

Report on Bachelor / Master Thesis

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

Student:	Jitka Poštulková
Advisor:	doc. MPhil. Ondřej Schneider Ph.D.
Title of the thesis:	Basic Income, its features and implementation

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

This thesis is a study of Basic Income (BI), enriched by a simplified model of the BI in the Czech Republic. The ambition is to provide the reader with a discussion of supporting and contra arguments, description of some BI experiments and finally a study of BI feasibility in Czech conditions. The document is quite well structured, written in good English, without any significant manuscript form issues.

Chapter 1 and 2 offer a brief introduction to the topic with a well-chosen definition and a short excursion to the history. I would recommend to cancel Chapter 3, mentioning the short-text somewhere else.

Chapter 4 provides a discussion of supporting and contra BI arguments. In general, the literature mentioned seems to be out of the mainstream. In here, I quite miss author's own opinions and arguments which could enrich the discussion (e.g. using BI in Most Favoured Nations as a development tool, the impact of BI on GDP, BI effect on shadow economy, etc.). The discussion could also cover the topics of the ideal BI amount and how it could be funded (several perspectives).

Chapter 5 is an overview of the experiments with BI. Chapter 6 introduces the one form of BI – the negative tax income. It would be more logical to move this chapter right after the definition and history of BI, providing a discussion of multiple forms of BI.

Finally, chapter 7, the empirical part, simulates the effects of BI adoption in the Czech Republic. As for this part, I have following remarks:

- Naturally, behavior changes after introducing BI do not have to be covered by the model, but they could have been at least discussed
- Tables shown in the paper could be better formatted, leading the reader through the calculation; Units in tables are missing
- Scenario analysis for the amount of BI could be added (if case the model is done well in Excel, it should be very straightforward) – it would be interesting to see the result e.g. for BI of CZK 3,000, CZK 5,000
- When modeling the labour supply reaction, the effect is modeled only as the reaction to the tax rate of 65.74% - however this is clearly an iterative effect – if the tax rate rises to 79.6%, the labor supply elasticity will increase which will result in an even higher tax rate, ...

Overall, I find this thesis to be a **successful study with excellent Excel model which I value a lot (more than the preceding discussion)**. Although the model results have a rather limited contribution for policymakers, it is a well structured theoretical exercise with clearly stated assumptions and results.

Suggested questions for the defense are:

- How would you model the iteration of tax rate rise and increase in labor supply elasticity? What would be the most likely result?
- What do you think would be the effect of the BI introduction (and the funding from income tax) on the shadow economy?

In the case of successful defense, I recommend „good“ (**velmi dobře, 2**).

Report on Bachelor / Master Thesis

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

Student:	Jitka Poštulková
Advisor:	doc. MPhil. Ondřej Schneider Ph.D.
Title of the thesis:	Basic Income, its features and implementation

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	23
<i>Contribution</i> (max. 30 points)	20
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	79
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: Dan Vaško

DATE OF EVALUATION: 12.8.2013

Referee Signature