

Report on Bachelor Thesis

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

Student:	Kristián Buryš
Advisor:	Petr Polák, Ph.D.
Title of the thesis:	End of capitalism: Debt and trust economy

Short summary

There are pending debates among academics and practitioners whether an increasing level of indebtedness in many sector across world economies is sustainable or not. Kristián Buryš investigates this topic when analysing the relationship between debt and trust in the financial system and their potential impact on the capitalist system using on a sample of 400 Czech firms in the 2018-2021 period.

Contribution

The thesis fills a gap in the literature as it analyses the impact of debt financing in the Czech Republic. The results did not support the hypothesis that the accumulation of debt and declining trust in the financial system can lead to a crisis of capitalism. The author also concludes that older firms tend to have lower D/E ratios than younger firms. Not surprisingly, he observes that an increase in the debt-to-GDP ratio and interest rates may increase the risk of an economic crisis or recession in the Czech Republic.

Methods

The author presents one central hypothesis and few other ones. When testing them, Kristián applies standard methods for correlation and panel data analysis such as the FE model and the Logit model, and provides relevant tests.

Literature

A 5-page literature survey seems comprehensive. Key works in the field such as Myers (1977), Graham & Harvey (2001) or Reinhart & Rogoff (2011) are quoted. However, I miss a seminal work on capital structure from Modigliani & Miller (1958), what partly diminishes author's research.

Manuscript form

Kristián's thesis meets standard format requirements on bibliography, notes, figures and tables well illustrate discussed issues. The thesis is worked out nicely the estimated models have a high discriminatory power.

Summary and suggested questions for the discussion during the defense

To summarize, Kristián has developed a solid academic approach, reviewed the existing literature, identified and investigated open questions and drew relevant conclusions from that. In my view, the thesis 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 B**.

The results of the Turnitin analysis indicate 31% text similarity with other available sources. Since this similarity comes from multiple sources, so I do not see it as a problem.

Questions to the defense:

- 1) Results in Table 6.1 indicate that interest rates can be significant predictors of economic crises. What are implications of the recent interest rate level on CZK corporate loans in the light of Kristián's results?
- 2) Could the author compare his results with relevant studies and draw policy recommendations from that?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	26
<i>Methods</i> (max. 30 points)	26
<i>Literature</i> (max. 20 points)	15
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	85
GRADE (A – B – C – D – E – F)	B

NAME OF THE REFEREE: Prof. PhDr. Petr Teplý, Ph.D.

Digitálně podepsáno (30. 5. 2023)
Petr Teplý

DATE OF EVALUATION: May 30, 2023

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

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

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

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