

Master Thesis

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

Student:	Bc. Aleš Zenáhlík
Advisor:	PhDr. Jaromír Baxa, Ph.D.
Title of the thesis:	Identifying the Conditions of Instability in Macromodels of Financial Cycles

OVERALL ASSESSMENT:

Contribution

The topic of this master's thesis is very interesting (extremely relevant for the current economic situation in many developed countries), not only from the academic point of view, but also from the practical one. The issue of the financial instability hypothesis (FIH) has great potential to be variously used in applied work. It has potential for central banks in the area of economic modelling too.

The thesis is divided into six parts. After a well written introduction the author concentrates on the review of literature, which includes both original "core" papers together with the application of FIH nowadays. The next section develops the review of literature with the contribution of Keynes and Minsky, which in the following section continues with the further developments of Kaldor and Kalecki. This part includes the main contribution of the author, which is oriented on the modelling of FIH. The penultimate section includes a general discussion about the main findings. The final section concludes.

This master thesis is well-balanced; it consists of both theoretical and empirical parts, with interesting results, an interesting literature survey, and appropriate techniques for empirical analysis.

Questions for the author:

1. How does the author explain the current macroeconomic „puzzle“ in developed countries (majority of countries have closed their output gaps, have inflation near 2% level, but interest rates are around the zero lower bound in terms of the FIH)?
2. What is the connection between standard mechanisms of multiplier and accelerator during the business cycle from the point of view of the FIH?
3. Is the investment lag – from the author's point of view – longer, shorter or roughly the same compared with the situation when Kalecki formulated his hypothesis in the 1930's?

Methods

The author introduced six hypothesis (p. 40) which are later checked by means of VAR model through impulse response functions with application to historical US data. The referee finds these methods appropriate for the aim of the master thesis.

Literature

The literature review is strong, i.e. well balanced and, as the referee stated above, includes both original sources of literature and current applied works using FIH.

Manuscript form

The manuscript form is strong and well constructed.

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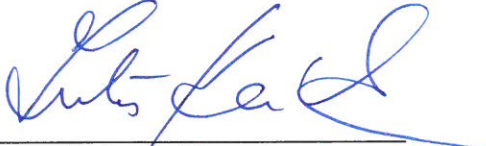
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SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	28
<i>Methods</i> (max. 30 points)	25
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	92
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Prof. Luboš Komárek

DATE OF EVALUATION: 8.6.2017



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