

Report on Bachelor/Master Thesis

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

Student:	Jan Seifert
Advisor:	Karel Janda
Title of the thesis:	Soft Budget Constraint and Financial Crisis

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

The diploma thesis is dealing with a very classical topic of soft budget constraint (SBC). This topic was made more important and more relevant recently because of current global financial crisis. In particular recent developments in the USA indicate that the soft budget constraint concept may be quite relevant to developed market economies in addition to its standard treatment as centrally planned, developing, emerging, transition economies phenomenon.

The thesis presents first steps in the research dealing with establishment of SBC as a topic relevant to developed market economies like USA and in a lesser degree (meaning in a lesser degree developed market economy) like Czech Republic. The bulk of the thesis is theoretically oriented. The author showed that he is familiar with the existing leading theoretical models of SBC, that he is able to understand them and that he has a capability of altering them and providing new interesting extensions.

The theoretical modelling is complemented by quantitative analysis too. This line of research – providing good theoretical model and complementing this model with both motivation story and possible testable data seems to me the most promising in the way towards high quality research papers. Given that the author is going to continue with his SBC research in his PhD studies at IES, the orientation on high quality working papers and journal articles in a natural one.

While the evaluated thesis is a good one, constituting a promising research orientation, I do not consider it equal to the best theses produced by IES students so far. Therefore I suggest the grade 2 (B) as an appropriate one. I also expect that PhD dissertation which will grow out of this thesis will be a very high quality one with a possibility of various awards and distinctions, which are not fully appropriate for the current stage of this research work yet.

During the defense discussion the author could present some concrete suggestions of questions he would ask in a survey or in a structured interview to US commercial bankers with an intent to find out what is their perception of the existence of SBC in US banking both in and out of crisis time.

Another topic could be a discussion of existing US surveys (both qualitative and quantitative response ones) and the ways how to use them in the SBC related research.

Author could also talk about relevance of Czech experience for US experience and vice versa – i.e. how to connect the SBC research in these two countries.

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

CATEGORY	POINTS
Literature (max. 20 points)	16
Methods (max. 30 points)	25
Contribution (max. 30 points)	20
Manuscript Form (max. 20 points)	15
TOTAL POINTS (max. 100 points)	76
GRADE (1 - 2 - 3 - 4)	2

NAME OF THE REFEREE: Karel Janda

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