

Report on Bachelor / Master Thesis

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

Student:	Marek Šedivý
Advisor:	Petr Janský, Ph.D.
Title of the thesis:	New new bottom billion: Poverty and regional differences in price levels around the world

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

Contribution

Marek Šedivý wrote an excellent, policy-relevant empirical thesis on the importance of regional differences in price levels for income inequality and poverty across countries. The aim of his thesis was to measure the influence of regional price levels on the indicators of income inequality and poverty. For that purpose he estimated regional price levels of a sample of 21 countries and uses these estimates to see whether estimated measures of income inequality and poverty changes after their application. He finds some evidence of bias, mostly, an overestimation of income inequality and poverty when regional price levels are not taken into account, which is most prevalent in the case of middle income countries.

The practical contributions of Marek's thesis are extraordinary for a student thesis. He showed that regional price levels can cause distortions in both Gini coefficients and headcount ratios. He argues that organizations responsible for production of comparable price levels such as the International Comparison Project should provide regional price levels at least for middle-income group of countries since these could have important consequences for the research into income distribution.

Not surprisingly, the thesis' results may not live up fully and literally to the name of the thesis (especially due to the necessary sample's restrictions to only a group of countries - rather than a sample of all countries - which are, furthermore, mostly high- and middle-income), but they do follow the tradition of Paul Collier's, Andy Sumner's and other influential works.

Methods

In terms of methodology, Marek applies the state-of-the-art methodological approach to one of the largest data of its kind assembled for the estimation of regional price levels (he put a lot of energy and time into assembling the data, contacting numerous national statistical offices around the globe and getting access to the Luxembourg Income Study data). On top of that, Marek explored the advanced methodological approaches of multiple imputation (also consulting it with a renowned expert on this method), going well beyond the standards of undergraduate theses. He has also been in touch with other leading researchers for the respective parts of his thesis, being it Chinese regions or US states.

Literature

Marek made a good use of the existing relevant literature and applied empirical methods standard in the existing literature carefully, using a novel dataset. In the literature review, Marek focuses on works related to regional price levels (and their use for indicating income inequality and living standards) and thus explicitly (with the exception of the introduction) and suitably avoiding the voluminous literature on income inequality and poverty.

Manuscript form

Marek's writing is concise. It seems to provide all the necessary details, is to the point and relatively short. The presentation of the results is standard. Of course, there are some minor details to be improved (e.g. headcount ratios should use a capital h consistently or not at all).

Overall, I am very happy with the results of Marek's year-long work. I believe that his thesis is of extraordinary quality for an undergraduate thesis and will be of interest to researchers working in the fields of regional price levels and income inequality. I encourage him to pursue a publication of parts of his thesis in an academic journal so that his results are better accessible for the academic audience. I believe that the quality and relevance of his work warrants a submission to some of the leading academic journals in the relevant fields of economics such as *Regional Studies* or *Journal of Economic Inequality*.

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In short, Marek did a great job of writing a thesis and I recommend a grade of **excellent (výborně)** and him to be considered for a distinction.

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

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

NAME OF THE REFEREE: Petr Janský, Ph.D.

DATE OF EVALUATION: 5th June, 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