Testing Macroeconometric Models

Ray C. Fair

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To my son, John, who wasn't born in time to make the dedication of the previous book

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Preface

This book brings together my macroeconometric research of roughly the last decade. It is a sequel to my previous book, Fair (1984), which brought together my macroeconometric research through the early 1980s. It presents the current version of my multicountry econometric model, including my U.S. model, and it discusses and applies various econometric techniques to it. All the empirical work using the model has been updated for this book.

I have indicated in a footnote at the beginning of each relevant section the article upon which the material in the section is based. Some of the articles are joint. The coauthors are Donald W. K. Andrews, Kathryn M. Dominguez, William R. Parke, Robert J. Shiller, and John B. Taylor. Some of the work is new for this book and has not been published elsewhere.

Chapter 1 gives a general view of where I think my work fits into the literature. It is a rallying cry for the Cowles Commission approach, an approach I feel too many academic researchers abandoned in the 1970s. This book is in large part an application of the Cowles Commission approach to current macro data, with particular emphasis on testing.

Ray C. Fair
March 1994

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