

Institut ekonomických studií

Fakulta sociálních věd, Universita Karlova Praha

Referee report on the Rigorous Thesis submitted to Rigorous Exam

Student Name:	Karel Herbst	
Thesis Supervisor Name:	Ondřej Schneider	
Thesis Title:	Is the concept of Laffer curve valid?	

Overall Evaluation:

The Rigorous thesis submitted by Karel Herbst is a thorough and interesting analysis of a potential "Laffer effect" of high taxes on government revenues. The author provides a solid theoretical overview of the topic and he also attempts a series of econometric tests that seem to confirm the Laffer effect presence on data from three European countries. The thesis uses literature properly and provides a rich list of sources. English is sometimes clumsy but the author is able to communicate his main points clearly. I recommend the thesis for the defense and suggest grade A, i.e. **excellent**.

The thesis is structured around the idea of Laffer effect. The author explores the idea first from the theoretical point of view. It is to be appreciated that Karel does not stop at a standard description and includes more sophisticated discussion of expenditure effects as well. The discussion then moves on to estimation methods (chapter 4). Following this, Karel discusses the corporate taxes, which he chose as his preferred tax. The thesis shows clearly that while tax rates have fallen in most countries, the revenues have held up. The author, however, does not suggest that the whole effect has been due to the Laffer effect (see chapter 5).

Chapter 6 discusses in detail tax systems in three EU countries and finds presence of the Laffer effect in all of them. While I don't feel comfortable enough to assess econometric value of the work, I find the results and their careful discussion very satisfactory. The seventh chapter expands the sample to 20 OECD countries, and discusses interesting behavior of the Laffer curve in recent years.

I find the thesis very thorough and well structured. The discussion of results is correct and careful. The author collected data and executed estimations well beyond a standard thesis.

SUMMARY OF POINTS AWARDED (for the explanation of categories and scale, please, see below):

CATEGORY	POINTS
Quality of Research	30
Clarity and Readability	10
Content/Quality of Ideas	35
Organization & Development	10
Manuscript Form	5
TOTAL POINTS	90
LETTER GRADE	A

(Signature – Defense Opponent)
Ondřej Schneider

Evaluated on: October 14, 2008

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Explanation of categories and scale:

QUALITY OF RESEARCH: *The thesis demonstrates the author's full understanding and command of current literature and he/she uses it competently. The topic of the thesis is well structured and methods used are proper and relevant to the research question being investigated. A full and accurate analysis of thesis statement, from both a theoretical and applied perspective, is provided.*

Strong			Middle			Weak			
30	27	24	21	18	15	12	8	4	0

CONTENT/QUALITY OF IDEAS: *A range and depth of exposition; an appropriate sense of complexity of the topic; appropriate analysis of the thesis statement; and an accurate understanding of theoretical concepts is demonstrated. A full discussion of applicable and relevant theories stylized data is included. Original, creative thought is provided and evident. Demonstrates critical thinking and analysis with application of theory and student's ability to draw conclusions based on their knowledge, skills and research.*

Strong			Middle			Weak			
40	36	32	28	24	20	15	10	5	0

ORGANIZATION AND DEVELOPMENT: *The paper demonstrates a logical and clear arrangement of ideas; an effective use of transitions; a unity and coherence of paragraphs; and a clear development of ideas through supporting detail and evidence. The reader is successfully oriented to the subject, purpose, methodology, and structure of the report; an overview of the whole is included; the reader's attention and interest is engaged. The thesis statement is clearly and definitively stated without ambiguity. The conclusion is strong and reflective of the work as a whole.*

Strong			Middle			Weak		
15	13	12	10	8	6	4	2	0

CLARITY AND READIBILITY: *Ease of readability; appropriate use of language and style for the rhetorical content; clarity of sentences (reader doesn't get lost; minimum need for slowing down or re-reading) is appropriately demonstrated. Professional level of English expression is evident (limited amount of non-native language to English translation is detectable).*

Strong			Middle			Weak			
10	9	8	7	6	5	3	2	1	0

MANUSCRIPT FORM: *The appropriate manuscript form and style for the rhetorical content; a professional image; an appropriate use of headings and sub-headings; an appropriate format for graphs and tables; an effective referencing of graphs and tables in the text; complete and accurate bibliography documented to support the applied research; and the overall impact of document design is considered.*

Strong		Middle		Weak	
5	4	3	2	1	0