

REVIEW OF THE BACHELOR'S THESIS EXTERNAL REVIEWER

Student's name: Filip Shrbený.....

Thesis title: Index of Economic Freedom, case of Czech Republic.....

Name of the thesis external reviewer: Ing. Lukáš Máslo, PhD.....

	1	2	3	4
Assessment of the topic itself (irrespectively of the student):				
1.1 To what extent is the topic current and significant?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.2 How challenging is the topic in respect of theoretical knowledge?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
1.3 How challenging it in respect of practical experience or fieldwork?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1.4 How difficult is it to get background materials?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Verbal assessment (several sentences), in particular:

2. Evaluation of the thesis structure and logical cohesion:				
2.1 To what extent is the thesis structure logical and transparent?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.2 To what extent does the author use current / suitable sources?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.3 How properly did the author select methods in respect of the topic?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2.4 How sufficiently and functionally did the author use in the thesis original charts, tables, data, annexes, etc.?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.5 What is the compatibility level for the thesis basic line elements: topic – thesis assignment – objective – structure - conclusions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Verbal assessment (several sentences), in particular:

Subsection 2.2: In a section 4.2.1.1, the author comments on Table 5: "With the absence of no [sic] other explanation from the Fraser Institute, we have to rely on data provided." Further on, the author presents his computation of rating based on the assumption that one point on the rating scale corresponds to 3.6 percentage points of change in the marginal income and payroll tax rate. On this assumption, the author leans his conclusion that "Czech Republic, in order to get full 10 points in this element, needs to lower its Top marginal income and payroll tax rate by 22 percent [sic]." But this conclusion is based on a conjecture of the author that one point in the scale corresponds to 3.6 percentage points in the tax rate. And this conclusion is being drawn by the author just because of "no other explanation from the Fraser Institute". How can the author do a guesswork in a matter of such an importance to him? If he was not sure, the author should have done his best to find out how the Fraser Institute is computing the rating in this element, for example contacting the Institute. But juggling with percentage points like this and

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then provide a policy recommendation to decrease the top marginal tax rate by 22 percentage points depending on how lucky his guess was, that is irresponsible. What if the scale in this element is progressive? Or what if it is regressive? Or what if it is constant and then progressive? The author does the same guesswork in the following section 4.2.1.2.

Subsection 2.3: The ambition of this thesis is enormous. Specifically, to fulfill the ambition adequately, the scope of this thesis would have to be hundreds of pages, instead of tens. The author wants to provide a set of political recommendations reaching from monetary policy to fiscal policy to legal system. That is a tough proposition which requires expertise in monetary economics a policy, taxation, legal system, judicial practice, macroeconomic analysis. However, the author – as he admits himself on pages 2 and 45 – is lacking the necessary expertise. A lack of a well-specified methodological procedure is already indicated by the “chapter” 3: Methodology, which only consists of two lines. It is not even a sentence, as a matter of fact. It is just an entry: “Quantification of the advices and approaches from selected sources through the ranking of the Heritage and Fraser Institute Economic Freedom index.”

3. Assessment of the thesis text quality:

3.1 How well – in terms of depth and quality – did the author analyze the topic?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.2 Did the author formulate the thesis objective clearly and with logical structure?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.3 Did the author fulfill the defined thesis objective and approved assignment of the thesis that contains the objective?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.4 How well – in terms of depth and quality – did the author cover the theoretical part of the thesis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.5 How well – in terms of depth and quality – did the author cover the practical / analytical part of the thesis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3.6 To what extent are the thesis conclusions logically structured and show quality, and what is their added value?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Verbal assessment (several sentences), in particular:

Subsection 3.1: The analysis provided in this thesis is superficial and utterly inadequate for a scientific work. For example, in the section 4.2.2, the author provides an “analysis” of the Czech legal system. This analysis consists of a rating table from Gwartney, Lawson, Hall (2014), which most probably concerns the Czech Republic (who knows) and that is it. The author says that: “By looking at the change per year from the year of 2000, we can see that all the judicially focused sub-elements are more or less falling in grading.” (p. 36). Where are we supposed to see it? The author has obviously forgot to attach the data he’s referring to (something we can see repeatedly in this thesis). After this “analysis”, the author goes straight ahead to suggest his set of recommendations. How? By a short reference to a paper Iceland’s Judicial System, 1957-2010, to Iceland’s rating 8.2 in 2012 and to a fact stated in this paper that the minister of justice appoints the judges of the Supreme Court. For the author, this is enough to draw a conclusion: “Our suggestion would be to transfer the power of appointing the Supreme Court judges to the hands of the ministry of justice [...]”. (p. 37). If 25 per cent of Icelandic judges were Inuits, would the author recommend to the Czech judicial system to recruit a proportionate number of Inuit judges? As a matter of fact, most of the author’s recommendations are vague, empty proclamations without any specific, concrete instructions. Corruption should be fought, taxes

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should be lower, tax collection should be more effective, government spending should be cut, monetary policy of CNB is great and doesn't need to be changed.

