

Report on Bachelor / Master Thesis

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

Student:	Petr Pleticha
Advisor:	Petr Janský, Ph.D.
Title of the thesis:	Global Imbalances Reflected in the Eurozone's Accounting

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

The author examines the concept of “dark matter” in case of Eurozone which stand for discrepancies between net investment income and development of net international investment position. The focus on Eurozone is contributory to the contemporary literature. The thesis is also of high policy relevance and author employs standard panel data techniques in his thesis.

However the weakest side of the thesis is the manuscript and author’s style which makes the thesis confusing in some parts. In general many concepts and steps should be more deeply and properly explained. In the rest of the report I explain this general comment in more details.

Author do not explain several basic concepts or terms and assumes that reader know them. However in case of bachelor thesis this seems to me inappropriate. Author operates with comparisons of NIIP, BoP, CA and other concept from international macroeconomics without presenting the core difference between these terms. At least one or two paragraphs about these concepts and the differences between them would be welcomed to make the text clearer and accessible to readers from different field of economics. Also in elaborating these basic definitions and differences author shows that he understands them.

One minor related comment: p.1 – When we use abbreviation for the first time we also provide reader with all words represented by the abbreviation. E.g. Net International Investment Position (NIIP). Author starts using the abbreviations without this usual step (NIIP, NII).

Table of used data is missing. I strongly recommend including the table describing underlying dataset with notes of data sources and the data description. Then the used dataset would be transparent. Reader should know which variables are used in the regression, their sources, construction, etc. Author also does not show us some basic descriptive statistics of his dataset. At least number of observations should be provided that a reader does not have to count it himself.

Reader should clearly know which hypotheses are examined. However the chapter 3.2.1 is little bit confusing. I would recommend clearly denoting what is a hypothesis and what not in the paragraphs. Author can also denote hypothesis by some marks (e.g. H1). Then they can be easily traced in the Result chapter.

However the most problematic part is in case of explanatory/control variables – how they are chosen and why. For me, confusingly, author on page 19 just states that the right hand side variables in the regression are x,y,z but he does not explain why these variables are chosen. Then the effects of those variables are little bit more explained in the Hypothesis section (3.2.1). But there is a crucial question: The choice of variables is based on theory or just other authors’ hypotheses or empirical findings or author’s logical deduction? In other words a small chapter about determinants of dark matter which would clearly define the right hand side variables is missing.

This is crucial also for the question whether author fulfils his aims: “to investigate discrepancies between net investment income and development of net international investment position of the Eurozone”. How can this specification reveal the discrepancies or show that the DM concept is just an “abstract construct” (p.22)? It is based just on author’s expectations or also on relevant empirical or theoretical literature? The answer may be “lost in translation” because of the author’s style which does not deeply explain many relevant concepts and presuppose some knowledge of readers. Therefore I expect that author answer to these questions in defence.

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To sum it up author investigates interesting and policy relevant topic. He uses panel data techniques and appropriately tests them. He even partly contributes to the literature (not demanded from bachelor thesis). However the state of the manuscript is the weakest side and the key methodological (choice of explanatory variables) remains unexplained. I embodied this evaluation in the Manuscript Form category. However if the author is able to dispel the doubt about the choice of explanatory variables during the defence, I would recommend a grade 1. In the opposite case I would grade the thesis as 2.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	27
<i>Contribution</i> (max. 30 points)	30
<i>Manuscript Form</i> (max. 20 points)	5
TOTAL POINTS (max. 100 points)	80
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: Michal Paulus

DATE OF EVALUATION: 6.6.2015



Referee Signature