

Opponent's Report on Dissertation Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague
Opletalova 26, 110 00 Praha 1, Czech Republic
Phone: +420 222 112 330, Fax: +420 222 112 304

Author:	Jan Hájek
Advisor:	Prof. Roman Horváth Ph.D.
Title of the Thesis:	Essays on Macro Imbalances, Monetary Policy and Exchange Rates
Type of Defense:	DEFENSE
Date of Pre-Defense:	April 10, 2019
Opponent:	Christopher Hartwell, Ph.D.

Address the following questions in your report, please:

- a) Can you recognize an original contribution of the author?
- b) Is the thesis based on relevant references?
- c) Is the thesis defensible at your home institution or another respected institution where you gave lectures?
- d) Do the results of the thesis allow their publication in a respected economic journal?
- e) Are there any additional major comments on what should be improved?
- f) What is your overall assessment of the thesis? (a) I recommend the thesis for defense without substantial changes, (b) the thesis can be defended after revision indicated in my comments, (c) not-defensible in this form.

(Note: The report should be at least 2 pages long.)

I would like to thank the author for his substantial revisions on this dissertation, and especially his attention to my comments on the earlier draft. In particular, the first (unpublished) paper was thoroughly revised along the lines of my comments and, while I may still have some quibbles with variable choices and how they are justified (see below), I think these are points which should be debated in the marketplace of ideas and are not disqualifying from a technical or competency standpoint.

Other broad issues which persist but, in my opinion, are not fatal include the need to have some more thorough editing of the introduction and the first paper – in areas, the English is still not quite correct, and I personally found the personalization in the introduction to be somewhat jarring (at times, it read like a diary entry on what the author found interesting rather than convincing me WHY this was interesting). This was likely a stylistic choice, one which I did not think was appropriate for a scholarly piece of work destined for publication, but I can see the reasoning behind it. As the introduction is also tying together the disparate parts of the dissertation but not intended for publication itself, it also makes sense.

To work my way through the headings of this form:

- a) As before, yes, there is an original contribution of the dissertation and this comes through the entire series of papers. As noted previously, the success in publication of three of the papers already demonstrates that there is a market for this research, while I believe the sole unpublished paper will also find a home somewhere. Based on this metric alone, there is an original contribution to the body of scientific knowledge, and I think the dissertation compares favorably in this respect.
- b) One of the things that the author does extremely well is base his theories and evidence on previous work, and I think the extent of and recourse to references is a strength of this paper. I especially liked how, in the first paper, the author made sure to compare his results with those who have gone before to show how they are in line with other analyses. This too is a strength.
- c) Yes, this thesis is defensible at both of my home institutions and would be accepted at both Bournemouth and Kozminski. The author has put in an impressive amount of work and it shows.
- d) As answered in the pre-defense report, the fact that 75% of this dissertation has already been published makes this point rather moot. As I noted above, I believe the final unpublished paper will find a home somewhere as well, likely in a specialized journal on international macroeconomics.
- e) I have no more major comments, some minor ones pertaining to the first paper but, again, nothing which is fatal or should prevent this paper from being accepted. These are listed below:
- One of the most puzzling points to me occurs in the first paper, when the author is defending the parsimonious set of covariates in the regression. I think he makes a good point for trying to narrow down the plausible determinants, based on the literature. Indeed, in the footnote on page 14, he references Skorepa and Komarek (2015), who give a very plausible taxonomy for what these plausible determinants might be. However, the author doesn't actually follow this taxonomy! I was expecting to see the covariates lined up as financial development, GDP (which is included), central bank independence, and structural issues (which are also included). Why did the author quote a perfectly nice taxonomy but not use it?
 - The BEER approach is still described only in broad terms and with reference to one paper from 20 years ago. Unlike the rest of the paper, which is well-referenced (see above), there needs to be a better fleshing out of the BEER approach with examples from more recent papers. I suggest papers such as Wang *et al.* (2007), Bénassy-Quéré *et al.* (2010), Lòpez-Villavicencio *et al.* (2012), or Lebdaoui (2013).
 - On p. 17, the author notes that panel estimation requires that the chosen variables are non-stationary. That is not strictly speaking correct, it is only necessary if one is going to use some form of cointegration analysis. It would be better put that non-stationarity requires a cointegrated vector.
 - The comparison table of DOLS and FMOLS on p. 19 is very good and I am happy to see the coefficients are of similar magnitude. This is a good robustness test.

- I also think the Figures (2.1 and 2.2) are a very nice touch, incorporating some uncertainty as related to estimators. This is an interesting and honest graphical representation.
 - The final paragraph of the paper has some awkward phrasing, i.e. “perform a meta-analysis to get to the roots behind different quantitative results.” This is a mixed metaphor and should be reformulated. Again, nothing fatal.
- f) I recommend the thesis for defense without substantial changes. The revisions suggested above are more for the preparation of the last remaining chapter for publication than as necessary changes for the conferral of the doctoral degree.

REFERENCES

Bénassy-Quéré, A., Béreau, S., & Mignon, V. (2010). On the complementarity of equilibrium exchange-rate approaches. *Review of International Economics*, 18(4), 618-632.

Lebdaoui, H. (2013). The Real Exchange Rate Misalignment: Application of Behavioral Equilibrium Exchange Rate BEER to Morocco 1980Q1–2012Q4. *International Journal of Economics and Finance*, 5(10), 36-50.

López-Villavicencio, A., Mazier, J., & Saadaoui, J. (2012). Temporal dimension and equilibrium exchange rate: A FEER/BEER comparison. *Emerging Markets Review*, 13(1), 58-77.

Wang, Y., Hui, X., & Soofi, A. S. (2007). Estimating renminbi (RMB) equilibrium exchange rate. *Journal of Policy Modeling*, 29(3), 417-429.

Date:	27 August 2019
Opponent's Signature:	
Opponent's Affiliation:	Christopher Hartwell, Ph.D. Bournemouth University, United Kingdom Kozminski University, Poland