

Report on Bachelor / Master Thesis

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

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| Student: | Kateřina Havelková |
| Advisor: | PhDr. Václav Korběl |
| Title of the thesis: | How do people perceive income inequality? A Czech Case |

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

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

The thesis contributes to research on biases in the perception of income inequality. The main focus is on the Czech Republic (and Slovakia). The thesis is nicely written and well structured.

Methods

The thesis is based on two main data sources: a data set from a study by Willard and Cingl (2017) and EU-SILC microdata. I have two main points regarding the construction of the key variables:

1. *Perceived inequality index* is constructed as the mean of values from three questions (on: upward income mobility achieved by hard work; acquiring wealth by the rich by an illegal way; perception of the difference between the rich and the poor). Constructed indices as means is a standard procedure, however I would like to see a measure of internal consistency of the proposed index. I would also like to see a broader discussion justifying the selection of these three questions to convince the reader about the credibility of putting these dimensions together.
2. *Gini at district level* is used as the key explanatory variable in the model. However, the methods section does not provide any details on the estimations – such as reference period and EU-SILC variables used. More importantly, the reliability of estimates based on EU-SILC at district level is questionable, as the survey is designed to be representative at the national level. The distinction between „individual income“ and „wage“ is not well defined. On p. 19: „Income is best defined as the sum of salary before the deduction of tax and insurance, while wage is a net amount paid to an employee after tax and other sorts of deductions are made (i.e. disposable income).“ This is not in accordance with the EU-SILC guidelines definition, as both wages and salaries are included in the PY010G variable (gross employee income).

Moreover, I would like to see (summary) descriptive statistics of the key variables, data on the geographic coverage etc.

Literature

Literature review is nicely written and covers important papers (including very recent) published in the respective field.

Manuscript form

The thesis is well written.

Summary and suggested questions for the discussion during the defense

Even despite the comments mentioned above, my overall impression from the work is very positive. The thesis title is “How do people perceive income inequality? A Czech case”, although Czech and Slovak Republics are investigated, thus a title including the Slovak Republic would be more appropriate. I would recommend the following questions for the discussion during the defense:

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1. Did you try to perform a similar analysis at regional (NUTS 3) level instead of district level?
2. What do you think are the main reasons that the hypothesized relationship between perceived inequality and actual inequality was not confirmed in your study?

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

| CATEGORY | POINTS |
|---|---------------|
| <i>Contribution</i> (max. 30 points) | 28 |
| <i>Methods</i> (max. 30 points) | 24 |
| <i>Literature</i> (max. 20 points) | 19 |
| <i>Manuscript Form</i> (max. 20 points) | 20 |
| TOTAL POINTS (max. 100 points) | 91 |
| GRADE (A – B – C – D – E – F) | A |

NAME OF THE REFEREE: Tomáš Želinský

DATE OF EVALUATION: 01/06/2018



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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.*

| | | |
|---------------|----------------|-------------|
| <i>Strong</i> | <i>Average</i> | <i>Weak</i> |
| 30 | 15 | 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.*

| | | |
|---------------|----------------|-------------|
| <i>Strong</i> | <i>Average</i> | <i>Weak</i> |
| 30 | 15 | 0 |

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

| | | |
|---------------|----------------|-------------|
| <i>Strong</i> | <i>Average</i> | <i>Weak</i> |
| 20 | 10 | 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.*

| | | |
|---------------|----------------|-------------|
| <i>Strong</i> | <i>Average</i> | <i>Weak</i> |
| 20 | 10 | 0 |

Overall grading:

| TOTAL | GRADE |
|----------|-------|
| 91 – 100 | A |
| 81 - 90 | B |
| 71 - 80 | C |
| 61 – 70 | D |
| 51 – 60 | E |
| 0 – 50 | F |