

**BACHELOR'S THESIS EXAMINER REPORT**  
*PPE – Bachelor's in Politics, Philosophy and Economics*  
*Faculty of Social Sciences, Charles University*

<b>Thesis title:</b>	<b>Evaluating the Euro's Impact on Slovak Trade: An Empirical Analysis</b>
<b>Student's name:</b>	<b>Tomas Pientka</b>
<b>Referee's name:</b>	<b>PhDr. Jiří Schwarz, Ph.D.</b>

Criteria	Definition	Maximum	Points
<b>Major Criteria</b>			
	Contribution and argument (quality of research and analysis, originality)	<b>50</b>	40
	Research question (definition of objectives, plausibility of hypotheses)	<b>15</b>	10
	Theoretical framework (methods relevant to the research question)	<b>15</b>	15
<b>Total</b>		<b>80</b>	65
<b>Minor Criteria</b>			
	Sources, literature	<b>10</b>	10
	Presentation (language, style, cohesion)	<b>5</b>	5
	Manuscript form (structure, logical coherence, layout, tables, figures)	<b>5</b>	5
<b>Total</b>		<b>20</b>	20
<b>TOTAL</b>		<b>100</b>	85

**Plagiarism-check (Turnitin) match score: 23% (mainly due to a rather high number of correctly referenced in-text citations)**

**Reviewer's commentary according to the above criteria** (min. 1800 characters including spaces when recommending a passing grade, min. 2500 characters including spaces when recommending a failing grade):

The thesis focuses on the effects of Euro adoption on trade flows. Specifically, the author estimates the impact of the Euro adoption in Slovakia on Slovak international trade. Before I elaborate on this particular analysis, let me first comment on what I perceive as the major strength of the thesis: The literature review covering the history of the use of gravity models in trade in general, but particularly the so-called Rose Effect – the effect of currency unions on trade.

The literature is reviewed in a very systematic way and in such style that it is really a pleasure to read. Sometimes the papers could have been summarized in a more concise manner, but overall this part constitutes a solid aspect of the thesis. However, I miss some kind of a culmination of the review part, which should be the identification of a gap in the

existing literature and a clear and explicit description of the original contribution of the thesis. Even though it might be a rather small thing in a bachelor thesis, such as more recent data, more fancy method, slightly different approach to some analysis, etc.

Unfortunately, the thesis doesn't include it at all and also doesn't really motivate the research question. The author simply writes in the first paragraph of the introductory chapter, that the thesis will assess how the past 15 years of EMU membership have impacted the Slovak trade. We don't know if it has been done already a hundred times in the last couple of years, or if no one did it before (which I highly doubt). Even after reading the whole thesis I was not sure why the author did the analysis.

The second major shortcoming I identified while reading the thesis was the interpretation (or maybe rather interpretability) of the results. The author mentions it himself: Since Slovakia adopted Euro in 2009, it is very hard to distinguish its effects from the effects of the 2008/2009 financial crisis and subsequent economic slowdown. I did not find the identification strategy convincing, or convincingly explained. The author mentions the year fixed effect, or the lagged effect, but I found it very hard to trust it because the explanation was always very brief. As if the author expects me to just trust him because he says so. Don't get me wrong, I understand that it is a complicated issue that very probably goes beyond what we can expect on the bachelor level. But still, I believe that the issues could have been handled in a much better way. E.g. I don't think it is correct to assume that the time-varying fixed effects in the regression should capture the influence of the financial crisis, because the impact were very different depending on the economic/industry structure, financial markets interconnectedness, etc.

But other than that, I identified just a couple of minor issues.

**Proposed grade (A-B-C-D-E-F): B**

**Suggested questions for the defence are:**

1. Why not use separate dummies for eurozone and Slovakia, and their interaction to reveal the marginal effects? That means not having just euro\_SVK & euro\_no\_SVK variables, but also SVK dummy.
2. Can you explain what the original contribution of your thesis is? How do your results enrich the existing knowledge?
3. Even after reading it repeatedly, I still don't understand the part about eurozone imports of extra-eurozone goods and the difference between Slovakia and other members. Can you elaborate on that during the defense?

**I recommend the thesis for final defence.**

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***Referee Signature***

Overall grading scheme at FSV UK:

TOTAL POINTS	GRADE	Quality standard
91 – 100	<b>A</b>	= outstanding (high honor)
81 – 90	<b>B</b>	= superior (honor)
71 – 80	<b>C</b>	= good
61 – 70	<b>D</b>	= satisfactory
51 – 60	<b>E</b>	= low pass at a margin of failure
0 – 50	<b>F</b>	= failing. The thesis is not recommended for defence.