Testing Macroeconometric Models

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

1 Introduction 1
   1.1 Background .......................... 1
   1.2 The Cowles Commission Approach ............ 4
   1.3 The Real Business Cycle Approach ............. 11
   1.4 The New Keynesian Economics .................. 14
   1.5 Looking Ahead .......................... 15

2 Theory 17
   2.1 One Country .......................... 17
      2.1.1 Background ....................... 17
      2.1.2 Household Behavior ................. 19
      2.1.3 Firm Behavior ..................... 20
      2.1.4 Bank and Government Behavior ....... 21
      2.1.5 The Complete Model ................. 22
   2.2 Two Countries .......................... 24
      2.2.1 Background ....................... 24
      2.2.2 Notation .......................... 25
      2.2.3 Equations .......................... 25
      2.2.4 Closing the Model .................. 29
      2.2.5 Links in the Model .................. 30
      2.2.6 Properties of the Model ............... 30
      2.2.7 The Use of Reaction Functions ......... 37
      2.2.8 Further Aggregation .................. 38

3 The Data, Variables, and Equations 39
   3.1 Transition from Theory to Empirical Specifications .... 39
   3.2 The US Model .......................... 40
3.2.1 The Tables (Tables A.1–A.8) ........................................ 40
3.2.2 The Raw Data .................................................. 40
3.2.3 Variable Construction .................................... 43
3.2.4 The Identities .................................................. 53
3.2.5 The Stochastic Equations ............................. 54
3.3 The ROW Model ................................................. 55
3.3.1 The Tables (Tables B.1–B.7) ............................ 55
3.3.2 The Raw Data .................................................. 56
3.3.3 Variable Construction .................................... 56
3.3.4 The Identities .................................................. 59
3.3.5 The Stochastic Equations ............................. 60
3.3.6 The Linking Equations ................................. 61

4 Estimating and Testing Single Equations ........................ 63
  4.1 Notation ........................................................ 63
  4.2 Two Stage Least Squares .................................. 65
  4.3 Estimation of Equations with Rational Expectations .... 65
  4.4 Two Stage Least Absolute Deviations .................. 70
  4.5 Chi-Square Tests ............................................ 71
  4.6 Stability Tests .................................................. 75
  4.7 Tests of Age Distribution Effects ....................... 78

5 The Stochastic Equations of the US Model ...................... 83
  5.1 Introduction .................................................... 83
  5.2 Household Expenditure and Labor Supply Equations .... 88
  5.3 Money Demand Equations ................................. 102
  5.4 The Main Firm Sector Equations ......................... 106
  5.5 Other Firm Sector Equations ............................ 121
  5.6 Financial Sector Equations ............................... 125
  5.7 The Import Equation ...................................... 128
  5.8 Government Sector Equations ............................ 130
  5.9 Interest Payments Equations ............................ 133
  5.10 Additional Comments ...................................... 137

6 The Stochastic Equations of the ROW Model .................. 141
  6.1 Introduction .................................................... 141
  6.2 Equation 1. M: Merchandise Imports .................... 145
  6.3 Equation 2: C: Consumption ............................. 145
  6.4 Equation 3: I: Fixed Investment ......................... 149
CONTENTS

6.5 Equation 4: $Y$: Production ............................................ 156
6.6 Equation 5: $PY$: Price Deflator ................................... 156
6.7 Equation 6: $M1$: Money .................................................... 157
6.8 Equation 7: $RS$: Short Term Interest Rate .................... 159
6.9 Equation 8: $RB$: Long Term Interest Rate .................... 163
6.10 Equation 9 $E$: Exchange Rate .................................... 164
6.11 Equation 10 $F$: Forward Rate .................................... 169
6.12 Equation 11 $PX$: Export Price Index ............................ 170
6.13 Equation 12: $W$: Wage Rate ......................................... 171
6.14 Equation 13: $J$: Employment ......................................... 175
6.16 The Trade Share Equations ........................................... 177
6.17 Additional Comments .................................................... 180

