

Report on Bachelor / Master Thesis

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

Student:	HaEun Kim
Advisor:	Julie Chytilová
Title of the thesis:	The economic development and international trade of North Korea using the factor analysis method

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

Please provide your assessment of each of the following four categories. The minimum length of the report is 300 words.

Contribution

In her bachelor thesis, HaEun Kim studies the relationship between trade and economic growth in North Korea. Such a link has been widely studied using data from many other countries, but the evidence from North Korea is extremely limited. The reason is that the data on North Korea is very scarce. Thus, the thesis provides a contribution to this limited literature. I appreciate that HaEun Kim systematically researched available datasets and combined the existing data from more sources to be able to run the analysis.

Methods

Compared to other studies on the topic, which typically use cointegration tests and regression analysis, HaEun Kim uses also factor analysis, a method which allows her to describe variability among several explanatory variables in terms of fewer factors and thus to reduce the number of explanatory variables in the analysis. I believe this approach is useful in the chosen context with very limited amount of the available data. I also believe HaEun Kim learned a lot about the econometric methodology when working on the thesis.

At the same time, I am not convinced by the claims in the introduction that using the factor analysis method allows the researcher to explain why previous studies did not find a link between trade and growth in North Korea. She argues the reason might be that they did not take into account economic fluctuations. It is not straightforward to see how factor analysis can help to shed light on this issue. Also, economic fluctuations seem to be captured by the dependent variable (economic growth) and the thesis does not provide more detailed explanation behind the argument that omitting economic fluctuations explains the lack of effect observed by previous studies.

Literature

The thesis provides a literature review of the relevant studies and the author has a sound knowledge of the literature.

Manuscript form

The thesis is clearly written, the English is very good. The manuscript is well structured, the graphical illustration nicely complements the text and the text is well organized.

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

CATEGORY	POINTS
Contribution (max. 30 points)	15

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<i>Methods</i>	<i>(max. 30 points)</i>	15
<i>Literature</i>	<i>(max. 20 points)</i>	20
<i>Manuscript Form</i>	<i>(max. 20 points)</i>	20
TOTAL POINTS	<i>(max. 100 points)</i>	70
GRADE	(1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: Julie Chytilová

DATE OF EVALUATION: June 2, 2017

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