

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	Anna Tlusta
<b>Advisor:</b>	PhDr. Tomas Havranek, Ph.D.
<b>Title of the thesis:</b>	The Effect of Distance on International Trade: Meta-Analysis

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

The aim of this thesis is analysis studies concerning the distance effect on bilateral trade using meta-analysis. Main motivation is disprove the argument that distance effects on bilateral trade decline over time, and explain the presence of heterogeneity among the studies in literature. The author aims to analysis whether there is a publication bias in primary studies those investigated the effect of distance on international trade flows. The research used 1470 estimates of the distance effect from 130 different primary studies, and confirms the inverse proportional relationship between the distance effect and international trade with mean elasticity is  $-0.92$ , it showed that there is no evidence of the publication bias in gravity model literature. The paper is nicely written: the motivation for the student is set out, the literature review is done, and the presentation and structure are good.

My critical comments in this respect are:

- The estimates of the distance effects represented negatively in literature, however author presents positive values in Figure 1.1, and it is not clear whether effect of distance on international trade reduced or increased over time finding.
- It is not clear what author wanted to clarify at the end paragraph of Chapter 2 (page 7, last sentence).
- It is claimed that research collected 78 papers - 68 published papers in academic journals, 4 chapters in books and 14 working papers, is it 78 studies or 86 studies (page 14)?
- Author collected studies only those represented standard error in their findings? What if study represents t-statistics, but not standard error? Author should include them as well.
- Thesis conversely is based on the trade between two different countries, what about research those based on more than two sample countries? Why not include them as well?
- The distance effects across countries in Table 4.1: Mean values are positive or negative?
- Author has some grammar mistakes, specially missed to use commas.
- Author cited Treffer (1995) in the literature part, however did not found it in reference list.
- Typo in "Time period from 1870 to 2010" (page 15, page 30).
- Whether it might change the results if author would weighting with the inverse of variance as robustness check?
- Fixed effect and IV methods confirm publication bias, why author conclude that there is no publication bias?
- Author claimed that the researchers have tried to synchronize technology that allows to reduce trade costs and the effect of distance. Is it possible that technology help countries to reduce cost and increase bilateral trade between each other over time?

### **Suggested question for the defense is:**

There are three types of country, how author differentiate the international trade flow between industrial countries to developing country. How author define this kind of international trade flow: is it industrial or developing countries group?

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In the case of successful defense, I recommend "dobře"

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

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

**NAME OF THE REFEREE:** Ayaz Zeynalov

**DATE OF EVALUATION:** 05 June 2015

  
Referee Signature