

Report on Bachelor Thesis

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

Student:	Tomáš Petrus
Advisor:	Bc. Daniel Kolář, M.Sc.
Title of the thesis:	The Impact of Universal Basic Income on Redistribution and Poverty in Italy: A Multi-Scenario Analysis Using HFCS Data in EUROMOD

OVERALL ASSESSMENT:

Short summary

The author performs a policy simulation that estimates the impact of a hypothetical Universal Basic Income (UBI) policy on Italian households. He uses a static microsimulation tool EUROMOD along with Household Finance and Consumption Survey data, which collect data on income as well as wealth, and therefore allow the author to simulate a wealth tax as one of the sources of financing of a wealth tax. He presents three scenarios (ambitious, moderate, and conservative), which differ in scale.

Contribution

As I understand from the abstract, the author aims to aid the ongoing debate over the UBI policy. I think that the author does not reach this goal for several reasons:

- The simulated wealth tax appears to be in fact an asset tax, meaning that debt is not deducted. For example, a household buying a house with a mortgage would see their wealth tax liability increase significantly, even if their net wealth remained unchanged.
- The wealth (asset) tax rate is extremely high even in the conservative scenario. More specifically, it is a flat rate of 2 % with no progressivity and no exceptions for smaller wealth holdings.
- The large deficit (+7 % of GDP) associated with the ambitious scenario makes the policy infeasible even absent behavioral changes. Similarly, the budgetary surplus of the conservative scenario of 2 % GDP also does not make sense: It means that taxes are raised more than necessary or that the UBI amount is lower than it should be.

In addition, the results are presented using basic output tables of EUROMOD and the author does not offer much insight beyond them. This limits the reader's understanding of the impacts of the wealth tax since the author only reports statistics based on income (although the wealth tax payment is at least deducted from incomes of households). I also found it interesting that pensioners are the most negatively affected group and would like to see the author discuss this more.

Methods

The author uses a popular microsimulation model EUROMOD along with survey microdata, and I think that the author shows good command of the model.

The author originally intended to work with Czech data, but unfortunately it turned out that the Czech Statistical Office (CSU) does not allow students to purchase their microdata for bachelor and master theses (the only exception was using the data in the CSU SafeCentre, which was unsatisfactory since the student needed the EUROMOD programme installed). Further, the author had to adjust the variables in the microdata to be compatible with EUROMOD, which proved more time-consuming than expected.

I find it positive that the author also references existing literature when justifying some of his methodological choices, for example, with data processing. On the other hand, the author's desing of the wealth tax is not taken from any existing literature and as such suffers from the above-mentioned shortcomings.

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Literature

I find the literature review well structured and adequate for a bachelor thesis. Perhaps the papers reviewed in Section 2.1. could be described in more detail, for example in terms of their findings.

Manuscript form

I found the thesis well structured and easy to read. The author does a good job in explaining the various steps he undertook during his research. The thesis is written in a word editor other than LaTeX, which demonstrates itself in inconsistent paragraph spacing or incorrect citation formatting.

I also note inconsistency in the language style of the thesis. While most of it is written using fairly standard, basic English as one would expect, several parts (e.g. 4.4., 6) are written in a different style and include terms such as „paradigm shift,“ „comprehensive reconfiguration,“ or „foundational layer.“

Overall evaluation and suggested questions for the discussion during the defense

I did not get the opportunity to raise any of the above-mentioned points to the author since I did not see neither the thesis nor any of the results prior to submission. At the same time, I am aware that the author has put effort into the thesis, namely into familiarizing himself with EUROMOD, trying to obtain the data, or harmonising the variables.

While a more careful design of the simulated policies and a better presentation and discussion of the results would improve the thesis, I think that the thesis, in its current state, fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University. I recommend it for the defense and suggest a grade E. The results of the Turnitin analysis do not indicate significant text similarity with other available sources

I suggest the following questions for the defense:

- Your policy simulation is static. What behavioral responses would you expect if UBI and the corresponding taxes were implemented?
- Why are pensioners as a group affected so negatively?

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	5
<i>Methods (max. 30 points)</i>	20
<i>Literature (max. 20 points)</i>	20
<i>Manuscript Form (max. 20 points)</i>	10
TOTAL POINTS (max. 100 points)	55
GRADE (A – B – C – D – E – F)	E

NAME OF THE REFEREE: Daniel Kolář

DATE OF EVALUATION: 13.1.2024

Digitally signed, 13.1.2024
Daniel Kolář

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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.*

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.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

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.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F