7 Estimating and Testing Complete Models 183
7.1 Notation ................................................................. 183
7.2 3SLS and FIML .......................................................... 184
7.3 Stochastic Simulation .................................................... 184
7.4 Median Unbiased Estimates ........................................... 186
7.5 Examining the Accuracy of Asymptotic Distributions ......... 189
7.6 VAR and AC Models for Comparison Purposes ............... 191
7.7 Comparing Predictive Accuracy ...................................... 192
7.8 Comparing Information in Forecasts ............................... 195
7.9 Estimating Event Probabilities ....................................... 201
7.10 Full Information and Solution of Rational Expectations Models 203

8 Estimating and Testing the US Model 219
8.1 Introduction ............................................................... 219
8.2 US+ Model ................................................................. 220
8.3 MU Estimates of the US Model ....................................... 221
8.4 Asymptotic Distribution Accuracy .................................... 223
8.5 A Comparison of the Estimates ....................................... 225
8.6 Predictive Accuracy ...................................................... 229
8.7 Comparing Information in Forecasts ............................... 237
8.8 Estimating Event Probabilities ....................................... 241
8.9 Summary of the Test Results ......................................... 243
## Contents

### 9 Testing the MC Model

- 9.1 Introduction ............................................. 247
- 9.2 The Size and Solution of the MC model ............... 247
- 9.3 The ARMC Model ........................................ 251
- 9.4 Within Sample RMSEs ................................... 252
- 9.5 Outside Sample RMSEs ................................... 256

### 10 Analyzing Properties of Models

- 10.1 Introduction ............................................. 261
- 10.2 Computing Multipliers and Their Standard Errors ..... 262
  - 10.2.1 Deterministic Simulation ......................... 262
  - 10.2.2 Stochastic Simulation ............................. 263
- 10.3 Sources of Economic Fluctuations ..................... 265
- 10.4 Optimal Monetary Instruments ....................... 268
- 10.5 Optimal Control ........................................ 270
- 10.6 Counterfactual Multiplier Experiments ............... 273

### 11 Analyzing Properties of the US Model

- 11.1 Introduction ............................................. 275
- 11.2 A General Discussion of the US Model’s Properties ... 276
- 11.3 Computing Multipliers and Their Standard Errors ..... 281
  - 11.3.1 Fiscal Policy Variables .......................... 281
  - 11.3.2 A Monetary-Policy Experiment: $R_S$ Decrease ... 292
  - 11.3.3 Sensitivity of Fiscal Policy Effects to Assumptions about Monetary Policy ..................... 293
  - 11.3.4 Sensitivity of Fiscal Policy Effects to the Specification of the Import Equation ............... 293
  - 11.3.5 Sensitivity of the Multipliers to Alternative Coefficient Estimates .......................... 297
  - 11.3.6 Multipliers from a Price Shock: $PIM$ Increase ... 298
  - 11.3.7 The Deficit Response to Spending and Tax Changes .................................................. 298
- 11.4 Sources of Economic Fluctuations in the US Model ... 303
- 11.5 Optimal Choice of Monetary-Policy Instruments in the US Model .......................................... 311
- 11.6 Sensitivity of Multipliers to the Rational Expectations Assumption in the US Model ................. 315
- 11.7 Is Monetary Policy Becoming Less Effective? ........ 320
- 11.8 What if the Fed had Behaved Differently in 1978 and 1990? .............................................. 328
CONTENTS

12 Analyzing Properties of the MC Model 333
   12.1 Introduction .......................... 333
   12.2 A General Discussion of the MC Model’s Properties .... 334
   12.3 Computing Multipliers .................... 338
   12.4 Common Results Across Countries ............. 348

