

MASTER'S THESIS EXAMINER REPORT

IEPS – International Economic and Political Studies

Faculty of Social Sciences, Charles University

Thesis title:	Monetary policy of oil-exporting countries with informality: a DSGE analysis of Iraq
Student's name:	Nour Safar
Referee's name:	Prof. Oldřich Dědek

Criteria	Definition	Maximum	Points
Major Criteria			
	Contribution and argument (quality of research and analysis, originality)	30	
	Research question (definition of objectives, plausibility of hypotheses)	10	
	Theoretical framework (methods relevant to the research question)	12	
Total		52	
Minor Criteria			
	Sources, literature	10	
	Presentation (language, style, cohesion)	0	
	Manuscript form (structure, logical coherence, layout, tables, figures)	0	
Total		10	
TOTAL		62	

Plagiarism-check (URKUND) match score:

[NB:] If the plagiarism-check (URKUND) match score is above 15%, the reviewer has to include his/her assessment of the originality of the reviewed thesis in his/her review.

Reviewer's commentary according to the above criteria:

The diploma thesis ventures into the field that is dealt with in practice by teams of professional researchers. Building, calibrating, and testing a DSGE-based model which is internally consistent and provides plausible predictions and simulations is a superhuman task for a proficient solitaire, let alone an experienced student defending a thesis.

On the one hand, one can appreciate the theoretical background and enthusiasm in the effort to master demanding general equilibrium models and to accumulate the knowledge through a wide range of literature studied. Also interesting are those parts of the thesis that clarify the specifics of the Iraqi economy, dominantly oriented towards the export of oil and represented by a giant informal sector. However, the description of these specifics, including interactions between the formal and informal sectors, does not go into greater depth, remains at a fairly general level and is supported by a minimum of numerical data. It can be understood to some extent with regard to the preoccupation with the constructed model.

However, what the author definitely lacks is the ability to present his model ideas in an understandable and readable way. The reader who swims through the work is pushed to the very edge of patience by his chaotic use of the bolds, italics, subscripts, spacing and other stylistic aids. The Arabic page numbering in the English text can be considered the icing on the cake. As if the work was completed in a big hurry, when there

was no time left for elementary proof-reading. The author is lucky that the IEPS rules allow a minimum number of points to be deducted for these formal deficiencies.

The focus of the work lies in the presentation of the model. However, the exposition can only be understood by a specialized modeler who can navigate through the flood of equations without accompanying commentaries. The author could have been inspired, for example, by how the Czech National Bank brings its prediction model to the public (See for example Introducing the g3+ extended projection model, available on the CNB webpages). Doubts are also raised by the highly unconventional way of calibrating the model, which was carried out in such a way that the author simply took values from the available literature with the justification that the given text is close to the parameters of the Iraqi economy. The fact that support was not sought directly in the Iraqi economy can probably only be explained by the simple truth that there was no time left for these econometric exercises.

Proposed grade (A-B-C-D-E-F): D

Suggested questions for the defence are:

The author could clarify in more detail how strong the response of the informal sector is to monetary policy instruments. It follows from the text that, in terms of formality, the Central Bank of Iraq meets the prerequisites for inflation targeting. But what is the practice, especially with regard to the requirement of an independent central bank?

What is the exact definition of the informal sector in Iraq? Czech terminology recognizes the black economy (illegal transactions according to content), the grey economy (legal but concealed transactions) and domestic production exempt from reporting.

I recommend the thesis for final defence.

Referee Signature

Overall grading scheme at FSV UK:

TOTAL POINTS	GRADE	Quality standard
91 – 100	A	= outstanding (high honor)
81 – 90	B	= superior (honor)
71 – 80	C	= good
61 – 70	D	= satisfactory
51 – 60	E	= low pass at a margin of failure
0 – 50	F	= failing. The thesis is not recommended for defence.