

# Report on Master Thesis

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

|                      |  |
|----------------------|--|
| Student:             | Lyudmyla Stakhovych  |
| Advisor:             | PhDr. Lucie Bryndová   |
| Title of the thesis: | Economic Efficiency of Saving Human Lives for Developing Economies: Comparison of Ukraine and Russia |

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

According to the research questions and hypothesis, stated in Introduction, the thesis deals with the consequences of poor population health and high premature mortality on economic performance of Russia and Ukraine.

***It is important to say that the research goal itself is well formulated, however in my opinion the thesis does not fully explore and investigate the topic in adequate depth. The Conclusion of the thesis tries to answer part of the research topic, for a master thesis I assess the analysis in chapters inbetween to be however insufficient, incomprehensive and final statements in Conclusion too weak, without adequate rigorous argumentation supporting them on corresponding level.***

***In brief, the thesis offeres survey of relevant literature in the domain of subjects of individual chapters (see below), author's own constructive and distinct research value-added limits itself to 5 pages of diverse quality (see below), which in my opinion does not reach the level of quality desired for good master thesis at IES. I suggest the evaluation „3 - satisfactory“.***

The first chapter introduces common growth models (Solow and Mankiw); the author argues for using an endogenous growth model for research of transitory economies such as that of Russia and Ukraine. The second and third chapters are in general rather descriptive, focusing on recent development in Russia and Ukraine regarding the economic performance and demography.

The last part of Chapter 3 (chapter 3.4, page 44-48) is the one where the author tries to deal with the research questions and offers own analysis of the subject. To this analysis, I have several critical points that the author can perhaps explain and make clear during the defense.

First, the author argues for endogenous growth models to be used in such cases as Russia and Ukraine (Chapter 1). However, no stress seems to be put on the necessity of assumption of increasing rate of return on accumulation of human capital in the Mankiw model which is being used for the regression. Perhaps the author can explain what kind of model was intended to be used with regard to argumentation presented in chapter 1?

Second, the data used are, in my opinion, by definition insufficient to capture any kind of effect the analysis intends. On contrary, if the regression results were significant in the variable of human capital (life expectancy), that would be rather a surprise - eight years of changes in life expectancy most probably cannot capture any significant effect on economic performance due to important time lag between the state of health of working population and its effect on economy (see for example summary of literature on this issue in Handbook of Health Economics). The author admits this might be one of the reasons for the uselessness of regression results for the purposes of the thesis analysis. In this context, I am also missing more indepth comparison of results of similar research and regressions done by other authors (presented summary of other research misses assumptions, presentation of data used, outcomes in relevant detail, and countries involves, thus can't be stretched to assess the outcomes of the author's model results).

Third, the simple calculation of economic loss due to premature deaths might be sufficient for a bachelor thesis, however I assess it highly insufficient for a good master thesis according to IES standards. One of the problems it brings is for example that the author implicitly assumes linearity of increase in GDP with population increase. However, the growth models are generally not linear – as for example the named Solow or Mankiw model. During the defense, the author can also explain how much the life expectancy in the two countries would be actually increased under the assumption of „zero population growth“ which is used in the calculations (in previous Mankiw model, the life



# Report on Master Thesis

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

|                             |   |
|-----------------------------|---|
| <b>Student:</b>             | <b>Lyudmyla Stakhovych</b>  |
| <b>Advisor:</b>             | <b>PhDr. Lucie Bryndová</b>   |
| <b>Title of the thesis:</b> | <b>Economic Efficiency of Saving Human Lives for Developing Economies: Comparison of Ukraine and Russia</b> |

expectancy is used as proxy, not the population growth). Otherwise it is hard for the reader to compare the results of the calculations, saying that zero population growth compared to actual depopulation in reality would bring „only“ 1% of GDP, with the outcomes of other literature where changes in life expectancy is generally used as reference variable. Under this calculation, what the result would be if life expectancy increases to the average level in the OECD countries, for example?

The inability to compare calculation results due to different variables used is perhaps the reason why the author states in the Conclusion (page 59, 4th paragraph) that it „seems inefficient in short run to invest in health care to prevent premature mortality (only about 1% of GDP loss due to premature mortality)“. During the defense, the author can discuss what in her opinion is the level of GDP loss that could be assessed as efficient to invest into health care also in the short run, or to support this statement offer some argumentation based on literature that deals with this issue.

Chapter 4 is again descriptive, describing facts and including overview of the subject of the chapter found in literature. Regarding the main subject of the thesis concentrates on population health and its effect on economy (as stated in the Introduction), I would appreciate also some introduction to the health care systems of the two countries, as the author points out that higher funding of health systems may improve the situation and states that no significant reforms were implemented (page 56, last 2 paragraphs).

Being a supervisor of this thesis, I regret not having enough chances to discuss with the author some of the questionable points of her thesis. Having the chance only once, it obviously did not allow the author enough of time for adequate improvements on the whole thesis, though some of my comments were taken into consideration and the author strengthened the thesis in several directions, for example regarding the citation of sources and their usage as support for author's arguments.

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

| <b>CATEGORY</b>                         | <b>POINTS</b> |
|---|---------------|
| <i>Literature</i> (max. 20 points)      | 15            |
| <i>Methods</i> (max. 30 points)         | 10            |
| <i>Contribution</i> (max. 30 points)    | 10            |
| <i>Manuscript Form</i> (max. 20 points) | 15            |
| <b>TOTAL POINTS</b> (max. 100 points)   | <b>50</b>     |
| <b>GRADE</b> (1 – 2 – 3 – 4)            | <b>3</b>      |

**NAME OF THE REFEREE:** *Lucie Bryndová*

**DATE OF EVALUATION:** *September 1, 2010*

  
\_\_\_\_\_  
**Referee Signature**



**EXPLANATION OF CATEGORIES AND SCALE:**

**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

**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

**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

**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 POINTS | GRADE |                |                           |
|--------------|-------|----------------|---------------------------|
| 81 – 100     | 1     | = excellent    | = výborně                 |
| 61 – 80      | 2     | = good         | = velmi dobře             |
| 41 – 60      | 3     | = satisfactory | = dobře                   |
| 0 – 40       | 4     | = fail         | = nedoporučuji k obhajobě |