

Report on Rigorous Thesis

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Advisor:	PhDr. Jaromír Baxa, PhD.
Title of the thesis:	Current Accounts in Monetary Union: The Role of Euro, Fiscal Policy and Financial System

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

The thesis focuses on three fundamental questions associated with current account behavior in the European Union. Firstly, it tries to identify key determinants of current account balances. Second, it considers the role of fiscal policy in the determination of current account balances. And finally, it asks how the determinants are affected by the membership in the monetary union.

First chapters review existing literature, including both theoretical as well as empirical literature relevant for the topic studied. Fiscal policy as a determinant of external balance is being considered in subchapter 2.5.

The main contribution of the thesis lies in chapters 4, 5 and 6 where the author introduces data and methodology and describes results obtained from regression analysis. The author uses time-specific fixed effect panel regression and 3-years non-overlapping averages to overcome problems with time dependencies in CA balances.

The author enriches existing literature by including the most recent data, covering period from 1977 to 2012, as well as new members of the European Union and Eurozone and clearly demonstrates the ability to draw conclusions based on the knowledge of relevant theory and empirics.

Author's results do not provide conclusive evidence supporting the opinion that the adoption of euro is responsible for CA diversion. Certain negative impact has been revealed for southern countries. European economies seem to become less Ricardian in eurozone implicating higher effectiveness of CA management by fiscal policy.

The rigorous thesis is an elaboration of diploma thesis defended at the Faculty of Social Sciences in June 2013 and the text have been amended according to discussion during the defense and opponents' comments. Furthermore, the results of the thesis has been published as IES Working Paper 27/2014.

I recommend the thesis to be evaluated as „passed“.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	19
<i>Methods</i> (max. 30 points)	30
<i>Contribution</i> (max. 30 points)	28
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	95
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: PhDr. Natálie Švarcová, PhD.

DATE OF EVALUATION: 16. 3. 2015



Referee Signature