Subsection 3.3: Nominally, the author did provide a conclusion to every problem he had identified in the Bachelor Thesis Assignment, in the Abstract and in the Introduction. In real terms, though, the author did not solve any problems. He just recommended to do what has to be done to make some numbers increase, based on the respective definitions of the respective elements of the respective compounds.

Subsection 3.4: The thesis does not have any theoretical part. And a theoretical part is desperately needed here because the author presupposes principles and operates with notions which are not self-evident. A principle of justice which is used when discussing the taxation and size of the government: should distributive justice or commutative justice be applied? A principle of freedom: which concepts of a state does the author know? How does the U.S. constitutional law grasp a state? And the German constitutional law? What about the traditional medieval concept of a state? Is the state a protector, an enemy, an ally, a policeman, an umpire, a provider or something else? Does it even have a sense to talk about "economic" freedom? Does the author know any arguments against the laissez-faire ideology? Does the author have any counter-arguments to say?

Subsection 3.5: Basically, what the author does, is looking at the particular elements of the particular compounds of the EFI and then recommending to do what has to be done to increase a number, according to a definition. Marginal tax rate down increases the rating, so, let us decrease the marginal tax rate. A lower number of days needed to start a business increases the rating, so, let us lower the number of days needed to start a business. The author does not worry about how to do it, really. An example is his recommendation to solve the problem of the pension system. The population is getting older, the number of contributors keeps decreasing, the number of pension recipients keeps increasing. The author's solution: "Decreasing the percentage of GDP spent on pensions is a good start." Or this one: non-salary cost to employers are high. The author's solution: "[...] cutting the social and medical tax in half (along with various adjustments) for the Czech Republic could yield a dramatic outcome." (p. 24). I have no doubt that implementing the recommendations of the author would be dramatic.

Subsection 3.6: Logical structure is fine. The thesis, though, in its content and in its diction, is less a scientific work than a party conference paper. An added value of the thesis as a scientific work is hard to find for me.

4. Assessment of the thesis form and style:

- | | | | | |
|--|--------------------------|--------------------------|-------------------------------------|-------------------------------------|
| 4.1 What is the formal layout of the thesis? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4.2 What is the quality of citations and references? Are sources identifiable? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4.3 What is the stylistic level of the thesis, particularly the use of correct economic terminology? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Verbal assessment (several sentences), in particular:

Subsection 4.1: The list of references does not respect any rules, the author uses different patterns, he mixes electronic sources with papers, some authors are presented with both a surname and first/second names, some are presented with a surname and only the first letter of the first/second names, one entry is stated twice (Gwartney, Lawson, Hall, 2014), one entry does not start with a surname (James Gwartney, Robert A. Lawson, Joshua C. Hall, 2016), total

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confusion. The “chapter” 2 has only two lines (!). The terms “advices”, “improvement”, “evaluation” as keywords? Excuse me?

Subsection 4.2: The author does not identify the sources properly. When quoting websites, the author does not specify where on the website the quoted text can be found. When quoting a text from other papers, the author does not state the other author, at several places, e. g. p. 13 (“*the devil is in the detail*”); p. 16 (“*government spending can bolster economic growth by putting money into people’s pockets.*”; “*large and growing government is not conducive to better economic performance.*”; “He also points out that [...]” – who?; “The author points out [...]” – who?). Once the author mentions the other author, he does not state the page from which he is quoting.

Subsection 4.3: The diction of the thesis is not adequate to a bachelor thesis at Faculty of Economics. To pick just some stylistic mistakes: “we should not forget that the main driving force behind this paper is ever growing importance of economic freedom and growth,” (p. 3), “Heritage Foundation realizes the fact that [...]” (p. 27), “Czech Republic stands proudly at 23rd place” (p. 29), “But what is Fraser Institute?” (p. 32), “Some topics require different form of expertise than the one of the author of the paper” (p. 45).

5. Overall assessment (*It is necessary to state, whether the thesis meets the requirements of the Methodology of the Faculty of Economics in terms of the quality of contents, scope and formal requirements, whether the thesis is/is not recommended for defense. It may also be nominated for a special award, etc.):*

The thesis does not meet requirements on a final thesis at the Faculty of Economics. The level of scientific discourse in this thesis is insufficient. The stylistic level is inadequate. Quality of citations and references is bad. I do not recommend the thesis for defense.

6. Questions and remarks to the defense:

Proposed grade: Insufficient

Date: 27. 1. 2017Signature of the Thesis External Reviewer

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