

# FAKULTA SOCIÁLNÍCH VĚD

## Karlova universita, Praha



### REVIEW OF MASTER THESIS

DATE: 15 June 2006  
STUDENT: Markéta Zichová  
TITLE: Should the Czech Republic Implement the English System of Higher Education Funding?  
YEAR: 2005/2006  
CONSULTANT: Ondřej Schneider

#### THESIS REVIEW:

The thesis provides a thorough analysis of university education financing. It uses an innovative financing model and applies it to the Czech system. The topic is important and the thesis is properly structured and underpinned with a wealth of literature sources. The thesis is written in reasonable English. Therefore, **I recommend the thesis for the defence and suggest grade A ("výborně")**.

The thesis starts off with a well structured motivation chapter 2 where the author demonstrates importance of education and suggests five desirable characteristics of an education system.

The third chapter looks at the efficiency of university financing and concludes that a participation from students is necessary in order to achieve a higher efficiency. This argument is supported, in part 3.1, by discussion of possible market failures. I especially appreciate incorporation of G.Becker's model in chapter 3.1.3. Part 3.2 deals with financing techniques and shows that market may not deliver optimal level of university financing due to its imperfections. Part 3.3 reveals the author's preferred solution – income contingent loans. The author illustrates their advantages from page 30 on. On page 36, she suggests that repayments should depend on the former students' income – sort of progressive repayment schedule. This may be unnecessary as repayments would kick in only after a certain threshold would be reached, thus progressivity would complicate the system even more.

The fourth chapter discusses the Czech system and argues that the Czech universities are under funded and thus have to ration students too aggressively. On page 47, she argues that students do not have proper information on the quality of education they can get at

different universities. That may or may not be the case, but there seems to be no mechanism how to remedy this lack of information, or the thesis does not mention it.

The fifth and sixth chapters deal with international systems of university education financing. The author discusses particularly the English system and repeats her argument of "unfair" flat rate of repayment (English students must pay 9% of their annual income when they cross a threshold, p. 60). She argues that progressive schedule would be fairer and would not create the same inefficiencies as tax progressivity, but these arguments are not convincing. What is valuable, though, is a clear demonstration of political nature of the process where efficiency is not an important factor. Other countries are dealt with faster.

The conclusions bring a surprising twist as the author disallows herself to an extent from the contingency loans, at least as applied in England and shies away from any policy recommendation (claiming that a reform could put a Euro accession in jeopardy, which I find wanting). Even though some may claim that this modesty makes the thesis incomplete, I find it honest and well measured. Therefore, I recommend grade A for the thesis defence.

