Report on Bachelor / Master Thesis

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

Student:	**Michal Kráčmer**
Advisor:	**Lubomír Mlčoch**
Title of the thesis:	**Economics of meaning – comparison of efficiency based on meaning**

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

To quote from the abstract, the author's "main topic of the work is to show that the human need for meaning is the main source of preference creation and human activity". Even though such questions are not in fact the subject of economics, an analysis of some psychological aspects of preference creation having impact on microeconomics could potentially lead to a nice thesis.

Unfortunately, the thesis suffers from a large number of imperfections. First, the author does not refer to page numbers when directly citing from other sources (and he does so very often). Much more thorough proofreading would be advisable, as the language of the thesis is far from perfect, especially the punctuation. The author also keeps repeating the same ideas over and over again, on p. 18 even repeats very similar sentences in two successive paragraphs. The list of references is poorly formatted. The structure of the thesis is a bit confusing for the reader as the author repeatedly writes that something will be discussed/dealt with later or in the following chapter, etc. I would also suggest avoiding the use of Wikipedia as a source of definitions the next time.

On pp. 34-35 the author quotes (or puts into quotation marks) pieces of text without providing the exact sources:
- 'So as I take only one example, a research of 500 students revealed, that "existential vacuum has increased from 30 – 40 % to 70 – 80 % during last 2 or 3 years" (Alois Habinger)'
- 'As to the Marxists, Christina Kohl, chief of department for psychotherapy and research of neuroses at the psychiatric clinic of the University of Karl Marx in Leipzig, found in her researches "frequent presence of existential vacuum".'
- 'The vacuum crosses, how correctly remarks Osvald Vymetal, chief of psychiatric clinic of the University Palackého in Olomouc, "without permission borders of capitalistic and socialistic societal order".'"

The whole thesis is not very clearly motivated. It is true that Part I introduces three stories which are supposed to provide some kind of motivation, but I think that providing also some references to existing literature in the introductory part and writing it in a more "standard" way would be better (even though stories are fine, but more as a complement). Trying to find some recent literature dealing with the topic would also force the author to take a better look on what contemporary microeconomics really does. On p. 3 the author states that the situations introduced in the stories "violate the basic assumptions of consumer's behaviour according to the neoclassical (contemporary mainstream) theory," which is, as far as I know, not necessarily true. In Part II the author lists the assumptions of a textbook static model of consumer choice and criticizes this model for not being able to deal (as far as I understood correctly the text) especially with changing preferences and imperfect information.

But the author is not the first to notice that preferences of individuals can change. In fact, a quick Google Scholar search provides numerous papers developing dynamic models including various levels of imperfection of the individuals' actions. Also other issues raised in the thesis, such as information imperfection or the principal-agent problem, have already been for many years subject of economic research. The whole thesis in fact attacks a "straw man" – tries to refute something nobody claims. Every microeconomist understands the textbook static model to be what it is – an educational, abstract and simplified tool showing some core mechanisms of consumer choice. Nonetheless, these issues are not that crucial in a bachelor thesis.

Much bigger problem is that the larger part of the "new approach to the consumer choice theory" (which is the name of the Part III, the core part of the thesis) is only retelling Frankl's 2006 book *Man's search for meaning* and after arriving to the finding that "people ... are ... need satisfiers" on p. 20, the

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author leaves the waters of (micro)economics and until the end of the thesis on p. 57 deals only with psychological motives of human action. The thesis not only lacks the connection back to microeconomics but I did not find any value added of the author (neither explicitly mentioned nor implicit), which is a pity as I am able to imagine nice topics on the boundary between psychology and economics dealing with needs and their satisfaction. For example a model of drug addiction and substance abuse as a repetitive tool of absolute satisfaction of needs could be nice and would have interesting consequences for economics.

However, the author just keeps repeating throughout the whole thesis that preferences and needs change and individuals therefore do not act according to the static textbook model which then cannot be used to predict individuals' behavior.

Questions for the defense:
1. Why having three same stories? I expected that they describe different situations but on p. 11 we find out that all of them just violate the same assumption of the textbook model – the stability of preferences.
2. Why criticize a static model for being static when dynamic models exist?
3. What is the value added of the author?
4. How is the part about DNA (pp. 44-45) relevant for the topic?
5. Why is it important for microeconomics to know what kinds of needs individuals want to satisfy? What changes if we believe that individuals primarily satisfy the need for meaning and not other needs?

If the above mentioned fact that the author doesn't refer to page numbers when directly citing from other sources and in a couple of occasions doesn't provide the exact source at all is not an obstacle to defend the thesis, I recommend it for defense. Even though it is, in my opinion, on the very edge of what is defendable on IES. I would recommend grading the thesis "dobře".

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	8
Methods	*(max. 30 points)*	13
Contribution	*(max. 30 points)*	10
Manuscript Form	*(max. 20 points)*	13
TOTAL POINTS	*(max. 100 points)*	44
GRADE	(1 – 2 – 3 – 4)	3

NAME OF THE REFEREE: Jiří Schwarz

DATE OF EVALUATION: 28.8.2012

Referee Signature

<u>EXPLANATION OF CATEGORIES AND SCALE:</u>

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

<u>Overall grading:</u>

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