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**Gutachten zur Masterarbeit im Rahmen der Prüfungen  
für den M.A. in International Economics  
an der Universität Göttingen  
- Fakultät für Wirtschaftswissenschaften -**

**Candidat:**

Julian Grotzfeld  
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**Advisors:**

1. Dr. Juliane Zenker
2. Dr. Lennart Kaplan

**Title:**

The Effects of a Crop Price Guarantee Program in Thailand: Evidence from New Data and Method

**Summary:**

The present Master's thesis by Julian Grotzfeld examines the Price Insurance Scheme (PIS) introduced by the government in Thailand in 2009, with the aim of securing the income of rice, cassava, and maize farmers. The study utilizes data from the Thailand Vietnam Socio-Economic Panel (TVSEP) for an empirical analysis of the long-term effects of the PIS on production decisions, productivity, and income of rice farmers in the relatively poor Isan region of Thailand. The results are compared with a prior study by Wagener and Zenker (2021) and also contextualized within effectiveness studies of other agricultural insurance and cash transfer programs in developing countries.

**Evaluation of specific sections of the thesis:**

**Introduction, Background:** The introduction effectively sets the stage for the thesis, providing a clear and engaging overview of the topic. It introduces the significance of evaluating the economic impact of the Price Insurance system in Thailand, capturing the reader's attention and establishing the context for the subsequent sections. The detailed definitions of the various risk management instruments relevant to the thesis slightly disrupt the reading flow and may have been more appropriately placed in the Background section. Nevertheless, this is a minor aspect in an otherwise excellently crafted introduction.

The background section offers a thorough comprehension of two types of risk management instruments—cash transfers and agricultural insurance—delving into their advantages and

disadvantages. It adeptly situates the PIS, a hybrid of these two instruments, within the realm of existing risk management approaches, thereby establishing a robust foundation for readers to grasp the contextual landscape of the PIS.

It follows an extensive and well-documented literature review that adheres to highest methodological standards and logically extends the distinction between agricultural insurance and transfer programs. Mr. Grotzfeld critically engages with existing research, demonstrating a comprehensive understanding of the relevant literature. Both sections, Background and Literature Review, set the stage for the following section that introduces in more detail the Price Insurance Scheme, which is a blend between the two risk management instruments.

**Price Insurance System:** The section on the Price Insurance Scheme is clear and insightful. It effectively outlines the key components of the PIS and its objectives. The reader gains a solid understanding of the scheme's structure, purpose, and relevance to the economic context in Thailand. Mr. Grotzfeld also offers a discussion on the advantages and disadvantages of the program in comparison to more traditional risk management instruments. However, a more critical perspective on the scheme, highlighting factors like its complexity, which may pose challenges for participant comprehension and governmental organization, would have added depth to the discussion. Mr. Grotzfeld concludes that the scheme is superior to traditional risk management tools, which is debatable.

**Data:** The data section is commendable for its clarity and transparency. The choice of data sources is well-justified, and the description of the dataset is thorough. The inclusion of the 11-year period (2008-2019) allows for a robust analysis. It should be mentioned that Mr. Grotzfeld independently merged the different data waves, which is a very complex and time-consuming task requiring a lot of precision and attention to detail. Mr. Grotzfeld has excellently mastered this task.

**Method:** The methods section transparently documents the used methods in detail. The use of the Post-Double Selection Lasso is a methodological strength, providing a robust framework for variable selection and controlling for self-selection biases. The clarity in explaining the chosen approach enhances the thesis's overall methodological rigor. Mr. Grotzfeld also provides a comparison between the methodology used in replicating Wagener and Zenker (2021) and the Post-Double Selection Lasso. This is a challenging task, demanding methodological expertise beyond that typically acquired in a Master's-level technical education. Mr. Grotzfeld adeptly manages this complex undertaking, with a few inaccuracies (e.g. the suggestion of two distinct forms of selection bias which are essentially the same, see first two paragraphs). Moreover, the student could have provided a bit more detail on the trade-offs, which occur from the assumptions he makes to compare both methods and potentially arising biases (e.g., the decision to drop outliers).

**Results:** The results section is presented with precision and clarity. The student communicates the results effectively, supported by appropriate tables. The connection between the analysis and the research questions is well-established, contributing to the overall cohesiveness of the thesis. Mr. Grotzfeld thoroughly discusses the replicated results and compares them to the original paper. For an even more thorough comparison, the comparison of coefficient sizes could have been statistically grounded in a seemingly unrelated regressions approach (Zellner, 1962). Mr. Grotzfeld further extends the analysis looking at longer term effects of the PIS and provides a comprehensive discussion of the additional results.

**Discussion:** The discussion section critically engages with the results, providing insightful interpretations and connecting them back to the broader context. The identification of patterns and trends demonstrates a keen analytical eye. Specifically, Mr. Grotzfeld addresses a crucial limitation

regarding the long-term results. Notably, PIS-registered farmers received significantly higher public transfers from PIS-follow-up support programs starting in 2016/2017. These transfers are likely to influence all outcomes from 2016 to 2019, introducing uncertainty about whether the observed long-term impacts can solely be attributed to the PIS.

**Conclusion:** The conclusion serves as a strong endpoint to the thesis. It skillfully summarizes the key findings, reiterates the significance of the research, and suggests potential avenues for future research. The conclusion effectively reinforces the thesis's contribution to the field and leaves a lasting impression.

**Further Comments:**

- For the examination of differences of PSM and PDS-Lasso., the student could have depicted the number of observations and examine the overlapping samples to
- As an extension, the student could have delved deeper into the mechanisms of long-term effects (e.g., in terms of heterogeneity analyses or connecting the different outcomes further).
- Taking the number of outcomes into account, a correction for multiple-hypothesis testing could have even further increased the rigor of analysis.
- Given the different time frames considered, Mr. Grotzfeld could have illustrated his results further via coefficient plots.
- As a minor improvement, the student could have referenced more methodological literature rather than the work by Wagener and Zenker (2021), when discussing econometrics assumptions.

**Language and Form:**

The language is clearly understandable and surpasses the requirements of a scientific master's thesis. The work is written in English, with the mention that Mr. Grotzfeld is not a native speaker. The bibliography is complete and appropriate; the citation style is consistent. It is noteworthy that the thesis is written in the Lyx/Latex programming language, and accordingly, it is excellently formatted.

**Final remarks:**

Overall, Mr. Grotzfeld has succeeded in producing a highly interesting study on the long-term effects of agricultural support program in a middle-income country context. The scholarly quality of the work is excellent, often aligning more with the level of a dissertation chapter than that of a master's thesis. Mr. Grotzfeld's data preparation competence, thorough execution of data analysis, and skills to synthesize the existing literature are particularly noteworthy. The thesis has the potential to serve as base for an academic publication if the aforementioned improvements are implemented and the methodological limitations discussed by Mr. Grotzfeld are addressed by further robustness checks.

Based on the above discussion I award the thesis with the grade

Sehr gut (1.3).

Göttingen, 30. Januar 2024



Dr. Juliane Zenker