

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Vojtěch Mišák</b>
<b>Advisor:</b>	<b>Doc. Roman Horváth, Ph.D.</b>
<b>Title of the thesis:</b>	Central bank independence and its international dimension

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

### **Contribution and Summary**

The B.A. thesis of Vojtech Misak presents an innovative analysis of the determinants of central bank independence. There has been numerous studies on this subject, may be most notably Dincer and Eichengreen provide a recent study on the determinants of central bank independence. These studies argue and find that domestic central bank independence is a function of domestic variables such as macroeconomic conditions, rule of law or political stability. This thesis asks a different questions, namely, to what extent policy experiments propagate internationally, i.e. to what extent country A will increase its central bank independence because country B increased the independence. The empirical analysis presented in this thesis indeed finds a strong international dimension in the adoption of greater central bank independence. This is a novel findings making this thesis very interesting to the research community and also has a number of policy implications such as that once some central banks increase their independence than other central bank will follow mimicking their neighbors or peers. The thesis also confirms the previous findings such as that rule of law matters for the central bank independence.

### **Methods**

The thesis employs a rich cross-country dataset with observations over time (i.e. standard panel data structure). It uses spatial econometric models with distance as the measure of the likelihood of international propagation of policy experiments (central bank independence adoption). The spatial econometric models are estimated with care, appropriate statistical tests are conducted and a number of robustness checks are carried out. This way the globalization of central bank independence is assessed in a sensible manner.

### **Literature**

The literature is covered very well and all important references are cited and properly discussed.

### **Manuscript form**

The manuscript form as well as organization of the thesis is standard. While the econometric exercise is impressive, the thesis would benefit from substantial polishing of those parts, which do not discuss econometric model. In other words, the abstract, introduction and conclusions should be more results-oriented.

Overall, I find this thesis as a solid piece of applied econometric work oriented on highly relevant policy topic and therefore, recommend the grade „výborně“ (A).

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	29
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	13
<b>TOTAL POINTS</b> (max. 100 points)	<b>92</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** *Doc. Roman Horváth, Ph.D.*

**DATE OF EVALUATION:** *May 25, 2017*



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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