IMESS dissertation						
Name:	Daniyar Akhmetov					
Dissertation title:	Convergence across the four CEE states: Panel data approaches					
Scale: 5 - excellent, 4 - good, 3 - satisfactory, 2 - poor, 1 – very poor						
	5	**4**	**3**	**2**	**1**	
ARGUMENT:						
Clearly defined research question			x			No clearly defined research question
Answers research question			x			Does not answer research question
Well structured				x		Badly structured
Shows theoretical awareness		x				Shows no theoretical awareness
Conceptual clarity			x			Conceptual confusion
Empirically appropriate & robust				x		Full of empirical errors
Logical and coherent				x		Illogical and incoherent
Analytical			x			Descriptive
Critical			x			Uncritical
Shows independent thought			x			Does not show independent thought
SOURCES & USAGE:						
Evidence of reading/research		x				No evidence of reading/research
Effective use of sources/data				x		Ineffective use of sources/data
WRITING STYLE:						
Clear			x			Obscure
Good punctuation			x			Poor punctuation
Grammatically correct		x				Grammatically incorrect
PRESENTATION:						
Appropriate length				x		Too long/short
Good referencing			x			Poor/inconsistent referencing
Good spelling		x				Poor spelling
Good bibliography		x				Poor bibliography

<u>Comments:</u>

The thesis tests beta-convergence of 35 NUTS2 regions in four CEE countries in the period 1999-2006. The author finds the sign of convergence as predicted by theory, and controls for the effects of the relative growth in transportation infrastructure, human capital, and labour force. Major issues are as follows:
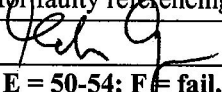
- Relative changes in labour supply and human capital are potentially endogenous to the relative growth. Also infrastructure spending is endogenous to the growth, as part of new transportation is actually spent to reflect income disparities (think of the EU structural funds). This is probably the single most caveat of the simple approach selected in this thesis.

- Is the panel estimated through OLS (p. 38)? Why, if there are many alternatives and you even talk of fixed effects?

- Selection of GVA instead of regional GDP is not convincing (esp. if you use national GDP deflators). I would need to see the other at least as an alternative to check for robustness.

- The explanation of the key effects of the transportation infrastructure and human capital upon convergence/divergence, as on p. 36 and 38 (i.e., an increase in these variables will let „migrants more fully explore their options in places with higher wage premium, thus putting a downward pressure on the growth of GVA relative to the other regions"), is just one possible channel, and we have no clue to determine between various competing explanations.

- Discussion on sector productivity (p. 43-46) is not linked to the thrust of the work, and is very shallow. I would omit it completely.

Relatively minor points:

- The work is full of minor flaws and would need extra couple of weeks for improvements; in fact I did not see the final version before it was officially submitted.

- The abstract (and also Introduction) speaks of convergence of within the Czech Republic only, which is apparently a mistake. I don't understand a claim that "the regression results proved assumptions to be realistic"; the estimation has not tested assumptions per se but hypotheses.

- The structure of the thesis mixes theory and evidence (Section 2.2 is title Empirics, but includes a dozen-pages-long theoretical part). The dataset should be properly described in a single place (e.g., in the beginning of Section 3, not in Section 4 on page 35 where the reader's patience is exhausted).

- What is the role of the private sector? On p. 8, you argue that it represents „a small share of overall infrastructure", yet on p. 10 I read that „a significant part of investment in infrastructure is made by the private sector".

- What's the message of the correlation matrix in Table 1? (You argue that it shows positive signs, but we have only 3 positive ones and 7 negative ones.)

- Excessive discussion on outliers CZ01 (Prague) and SK01(Bratislava) that amounts to five pages (30-34) should be shortened. Discussion on p. 39-42 belongs to the preliminary part (when dataset is analyzed), not to the main part; its use is also very limited, because we lack information on the regional variation of determinants of convergence.

- How many observations? You speak of 385 (p. 35), but then have 352 and 341 in Table 4. Why is there a difference of 11 observations only if you eliminated capitals? What has been actually eliminated?

- Time period: You speak of 11 years (11x35=385), but then have 1999-2006 (8 years) and in the Conclusion speak of 9 years.

- What about significance in baseline regression in Table 3?

- I missing economic interpretation of coefficients in Table 4.

- I don't understand the following sentence (p. 38): "There are no unobserved characteristics and measurement errors as all observed variables are true."

- Conclusion: Given that regional output is mostly across the regional boundaries, I don't think that the use of national (instead of regional) GDP deflator would be a major shortcoming.

- Table 5 is on the unit-level, but country-level.

- Graph 1 is uninformative.

- Technically speaking, coefficient of beta_1 is positive, not negative. (See p. 36.)

- Typos and mis-labels: brackets in Eq. (1), Graph 1 not 13 (p. 28), Graph 8 not figure 1 (p. 38), Table 5 not 4 (p. 43), Table 6 not 5 (p. 44)

- Page layout on pages with figures and tables is very bad. Axis description on Graph 8 should be fixed.

Specific questions for oral defence:

1. How would you address endogeneity of human capital and labour supply?

2. We observe that spending on transportation infrastructure slows down convergence. How would you empirically discriminate between competing explanations of this phenomenon?

Deducted for late submission:	Deducted for faulty referencing:	**Mark***: Dobře/E
Charles marker: Dr. Martin Gregor	Signed:	Date: June 7, 2010

*Mark: A = 70+; B = 65-69; C = 60-64; D = 55-59; E = 50-54; F = fail, less than 50, see Scheme of award –please, fill in this way: Charles/IMESS (e.g. Výborně/A)