Report on **Bachelor Thesis**

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

Student:	**Veronika Martínková**
Advisor:	**Mgr. Pertold-Gebická M.A., Ph.D.**
Title of the thesis:	**Assessment of a Potential Reform of Parental Allowance System in 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

The question of the parental allowances in the Czech Republic is a hot topic, and the author presents two suggested scenarios of a potential reform with estimated net benefits in terms of the state budget based on a similar reform from Germany. The author also discusses the potential drawbacks of such a reform`s introduction.

Methods

The chosen methodology (cost-benefit analysis) corresponds to the research question, but its application is poorly described. It is not very well described how the befits and notably the costs are calculated.

For example, it is not clear how the author calculated the direct costs of the parental allowance under the potential reform (page 18). A well described equation should be presented.

I have several questions regarding the methodology:
What role does play the number of children born in 2017 in the Czech Republic for the direct costs of the parental allowance under the potential reform?

Why is hypothetical monthly allowance for a woman in the Unidentified education category (Table 1) computed as average of the others if gross monthly wage for this category is provided?

What is the baseline year in the Czech Republic for the comparison of the potential reform – 2017 or 2018? Do you assume that mothers cannot draw all allowances within 16 months in the baseline year? This should be clearly stated in the text, and the examples of the parental allowance amounts should be presented for the baseline year.

What do you mean by this sentence: „We multiply the potential change in the employment rate by the revenues from salaries for each educational category, total number of children born and shares of each educational group in the total number of mothers." (page 23) ?

Literature

The author briefly summarizes the main relevant literature demonstrating a good understanding of the relevant topic. The sources are properly cited.

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Manuscript form

Overall, the thesis is well structured and comprehensible although it would deserve better proofreading. Several parts are, however, a bit confusing. For example, the description of income thresholds for parental allowances in Germany before 2007 (page 11).
It would be also beneficial for better understanding if the author would provide a table with numerical examples of the monthly allowances in Germany before and after the reform as well as the monthly allowances in the Czech Republic now and under the suggested reform (for several quantiles of the income groups) in chapter 2.
Especially, the example of the change of the allowance for average income women before and after the suggested reform is not clear and confused by the example of the allowances in the Czech Republic before 2018 (page 14). The author compares a woman drawing the allowance before the reform for one year with a woman drawing the allowance after the reform for two years. It should be instead more stressed in the text that the increase of the new monthly allowance is driven only by the reduced parental leave period under the suggested reform.

The tables should be better described (especially Table 2 and Table 5) to be self-explanatory. It should be indicated what numbers are computed by the author and what numbers are cited from which source.
Figure 1 would deserve a better description of the axes and would be much more informative if the author would also include the length of the allowances in Germany before and after 2007.

Summary and suggested questions for the discussion during the defense

I recommend grade C mainly because the methodology is poorly described and I am not sure whether the author does the cost-benefit analysis properly. Namely, I am not sure whether the real costs of the parental allowances are not overestimated (including the payments to parents of children aged more than one year) compared to the potential direct costs of the suggested reform (as I understand it, based only on the children born in 2017. That means only payments to parents of children aged less than one year.). Otherwise, the topic is very interesting with possible policy implications. The methodology should be discussed during the defense.

How exactly did you calculate the direct costs of the parental allowance under the potential reform?

What is the difference between total real costs of parental allowance (2017), as presented in Tables 2 and 5, and the costs of the parental allowance paid in 2017 only to parents having children born in 2017?

What impact of the suggested reform on birth rate would you expect? How would the possible change in the birth rate affect your cost-benefit analysis?

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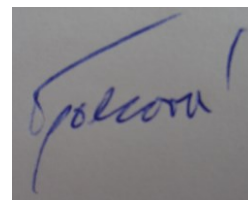
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SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY		POINTS
Contribution	*(max. 30 points)*	28
Methods	*(max. 30 points)*	15
Literature	*(max. 20 points)*	20
Manuscript Form	*(max. 20 points)*	15
TOTAL POINTS	*(max. 100 points)*	**78**
GRADE	**(A – B – C – D – E – F)**	**C**

NAME OF THE REFEREE: **Dominika Špolcová**

DATE OF EVALUATION: **August 25, 2019**

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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.*

Strong	*Average*	*Weak*
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.*

Strong	*Average*	*Weak*
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.*

Strong	*Average*	*Weak*
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.*

Strong	*Average*	*Weak*
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