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 Czech Republic

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

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary

The thesis considers helicopter money as an alternative unconventional monetary policy tool which could be used by central banks as an alternative to other unconventional monetary policy measures such as quantitative easing or exchange rate commitment. The author aims to estimate the marginal propensity to consume (MPC) for the Czech Republic had the helicopter money been deployed by the Czech National Bank. Overall it is a nice piece of work and I fully recommend the thesis for defence.

Contribution

The thesis contributes to the literature by predicting MPC for the Czech households have they received additonal windfall income, e.g. in case the central bank would use helicopter money drop in order to stimulate the aggregate demand. However, the limitation of the estimate is of course that it can be so far done only theoretically as the helicopter money has not been used in practice. Therefore, it would be interesting to compare the results presented in this thesis with empirical evidence in case the helicopter money is used sometimes in the future in practice. I would also appreciate more elaboration on advantages of helicopter money in comparison to the other unconventional monetary policy measures, particularly whether it would make sense to use it instead of the exchange rate commitment of CNB in 2013-2017.

Methods

The author uses meta-analytic approach using the averaging of the previous studies' estimates of MPC. I see as a main drawback, that these studies are based on data from foreign countries. It has of course advantage of having robust statistical evidence from large sample of data. However, I would appreciate if the author elaborated more on potential specific characteristics of the Czech economy that could lead to potential bias in the estimated values. I would also appreciate if the author clarified during the defense whether he considered other approaches that could be used for estimating the MPC for the Czech Republic.

Literature

The author uses relevant studies and other sources for the thesis and properly cites them in the text. I have one small remark to the first source in the Bibliography list which is written as ,(2020): "OECD Economic Outlook." p. 16.' This seems to be incomplete, I would recommend writing it at least as ,OECD (2020): "OECD Economic Outlook." p. 16.' and citing it in the text as 'OECD (2020)'.

Manuscript form

The manuscript form is very good. I have not noticed any major errors to be mentioned.

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Overall evaluation and suggested questions for the discussion during the defense

The thesis is very well written and it fulfills the IES, Faculty of Social Sciences, Charles University standards for bachelor theses. I recommend the thesis to be defended with grade B. The results of the Urkund analysis do / do not indicate significant text similarity with other available sources.

For defence I recommend discussion on following points:

1) What other methods could have been employed besides meta-analysis to estimate MPC for the Czech Republic?
2) Is there significant risk of biased estimates for the Czech Republic given the fact that the studies used in meta-analysis are done mostly on other countries?
3) Would the author recommend to use the helicopter money instead of the exchange rate commitment used by the CNB in 2013-2017?

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	24
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	19
Manuscript Form	*(max. 20 points)*	20
TOTAL POINTS	*(max. 100 points)*	**88**
GRADE	**(A – B – C – D – E – F)**	**B**

NAME OF THE REFEREE: Mgr. Petr Hanzlík

DATE OF EVALUATION: 21.08.2022

Digitally signed by Petr Hanzlík on 21 August 2022

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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