

Report on Bachelor / Master Thesis

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

Student:	Jakub Doležal
Advisor:	prof. PhDr. Tomáš Havránek, Ph.D.
Title of the thesis:	Helicopter Money and the Propensity to Consume Transfers: The Case of the Czech Republic

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

Short summary

Central bankers have long been concerned about the lower bound on interest rates, which makes it difficult to support the economy in deep recessions, especially with a low natural real interest rate. One possibility to overcome the problem is to send cash directly to households. Prior to 2020, it was more of a theoretical possibility, but the policy was used heavily during the pandemic (though not directly by central banks), and it was apparently very effective in raising inflation. This thesis discusses the concept and estimates the marginal propensity to consume such transfers in the Czech Republic. The resulting MPC is about 0.5, which is quite plausible.

Contribution

The thesis is important both for other researchers (no reliable estimates of MPC for the Czech Republic existed prior to this work) and policymakers who would wish to re-deploy such a policy in the next recession/deflation. I think that the value added is therefore very solid given that this is a bachelor's thesis.

Methods

The thesis uses meta-analysis methods to estimate the MPC for the Czech Republic. It takes the best identified studies that have estimated MPC for various different countries (again, no good primary studies for the Czech Republic exist, and it is unclear whether the data available in the Czech Republic would allow for a clearly identified study) and then computes the implied coefficient for the Czech Republic while controlling for publication bias.

Literature

The relevant literature is described well.

Manuscript form

The manuscript is written in solid English and typeset in LaTeX.

Overall evaluation and suggested questions for the discussion during the defense

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This is a solid piece of research and better than most BA theses I have seen during the last couple of years.

In my view, the thesis fulfills the requirements for a bachelor' thesis at the IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade A. The results of the Urkund analysis do not indicate significant text similarity with other available sources.

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	27
<i>Methods</i> (max. 30 points)	26
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	91
GRADE (A – B – C – D – E – F)	A

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

DATE OF EVALUATION: 16.8.2022

Digitally signed, Tomas Havranek

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