

Report on Bachelor / Master Thesis

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

Student:	Bc. Adriana Pinlová
Advisor:	Mgr. Roman Kalabiška
Title of the thesis:	The Political Budget Cycle of Municipalities in the Czech Republic

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

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary

The presented thesis analyses the political budget cycle of Czech municipalities. The author uses a fixed effects model to describe the influence of municipal election on expenditures in the last three election terms. It also offers a more detailed look into the structure of municipal expenditures for all three types of municipalities.

Contribution

This thesis adds to the existing literature on the topic of political cycles by adding the information about mayors' political affiliations as well as distinguishing between each type of municipality. In the case of type I municipalities, of which there is the vast majority, this analysis is the first in the academic literature as far as I'm aware. We must not forget about the data collection, which in the case of political affiliations is more difficult than expected, as no comprehensive information about mayors are publicly available, not even provided by the Ministry of Interior. Adriana had to create her own dataset, inspired by Navrátilová (2021).

Methods

The empirical part of the thesis is based on a regression of current and capital expenditures for the three types of municipalities. After a discussion of panel data estimation methods as well as standard tests for autocorrelation and heteroskedasticity, the author chose fixed effects with HAC standard errors. Although the author follows a simple procedure, she validates her choices by discussing theory and correctly interpreting her results. In the next step, she alters the specification of her model to closely examine the effect of the election cycle. She found out that in all types of municipalities, capital expenditures increase in the areas of transport, culture, sport and leisure before elections.

Literature

The thesis shows an adequate command of the related literature, which is discussed clearly in the literature review (*Chapter 2*) as well as appropriately cited throughout the text. The results of the Urkund analysis do not indicate significant text similarity with other available sources.

Manuscript form

The work reads very well without any disruptions and struggle of the intended meaning. It is written in nice English, follows a standard structure and is well organized. Tables and figures are also formatted well and labeled properly.

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Overall evaluation and suggested questions for the discussion during the defense

Overall the thesis is nicely presented and free from major mistakes. The author showed her knowledge of the topic and I believe that the thesis fulfills the requirements for a master thesis at the Institute of Economic Studies, Faculty of Social Sciences, Charles University. It is my pleasure to recommend the thesis for the defense and suggest a grade B.

For the defense I suggest that the author explains the reasoning behind studying each type of municipalities separately and how can it be done. Could she have used a more sophisticated way perhaps? Also, same question about the political affiliations of mayors.

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	25
<i>Methods (max. 30 points)</i>	20
<i>Literature (max. 20 points)</i>	20
<i>Manuscript Form (max. 20 points)</i>	20
TOTAL POINTS (max. 100 points)	85
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: *Mgr. Roman Kalabiška*

DATE OF EVALUATION: **22/01/2024**

Digitálně podepsáno (22.1.2024)
Roman Kalabiška

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