13 Conclusion 349

Appendix A Tables for the US Model 353

Appendix B Tables for the ROW Model 393

Bibliography 407

Index 419
## List of Tables

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Simulation Results for the Two Country Model</td>
<td>33</td>
</tr>
<tr>
<td>2.2</td>
<td>Summary of the Experiments</td>
<td>36</td>
</tr>
<tr>
<td>3.1</td>
<td>Estimated Percentages of Excess Labor and Capital</td>
<td>50</td>
</tr>
<tr>
<td>4.1</td>
<td>Critical Values for the AP Statistic for $\lambda = 2.75$</td>
<td>77</td>
</tr>
<tr>
<td>5.1</td>
<td>Equation 1</td>
<td>91</td>
</tr>
<tr>
<td>5.2</td>
<td>Equation 2</td>
<td>93</td>
</tr>
<tr>
<td>5.3</td>
<td>Equation 3</td>
<td>95</td>
</tr>
<tr>
<td>5.4</td>
<td>Equation 4</td>
<td>96</td>
</tr>
<tr>
<td>5.5</td>
<td>Equation 5</td>
<td>98</td>
</tr>
<tr>
<td>5.6</td>
<td>Equation 6</td>
<td>99</td>
</tr>
<tr>
<td>5.7</td>
<td>Equation 7</td>
<td>100</td>
</tr>
<tr>
<td>5.8</td>
<td>Equation 8</td>
<td>101</td>
</tr>
<tr>
<td>5.9</td>
<td>Equation 9</td>
<td>104</td>
</tr>
<tr>
<td>5.10</td>
<td>Equation 10</td>
<td>108</td>
</tr>
<tr>
<td>5.11</td>
<td>Equation 11</td>
<td>112</td>
</tr>
<tr>
<td>5.12</td>
<td>Equation 12</td>
<td>114</td>
</tr>
<tr>
<td>5.13</td>
<td>Equation 13</td>
<td>117</td>
</tr>
<tr>
<td>5.14</td>
<td>Equation 14</td>
<td>118</td>
</tr>
<tr>
<td>5.15</td>
<td>Equation 15</td>
<td>119</td>
</tr>
<tr>
<td>5.16</td>
<td>Equation 16</td>
<td>121</td>
</tr>
<tr>
<td>5.17</td>
<td>Equation 17</td>
<td>105</td>
</tr>
<tr>
<td>5.18</td>
<td>Equation 18</td>
<td>122</td>
</tr>
<tr>
<td>5.19</td>
<td>Equation 19</td>
<td>123</td>
</tr>
<tr>
<td>5.20</td>
<td>Equation 20</td>
<td>123</td>
</tr>
<tr>
<td>5.21</td>
<td>Equation 21</td>
<td>124</td>
</tr>
<tr>
<td>5.22</td>
<td>Equation 22</td>
<td>125</td>
</tr>
<tr>
<td>5.23</td>
<td>Equation 23</td>
<td>126</td>
</tr>
</tbody>
</table>
LIST OF TABLES

5.24 Equation 24 ........................................ 127
5.25 Equation 25 ........................................ 128
5.26 Equation 26 ........................................ 106
5.27 Equation 27 ........................................ 129
5.28 Equation 28 ........................................ 131
5.30 Equation 30 ........................................ 133

6.1a Equation 1 ........................................ 146
6.1b Test Results for Equation 1 ...................... 147
6.2a Equation 2 ........................................ 148
6.2b Test Results for Equation 2 ...................... 149
6.3a Equation 3 ........................................ 150
6.3b Test Results for Equation 3 ...................... 151
6.4a Equation 4 ........................................ 152
6.4b Test Results for Equation 4 ...................... 153
6.5a Equation 5 ........................................ 154
6.5b Test Results for Equation 5 ...................... 155
6.6a Equation 6 ........................................ 158
6.6b Test Results for Equation 6 ...................... 159
6.7a Equation 7 ........................................ 160
6.7b Test Results for Equation 7 ...................... 161
6.8a Equation 8 ........................................ 162
6.8b Test Results for Equation 8 ...................... 163
6.9a Equation 9 ........................................ 166
6.9b Test Results for Equation 9 ...................... 167
6.10a Equation 10 ...................................... 170
6.11a Equation 11 ...................................... 172
6.11b Test Results for Equation 11 ................... 173
6.12a Equation 12 ...................................... 174
6.12b Test Results for Equation 12 ................... 175
6.13a Equation 13 ...................................... 176
6.13b Test Results for Equation 13 ................... 177
6.14a Equation 14 ...................................... 178
6.14b Test Results for Equation 14 ................... 179
6.15a Equation 15 ...................................... 180
6.15b Test Results for Equation 15 ................... 181

