Report on Bachelor / Master Thesis

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

Student:	**Lukáš Pokorný**
Advisor:	**Doc. Petr Janský, Ph.D.**
Title of the thesis:	**Assessing Sustainability of the PAYG Pension System in the Czech Republic and the Effect of Automatic Balance Mechanism**

OVERALL ASSESSMENT

Contribution

Lukáš Pokorný wrote a good thesis on fiscal sustainability of the pension system in Czechia.

Methodologically, Lukáš builds on a recently developed strategy to restore the sustainability of the pension systems: the Automatic Balance Mechanism. Interestingly, he shows that without the Automatic Balance Mechanism, or implicitly any other substantial reform, the pension system in Czechia is not sustainable in in the horizon of 25 years.

Let me explain that my conversations with Lukáš have spanned long years and were not very intensive. I can see that I was first approached by Lukáš in May 2016, when I did not have a capacity to supervise his thesis on a different topic and he found another supervisor and another topic. He approached me again in March 2021 when his supervisor was no longer available and asked me whether I was willing to supervise his current topic. I agreed and he worked mostly on his own in the time between then and now. To be honest, I properly saw the resulting thesis only when Lukáš submitted at the last minute and, luckily, the thesis does seem very good.

Methods

The methods and data sets chosen seem appropriate for an undergraduate thesis and the research task at hand.

Czechia provides a very good case study, as motivated by descriptive statistics (although the international comparison could be made more strongly).

Lukáš uses some of the relevant state-of-the-art methodological literature to apply the best available methods to the Czech case, which – as far as he knows – has not been done before. His summary of the existing methodology is perhaps too long for the thesis, but seems clear and useful for anybody interested in reading about the methodology in detail. The data as well as the basic results are described in sufficient detail. I wish Lukáš spent more time discussing the implications of the results, but either he ran out of time or ideas as his relatively short conclusion indicates.

Literature

Even for a bachelor thesis dealing with a pension system sustainability in Czechia, I wish Lukáš used more international literarute. For example, more of his motivating references might be from some of the top journals in (public) economics.

Manuscript form

The thesis is written clearly, the style and language used is mostly appropriate. The descriptives statistics as well as the results are presented clearly using figures and tables. The introduction should include a brief summary of the findings, presented as contributions to the literature using examples of specific papers. (In the introduciton, the objectives are stated relatively clearly "is to provide new insights into the issue of the financial sustainability of the PAYG system in the Czech Republic" but not with respect to the existing literature or, otherwise, as expected in academic journals).

Some of the parts of the thesis are too long or too descriptive, e.g. parts of section 2.

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Some of the formatting is not well done, e.g. Figure 2.2 has the title and notes on a different page than the graph itself.

Suggested questions for the committee

Does the current Czech pension system have some features of either automatic adjustment mechanism or automatic balance mechanism? (For example, how about that the government needs to decide every five year – next time in 2024 – about extending the pension age?)

If one of those two mechanisms in not introduced in its entirety, what specific features you found useful to incorporate in the Czech pension systém in the forthcoming years?

Summary

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 C.

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

In short, Lukáš Pokorný did an excellent job of writing a thesis and I recommend **a grade of C.**

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	20
Methods	*(max. 30 points)*	20
Literature	*(max. 20 points)*	18
Manuscript Form	*(max. 20 points)*	17
TOTAL POINTS	*(max. 100 points)*	**75**
GRADE	**(A – B – C – D – E – F)**	**C**

NAME OF THE REFEREE:

DATE OF EVALUATION:

Digitally signed (6. 1. 2022)
Petr Janský

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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