

Opponent's Report on Dissertation Thesis

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Author:	Mgr. Pavel Ryska
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Title of the Thesis:	The Empirics of Deflation and Economic Growth
Type of Defense:	DEFENSE
Date of Pre-Defense:	December 6, 2017
Opponent:	Dr. William R. White

Address the following questions in your report, please:

- a) Can you recognize an original contribution of the author?
- b) Is the thesis based on relevant references?
- c) Is the thesis defensible at your home institution or another respected institution where you gave lectures?
- d) Do the results of the thesis allow their publication in a respected economic journal?
- e) Are there any additional major comments on what should be improved?
- f) What is your overall assessment of the thesis? (a) I recommend the thesis for defense without substantial changes, (b) the thesis can be defended after revision indicated in my comments, (c) not-defensible in this form.

(Note: The report should be at least 2 pages long.)

In my pre-defense comments, I suggested that his thesis was ready for defense without substantial changes. Members of the PhD Committee, though not the other outside examiners, had a somewhat different perspective. Reviewing Appendix A in particular, I conclude that Ryska has made an extraordinarily conscientious effort to deal with every one of the suggestions for change, both more substantial suggestions made by the PhD committee, as well as the less substantial suggestions made by the three outside examiners.

Subject to his need to respond to different views and perspectives, he has adequately dealt with my comments, and I think the comments of others. In doing this he further demonstrates his professional competence. While the broad empirical results presented in his thesis remain unchanged, potential technical shortcomings have now been dealt with and certain shortcomings explicitly recognized; eg sectoral deflation is not what is commonly referred to as generalized deflation. In short, if the thesis was worthy of a PhD in its original form, it is now even more worthy.

At the urging of his PhD committee, Ryska has reworded his thesis to focus more on findings pertinent to received theory and much less on the policy implications. This is likely appropriate for a work carried out by someone so early in his career. It also consistent with my personal opinion that macroeconomists should generally be more humble in their policy prescriptions given the inherent complexity of the economy. That said, Ryska should come back to the policy conclusions at some later time. Whether central banks were right to fight as they did against the threat of deflation over the last decade remains a crucially important policy issue.

In responding to the specific questions above, I essentially stand by the comments I made at the pre-defense level. I focus therefore on the changes that Ryska has made in the new version of the thesis, and the extent to which these changes further validate my original conclusions.

The author has made an original contribution to the literature, and now goes to significant lengths in the text to show how his work differs from, and often improves upon, earlier work. Similarly with respect to references, he has responded to all the suggestions made for further references. Moreover, he has inserted them, with care and commentary, into those parts of the text where it seems most appropriate. I also welcome his decision to shift the survey of the empirical literature into Chapter 2, so that all off the relevant literature is referred to in one place. As he states “This allows to better explain the goals of the present work at the end of this chapter.”

As I said earlier, Ryska’s work would receive attention and respect at both the BIS and the OECD where I have worked over many years. Indeed, I shared the thesis with a very respected senior economist at the BIS who confirmed my view. As for the OECD, that institution has been making a concerted effort to question many of the assumptions that led it (and the IMF and most central banks) to fail to see the crisis coming, and to fail to appreciate how slow the subsequent recover might prove. This OECD effort is concentrated in a project called New Approaches to Economic Challenges. I have been associated with this project from the start and feel that Ryska’s work, now more balanced and technically sounder, would fit right in.

Given the changes made to the thesis, in particular the attention paid to methodological issues, the individual chapters now seem more likely than before to be looked upon favorably by the editors of reputable academic journals. The fact that the prose in the chapters is now more balanced, with respect to policy conclusions, should also increase their academic appeal.

To sum up, and without any reservations, I think Ryska should be awarded his PhD.

Date:	
Opponent's Signature:	
Opponent's Affiliation:	Dr. William R. White OECD