

Report on Bachelor Thesis

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

Student:	Alice Navrátilová
Advisor:	Mgr. Miroslav Palanský
Title of the thesis:	Does donating to political parties pay off? Evidence from the Czech Republic

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

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

It is not easy to evaluate the contribution of the thesis. On the one hand, the topic of the thesis is definitely relevant and the author attempts the type of analysis that should be done regularly by economists and political scientists in democratic countries. The author also seems to have approached the analysis very carefully and impartially.

On the other hand, the paper relies on data collected by others (EconLab, Titl) and most importantly, data which only cover some of the linkages relevant for possible relationships between politicians and companies, many others are missing, e.g.:

- The data do not seem to be capable to describe indirect linkages (e.g. via foundations which receive the donations).
- The procedure used for the matching of donors is very vulnerable to even very simple attempts at hiding the true donor (such as using the name of a wife/husband or other relative)
- Some parties in the Czech Republic might have also benefited from donations in a different form (e.g. underinvoiced marketing services during election campaign).
- As the author correctly mentions (p. 21), there are also contracts for which the contracting authorities are not obliged to publish information (small scale contracts below CZK 2, resp. 6 mil.)

All this implies that regardless of the statistical (in)significance of the econometric tests, we are necessarily getting very limited and possibly even biased information about actual effects of political contributions on public procurement in the Czech Republic. This can be also illustrated by a tell-tale detail - it also seems that at least some of the medialized scandals related to party financing and procurement would not be visible in the gathered and analyzed data.

It would be therefore tempting to criticize the analysis or even mock the author as somebody who is in the role of that anecdotic person which attempts to search for lost keys under street lighting because it is possible to search for there (thanks to the light), in spite of the fact that the person knows that she lost the keys somewhere else.

But such criticism would be incorrect and unfair as well. In spite of all the afore-mentioned issues it is necessary to acknowledge that research papers of this kind are necessary, even if their main effects will be in the form of providing motivation for deeper future research (and on the politicians' side in the form of signals that somebody is watching their activities). Seen from this perspective, the paper definitely fills in a void in literature on Czech political parties and public procurement.

Methods

Besides data collection (and matching of parties and companies) the paper relies on fairly standard and simple econometrics. Especially the first two parts are quite basic: OLS cross-sectional regressions with relatively simple specifications which cannot tell us anything about causality (as the author duly observes). However, the author at least attempted to provide additional tests of robustness with respect to effects of extreme values.

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Literature

The literature seems to be adequate (relative to the scope and depth of the research). It might have been interesting to attempt to compare the methods and results with research done in other transition economies (only one paper focused on Lithuania is mentioned briefly) or to include a bit wider discussion of possible channels linking politicians and companies/business and the resulting motivation for engaging in suspicious activities.

Manuscript form

The paper has a logical structure and seems to have been edited and formatted carefully.

Summary and suggested questions for the discussion during the defense

All in all, the paper definitely meets the criteria for a bachelor thesis.

Question for the defence:

- The analyzed period includes the years of financial crisis, the period of fiscal austerity as well as the subsequent economic recovery. Could this factor be relevant for the design of your pooled model (section 4.3) and if yes, what kind of modifications of the specification of the model might be required for this kind of issues?

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	27
<i>Methods (max. 30 points)</i>	25
<i>Literature (max. 20 points)</i>	15
<i>Manuscript Form (max. 20 points)</i>	20
TOTAL POINTS (max. 100 points)	87
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: *Vilém Semerák, Ph.D.*

DATE OF EVALUATION: 29. 8. 2018

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

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

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

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