

Report on Bachelor Thesis

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

Student:	Daniela Žigová
Advisor:	Jaromír Baxa
Title of the thesis:	Testing long-run neutrality of money in Slovakia

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

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary

As the topic of her bachelor's thesis, Daniela Žigová herself chose to test the neutrality of money in Slovakia using the older approach introduced by Fisher and Seater in AER, 1993. This method is based on univariate time series methodologies, but this is an adequate level for a bachelor thesis. The purpose of the thesis is well-explained in the Introduction, the method is implemented correctly, and the policy implication that money is not neutral in the long run in Slovakia is justified by the results of Daniela's analysis.

Contribution

Broadly, Daniela's goal was to contribute to our understanding of how changes in money supply affect the small-open economy integrated within a monetary union. Daniela finds that changes in money supply have long-run effects, encompassing even the horizons up to fifteen years. Her thesis does not discuss the channels through which monetary policy can have such long-lasting effects; perhaps the relatively recent literature on financial cycles can provide some hypotheses. However, rigorously investigating such channels would have been too demanding for a bachelor thesis. Thus, the contribution of Daniela's thesis is adequate for her academic stage.

Methods

The thesis relies on a methodology introduced by Fisher and Seater in AER, 1993, that provides a framework to test both neutrality and superneutrality of money. The method is similar to the estimation of long-run multipliers of ARDL models, so while it is rarely used these days, it has its counterpart among more modern time series techniques. The method is nicely described, which was not super easy, given some peculiarities in the description of the logic of the method in the original paper, it is implemented well, and the results are interpreted correctly.

Literature

Given the aim of the thesis, the most relevant literature is covered and well-cited. Not many recent high-quality papers appear in the literature review, but this is because the interest in these types of tests vanished over time.

If we had more time, it would have been nice if the work had also included a consideration of the channels through which monetary policy can cause long-term effects. However, this literature is only loosely related to the topic of the work, so I am writing this suggestion here as a tip on a topic that might be interesting for Daniela in the future.

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Manuscript form

Without objections. Perhaps, the section on the results could have been less cluttered into many sub-sub-sections, which contain just one or two short paragraphs.

The results of the Turnitin analysis do not indicate significant text similarity with other available sources.

Overall evaluation and suggested questions for the discussion during the defense

One aspect I appreciate most is the originality of the topic. It was Daniela's idea and wish to use the Fisher-Seater methodology that would have been hidden somewhere deep in the archives with lots of dust on it otherwise, at least for me. So, I'm glad that I learned something new. Obviously, my appreciation would have been much less enthusiastic if the method had not been applied correctly, the thesis had been terribly written, and so on, but fortunately, this is not the case. Daniela's thesis is done well.

Therefore, I recommend the thesis for defence, and I suggest a grade of A.

My suggested question for the defence is the one I forgot to ask in person during our consultation: *Why did you select this methodology for this particular research question?*

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	28
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	18
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	92
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE:

Jaromír Baxa

DATE OF EVALUATION:

23.8.2024

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.*

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.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

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.*

Overall grading:

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