

Report on Bachelor / Master Thesis

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

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Advisor:	doc. Ing. Tomáš Cahlík, CSc
Title of the thesis:	The Effect of Globalization on the Income Inequality

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

The aim of this thesis is analysis the effect of globalization on the income inequality using the panel data from 120 countries from 1995 to 2012. The Author employed normalization method for measuring globalization and analyzed its performance with different econometrical methods. The paper claimed that the overall effect of globalization on the income inequality is not significant. The research found that the effect of phone subscriptions per 100 people on the income inequality have no economic interpretation. The thesis is nicely written: the literature review might be done better; motivation emphasized good; the presentation and structure are good. My critical comment in this respect is about methodology and contribution:

- Author referred that there are more than 100 research papers in the literature, however sited only 14, and missed important research in income inequality literature. Literature review would be investigated more deeply, and comprising among primary studies from literature would be contributed more to the current research.
- Concentrated to more in statistically interpretation. The novelty value of the thesis needs to be improved.
- Methodology is missing with reference papers. It is not clear whether G Index is contributed by Author to the literature, or it is referred to other published study.
- For economic inequality, the author might refer his benchmark equation is based on the empirical approaches of Castelló and Doménech (2002), Li and Zou (1998), Li et al. (1998), and Lundberg and Squire (2003).
- The income inequality lagged one period might be added to the benchmark model as a novel regressor.
- The Civil liberties is one of main control variable for income inequality that is missing in Author's benchmark model. Additionally, direct/indirect taxes, and distributive/non-distributive variables might be used as a control variables (Muineló-Gallo and Roca-Sagalés, 2013)
- The choice of method has been explained in theory, test results (ex: Hausman tests, serial correlation and heteroskedasticity tests) would be better print in the table.

Suggested question for the defense is:

- Author might explain based on what he choose the variables of economic, social and informational globalization?

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

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

CATEGORY	POINTS
Literature (max. 20 points)	15
Methods (max. 30 points)	23
Contribution (max. 30 points)	25
Manuscript Form (max. 20 points)	18
TOTAL POINTS (max. 100 points)	81
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Ayaz Zeynalov
DATE OF EVALUATION: 18 August 2016



Referee Signature