

Report on Bachelor Thesis

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

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| Student: | Jakub ULAHEL |
| Advisor: | Adam Gersl |
| Title of the thesis: | Central Bank Independence – Theory and Case of Czech and Slovak National Bank |

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

The bachelor thesis attempts to „grade“ the independence of the Czech and Slovak central banks using the methodology for indices of central bank independence developed by existing literature. The thesis well written and covers a vast amount of both theoretical and empirical literature on the topic of central bank independence. A large part is devoted to the question how to measure central bank independence.

The main part of the thesis and the key contribution is the application of five indices (GMT index, turnover index, political vulnerability index, political independence index and Cukierman's LVAW index) on the the current (2011-2012) positions of Czech and Slovak central banks, taking into account both existing legislation, common practice when appointing board members etc., but also the resulting features of the monetary authority (turnover of governors etc.). Both central banks scored above average in central bank independence, but there were differences in the level of independence found in the thesis between the Czech and Slovak case. The update of such indices is an important exercise, especially for times of high involvement of central banks during the global crisis times in which the political pressure might have intensified.

While the thesis has a clear value added and fulfills all necessary requirements for a BA thesis, the presentation of the results of the empirical part could have been better, possibly providing also some charts and comparison of constructed indices with other countries etc. An even stronger contribution could have been provided by trying to calculate the indices for both countries over time, especially since 1993 to 2011.

Despite of the above mentioned remarks, I recommend the thesis for defence and suggest the grade 1.

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

| CATEGORY | POINTS |
|---------------------------------------|-----------|
| Literature (max. 20 points) | 20 |
| Methods (max. 30 points) | 25 |
| Contribution (max. 30 points) | 25 |
| Manuscript Form (max. 20 points) | 15 |
| TOTAL POINTS (max. 100 points) | 85 |
| GRADE (1 – 2 – 3 – 4) | 1 |

NAME OF THE REFEREE: Adam Gersl
DATE OF EVALUATION: 11 June 2012


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 |