



## Bachelor Thesis

# Economic Growth: A case study of the Czech Republic

Markéta GAJDORUSOVÁ

# Summary


- ▶ Theories of economic growth
- ▶ Factors of production
- ▶ Macroeconomics Indicators
- ▶ Economic development of the Czech Republic
- ▶ Empirical research
- ▶ GDP growth rate and prognosis

# Objectives I.

economic theories and economic schools

- ▶ Analysis and definition of individual factors of production
- ▶ Focus on the characteristics of selected macroeconomic indicators


# Objectives II.

- ▶ Evolution of the economic situation in the Czech Republic (1989 - 2015)
  - ▶ Examination of individual macroeconomic indicators and their development in time
  - ▶ GDP growth rate and prognosis
- 

# Methods and software

- ▶ Description, simulation, prediction
- ▶ General method, i.e.: comparison, analysis, synthesis
- ▶ Empirical research - regression analysis, OLS method, box plot and trend graphs
- ▶ Used software: MS Office, gretl

# Theory of economic growth

- ▶ Classical political economics
  - ▶ Keynesian economics
  - ▶ Neoclassical economics
  - ▶ New theory of growth – Endogenous growth
- 

# Factors of production

1. Materials – Land
  2. Manpower – Labor
  3. Money – Capital
  4. Management – Entrepreneur
- 

# Macroeconomics Indicators

1.  $Y_t$  – Gross Domestic Product (in %/year)
2.  $X_{1t}$  – Inflation (in %/year)
3.  $X_{2t}$  – Unemployment (in %/year)
4.  $X_{3t}$  – External trade balance (in %/year)



# Presumptions

## 1. Hypothesis:

- ▶ If inflation (in %/year) increases, the GDP (in %/year) will decrease.

## 2. Hypothesis:

- ▶ If unemployment (in %/year) increases, the GDP (in %/year) will decrease.

## 3. Hypothesis:

- ▶ If external trade balance (in %/year) increases, the GDP (in %/year) will increase.

# Results

- ▶ If the inflation in the Czech Republic increases by 1%/year, the GDP will decrease by - 0.416423% =>  $H_0$  is accepted

***The first hypothesis was confirmed.***

- ▶ If the unemployment increases by 1%/year, then the GDP will decrease by -0.460793% =>  $H_0$  is accepted

***The second hypothesis was confirmed.***

- ▶ If external trade balance increases by 1 %/year, then the GDP will decrease by -0.244987% =>  $H_0$  is accepted

***The third hypothesis was confirmed.***

**Thank you for your attention**