

Report on Bachelor / Master Thesis

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

Student:	Jakub Stuchlík
Advisor:	Jaromír Baxa
Title of the thesis:	Who Bears the Costs of Brexit? A Regional Perspective.

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

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary

Jakub Stuchlík maps the regional impact of Brexit in the UK. He uses a recently developed synthetic control method using the Lasso method that allows incorporating much more control geographical units than previous iterations of the synthetic control method, making it an attractive choice for research on regional disparities with large donor pool available. He finds that while in 2019 the impact of Brexit remained negligible, the situation changed dramatically in 2020 when it became clear that the United Kingdom would leave not only the EU but the Single Market as well. Somewhat interestingly, the Brexit impacts are heterogeneous across regions, with somewhat higher losses in London and Scottish regions that voted "Remain" in the Brexit referendum of 2016.

Contribution

There are several notable contributions of this thesis to the current literature. 1. It goes to the regional level and uses the most recent data. 2. The recent iteration of the synthetic control method has been adopted. 3. The thesis contributes to the debate on the impact of the Brexit referendum, in which two conflicting views dominated the debate before and shortly after the referendum. According to the first one, the British economy was supposed to fall into deep recession just after the referendum, mainly due to uncertainty. On the contrary, several others predicted a boom in the British economy due to the opportunities to establish their own trade agreements with many countries around the World. As it shows up, both views were wrong, at least until 2019.

Methods

As mentioned above, the thesis employs the Synthetic control method using Lasso regression that avoids overfitting even with a large donor pool. The method is implemented correctly. Two sets of results are presented, one based on the larger geographical sample but with a limited set of control variables and then a larger sample but with an extended set of controls. The results are reasonably robust to these choices.

Jakub nicely discusses the regional differences.

Literature

The selection of literature is reasonable. Jakub demonstrated a solid knowledge of the literature on empirical methods used, and the problem studied. Perhaps the most recent papers discussing the Brexit impact over 2021 and 2022 could have been discussed a bit more, but the data sample ends in 2020, so this is understandable.

Manuscript form

Perfect.

Overall evaluation and suggested questions for the discussion during the defense

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Jakub Stuchlík wrote an excellent thesis contributing to the debate on Brexit and its effects. Most notably, he shows that the negative impacts of Brexit appeared much later than initially expected and explains why.

In my view, the thesis fulfills the requirements for a master thesis at IES, Faculty of Social Sciences, Charles University. I recommend it for the defense and suggest a grade A.

The results of the Turnitin analysis do not indicate significant text similarity with other available sources.

Suggested question for the defense: Which results do you expect once the data for 2021 and 2022 become available?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	98
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: *Jaromír Baxa*

DATE OF EVALUATION: *January 19, 2023*

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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.*

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.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

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.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F