

Report on Bachelor / Master Thesis

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

Student:	Bc. Pavel Hait
Advisor:	PhDr. Jakub Mikolášek
Title of the thesis:	Tobacco – impact on the state budget and its taxation

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

The thesis concerns an interesting topic of “social bads” taxation. It provides an in-depth insight into various aspects of cigarettes’ consumption and its impact on health, fire-related incidents, pension system and income tax collection and other miscellaneous factors. In the end, all the factors serve as an input to an optimal (or better “fair”) tax calculation.

The main contribution of the paper is introduction of brand new approaches to the topic in multiple detailed aspects, such as the previously neglected impact on fire-damages or detailed structure of smoking-related life expectancy calculation. The author often does not settle for solutions provided by the literature, but challenges previous papers in multiple aspects of the methodology. This paper seems not to be afraid of amending simplistic shortcuts and assumptions with a more elaborate method which is more likely to avoid possible biases. The list of simplifications used in the methodology seems rather justifiable to me.

It would suit this thesis well, if it would be provided with a larger scope empirical analysis of consumer behaviour, say on a household panel dataset or a long-term consumption data on aggregate level. Unfortunately, the nature of cigarette market (regulated price and overall tiny price variations) together with the fact that Czech Household Budget Survey (by Czech Statistical Office) does not provide us with volume units of cigarettes consumption, makes the empirical calculation very troublesome if not impossible. It would be really interesting, and I do strongly encourage the Author to do so, to run some larger scale survey to obtain such information from a representative population sample in order to get the data. I think this could be perhaps a cornerstone of a successful grand application in Mr. Hait’s further research.

Another quality of the paper which is, in my opinion, worth mentioning is the fact that it not only compiles the information from academic literature but brings also insider views and opinions of relevant experts in particular fields (firefighters, healthcare specialists or prominent researchers in consumer-demand theory such as Professor Frank J. Chaloupka). Such a “reality check” is invaluable to any paper.

Given the fact that Mr. Mertlík has provided an exhaustive list of particular comments, text-inconsistencies and typos, I need only to state that the comments of mine are fully included in his report.

To summarize my evaluation, I do recommend this thesis for the defense. In the case of a successful defense, I recommend **“výborně” (excellent, 1)**.

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Suggested question for defense:

On page 24 (chapter 2.5.1.) you come to a significant inconsistency about the cornerstone of your calculation – the prevalence of cigarette smokers in the country. Whereas the study on prevalence itself would lead to something about 21% estimate, the data from CZSO indicate much higher number of smokers (or an extreme per-head consumption). Have you found any explanation to this?

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	24
<i>Contribution</i> (max. 30 points)	30
<i>Manuscript Form</i> (max. 20 points)	15
TOTAL POINTS (max. 100 points)	89
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: PhDr. Jakub Mikolášek

DATE OF EVALUATION: 5.6.2011

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong Average Weak
20 10 0

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.*

Strong Average Weak
30 15 0

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.*

Strong Average Weak
30 15 0

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.*

Strong Average Weak
20 10 0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě