

# Report on Master Thesis

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

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| <b>Student:</b>             | <b>Nina Ramanchyk</b>  |
| <b>Advisor:</b>             | <b>PhDr. Jaromír Baxa, Ph.D.</b>   |
| <b>Title of the thesis:</b> | <b>On the Role of Exogenous Shocks in the Great Recession: the Evidence from Belarus</b> |

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

In her thesis, Nina Ramanchyk presents evidence of the impact of economic development and policy in Russia on Belarus. She utilizes a ten-variable structural VAR model with block exogeneity restrictions and she finds that the estimated role of foreign shocks in the dynamics of domestic variables is 60% at maximum and 20% at minimum. Her results are relevant for current policy discussions in Belarus, where the economic union with Russia has been considered in times of writing the thesis.

From my point of view the thesis is well structured. I appreciate that the author included a section describing evolution of economic policy in Belarus with a particular focus on the period of Great Recession and the 2011 currency crisis. With respect to the relevant literature, the author surveyed a good selection of papers both on Belarus and on empirical methods. Perhaps a bit more attention could have been paid on the prospects of monetary and economic union in Russia, since these ideas have appeared repeatedly since the mid of 1990's.

The contribution of the thesis can be seen in two ways. The first contribution considers methodology, Nina goes beyond standard recursive identification and she comes up with interesting structural VAR identification with cleverly chosen set of contemporaneous restrictions. Secondly, the empirical literature on monetary policy in Belarus is rather scant and in the recent decade only few papers appeared in the literature. Also, none of these papers considered the interplay between domestic and foreign variables in a more complex way than just adding one or two foreign variables into time series analysis. Hence, this thesis provides a novel evidence about the monetary policy in Belarus and it sheds light on monetary transmission mechanism. Unlike in many developed and emerging countries, exchange rate is much more important and also the Russian interest rate is surprisingly important even for the amount of domestic loans. Hence, the thesis can be considered as an interesting follow-up of a paper by B. Horvath and R. Maino (2006, IMF), who pointed out potential recommendations for increasing the potential of domestic monetary policy in Belarus, but somewhat interestingly, quite little changed since then.

The empirical analysis itself is undertaken on monthly data and it is very detailed and careful. The author discusses issues of stationarity and potential structural instability. The interpretation of impulse responses and forecast error variance decomposition points out the most important issues and I appreciate that the results are appended with sensitivity analysis (different identification schemes, sample sensitivity, choice of variables). Slightly more could have been done with interpretation of the results and the discussion about the policy implications could have been more detailed, but during the process of writing many students become rather time constrained that limits them to complete the thesis for all the previously intended issues.

Overall, I've enjoyed reading of the thesis a lot, as well as collaboration with Nina throughout the previous year. In her thesis she showed solid level of economic thinking and good knowledge of empirical methodology. These are the main reason why I propose a grade **excellent**.

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

| <b>CATEGORY</b>                         | <b>POINTS</b> |
|---|---------------|
| <i>Literature</i> (max. 20 points)      | 18            |
| <i>Methods</i> (max. 30 points)         | 28            |
| <i>Contribution</i> (max. 30 points)    | 28            |
| <i>Manuscript Form</i> (max. 20 points) | 20            |
| <b>TOTAL POINTS</b> (max. 100 points)   | <b>94</b>     |
| <b>GRADE</b> (1 – 2 – 3 – 4)            | <b>1</b>      |

**NAME OF THE REFEREE:**

**Jaromír Baxa**

**DATE OF EVALUATION:**

**28.9.2014**

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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     | <b>1</b> | = excellent    | = výborně                 |
| 61 – 80      | <b>2</b> | = good         | = velmi dobře             |
| 41 – 60      | <b>3</b> | = satisfactory | = dobře                   |
| 0 – 40       | <b>4</b> | = fail         | = nedoporučuji k obhajobě |