

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Barbora Bajgarová</b>
<b>Advisor:</b>	<b>doc. Petr Janský, M.Sc., Ph.D.</b>
<b>Title of the thesis:</b>	<b>Elasticity of local governments' expenditures to gross domestic product</b>

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

## Short summary

The student analyses the relationship between the expenditures of the Czech local municipalities and GDP. The model confirms the connection between GDP and local expenditures. The student finds out that there is a relationship between GDP and current (positive relation) and capital (negative relation) expenditures and also that there is the political budget cycle for all the municipality types.

## Contribution

It is interesting to look at the expenditures of municipalities itself. However, the topic would be even more interesting when taking into account more local influence than macroeconomic variables. For example inflation is nationwide, but from the municipalities point of view, the local influence may be completely different, e.g.: Central Bohemian region would have large expenditures on education however in different region the social services will predominate.

## Methods

The student uses adequate and straightforward methods. However, was it really necessary to exclude Prague? On one hand it makes sense for the dataset point of view. However without Prague, does the analysis makes really sense? Student is using a log form, which should help to "flatten" the data. Also the student excludes Prague but uses GDP for the whole Czechia, which also does not seem optimal.

## Literature

The student used adequate literature. The literature is well structured and organized.

## Manuscript form

The student Used LaTeX template, which makes the thesis easy for orientation and nicely looking. It is sometimes little bit hard to read, the thesis contains some typos (especially the missing article - THE Czech Republic throughout the whole thesis is something the student should be aware of). But overall it is quite ok and well structured (however sometimes the summary tables rather than the long list of items would be easier to follow for the reader.

## Overall evaluation and suggested questions for the discussion during the defense

There are few questions and statements relating the content of thesis, which the student should be clarified and discussed during the defense:

- p.6 „According to OECD Economic Surveys from 2020, about 90% of municipalities have under 2000 inhabitants.“ – Where? In the Czechia or all OECD countries?
- Why do you think that "... the municipalities' influence on their revenues is negligible..."? I understand that it would be maybe the topic for another thesis, however you shouldn't use so strict quotes. The municipalities may influence their revenues quite significantly and independently on GDP – supporting or hindering the construction (property tax), application for subsidies, attracting investors, municipal property management, infrastructure creation and thus attracting young people to live there, start the business there, supporting the development of businesses (not only sale of land for the construction of houses in the middle of the fields)...

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- Do you really think that the municipality budget planning is based on the previous year's GDP?
- Overall, the student should justify the focus on the GDP. Is it optimal? In my opinion it lacks a bit of logic in the decision-making of that municipality. Especially at the level of smaller municipalities. The analysis should be driven more by microeconomic indicators rather than macroeconomic ones.

In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade B

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	25
<i>Methods</i> (max. 30 points)	20
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>83</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>B</b>

**NAME OF THE REFEREE:** *Mgr. Nikol Poláková*

**DATE OF EVALUATION:** 30. 8. 2021

*Digitally signed by  
Nikol Poláková (30. 8. 2021)*

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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