Report on Bachelor / Master Thesis

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

Student:	**Bc. Daniela Moisei**
Advisor:	**Prof. Roman Horváth, Ph.D.**
Title of the thesis:	Assessing Economic Linkages between the EU and the Eastern Europe Neighbours

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

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

Contribution

The thesis estimates the block-restriction vector autoregression model (its two country version) between several central and eastern European countries (namely, the Czech Republic, Romania, Moldova, Georgia and Ukraine) and the euro area. Using impulse responses and variance decompositions, the thesis shows that the Czech Republic and Romania is more strongly connected to the euro area than the other countries. The novelty is an application of block restriction vector autoregression model to the eastern European countries. The thesis also contains in-depth description of integration efforts of Moldova, Georgia and Ukraine towards European Union. I welcome the choice of European integration topic, which is surprisingly underresearched especially when quantitatively assessing the benefits and costs of integration.

Methods

The thesis applies the block-restriction vector autoregression model. The block-restriction is imposed to decrease the number of estimated parameters. It is assumed that the central and eastern European countries variables do not affect the euro area economy and therefore, the corresponding parameters are not estimated but set to zero. The model is estimated correctly and sufficient robustness checks are conducted.

Literature

The literature survey is reasonably comprehensible and all important sources (such as the recent paper by Campos, Coricelli and Morelli estimating the growth benefits of European integration using synthetic control method) are covered.

Manuscript form

The manuscript is easy to follow and logically structured. I consider the number of typos low. Some figures could be in black and white color for printing purposes but this is a minor issue. Sometimes a greater accuracy and stronger link to the theory could have been provided.

Summary and suggested questions for the discussion during the defense

The thesis represents a solid piece of applied econometrics work on relevent policy topic (European integration). Overall, I recommend the grade B.

Questions:

1) What are the main economic benefits and costs for eastern European countries to become more integrated with the euro area?
2) What is the future of European integration? What are the main risks to European project?

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

CATEGORY		POINTS
Contribution	*(max. 30 points)*	24
Methods	*(max. 30 points)*	25
Literature	*(max. 20 points)*	18
Manuscript Form	*(max. 20 points)*	18
TOTAL POINTS	*(max. 100 points)*	**85**
GRADE	**(A – B – C – D – E – F)**	B

NAME OF THE REFEREE: Prof. Roman Horváth, Ph.D.

DATE OF EVALUATION: August 22, 2018

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Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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*

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*

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*

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	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F