

# Opponent's Report on Dissertation Thesis

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Author:	<b>Dominika Ehrenbergerová</b>
Advisor:	Prof. PhDr. Tomáš Havránek Ph.D. (IES)
Title of the Thesis:	Empirical Essays on Monetary Policy and Financial Stability
Type of Defense:	<b>DEFENSE</b>
Date of Pre-Defense	February 28, 2024
Opponent:	Martina Jašová PhD (Barnard College, Columbia University)

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.)

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The thesis by Dominika Ehrenbergerová, titled "*Empirical Essays on Monetary Policy and Financial Stability*," presents an original contribution in the fields of monetary policy, macroprudential policy, and financial stability through three empirical essays. These essays offer a fresh perspective on the elasticity of substitution between capital and labor, the impact of monetary policy on house prices, and the effects of higher capital requirements on bank lending, particularly in the Czech Republic.

In the thesis, Dominika identifies factors responsible for large estimated values of the elasticity of substitution between capital and labor, addresses publication bias in economic research, and explores the nuanced effects of monetary and macroprudential policies on financial stability using unique datasets and meta-analyses. The analysis is based on relevant references and offers a comprehensive review and synthesis of existing literature.

This thesis is divided into three distinct but interconnected essays. Before providing more a detailed summary of the three essays, it is worth noting that the papers included in this thesis have already been published in peer-reviewed journals.

The first essay investigates the elasticity of substitution between capital and labor, a fundamental parameter in macroeconomic models that influences how economies respond to

technological change and policy interventions. Dominika (and her co-authors) address the methodological concerns surrounding its estimation, revealing biases in existing studies and suggesting corrections that refine our understanding of capital-labor dynamics. This essay stands out for its methodological rigor and contributes to a more accurate modeling of economic phenomena. The paper was published in the *Review of Economic Dynamics* in 2022, and has already received broad attention (including a substantial number of citations) in the field.

The second essay focuses on the impact of monetary policy on house prices, shedding light on the transmission mechanisms of policy decisions through the housing market. By leveraging unique data and applying meta-analysis, Dominika (and her co-authors) provide valuable insights into how monetary policy can be optimized to achieve financial stability without adversely affecting the housing sector. This analysis is particularly relevant for policymakers seeking to balance economic growth with financial health. This paper was published in the *IMF Economic Review* in 2023 and was also awarded the *Karel Engliš Prize* for the Best Paper in Czech Economic Policy by the Czech Economic Society.

The third essay examines the effects of higher capital requirements on bank lending. To this end, Dominika (and her co-authors) exploit the unique supervisory panel data of the banking sector in the Czech Republic. They show that higher additional capital requirements adversely impact credit supply of banks and the effects are disproportionately driven by less-capitalized banks. The third essay was published in *Empirica* in 2022 and was also awarded the *Frantisek Vencovsky Prize*.

Dominika is an exceptional PhD candidate with a rich research agenda. Even though her thesis consists of the customary three essays, her research portfolio (as highlighted in the introduction of the thesis) offers so much more. She also has relevant work experience both from the Czech National Bank and the European Central Bank, which has allowed her to focus on highly policy-relevant research. Going forward, I am confident that she will continue to be a very productive researcher.

In conclusion, the thesis represents a solid contribution to the fields of monetary policy and financial stability. Furthermore, all three papers have already been published in peer-reviewed journals. The thesis meets the standards at my current institution as well as a number of other institutions in Europe where I serve as a member of the PhD committees. As a former alumna, I am also confident that the presented thesis also meets the standards for theses at the Institute of Economic Studies. In summary, I enthusiastically recommend the thesis for defense without substantial changes.

Based on all of the above, I would like to answer the key questions:

a) Can you recognize an original contribution of the author?

Yes

b) Is the thesis based on relevant references?

Yes

c) Is the thesis defensible at your home institution or another respected institution where you gave lectures?

Yes

d) Do the results of the thesis allow their publication in a respected economic journal?

*Yes*

e) Are there any additional major comments on what should be improved?

*No*

f) What is your overall assessment of the thesis?

*(a) I recommend the thesis for defense without substantial changes*

Date:	May 6, 2024
Opponent's Signature:	
Opponent's Affiliation:	Martina Jašová PhD (Barnard College, Columbia University)