

# Report on Bachelor Thesis

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

<b>Student:</b>	<b>Michal Prause</b>
<b>Advisor:</b>	<b>Martin Gregor, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Pay-to-Play Lobbying</b>

This thesis basically extends my unpublished paper on competitive lobbying in an environment where the policy-maker announces prices for access, and thereby extracts informational rents from the lobbies. This particular extension is interesting for the following reasons:

- The author proposes a policy function that combines a function in Cotton (2012) and in my paper. From that perspective, it generates a class of lobbying games that are natural extensions of both Cotton (2012) and my paper.
- The thesis shows that the curse of the ex ante advantage is not a universal phenomenon. Although by itself this is not a very deep insight (robustness of the curse in an entire parametrical space clearly requires a few technical assumptions on the treatment of indifferences), it is a good starting point for the analysis of the links between the curse and the analysis of endogenous valuations. Figures 4.6-4.17 are very helpful in this respect.
- Most importantly, the author carefully analyzes the links between the relative payoffs of the lobbies (or, more precisely, how lobbying affects relative payoffs) and the incentives for a strategic devaluation of the lobbies. While my paper is constructed to generate equivalence between so-called curse of the ex ante advantage (i.e., a phenomenon where lobbying reverts relative payoffs) and the strategic devaluation, this thesis demonstrates that by changing the objective of the policy-maker, the two phenomena are no longer equivalent. In other words, we may observe the curse which does not motivate for strategic devaluation, and we may observe strategic devaluation even in the absence of the curse.

My broad opinion is that this particular thesis is a nice extension that demonstrates that the author can work in the contemporary microeconomics, specifically in subfields of information economics and political economics. I also appreciate that survey part (Chapter 2) is not excessively lengthy and correctly puts the analyzed model in the related literature.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	29
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	20
<b>TOTAL POINTS</b> (max. 100 points)	<b>94</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** Martin Gregor

**DATE OF EVALUATION:** May 28, 2015

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**Referee Signature**

### **EXPLANATION OF CATEGORIES AND SCALE:**

**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

### **Overall grading:**

TOTAL POINTS	GRADE		
81 – 100	<b>1</b>	= excellent	= výborně
61 – 80	<b>2</b>	= good	= velmi dobře
41 – 60	<b>3</b>	= satisfactory	= dobře
0 – 40	<b>4</b>	= fail	= nedoporučuji k obhajobě