

# Report on Bachelor Thesis

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

<b>Student:</b>	<b>Nikola Bošković</b>
<b>Advisor:</b>	<b>Matěj Bajgar, DPhil.</b>
<b>Title of the thesis:</b>	<b>Impact of government subsidies on the quantity and quality of movie production</b>

## **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 thesis studies the impact of subsidies awarded by the by the Czech Film Fund on the quantity and quality of movies made in the Czech Republic. It employs a regression discontinuity design that compares movie projects that received evaluation scores just above and just below the threshold for receiving funding. It finds that receiving a subsidy roughly doubles a probability that a movie is actually made (within the next 3 years). Receiving the subsidy does not appear to have causal effects on the box office numbers and viewer or critic ratings *conditional on the movie being made*, but the subsidies disproportionately support movies which, conditional on being made, achieve lower box office numbers but receive better ratings from both viewers and critics.

### **Contribution**

The thesis represents the first quasi-experimental study on the topic anywhere. As such, it vastly exceeds the requirements on novelty and contribution of a bachelor's thesis. In addition, given the amount of money disbursed every year by the Czech Film Fund, the thesis represents an original and highly valuable contribution to the Czech policy debate.

### **Methods**

The thesis uses a regression discontinuity design that compares movie projects that received evaluation scores just above and just below the threshold for receiving funding. It tests the assumptions of the methodology used, and it tests robustness of the results to variations in the estimating equations. The thesis contains a well-executed quasi-experimental design, a feat that is rare in the context of bachelor's theses at the IES.

One area that deserves further thinking is assumptions under which it is possible to identify causal effects of the subsidies on outcomes that are observed only for movies that are actually made. The challenge is that movies that were made despite not receiving the subsidy are a select group that may not represent a valid counterfactual for movies that were made thanks to the subsidy. (Note this concern does not affect the validity of estimates of the impact of the subsidies on the probability that a movie is made, the main finding of the thesis.)

### **Literature**

The literature review is very well structured, it nicely summarises related literature in terms of both methodological approaches and results, and it clearly spells out the contribution of the thesis. Studies are discussed with clarity and appropriately cited.

### **Manuscript form**

The thesis is well structured and well written. It is appropriately formatted in LaTeX.

### **Overall evaluation and suggested questions for the discussion during the defense**

The thesis represents the first quasi-experimental study anywhere on the topic of movie subsidies. It is also well executed, with robust empirical analysis, well-structured literature review and good structure and style. For all these reasons, I consider this a particularly strong bachelor's thesis. I recommend it for the defense, suggest grade A and recommend it for relevant awards.

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The author should consider developing the thesis into a policy study for the Czech public (e.g. published at the IDEA think tank) and into a paper for an academic journal.

During the defense, the committee may want to ask the following questions:

1. When estimating the impact on outcomes only observed for movies that end up being made (e.g. box office), why might films that ended up being made despite scoring just below the threshold and not receiving subsidies not represent a valid control group for those that were just above the threshold and did receive the subsidies? What could you do about this?
2. What do you do about the fact that unsuccessful projects could apply for support again in subsequent years? How does that effect the interpretation of your results?
3. One concern could also be that a director or a producer submits multiple movie projects (in the same year) but is only able to make one (due to time or financial constraints). How would that affect the implication of your results for the total effect of the subsidies on the quantity of movies that are made?

The results of the Turnitin analysis do not indicate significant text similarity with other available sources.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	20
<b>TOTAL POINTS</b> (max. 100 points)	<b>98</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>A</b>

**NAME OF THE REFEREE:** *Matěj Bajgar, DPhil.*

**DATE OF EVALUATION:**

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**Referee Signature**

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## **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