Report on Bachelor / Master Thesis

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

Student:	**Matěj Kuc**
Advisor:	**Prof. Ing. Oldřich Dědek CSc.**
Title of the thesis:	**Real Economic Convergence of the Czech Republic and Germany**

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

The bachelor thesis of Matěj Kuc is focused on the *Real Economic Convergence of the Czech Republic and Germany*. It is based on the neoclassical growth model and the catching up process that it suggests. Even though the thesis itself is rather short it covers a wide range of comparisons and presents a lot of regression results (mainly OLS). Perhaps, too much for a 35-page-long bachelor thesis. The hypothesis to be tested is if Czech and German economies are converging and if they share the same steady state. Unfortunately these two questions are not clearly followed throughout the thesis.

The key word of the thesis is convergence (absolute and conditional β-convergence and σ-convergence). The convergence is studied also at regional level (NUTS 2 regions) however; the motivation for regional comparison is not clearly explained.

The thesis is nicely structured and written in decent English (with a few weird wordings e.g. „later years", „segment of the work" or „spot differences") but sometimes it is difficult to keep the track of author's ideas (new questions, claims and stats are constantly coming). There is a typo (see 1.6 headline).

I find problematic especially the Chapter 4 which makes use of the EU-27 average (set to 100) for the purpose of comparison but no year is mentioned. Either the EU-27 average is set to 100 every year, then the following „*In 1995, the Czech Republic was at the 77% of the EU-27 average.*" (p.18) makes no sense (there was no EU-27 in 1995) or the EU-27 average is fixed (a base year is chosen) and then the base year is missing. Anyway, it is unclear as well as the part considering Germany („129% of the EU-27 in 1995, felt to 114% after reunification" of Germany that actually happened in 1990); see p. 19.

The data used cover only 15 years time span and are later further split into three 5-year-long periods. Considering mild crises and the transformation effects the sense of the regression for five years time period is questionable.

Regardless the points mentioned above, considering that it is a bachelor thesis, and that the author definitely devoted a significant amount of time to work and research, and presented theories, hypotheses, and results, I **do recommend** this thesis to be defended. Grade suggested is „**good**".

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

CATEGORY		POINTS
Literature	(max. 20 points)	14
Methods	(max. 30 points)	17
Contribution	(max. 30 points)	23
Manuscript Form	(max. 20 points)	17
TOTAL POINTS	(max. 100 points)	**71**
GRADE	(1 – 2 – 3 – 4)	**2**

NAME OF THE REFEREE: PhDr. Petra Luňáčková

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Referee Signature