Report on Bachelor Thesis

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

Student:	**Barbora Hluštíková**
Advisor:	**Vilém Semerák, Ph.D.**
Title of the thesis:	**Estimating the Effect of the Split of Czechoslovakia: A Synthetic Control Method Analysis**

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
In her thesis, the author attempts to obtain estimates of the quantitative economic effects of the disintegration of Czechoslovakia on the subsequent development of the two states. She implements the Synthetic Control Method (SCM), which she uses to create counterfactuals, the prediction of how Czechoslovakia might have evolved, which are then compared with joint economic data of Czechia and Slovakia. The student explained the methodology quite well, and she also provided an overview of additional institutional and policy-related factors that might be important for understanding the logic of the process. Interpretation of the results is fairly cautious (and sceptical); one of the main conclusions seems to be that the application of the SCM in similar cases has significant limits. Unfortunately, the interpretation of some of the results is not presented too clearly.

Contribution
The thesis provides: (i) an overview of the literature on secessions (and the so-called "secession dividend), (ii) an overview of the economic-historical context of the analyzed event (chapter 2), (iii) own estimates of the effects of the disintegration.
Not everything attempted by the student is fully described in the thesis, for example, her time-consuming attempts to obtain reasonably reliable and comparable data for Czechoslovakia (and Czech and Slovak part of the federation) for years before 1989 or her attempts to evaluate the reliability of different sources of historical data.
As far as the actual contribution is concerned, the thesis can be understood as a test of the applicability of the SCM in similar situations. I would also mention an interesting (and a bit downplayed) attempt at the use of less common types of variables tested in the SCM (economic complexity).

Methods
The thesis uses the Synthetic Control Method as its main empirical strategy. This is a relevant method that has been often attempted in similar types of analysis. The method is not discussed in standard undergraduate econometric courses at the IES; the student had to invest a significant effort before she was able to apply it creatively. Besides the basic SCM, the author also presents the results of the main specification tests (e.g. placebo tests) usually applied in the case of SCM.

Literature
The literature review is logically divided into several subsections dedicated to synthetic control method, secession dividend, application of the SCM on the analysis of the secession dividend, and papers focused specifically on the Czechoslovak case, respectively. The literature review appears to be sufficiently comprehensive and includes relevant and up-to-date literature.

Manuscript form
Occasional imprecisions or suprisingly confusing claims can be found in the text:
- p. 5 – I presume that the author wanted to write control rather than treatment unit,
- on p. 6 – the author claims that larger countries tend to have a higher ratio of foreign trade to GDP but also that smaller countries are more open to trade.

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- Similarly, the reader can be left confused as e.g. on p. 33, the author claims that "we were able to reject the null hypothesis that the split […] had no significant effects", while on p. 34 "we presented the estimated effect …. which does not appear statistically significant".

There are also some additional typos or language structures that remind the reader that the author was not a native speaker, but the incidence of such issues remains at a tolerable level that is more or less typical for theses.

Overall evaluation and suggested questions for the discussion during the defense:
The results of the Turnitin analysis show a slightly higher overall similarity score (27%). However, a more detailed analysis reveals that the results do not indicate significant text similarity with other available sources.

In my view, the thesis fulfils the requirements for a Bachelor thesis at IES, Faculty of Social Sciences, Charles University, **I recommend it for the defense and suggest a grade B.**

Questions for the defense:
1. Please explain the logic of the SCM tests that you used. More specifically, how do the meaning and logic of the term "p-value" in your text differ from its use in traditional regressions? Did you or did you not reject the null that the treatment had any significant effects?
2. What were the main troubles that you encountered when you attempted to get data from historical statistical yearbooks?
3. What are the benefits (and possible problems) related to the use of ECI (Economic Complexity Index) and Complexity Outlook Index as variables in your analysis?

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	26
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	19
Manuscript Form	*(max. 20 points)*	14
TOTAL POINTS	*(max. 100 points)*	**84**
GRADE	**(A – B – C – D – E – F)**	**B**

NAME OF THE REFEREE: *Vilém Semerák*

DATE OF EVALUATION: *June 4th, 2024*

Digitally signed (June 4th, 2024)
Vilém Semerák

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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