationship between military spending and economic growth in either way.

The economic curiosity of the topic is noteworthy and may have policy implications, since the EU region countries do not have significant differences in political stability and military spending as a portion of GDP. The insignificance of the empirical results of the thesis may also be in its statistical methodology or reporting method. As expected from PVAR results, it's a big lack for author not mentioning the impulse-response functions (IRF), however reporting only the coefficients in VAR is out of standard way of reporting and puts the author to come up with insignificant results, the impact of the shock may occur in later stages and can be seen in the IRF graphs.

Methods

The methodology of the thesis is very close to the Kollias and Paleologou (2019) and does not deviate much from other predecessors. Author succeeded in attaining stationarity in the data in proper way. I tried to find alternative lag checks in the "robustness checks" section 5, but did not find, however that would bring a very significant input to the final results.

Literature

The author has well-structured and written the literature part and highlighted the core differences in the mainstream literature. The literature may also entail some critical analysis.

Manuscript form

The manuscript of the thesis is standard and complies with thesis standards. I also appreciated the language. Some possible improvement points:

- IRF graphs are missing
- Tables can be better structured with more insights, (+statistical info below tables)
- Results can be better introduced with some reasonings/comparisons.

Summary and suggested questions for the discussion during the defense

The thesis addresses indeed an important question and tries to understand the outcomes of economic growth and investments in military spending and vice-a-versa. The findings deviate from some papers like Kollias and Paleologou (2019), however there are also few other papers who find close results to this thesis. I think if author would use more alternative measures and check IRF functions he may come up with potential statistically significant outcomes.

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Despite some shortcomings in the thesis, its well written in the bachelor student level and can be further improved and submitted to academic journals.

I think the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade B.

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

Some questions:

1. Why you have not reported IRFs? Or why you decided to report only the coefficients?
2. Did you checked the model with alternative lags?
3. What other measures/robustness checks you applied with the purpose to achieve statistically significant results?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	23
<i>Methods</i> (max. 30 points)	25
<i>Literature</i> (max. 20 points)	18
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	84
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: Shahriyar Aliyev, MSc

DATE OF EVALUATION: 20.1.2022

*Digitally signed (20.1.2022)
Shahriyar Aliyev*

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.*

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.*

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

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.*

Overall grading:

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