Report on Bachelor / Master Thesis

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

Student:	Monika Besedová
Advisor:	Doc. PhDr. Tomáš Havránek, Ph.D.
Title of the thesis:	The Effect of Electronic Records of Sales: A Synthetic Control Analysis

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 intuition for the research question in this thesis is the following. Electronic records of sales (EET) should have brought a portion of the economy from the "shadow" (basically untaxed) domain to the "white" (properly taxed) domain. Did it happen, and if yes, what was the percentage in reality? The answer is important for three reasons at least. First, the statistical office needs to compute GDP properly, i.e. it needs proper estimates of both the white and the shadow economy. It's notoriously difficult to estimate the size of the shadow economy, so such estimates are very rough and are not updated often. In comparison, it's much easier and faster to observe changes in the size of the white economy. Now if a part of the economy moves from the shadow to the white domain, the effect should not be interpreted as GDP growth. But because the statistical office does not observe the decrease in the shadow economy, GDP growth is precisely what is reported. Second, the "whitening" of the economy tells us something about the efficiency of EET. Third, the proportion of the move from the shadow to the white domain is also useful for future computations of the size of the shadow economy. As far as I know, no one has tackled this research question anywhere in the world. Monika Besedova uses up-to-date methodology, synthetic control method (with the most recent extensions) to compute the counterfactual Czech economy without EET. She finds that EET increased GDP (statistically) by 2.3 % and therefore that the Czech Statistical Office utterly failed in capturing the move from the shadow to the white domain – in effect, it double-counted portions of the economic activity.

Methods

State-of-the-art methods are used in this thesis.

Literature

All the relevant papers are properly cited.

Manuscript form

The thesis is typeset beautifully in LaTeX.

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Summary and suggested questions for the discussion during the defense

I have no questions and objections because Monika Besedova has discussed the thesis with me often and extensively. Surely this is an exceptional thesis that deserves a straight A, an award, and publication in an international journal.

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

CATEGORY	POINTS
Contribution *(max. 30 points)*	28
Methods *(max. 30 points)*	28
Literature *(max. 20 points)*	19
Manuscript Form *(max. 20 points)*	19
TOTAL POINTS *(max. 100 points)*	**94**
GRADE (A – B – C – D – E – F)	A*

NAME OF THE REFEREE: Doc. PhDr. Tomáš Havránek, Ph.D.

DATE OF EVALUATION: 14.5.2020

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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