

Report on Bachelor / Master Thesis

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

Student:	Bc. Monika Besedová
Advisor:	doc. PhDr. Tomáš Havránek, Ph.D.
Title of the thesis:	The effects of electronic records of sales: A synthetic control method 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

Monika's thesis aims to provide an assessment of an introduction of the electronic records of sales on a set of macroeconomic variables, in particular on the GDP, inflation and unemployment. The thesis contributes to the hot debate on the effects of this new obligation, which makes Monika's thesis a relevant contribution to the literature by itself. This thesis finds that the introduction of the electronic record of sales increased the GDP by 2.3%. However, the effects on unemployment and inflation are not significant.

In particular, the impact on the GDP seems to be surprising and somewhat doubtful, given the rather limited scope of the first two stages of the electronic record of sales, which affected rather small part of the economy. Also, I would expect a thesis that would focus on the impact on government purchases rather than on the real economy, because the goal of the electronic record of sales was not to boost the economy but to increase government revenues. To some extent, the increase in GDP might reflect a shift of some part of the shadow/grey economy into the official one, but that is just a guess. Rather, my feeling is that despite all sophistication, the method that was adopted did not provide reliable results.

At this point, I'd wish to appreciate that Monika expresses some limitations of her results as well, and she discusses other causes of rising GDP that materialized at the same time when the electronic records of sales were introduced.

Methods

This thesis relies on synthetic control method, and it also adopts some recent innovations in this sub-field. I appreciate that Monika had the ambition to provide an analysis with tools that are close to the edge of applied research. Moreover, the methods are nicely described, and from a technical point of view, their application is well conducted as well.

However, technical virtuosity does not assure relevant results. My feeling is that the most relevant candidate countries – from the CEE – were excluded, which might drive the synthetic GDP lower and exacerbate the effect of synthetic control on GDP. I understand why Monika did it, I agree with her decision to exclude some countries from a set of potential candidates, but I keep my reservation on the usability of the main results.

Perhaps, sectoral data would have been much better than aggregate state data, because they would allow to compare sectors in which electronic record of sales were introduced and sectors where they were not. But that is just a guess, obviously, a lot of problems can arise there as well.

All in all, this thesis nicely illustrates the fact that identification in macroeconomics is a hard task.

Literature

Extensive review. No reservations here.

Manuscript form

Nicely prepared thesis. Few mistakes and typos, but really few.

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Summary and suggested questions for the discussion during the defense

My impression is twofold. First, the thesis is nicely elaborated and analyzes an interesting topic. It contains an up-to-date methodology and reviews an extensive list of literature. The results are well described, as well. So Monika demonstrated that she is able to conduct her work in line with professional standards.

On the other hand, I just think the thesis sells as the primary outcome a result that is more than debatable. There is not much intuition provided why we actually should expect such a large difference in GDP levels before and after the introduction of the electronic record of sales, and why we should consider the thesis' results as being relevant. Additionally, I did not learn why the impact on fiscal aggregates is not under scrutiny. Therefore, I propose grade B; however, the final outcome shall be determined by the discussion with the author.

Suggested questions: Why the effect on government revenues was not calculated? What would you do differently in your thesis if you started to write it from scratch again?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	24
<i>Methods</i> (max. 30 points)	26
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	89
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE:

Jaromír Baxa

DATE OF EVALUATION:

June 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.*

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