

HABILITATION THESIS REVIEWER'S REPORT

Masaryk University

Applicant

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Habilitation thesis

Three Essays in Macroeconomics: A Comprehensive Framework in Macroeconomic Policy Evaluation

Reviewer

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[Review text]

The habilitation thesis includes three papers on monetary and fiscal policy, which are jointly introduced in the first three chapters. After the general introduction of the analyzed issues, chapter 2 present a literature review. Chapter 3 discusses the methodology including dynamic stochastic general equilibrium (DSGE) models and structural vector-autoregression (SVAR) models. As a result, the thesis does not represent only a collection of papers on more or less similar issues, but it provides a relatively unified framework.

Chapter 4 presents the most innovative part of authors' research, his three most important papers. The first contribution discusses the application of monetary policy reaction functions using extended DSGE models. This contribution is a sole contribution of the author, which was published in Czech Journal of Economics and Finance in 2014. There are two main contributions to the discussion of monetary policy after the financial crisis. First, it applies real time date and its implication for the formulation and uncertainty of monetary policy. Second, it discusses extensions of standard DSGE models by financial restrictions.

The other two contributions discuss the estimations of fiscal multipliers for European countries, or focussing especially on Austria in the last contribution. Both papers have been published recently (2020 and 2021) with coauthors. Both papers were published in top journals, Oxford Economic Bulletin and Oxford Economic Papers. In addition to the journal version of both papers, chapter 4 includes relatively detailed appendices.

Finally, the last chapter discusses the limitations of research.

The habilitation thesis proves sufficiently the ability of the author to conduct independent economic research as well as to participate in international teams. It may be also interesting to mention that Jan Čapek published several more papers in recognized journals as well as working papers recently (see e.g. <https://ideas.repec.org/e/pap49.html>).

Reviewer's questions for the habilitation thesis defence

(number of questions up to the reviewer)

I consider both papers on the fiscal multipliers as the most interesting contributions presented in the thesis, therefore I would like to focus my questions on these papers. First, it would be interesting to discuss the interpretation of the presented multiplier. It would be especially interesting to know whether the size of the presented multipliers corresponds to expected and reported values.

Paul De Grauwe in his recent book on Behavioural Macroeconomics¹ discusses the dependence of impulse response functions on the state of the economy. Given that the estimations are presented for a broad range of fiscal indicators and countries, it could be interesting to discuss possible differences between the estimated values from this perspective. In particular, it could be interesting to see whether the multipliers tend to be largely different during e.g. the boom and bust periods of the business cycle. This could also explain the differences between tax and spending multipliers.

In addition to standard estimations, Čapek and Crespo Cuaresma (2020) perform a meta-analysis, using estimated multipliers and the characteristics of the estimation. As far as the paper estimates all possible combinations of methods and specifications, it would be interesting to see the details on the distribution of these estimates and interpret it from the perspective of publication bias. In particular, it could be interesting to see whether the estimations are distributed symmetrically around possible preferred methods, either as defined by the authors or by the general expectations in the field.

Given the rising importance of replicability of economic research, it would be important to provide the results as well as all data sets to other researchers.

Conclusion

The habilitation thesis entitled *Three Essays in Macroeconomics: A Comprehensive Framework in Macroeconomic Policy Evaluation* by Jan Čapek fulfils requirements expected of a habilitation thesis in the field of *Economics*.

Date: May 25, 2022

Signature: Jarko Fidrmuc

¹ De Grauwe, P., Ji, Y.: Behavioural Macroeconomics: Theory and Policy, Oxford University Press, 2019.