

Report on Bachelor Thesis

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

Student:	Tomáš Fencí
Advisor:	doc. Martin Gregor
Title of the thesis:	Lockdown Policies and Firms' Investments in a Two-Period Macroeconomic Model

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

Short summary

This thesis theoretically analyzes time inconsistency of lockdown policies during a pandemic. It constructs a two-period macroeconomy facing a pandemic; the economy is a simplified version of an economy in Moser and Yared (2021) which has been recently published in the *Review of Economic Dynamics*. The idea behind simplification is that a finite-horizon model is analytically more simple and but still remains a relevant modeling tool for short-term events such as a pandemic wave.

The model is solved for various assumptions on functional forms, action spaces of firms and the government, and the existence or absence of the government's commitment. (For a summary of all modeling choices, see p. 8).

Contribution

The model finds that a positive effect of government commitment on social welfare exists even if the pandemic is short (i.e., even in two periods). It also shows under which properties of the economy and the policy space the positive effect ceases to exist. Given simplicity of the functional forms and the subsequent analysis, the contribution is however a bit limited.

Methods

The author applies basic tools of intermediate-level game theory in dynamic games with complete information and models the macroeconomy in the simplest possible way, with only minor extension towards non-linear functions.

Literature

As the thesis builds on an established setup, I find it satisfactory that the review rests mainly on the reference article of Moser and Yared (2021).

Manuscript form

The manuscript went through numerous improvements and revisions. In particular, the way that the model is presented and analyzed has considerably improved in the last years. I would only change notation, but the idea in the thesis was to keep notation close to the reference article.

Overall evaluation and suggested questions for the discussion during the defense

Over the last year, I gave numerous comments to this particular thesis which have greatly improved the quality of the text and the analysis. Still, I think that the results would benefit from reorganizing, e.g., in the form of propositions that could be inserted into Section 3.5 and 4.4.

The question for the defence is how observed properties translate to settings with more general properties of production. A bit is touched in Models 11-14 which however have not been solved.

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

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.

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	21
<i>Methods</i> (max. 30 points)	27
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	87
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: *Martin Gregor*

DATE OF EVALUATION:

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