Supervisor’s Review of Diploma Thesis

Thesis Title: An Analysis of Causes and Consequences of US Fiscal Imbalance

Author of Diploma Thesis: Bc. Chen Ji

Supervisor of Diploma Thesis: Ing. Tomáš Wroblowský, Ph.D.

One quarter of total world public debt is created by the United States. The US face a serious problem concerning both deficits and debt and the situation can get even worse, if Donald Trump launches his planned tax reform. From this perspective, author decided to work on really interesting and actual topic.

Author sets the objective of his thesis as „to analyze the causes and consequences of US fiscal imbalance and estimate and analyze US long run public finance sustainability“. Such definition is specific enough and provides good space for further analysis.

The thesis structure goes from the theory of fiscal imbalance (chapter 2) to the presentation of historical fiscal data in chapter 3 and the interpretation of the historical data and future projections in chapter 4. Chapters are clearly connected to each other. Conclusions are correct, however, they are often too vague and not well supported with arguments.

The main weakness of the thesis is that it is mainly based on interpretation of external data, so it lacks some „value added“ from the student. He made a huge load of work when searching for all the data, official reports and statistics, but he did not provide any attempt on using some scientific methods to work with the data and provide his own research. Some parts are too brief (the analysis of aging population problem definitely deserves more effort) or too confusing (the interpretation of US fiscal gap). Generally, the thesis is quite brief – if some of more extensive tables or graphs were moved to the annexes (there are no annexes, actually), there’s not too much text remaining.

Despite the shortcomings mentioned above, student has proven his ability to work independently, he fulfilled all the formal requirements for the diploma thesis. Therefore, I recommend this thesis to be defended in front of the final state exam committee. For the discussion, I suggest the student can answer following question: Are there any other countries but USA, whose official institutions measure and follow the fiscal gap and use it as an indicator for fiscal policy?

Ostrava, 14.5.2018

Ing. Tomáš Wroblowský, Ph.D.