Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	**Bc. Martina Jašová**
Advisor:	**Dr. Adam Geršl**
Title of the thesis:	**From Credit Growth to Credit Crunch: Analysis of Responses to Credit Development in CEE Region**

***OVERALL ASSESSMENT** (provided in English, Czech, or Slovak):*

In her master thesis Martina Jašová investigates the pattern of pre-crisis credit growth in Central-Eastern Europe, examines whether or not the growth was excessive, and surveys the palette of policy measures taken in those countries to slow credit growth down. She presents a very careful analysis and gives clear recommendations for policy makers in this area.

The thesis begins with stylized facts describing the development of credit in Central-Eastern Europe before the Great Recession. The author does a good job in motivating the reader for the more formal analysis that follows; the first part, as well as the rest of the thesis, is written in clean English. The author pays a lot attention to details; formally the thesis is beautiful. I appreciate the use of LaTeX and the author's graphical craftiness. This is how master theses should look like, and also PhD students would benefit from reading the thesis of Martina Jašová. The second part of the presented work concerns the estimation of "credit gap" (deviation from the path of credit growth given by fundamentals). While I understand the analysis has already become standard in the literature and that the author follows renowned researchers in this area, I would still prefer more discussion of the econometric model employed. In particular, for the regression underlying Table 2.4, the issues of stationarity and cointegration are briefly mentioned, but the regression is estimated in log-levels. I wonder whether or not some of the statistical significance reported there is spurious. Do the coefficients change significantly if the regression is simply re-estimated in differences? The main contribution of the thesis is the last part, in which the author collects a unique data set of policy measures employed in the Central-Eastern Europe to tame credit growth. She contacted each of the region's central banks and collected answers from all of them. The stylized facts derived from this data set are highly valuable to anyone working in the field. I am less convinced about the usefulness of the difference-in-difference approach in this case, since often the treatment and control groups consist only of one or two countries. Nonetheless, it is interesting to read.

I would not normally raise minor formal issues in a master thesis referee report, but the author's perfectionism leaves me no choice (as there is little other imperfection to comment on):

1) When you first use an acronym, say it loud. Do not use "CEE" in the title---use "Central-Eastern Europe" (for example, like this: "From Credit Growth to Credit Crunch: Policy Measures in Central-Eastern Europe"). Many people around the world will have no idea what CEE means. You don't want to lose the reader in your first sentence.
2) Subsection 2.4.4 should be called "Discussion." "Evaluation of Results" sounds boring (considering the titles of the previous subsections).
3) Do not confuse hyphens with dashes. A hyphen belongs here: "Central-Eastern Europe." An m-dash belongs here: "text text---a remark like in parentheses---text text." An m-dash is typeset as three hyphens in LaTeX.
4) Be consistent when you give titles to your tables. Either all of them have all words beginning with a capital letter, or none of them should.
5) Footnotes come after punctuation marks, like this: end of sentence.[5]
6) Are you writing "the thesis" or "the paper"? Be consistent. The title of Figure 2.2 should read "Private Credit to GDP", not "Private Credit Growth to GDP."
7) Expressions "i.e." or "e.g." should be separated by commas. Use first, second... instead of firstly, secondly. Do not put "however" at the beginning of a sentence unless you mean "to whatever extent." "Capita" is a bad shortcut for "GDP per capita."

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As one of the persons responsible for the master thesis seminar at the Institute of Economic Studies, I had the opportunity to follow Martina's work closely over the last year. The thesis belongs among the five best theses submitted for defense this semester and deeply deserves a prize. I congratulate both the author and the supervisor for excellent work. Actually, I believe the thesis would be publishable in a decent Czech journal after minor corrections. Nevertheless I encourage the author to shorten the thesis, polish the resulting paper a little bit more, and submit it to a foreign journal specializing in transition economics.

The final grade is "excellent."

SUMMARY OF POINTS AWARDED *(for details, see below):*

CATEGORY		POINTS
Literature	*(max. 20 points)*	19
Methods	*(max. 30 points)*	27
Contribution	*(max. 30 points)*	28
Manuscript Form	*(max. 20 points)*	19
TOTAL POINTS	*(max. 100 points)*	**93**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: *Tomáš Havránek*

DATE OF EVALUATION: *5.6.2011*

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Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.

Strong   *Average*   *Weak*
20   *10*   *0*

METHODS: The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.

Strong   *Average*   *Weak*
30   *15*   *0*

CONTRIBUTION: The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.

Strong   *Average*   *Weak*
30   *15*   *0*

MANUSCRIPT FORM: The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.

Strong   *Average*   *Weak*
20   *10*   *0*

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě