

Mikolaj Herbst

EUROREG, University of Warsaw, Poland

Reviews of the three studies forming a dissertation "The Role of Money in Secondary Education and the Impacts of University Proximity: Empirical Evidence from the Czech Republic", authored by Martin Guzi.

First of the reviewed papers is entitled „Unequal Access to Higher Education In the Czech Republic: The Role of Spatial Distribution of Universities . It was co-authored by Michal Franta and Martin Guzi.

The authors investigate the importance of the presence of local university for secondary school graduates' decision of whether to study at the university or not, and on the their university admission results. They argue that lack of local university may affect education opportunities in two ways: by rising the cost of obtaining tertiary education and by limiting the available information on university programs, rules of admission, etc.

After literature review and some introductory analyses the authors develop models of university application decision and admission result. The models take into account several explanatory factors at individual, class, school, and district/regional level.

The results suggests that the presence of a local university does not have significant effect on application decisions, but it does positively influence the admission result, particularly if a local university offers a program (field) chosen by given student. In addition, as expected, both application decision and admission is affected by student individual and family characteristics as well as some district/regional variables.

In my opinion the paper is a well designed, mature, and policy relevant study. It uses data from various sources and on different levels of aggregation. The authors properly identify the research problem and the way of investigating it. The paper has good, logical structure, and the resulting policy recommendations are clear.

Having said that, I have some comments which, in my opinion, should be addressed by the authors in further work on their paper:

1. The research uses data collected in 1998. The paper was written in 2008, so I assume the reason for using this dataset is lack of more recent data. However, between 1998 and 2008 Czech Republic experienced a boom in higher education. Since 1999 private universities are accredited by the state, and currently there exist (according to internet sources) at least 2 private universities and about 40 private colleges). They emergence undoubtedly had strong impact on student mobility and accessibility of higher education. From this point view, inability to use more recent data is a serious limitation of the study.

2. The main explanatory variable of interest is a dummy reflecting the presence (or lack) of university within commuting distance from a graduate's place of residence. The commuting distance is arbitrarily defined as a distance traveled in 30 minutes or less. Even if the threshold is properly chosen, it does not exclude that there exist several other thresholds exerting an effect on secondary school graduate's propensity to study or probability of admission (e.g. 1h, 1.5h). Inclusion of several dummy variables reflecting various distances from home to university may provide valuable information on how distance to university influence university application decisions.

3. The authors emphasize two main determinants of the geographical distribution of the tertiary-educated population: unequal access to universities and migration of human capital. In my opinion they overlook another major reason – uneven demand for education. It seems wrong to assume the same willingness to study across regions. Regions differ in terms of their history, level of urbanization, economy's sectoral structure, and cultural heritage. This results with different (perceived) returns to education across regions, which may in turn affect decisions on university application. This effect may be partially captured by such variables as unemployment rate or regional GDP, but some better proxies may be found (e.g. sectoral structure of regional economies).

4. In the literature review the authors focus on individual determinants of migration decision, while growing body of research show that migration is in fact a social process (see for example Marinelli 2011) in which current migration decisions are affected by the past patterns of migration. I would be useful to include this strand of literature in the review.

5. I think it may be useful to estimate not only a general effect of the proximity of a university on application decision and admission, but also study field specific effects. Including in the model specification the interactions of university presence with some other variables, such as student's test score, might also shed light on how decisions of different student groups are affected by the distance to university.

The second reviewed paper, by Martin Guzi is entitled 'The curse of social assistance on the Czech Republic'. Although I find this study very solid and valuable, I consider its title rather unfortunate, as it suggests the author oppose social assistance as such, while the paper looks rather for more effective instruments, which would not provide a disincentive against getting employed.

The author uses data from Czech LFS (1995-2005) and Czech Household Income Survey (2002) to verify the effect of social assistance benefits on the unemployed willingness to work. In particular, the key explanatory variable is a ratio of received benefit to the expected wage of the individual at the labour market (net replacement rate).

The explained variable is in turn individual's transition (or lack of it) from unemployment into employment between two consecutive observations (quarters).

In line with the paper's central hypothesis, the author finds that the effect of NRR on the probability of transition to work is negative and significant. Moreover, there are several individual and household characteristics which additionally affect the willingness to work.

I find this study well written, conceptually elaborated and policy relevant. However I have some comments which in my opinion need to be addressed by the author:

1. I wonder what is the consequence of estimating expected wage using only 2002 data, while the main model uses 1995-2005 data. Is it possible that wage functions change significantly within 10 years period? If so, then the results may be biased. I think Household Income Survey is performed every year (at least this is the case in Poland). Maybe it is worth trying to estimate the expected wage separately for each year? At the very least the author should address this issue in the methodological part of the paper.

2. If I understood correctly, the amount of social benefit depends (among other factors) on the number of household members. If this determination is strong, then it is possible that the effect of NRR on the willingness to work is driven mostly by the number of children. Although such hypothesis seems to be falsified by the author, since he estimated the only for the former sample), it may still be interesting to include the interactions of NRR with the exact number of children (1,2,3...) in the specification. It seems likely that the incentives/disincentives to work behave differently in large and small families.

3. In conclusions the authors recommend Czech government to "prevent situations of high NRR". A natural question arises: what is the optimal NRR, which allows unemployed to live at acceptable level, but not discourages them from job seeking? It is difficult to answer this question based on the reviewed study, as the assumed effect of NRR on the transition to work is linear in all proposed specifications. Relaxing the linearity assumption seems to be a promising approach in the further work on the paper.

The third of the reviewed papers (co-authored by Martin Guzi) is aimed at verification whether the differences in unemployment benefits have impact on the inflow of immigrants from outside the EU to particular EU countries. The data covers 24 countries in the period 1993-2008. The authors apply OLS (with country fixed effects), IV and GMM approach. While using the latter two techniques they find that the welfare magnet effect is negligible.

Similarly to the two previous papers, I consider this work as good quality and promising draft. I have though two specific comments to be addressed by the author:

1. If I understood correctly, UBS (unemployment benefits variable) is expressed as a percentage of GDP. This creates a channel to simultaneous determination of UBS

and immigration, which naturally leads to endogeneity. This problem is addressed in section 5.2. of the paper, and it makes authors apply IV estimation. Would it be possible to replace UBS to GDP ratio with the average amount (value) of unemployment benefit? I believe such data should exist for all considered countries, and this approach would address directly the incentive perceived by immigrants, and it would eliminate one potential source of endogeneity.

2. I am not fully convinced that the authors' choice of instrumental variable (number of political parties in the governing coalition) is optimal. It is a discrete variable with values ranging from 1 to 8. Figure 1 shows that there is a substantial variation in UBS within each category (value) of the instrumental variable. It may be that the observed correlation is driven exclusively by the between country differences while there is no within country (cross time) effect, which would suggest that the observed relationship between the number of parties in the government and UBS is an artifact, caused for example by some cultural differences between countries. How about the political orientation of the ruling parties? Isn't it more important determinant of UBS than just the number of parties? At the very least I would welcome a deeper discussion on the proposed instrumental variable, including its weaknesses.

Overall, independent on some critical remarks I made in this review. I consider all three papers as examples of relevant, deliberate, and methodologically advanced academic studies. I recommend Mr. Martin Guzi to be admitted to the dissertation defense, as in my opinion he is ready to be conferred a doctoral degree.