

Report on Bachelor / Master Thesis

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

Student:	Bc. Katarina Rotar
Advisor:	Mgr. Michal Paulus
Title of the thesis:	The impact of China's demographic policy on its current GDP growth

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 my opinion, the main contribution of the thesis in its current form consists in presenting the existing literature on the effects of demographics on the development of the P.R.C., and in describing the availability of relevant data on provincial/regional level – Ms Rotar even used data available only in sources published in Chinese language.

Methods

The author decided to attempt econometric tests of specification which was allegedly inspired by growth models. However, her effort was hampered by the lack of experience with econometric methods because her study program allegedly did not include relevant courses in econometrics. If it is indeed so, I must appreciate her willingness to learn econometrics and to attempt to apply it creatively. However, the resulting form of application devalues the usefulness of presented results significantly:

- The specification (p. 44) seems to be selected a bit ad hoc. I am not quite sure about possible advantages of the form of inclusion of the data on ethnic minorities and population growth – I am afraid that it made the evaluation of results more complicated.
- It is also not clear whether the same variable (which includes EM and BR) is in logs (as implied by the general log-linear nature of the model) or not (this variable is the only one for which logs are not mentioned (see p. 45)).
- The same variable seems to be described incorrectly – please compare the brackets in the description of the variable on p. 43 and 45 versus the form used in the econometric specification presented on p. 44 (the latter version is probably correct).
- The tested specification and the form of its implementation can be used for the identification of comovements in the variables. However, it does not reveal much about the direction of the relationship/causality.
- The author attempt to test the presence of unit roots and thus made an attempt to test possible cointegration. However, it seems that her explanation of the results of the Levin-Lin-Chu test is not correct – if the null is the presence of unit roots, the results seems to imply that we are not able to reject the null! Also the test typically requires requires cross-sectional independence which is unlikely here.

All in all, the econometric methods in their current form constitute the weakest feature of the thesis. Indeed, it might have been easier (and with respect to the quality of results more useful) to present the painfully obtained regional data with the use of diagrams and simple correlations.

Literature

The literature review is quite comprehensive and seems to cover most of the relevant resources. Some sections can appear a bit confusing, but this is also due to the rather complicated development of the “one child policy” and the form of some publications on related topics. I was just a bit surprised by the fact that the author (following the “official” terminology set by Chinese authorities) refers to the disastrous famine caused by the Great Leap as the “3 years of hardship”.

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Manuscript form

The form of the manuscript is acceptable. There are a few remaining typos and some stylistic issues, but not worse than in many other theses.

My main complaint concerns the econometrics part and the form of presentation of econometric results:

- (i) The author decided to include definitions and explanations of very basic econometric facts.
- (ii) There are much better ways how to present the econometric results (this is especially relevant for the econometric tests and for the appendix).

Overall conclusion:

The proposed final grade takes into account three facts:

- (i) the student's specialization (Corporate Strategy and Finance in Europe) and the fact this was probably her very first attempt at independent application of econometric methods.
- (ii) The author managed to gather and present interesting observations on the development and economic implications of Chinese demographic policies.
- (iii) The author obviously invested a significant amount of effort into collecting not so easily available sources of data.

Taking all this into account, I proposed grade 2.

Questions for the final defense:

- (i) Explain the concept of Lewis turning point. Has China reached this point? Can this be tested?
- (ii) What were the main reasons which motivated Chinese government to introduce a differentiated form of the "one child policy" (i.e. differentiated at least for rural population) rather than a "one size fits all" policy which would be identical for all minorities/provinces? Was there any additional constraint which prevented Chinese couples from migrating to another province if they wanted to have a second child?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	20
<i>Methods</i> (max. 30 points)	14
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	16
TOTAL POINTS (max. 100 points)	69
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: Vilém Semerák

DATE OF EVALUATION: September 5th, 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