

Report on Bachelor Thesis

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

Student:	Dominika Nettwallová
Advisor:	Doc. Ing. Tomáš Cahlík, CSc.
Title of the thesis:	The World Turned Upside Down

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

The submitted thesis „The World Turned Upside Down“ is a very nicely written thesis which tackles an up-to-date topic of China’s economic growth and its determinants. On approximately 50 pages of the text, the author describes in detail several approaches to explaining the sources of the growth. The thesis reads well and it is presented in very decent English.

The thesis is separated into three main parts. The first part, which is also the shortest one, describes briefly the history of China after WWII with focus on the key reforms. The second part focuses on basic statistical and descriptive analysis of key potential sources of the country’s growth, and it also serves as a literature review on the topic. This part is quite extensive and it could have been probably shorter. However, the length itself does not cause troubles while reading the text. The third part tackles the GDP growth issue empirically. The author utilizes quite advanced techniques for panel data analysis – fixed effect and random effect approaches – to describe the major determinants of the countries’ growth, and also the 2SLS (IV) approach for specific sectors. Even though the results are in some cases hard to interpret (mainly the negative effect of R&D on GDP growth), the author is able to discuss and comment on these issues sufficiently.

I have only several objections:

- P. 31 – How does the author obtain the effects for China from the whole panel? It is not described in the text.
- P. 31 – Apart from Model 2, the estimates given in the Table do not correspond to the values in the headers of the Model 1, Model 3 – Model 5.
- Apart from Hausman’s test for fixed/random effect testing, the Wald and Breusch-Pagan LM tests should have been provided for proper testing. Hausman’s test by itself is not sufficient.
- Using the family of robust standard errors is in some cases questionable. These are appropriate only for high number of observations. In several cases, this criterion is not met.
- P. 43, 44 – How does the author distinguish between short-term and long-term effects?
- Is the dataset really reliable? In some cases, the difference between number of observations for various specifications is tremendous (e.g. P. 45). In some cases “the less is better”, i.e. it might have helped to reduce the sample more (country-wise) to avoid erasing too many observations/variables. It would be interesting to see how the results change if the analysis is performed simply for China (utilizing OLS). This could have been given in the thesis for comparison.

Overall, the thesis is very nicely written and for the bachelor’s level, it uses advanced techniques which are handled adequately. Therefore, **I suggest “Excellent” (Grade A)** for the defense. It would be nice if the author answered the following question during defense:

- What advantages does the panel data analysis approach bring to the China economic growth case? Wouldn’t it suffice to utilize a simple OLS approach?

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

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

NAME OF THE REFEREE: *PhDr. Ladislav Křištofuk*

DATE OF EVALUATION: 10.6.2013

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