

Opponent's Report on Dissertation Thesis

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Author:	Jan Mareš
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Title of the Thesis:	Three Essays on Financial Development
Type of Defense:	PRE-DEFENSE
Opponent:	Ad personam Jean Monnet Prof. Dr. Ansgar H. Belke

Address the following questions in your report, please:

- a) Can you recognize an original contribution of the author?
- b) Is the thesis based on relevant references?
- c) Is the thesis defensible at your home institution or another respected institution where you gave lectures?
- d) Do the results of the thesis allow their publication in a respected economic journal?
- e) Are there any additional major comments on what should be improved?
- f) What is your overall assessment of the thesis? (a) I recommend the thesis for defense without substantial changes, (b) the thesis can be defended after revision indicated in my comments, (c) not-defensible in this form.

(Note: The report should be at least 2 pages long.)

My comments on the above mentioned dissertation which is in the fields of research on financial development are as follows.

The idea behind this paper is nice, to take up-to date (Bayesian) econometric techniques and to apply them empirically to the issue of the relation between finance and growth and finance and inequality, respectively.

The problem and topic of the individual papers, i.e. the chapters of the dissertation, is clearly set out in the abstract. And I also think – as will become obvious in the following – that the paper meets its own aims formulated in the introduction.

The dissertation deserves its main merits for its empirical efforts based on up-to-date econometric methods.

The way in which the author implements his econometric strategies in the specific cases does appear overall adequate.

He has already published two papers contained in the dissertation in excellent refereed journals, i.e. the World Bank Economic Review and the Journal of International Money and Finance. These two papers form the first two chapters in the dissertation. He has

written his third paper on the effect of financial development on income inequality by himself. It is very promising in terms of publication success as well. Most importantly, I can clearly recognize an original contribution of the author who has done all the excellent econometrics on his own.

In his dissertation, the author proves his ability to grasp the main concepts, paraphrase them, and apply them. He is able to reflect on the main concept underlying the relevant theories and their interpretations. Seen on the whole, he proves to be intellectually independent. And there is sustained and direct engagement with the main research question. Hence, it does not come as a surprise that the author obviously widely understands the implications of his research questions and comes up with persuading answers to these research questions.

Concerning the structure of the argument it can be stated that the author has chosen a coherent and cogent structure which proceeds logically from point to point and paragraph to paragraph. There is a sustained train of thought throughout. Finally, it appears fair to say that the use of illustrating examples and tables and figures is judicious and highly appropriate. Moreover, there is a good balance between factual detail and key theoretical issues.

A large share of the relevant literature has been identified as well. The thesis is thus based on relevant references.

The thesis would also be defensible at my home institution or another respected institution where I gave lectures such as the Main University of Vienna (Austria) or the University of Hohenheim (Germany).

In the following, I would like to deal with some minor issues which could be dealt with by the candidate in the upcoming defense.

A main issue to cope with in at least two of the papers (if not all) is endogeneity. The author should explain the strengths and weaknesses of the solutions found and applied in his papers to deal with this issue as, for instance, the use of lagged regressors etc. Are there some tasks and open issues left for future research in that respect?

A linear functional form which is implicitly often assumed in the literature is fairly specific and, in some cases, even restrictive. It is important to distinguish specifications which can be examined in the framework of a linear regression from those which cannot. It is nice that the author thus checked for functional form beforehand and also implemented and estimated non-linear specifications. The author could comment a bit more on the chosen tests for non-linearity.

What about (further) robustness checks? Does the author exploit all usual possibilities to conduct robustness checks (changes of the lag structure, explicit parameter restriction tests, preliminary sample split tests according to different policy regimes also beyond the financial crisis, changes of the criteria which serve as the basis for selecting the final presented empirical models such as information criteria) in the framework of his analysis? If not, please complement or at least be more explicit on what has been done.

At certain stages of his dissertation, the author applies cross-sectional data analysis. The author should be explicit about why he is not using panel data at these stages of analysis and what the trade-offs and sacrifices of this way of proceeding are.

So, is there any relevance of the paper for policy issues beyond that briefly and partly implicitly mentioned in the conclusions? I would appreciate if the authors would not only come up with testable hypotheses and the respective empirical results using readily available data but bring the very useful discussion of why and how finance matters for growth and inequality closer to the realm that is applicable to policymakers.

There is nearly perfect spelling, punctuation and grammar throughout. Finally, there are also nearly no typos left.

However, the summary of the dissertation is missing which should have given an overview of the dissertation and the research questions tackled therein. In this sense, it would have been quite useful as a guide for the reader.

My overall assessment of the thesis is as follows. I have no major comments on what should be improved. Some smaller comments can be found above. I would again like to underline that the results of the thesis allow their publication in a respected economic journal.

Seen on the whole, thus, I recommend the thesis for defense without substantial changes. The topic dealt with is still “under-investigated” and the authors come up with interesting and politically applicable empirical results.

Date:	February 17, 2020
Opponent's Signature:	
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