

Bachelor's Thesis Proposal

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Proposed topic: The Impact of German policy, cash for clunkers, on the Czech market in regards to price level and output.

Topic characteristics

After the financial crisis in 2007-08, governments all over the world tried using several policies in order to promote growth and stability for their economies. On July 1, 2009, the USA launched its policy „Car Allowance Rebate System (CARS)“, commonly known as „Cash for clunkers.“ It was a program designed to boost car sales, by giving the US residents an economic incentive swap their old and economic inefficient cars for brand new models that are more fuel efficient as well as produce less CO₂. In the same year, Germany tried to promote growth and stability using the same policy/program. However, this policy did not just had an impact on the German economy, but its neighbors as well. In addition to that, it is interesting to find out if this policy was beneficial to implement or rather harming the economy even further.

Although several papers conducted research on the effects of the cash-for-clunkers policy, I will focus on the effects that the German policy had on the Czech economy with specialization on ŠKODA car sales. In my thesis, I will try to analyse how strong the car sales were impacted by the policy as well as if some of the hypotheses are valid.

Hypotheses

- 1.) Decrease in exports of cars to Germany
- 2.) Trade balance should worsen if Imports remain constant
- 3.) Price level should decrease due to a decrease in demand
- 4.) Increases in car sales are just short term and rather a harm for the economy

Outline

- 1.) Introduction
- 2.) Literature review
- 3.) Brief overview of ŠKODA car sales before and after the economic crisis (2005-2014)
[quarterly data due to too low observation number chow test for structural breaks]
- 4.) Methodology and Model
- 5.) Data analysis and Empirical evidence
- 6.) Outcomes and Effects
- 7.) Conclusion

Core bibliography

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