

# Report on Bachelor Thesis

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

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Title of the thesis:	Czech Wealth Inequality

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

The bachelor thesis provides an overview of wealth inequality in the Czech Republic. The main contribution of the thesis is the description of current and past developments in the wealth of Czech households, which is quite novel. The thesis can be divided into three coherent parts.

In the first, the author provides a satisfactory literature overview, discusses traditional data sources, and provides a description of trends in wealth components focusing on the Czech households.

Second part then investigates wealth inequality in the Czech Republic and compares it with other European countries. Author concludes that wealth inequality is one of the highest among the examined countries which is in stark contrast with traditional studies of income inequality. Additionally, she identifies home ownership as the main source of the wealth inequality in the Czech Republic. This part also provides a model to predict the future developments of financial assets and liabilities of the Czech households, building on the work of Ganelli (2006).

Last part describes the pension system in the Czech Republic, argues for its reform, and draws a connection between public policies and wealth.

The thesis is well written and structured with some minor issues, especially with the figures (format of the figures differ; Figure 5.3. misses units; spatial perspective of Figure 4.7 and 4.8 should be avoided). Also, the author switches between "I" and "We" (e.g. p. 12 and p. 28) when referring to herself. My main concerns, however, lie with the methodology used to estimate the structural model for assets and liabilities:

- At least a basic analysis of the model properties should be provided (residuals, robustness).
- Some of the variables are likely endogenous and thus the resulting coefficient estimates biased. The numbers derived for the Czech Republic are therefore likely to be imprecise. Even though some limitations are acknowledged, it should be discussed more extensively.

### Suggested questions for the defense:

- "What policies could be introduced to reduce the wealth inequality in the Czech context?"
- "What are potentially problematic variables in the presented structural models? How could you address the endogeneity bias of the model?"

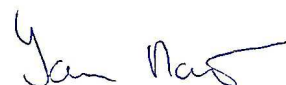
Overall, the thesis meets all the bachelor thesis requirements and in the case of successful defense I recommend "výborně" (excellent, 1).

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

CATEGORY	POINTS
Literature (max. 20 points)	18
Methods (max. 30 points)	22
Contribution (max. 30 points)	24
Manuscript Form (max. 20 points)	17
<b>TOTAL POINTS (max. 100 points)</b>	<b>81</b>
<b>GRADE (1 - 2 - 3 - 4)</b>	<b>1</b>

NAME OF THE REFEREE: Mgr. Jan Mareš

DATE OF EVALUATION: 2. 6. 2016



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	<b>1</b>	= excellent	= výborně
61 – 80	<b>2</b>	= good	= velmi dobře
41 – 60	<b>3</b>	= satisfactory	= dobře
0 – 40	<b>4</b>	= fail	= nedoporučuji k obhajobě