BACHELOR'S THESIS EXAMINER REPORT
PPE – Bachelor's in Politics, Philosophy and Economics
Faculty of Social Sciences, Charles University

Thesis title:	Analysis of the Effects of Sri Lankan 1977 External Economic Liberalization Policy on Foreign Direct Investment
Student's name:	**Senya Tennakoon**
Referee's name:	**Vilém Semerák**

Criteria	Definition	Maximum	Points
Major Criteria			
	Contribution and argument (quality of research and analysis, originality)	**50**	33.5
	Research question (definition of objectives, plausibility of hypotheses)	**15**	12
	Theoretical framework (methods relevant to the research question)	**15**	13
Total		*80*	58.5
Minor Criteria			
	Sources, literature	**10**	6.5
	Presentation (language, style, cohesion)	**5**	3
	Manuscript form (structure, logical coherence, layout, tables, figures)	**5**	3
Total		*20*	12.5
TOTAL		*100*	71

Reviewer's commentary according to the above criteria (min. 1800 characters including spaces when recommending a passing grade, min. 2500 characters including spaces when recommending a failing grade):

It is not easy to evaluate the thesis with a single final score and grade. On the one hand, Ms Tennakoon has opted for the analysis of the effects of a relevant (albeit a bit dated) policy change (external liberalization of Sri Lanka after 1978) and decided to use a relative advanced (relative to what is expected of a typical PPE student) methodology which is – at least in theory – relatively suitable for getting quantitative results that would have allowed her to test her main hypothesis concerning the effects of the policy on FDI inflows. She has also demonstrated some personal initiative (e.g. attempts to obtain additional information on the methodology from IES PhD students) and learnt how to use R software in order to obtain relevant results.

On the other hand, the submitted thesis clearly demonstrates the effect of the following important circumstances: Ms Tennakoon left much of the writing for the last few weeks and apparently did not find time for proper editing (e.g. incomplete link to chapter "XX" on p. 6), proof-reading (there are many typos and grammar errors) or even for finishing of some of

the sections (e.g. the discussion of results where some of the tables remained poorly formatted and their meaning is not explained too well).

The main problems with formal features of the text:
- Inadequate style and poor organization of chapters 2 and 3 (historical development and literature review). There are occasional problems with continuity (jumps from 1970s to mid-1990s and back), unexplained terms (Hickenlooper Amendment, p. 12) and inconsistent style of references.

Insight into FDI-related literature shown by the author:
- The text includes section 3.3 which provides an overview of papers which analyzed FDI and their determinants or effects of FDI. Unfortunately, the author relies mainly on older sources, several substantially newer papers providing convenient and easy-to-interpret results based on meta-analyses of e.g. effects of FDI on developing countries were not used.

Methodological issues:
- While the SCM is a method used for quantitative evaluation of similar types of policies, the author mainly attempts to use it to test her main hypothesis. The auxiliary hypotheses (e.g. on the effects of war-related costs) were not tested.
- The implementation of the SCM appears a bid ad-hockish, e.g. the strong role of Burkina Faso and Gambia in the donor pool might have motivated her to additional tests. On the other hand, the text suggests that the author was clearly aware of some of the limitations of the methods as she provides a rudimentary discussion of factors that might influence the results (section 5.2).

The resulting text mixes relatively modern methodology and results based on quite a lot of time invested into experiments with the SCM methods (and R software) with sections on the history of Sri Lanka and its policies written in a poorly organized and in fact in some cases outright mediocre way.

The Urkund analysis did not identify substantial similarity with other texts. In spite of some strange features (dramatically more advanced style and terminology in section 4.1) the thesis appears to be original. This also coincides with my experience based on meetings with Ms Tennakoon during the work on the text.

Proposed grade (A-B-C-D-E-F):   **C**

Suggested questions for the defence are:
1. The thesis mentions that Sri Lanka used to have a dual exchange rate system. Please explain how such a system functions. Why was it replaced by another arrangement during the reforms?
2. Your thesis mentions a "substitute economic policy" (pages 15-17). Can you explain the logic of the policy? Is this another term for import substitution policies? Is it an official name of the policy/program?
3. Please briefly outline the logic of the placebo test and especially the role that it plays in the SCM method. Why do we not use traditional t-tests and F-tests known from standard econometrics?

I recommend the thesis for final defence.   **Vilém Semerák**

**(Digitally signed by
V. Semerák, September 7th, 2022)**

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Referee Signature

Overall grading scheme at FSV UK:

TOTAL POINTS	GRADE	Quality standard
91 – 100	A	= outstanding (high honor)
81 – 90	B	= superior (honor)
71 – 80	C	= good
61 – 70	D	= satisfactory
51 – 60	E	= low pass at a margin of failure
0 – 50	F	= failing. The thesis is not recommended for defence.