

Report on Master Thesis

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

Student:	Šarlota Smutná
Advisor:	Milan Ščasný, PhD.
Title of the thesis:	Household Food Demand in the Czech Republic: coherent demand system dealing with selectivity

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

This thesis analysis food demand of the Czech households. Demand is estimated using a standard system – Almost Ideal Demand System – with properly tested its theoretical restrictions. As a result, unrestricted form of Quadratic AID system is used to estimate demand parameters for eleven food items.

The thesis aims specifically at the problem of selectivity, i.e. the treatment of zero expenditures when the demand system is estimated. Šarlota Smutná is very clearly presenting possible methods to treat zero values, such as Tobit model, double hurdle model, Heckman and Cosslett estimator, and then she is using three specific and adequate approaches (Heien & Wessels, Shonkwiler & Yen, Cosslett) to correct for the selectivity in the QAIDS for food demand. This approach is then applied on household-level data collected regularly within Household Budget Surveys. Proper treatment of the selectivity when demand is analysed, including discussion of possible methods to do so, presents a distinct value added of this thesis.

The thesis is very well structured and written. It consists of five chapters. Chapter 1 introduces to the subject. Chapter 2 briefly very clearly describes several demand systems being frequently used in empirical research. This chapter also nicely summarizes possible approaches to treat zeros. Next empirical chapter applies the theoretical models presented earlier. At first, the method of analysis and data are described, then the estimation results for various models and treatment of selectivity is presented. Chapter 4 discusses the results, including a comparison of author's own results with the results coming from elsewhere. Last chapter concludes. Overall, this thesis is written in high standard, using adequate style and formatting. All of my comments raised when the research was conducted have been reflected in the final version of this thesis.

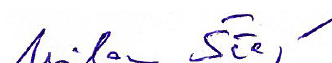
In the case of successful defence, I recommend „výborně“ (**excellent, 1**), and suggest considering this thesis for the Faculty Dean award.

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

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

NAME OF THE REFEREE: Milan Ščasný

DATE OF EVALUATION: May 27, 2016



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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