

# Report on Bachelor / Master Thesis

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

Student:	Matyáš Juřena
Advisor:	Doc. PhDr. Tomáš Havránek, Ph.D.
Title of the thesis:	The Effect of Covid-19 on Economic Growth: Cross-Country Determinants

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

## Contribution

This is, to the best of my knowledge, the first research work that investigates why growth in different countries has been affected differently by the novel coronavirus. The author takes predictions for 2020 GDP growth from the World Economic Outlook, compares the October (pre-virus) and April (post-virus) editions, and regresses the difference on various characteristics of individual countries. Because there is no theory that would dictate which variables must be included in the underlying model, the author uses Bayesian model averaging to tackle the resulting model uncertainty. The results are remarkably clear-cut and intuitive: what matters for the economic damage from the novel coronavirus is the share of population above 65, share of services in GDP (especially travel services), degree of digitalization, and health care expenditures. In fact, the results are so strongly intuitive that I had difficulty believing them when I first saw them. Nevertheless, they are supported by various robustness checks (using frequentist econometrics and different priors for BMA).

## Methods

The methods used in the thesis are adequate and go well beyond the econometrics taught at the BA level. I congratulate the author for mastering these advanced techniques.

## Literature

All the relevant literature is adequately quoted.

## Manuscript form

The manuscript is typeset beautifully in LaTeX.

## Summary and suggested questions for the discussion during the defense

This is an exceptional BA thesis for the following reasons: 1) clear and important research question, 2) usage of brand-new data, 3) mastery of advanced econometric techniques, 4) clear and well documented results. I urge the committee to award this excellent thesis, and the author should consider crafting a working paper out of it and potentially publishing it in an international journal. I believe that a revised paper based on the thesis could be a good fit for JIMF, for example.

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

CATEGORY	POINTS
Contribution (max. 30 points)	29
Methods (max. 30 points)	29
Literature (max. 20 points)	18
Manuscript Form (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>94</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>A**</b>

**NAME OF THE REFEREE:** Doc. PhDr. Tomáš Havránek, Ph.D.

**DATE OF EVALUATION:** 14.5.2020



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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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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