

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Bc. Karel Jára</b>
<b>Advisor:</b>	<b>Jan Průša, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Monetary Expansion and Economic Crises: An Austrian Perspective</b>

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

The presented thesis consists of two principal parts: (1) Description of the Austrian business cycle theory (ABCT) within the framework of Austrian economics, and (2) analysis of the economic cycle starting in 2007 in the USA.

Since the US recession of 2007, the economic literature has seen a new impulse for heterodox streams of economic thought, including Austrian economics. This is certainly a positive development which can enrich mainstream economics and I am very pleased that IES has students like Karel Jára who take the challenge and dive into these heterodox streams.

The author has given himself the very difficult task to combine a theoretical thesis with a significant empirical component, even though the Austrian framework by definition offers limited scope for empirical testing of the theory.

The two theoretical chapters provide a thorough overview of ABCT. The thesis proceeds in steps from the more general Austrian methodological framework to the detailed issues of natural rate of interest and credit expansion in a boom. The account is well structured, easy to follow and is backed by an extensive literature review, including various criticisms of the theory. It deserves to be read by any macroeconomist.

The empirical part is aimed at the most recent period in the US economy. Due to the Austrian framework the empirical analysis does not follow any mainstream econometric methodology. It focuses on illustration of various trends from the ABCT perspective. As such it offers interesting insights into the economic statistics, however its contribution as a standalone scientific analysis is limited.

During the drafting of the thesis I proposed to the author either to conduct full statistical analysis of selected economic variables, or to put most emphasis on the theoretical part of the thesis. Karel decided to stick with his concept somewhere in between the two – as a result, his empirical part resembles more an investment report where the reader is left to draw the conclusions from the facts almost on his own.

Nevertheless the thesis is still a valuable piece of research which shows one influential stream of economic thought, gathers a more than satisfactory body of supporting literature and demonstrates deep understanding of the analysed topic. Moreover the form of the thesis is excellent with high level of English, logical structure and professional layout.

I therefore propose the thesis to be graded 3 – satisfactory.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	15
<i>Methods</i> (max. 30 points)	10
<i>Contribution</i> (max. 30 points)	5
<i>Manuscript Form</i> (max. 20 points)	20
<b>TOTAL POINTS</b> (max. 100 points)	<b>50</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>3</b>

**NAME OF THE REFEREE:** JAN PRŮŠA

**DATE OF EVALUATION:** 1.9.2014

  
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**Referee Signature**