

Report on Bachelor / Master Thesis

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

Student:	Ondřej Švec
Advisor:	Ondřej Glazar
Title of the thesis:	Integrace Turecka do Evropské unie

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

The thesis focuses on the expected Turkey membership in the European Union (EU) and its economic consequences with special emphasis on benefits for Turkish economy arising from trade increase and structural funding eligibility. In the first chapter, the author provides an interesting detailed description of development of Turkish economy after the Second World War. It has to be mentioned that the deep knowledge of Turkish economy is undoubtedly a very strong part of the thesis. The author emphasizes the fragility of Turkish economy arising from political environment as well as its dependency on the development of the world economy. In the second chapter, the author analyzes the trade between Turkey and the EU using the gravity equation model. In the third chapter, the author tries to derive the costs of Turkey's EU membership for the EU budget.

My major comments:

1. The main hypothesis (research question) of the thesis is not mentioned in the introduction. Apart from that, many hypothetical questions not directly connected to the title of work are mentioned.
2. The author uses a gravity equation model to estimate the impact of the EU membership on Turkish trade to the EU. The economic rationale behind the chosen variables is not mentioned (p.24). Further, standard models often consider binary variable indicating if a country is landlocked or not. Why is it not the case in this work? As Turkey is an important exporting country with an access to the sea, we might expect that transportation costs will be lower using this transportation channel and therefore it should be included among explanatory variables. Further, the author uses two similar variables - a membership in the EU and in the OECD. Did he test for a possible multicollinearity? And in addition, what is the rationale behind using them, in other words how the OECD membership is expected to affect trade?
3. Another comment to the methodology is the way how the impact of the EU membership on trade in the case of Turkey is estimated. The author uses a binary variable and includes all countries within the EU and other 9 countries outside the EU, among them Turkey. But those are very heterogeneous countries and thus the obtained estimates can provide slightly biased estimates of the EU impact on trade for Turkey.
4. From Tables 3.1. and 3.2. we can see a reported error in data. It is evident that reported volumes for trade (export vs. import) are not equal. How this misreporting data issue is treated in the empirical analysis?
5. In some parts, the given information is unnecessary (e.g. referring to the gravity notion by Newton from 1687 including the formula, p.23).
6. From the formal perspective it has to be mentioned that the author's language goes beyond the academic language and in some parts the thesis looks like a newspaper article what might be also connected to the citation of non-academic literature like the Economist (p.16). Further in graphs and tables the author does not use properly basic standards on a legend, description of axes etc. (Graph 2.4. a legend is missing, Tables 3.1., 3.2. a value is missing, Graph 4.1. a description of axes is missing). Removing those formal mistakes would definitely improve the quality of the thesis.

Suggested questions for the defense are:

- „Explain the idea behind the gravity model used for the estimation of trade flows. “

In the case of successful defense, I recommend “**velmi dobře**” (good, 2).

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

CATEGORY	POINTS
Literature (max. 20 points)	13
Methods (max. 30 points)	25
Contribution (max. 30 points)	20
Manuscript Form (max. 20 points)	12
TOTAL POINTS (max. 100 points)	70
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: *Vilma Dingová*

DATE OF EVALUATION: 11.6.2012

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