



# University of Economics, Prague

Faculty of Finance and Accounting  
Study programme "Finance and Accounting"

## Master Thesis Evaluation

### Reviewer form

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**Student name:** *Bc. Denisa Vlčková*

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**Title of the thesis:** *Eurozone debt crisis*

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**Year of the defence:** *2019*

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**Supervisor name and affiliation:** *doc. Ing. Karel Brůna, Ph.D. (Department of Monetary Theory and Policy; Department Chair - Associate Professor)*

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**Reviewer name and affiliation:** *Ing. Ondřej Šíma (Department of Monetary Theory and Policy; Assistant Instructor)*

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#### **THESIS CONTENT SUMMARY:**

The author divided the thesis into seven chapters. The first chapter is the introductory part of the whole text. The second, theoretically focused chapter, is devoted to the definition and the various "types" of financial crises, including their models, causes and expansion. At the end of the second chapter, Denisa Vlčková presents examples of crises from Mexico, Russia and Japan.

The third chapter describes the causes of the euro area debt crisis, specifically in the PIIGS countries (Portugal, Ireland, Italy, Greece and Spain). The fourth chapter focuses on the course of the crisis in these countries. The fifth chapter briefly comments the impact of the crisis on the euro area economy. The sixth chapter contains a brief summary of the whole thesis and in the seventh chapter the author presents the references.

The aim of the thesis "*The main objective of this work is to identify the causes of the crisis in individual PIIGS countries.*" (p. 8) was fulfilled.

#### **OBJECTIONS AND REMARKS:**

On the one hand, the author offers a well-prepared diploma thesis, which has an excellent chapter structure. Moreover, the eurozone crisis is very topical and popular even nowadays, although we have been informed about it almost continuously for the last ten years. From the

point of view of the Czech Republic, this topic will be even more current with the approaching integration into the euro area.

On the other hand, the author should have added a subchapter on the specifics of the crisis (or macroeconomic imbalances in general) within the monetary union, i.e. the theory of optimal currency areas and ways of establishing an external balance for the members of the area in the second chapter. The question is how the PIIGS countries have substituted for the absence of monetary policy (let us compare the monetary policy steps of Mexico and Russia during the crisis, pages 23 and 24). The third and fourth chapters should have offered fewer descriptive parts and more insight into the issue. The author should have used more her own tables and graphs and not just print-screens (at least in some cases).

Despite the above-mentioned shortcomings, I consider this thesis to be suitable for defense. At the end of my review I propose an evaluation of this thesis.

#### ***QUESTIONS FOR THE DEFENCE:***

- 1) On page 15, you mention the so-called "debt threshold". Do you think its value is stable over time and is the same for all the world's economies?
- 2) On page 20, you state that one of the causes of the crisis may also be the so-called "market failure". Are there also so-called "state (government) failures"? If so, describe them briefly.
- 3) Explain in short what is the so-called "theory of optimal currency areas".
- 4) On the front page of the Financial Times of June 7, 2019, there is the headline "Draghi lines up fresh stimulus as a parting shot at boosting eurozone". It is another of the (non)conventional measures that the ECB and its chief, M. Draghi, try supporting the euro area economy. Why, despite such a degree of monetary policy easing, is there no more robust growth in the economy of this monetary union? There is no need to find out the details of each step of monetary policy or to deal with technical details. Rather, focus on the effectiveness of monetary policy in terms of short-run and long-run and the (im)possibility of influencing the supply side of the economy.

<b>ASSESSMENT:</b>				
<b>Criterion</b>	<b>Excellent</b>	<b>Very good</b>	<b>Good</b>	<b>Insufficient</b>
Aim formulation and fulfilment	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>
Work with literature	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>
Methods and data used	<input type="checkbox"/>	<input type="checkbox"/>	x	<input type="checkbox"/>
Results and their discussion	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>
Formal aspects	<input type="checkbox"/>	x	<input type="checkbox"/>	<input type="checkbox"/>
<b>Suggested overall grading:</b> 2 - <i>Very good</i> / 3 – <i>Good</i>				

Prague, 7<sup>th</sup> June 2019

Ing. Ondřej Šíma

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**Signature**