

Report on Bachelor / Master Thesis

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

Student:	ROTT Robert
Advisor:	doc. Ing. Pavel Mertlík CSc.
Title of the thesis:	Growth Enhancing Policies under Fiscal Austerity

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

The thesis focuses on a broad discussion about two opposing theories on the optimal design of fiscal policies (fiscal stimulus vs fiscal consolidation) and presents an overview about growth enhancing policies implemented in some Euro zone countries in response to the current economic difficulties. The work is well-written and the motivation behind the research is well-described. It also includes an interesting literature review, data analysis of changes of expenditures by types over the recent years, and, generally, is timely taking into account the current economic context in the region. The methodology is based on data analysis and an econometric model for estimating the conditions, which influence the government's economic policies.

I have the following specific comments:

- There is no discussion about the hypothesis, which are tested by the research.
- The author mentions that the effect of inflation is eliminated for GDP, however there is no explanation about what price index was used (e.g. deflator, CPI, core inflation etc.). Moreover, for the sake of consistence, the expenditures should also be inflation adjusted.
- Some particular comments about the empirical model used:
 - The model looks over-specified with 9 variables, many of which seem to be collinear (e.g. unemployment and employment, employment and GDP, output gap and GDP per capita).
 - The model does not control for the economic recession effect of 2009.
 - GDP per capita is estimated in levels which is not consistent with other explanatory variables estimated as percentage of GDP or percentage points.
 - There is not test provided for the significance of fixed effects which would support the author's assumption about time-constant country-specific effects.

In the case of successful defense, I recommend “**v ý b o r n ě**” (excellent, 1).

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	25
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	88
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Adrian Lupusor

DATE OF EVALUATION: 10.6.2013



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