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Peer Review

Review of: "Testing Monetary Sovereignty and Structural Inflation Shifts: Evidence from Croatia's Euro Transition (2000–2024)"

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This paper addresses an interesting and potentially relevant topic—namely, the inflationary consequences of euro adoption for a small open economy—but in its current form, it is difficult to follow and unconvincing in its empirical and inferential claims. The paper is heavily theory-driven, relying on strong Modern Monetary Theory assertions that are treated as axiomatic rather than critically tested, which weakens the credibility of the analysis for a broader audience (admittedly, I had not heard about Modern Monetary Theory before...) .

The empirical strategy is overly complex relative to the available data, with multiple layered models (ARDL, BSTS, CausalImpact, synthetic control) introduced without sufficient intuition, transparency, or justification for key identifying assumptions, and it relies heavily on panel-based evidence to draw strong Croatia-specific conclusions despite clear country-level heterogeneity and structural breaks. Core concepts such as "inflation channeling," "structural inversion," and monetary sovereignty are not clearly operationalized, making it hard to assess whether the empirical results truly correspond to the theoretical claims. Moreover, causal interpretations appear overstated given the short post-treatment window and the presence of major confounding shocks (pandemic, energy crisis) that are not convincingly disentangled from euro adoption effects. Overall, while the topic is interesting, the paper lacks clarity, parsimony, and credible identification, and I therefore cannot recommend it for publication in its current form.

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Declarations

Potential competing interests: No potential competing interests to declare.