7.1 FIML Results for Three Models .................... 212
7.2 Model 3: Six Equations ............................ 213
7.3 Stochastic Simulation Results for Model 3 217

8.1 Estimated Bias of 2SLS Lagged Dependent Variable Coefficient Estimates 222

8.2 Asymptotic Distribution Accuracy 224

8.3 Comparison of 2SLS, 2SLAD, 3SLS, and FIML Estimates 226

8.4 RMSEs for Five Sets of Coefficient Estimates for 1954:1–1993:2 for the US Model 228

8.5 Estimated Standard Errors of Forecasts for Four Models 230

8.6 RMSEs of Outside Sample Forecasts for Four Models for 1976:3–1993:2 236

8.7 US Model Versus Three Others: Estimates of Equation 7.12 238

8.8 AC Versus VAR5/2 and VAR4 239

8.9 Estimates of Probability Accuracy 242

9.1 Ratios of Within Sample RMSEs 1972–1990: MC/ARMC 254


9.3 Ratios of Outside Sample RMSEs 1987–1990: MC/ARMC 258

11.1 Estimated Multipliers and Their Standard Errors for Eight Fiscal Policy Experiments 282

11.2 Estimated Multipliers and Their Standard Errors for a Decrease in RS of One Percentage Point 291

11.3 Estimated Multipliers and Their Standard Errors for an Increase in COG under Three Monetary Policy Assumptions 294

11.4 Estimated Multipliers for Three Experiments and Two Versions of the Import Equation 296

11.5 Estimated Multipliers for a COG Increase for Alternative Sets of Coefficient Estimates 297

11.6 Estimated Multipliers and Their Standard Errors for an Increase in P1M of 10 percent 299

11.7 Estimated Effects on the Federal Government Deficit of Six Fiscal Policy Experiments 301

11.8 Variance Decomposition for Real GDP 304

11.9 Variance Decomposition for the Nonfarm Price Deflator 306

11.10 Estimated Precision of the Stochastic Simulation Estimates for Real GDP 311
LIST OF TABLES

11.11 Percentage Difference Between the Variance Under the Money Supply Policy and the Variance Under the Interest Rate Policy ................................................ 312
11.12 Percentage Difference Between the Variance Under the Money Supply Policy and the Variance Under the Interest Rate Policy: No Shocks to the Money Equations ........ 313
11.13 Percentage Difference Between the Variance Under the Optimal Policy and the Variance Under the Interest Rate Policy 314
11.14 Estimated Multipliers for the US Model with Rational Expectations ................................................ 316
11.15 Comparison of the Actual and Alternative Economies ................................................ 322
11.16 Estimated Multipliers in the Actual and Alternative Economies for a Decrease in $R_S$ of One Percentage Point ................................................ 326
11.18 Estimated Economy if the Fed had Lowered Interest Rates in 1990:3–1993:2 ................................................ 330
12.1 Multipliers for a U.S. Government Spending Increase ................................................ 339
12.2 Multipliers for a U.S. Government Spending Increase ................................................ 343
12.3 Multipliers for Own Government Spending Increases ................................................ 344
A.1 The Six Sectors of the US Model ................................................ 355
A.2 The Variables in the US Model in Alphabetical Order ................................................ 356
A.3 The Equations of the US Model ................................................ 362
A.4 The Raw Data Variables for the US Model ................................................ 370
A.5 Links Between the National Income and Product Accounts and the Flow of Funds Accounts ................................................ 378
A.6 Construction of the Variables for the US Model ................................................ 380
A.7 First Stage Regressors for the US Model for 2SLS and 3SLS ................................................ 386
A.8 Solution of the US Model Under Alternative Monetary Policy Assumptions ................................................ 389
A.9 Cross-Reference Chart for the US Model ................................................ 390
B.1 The Countries and Variables in the MC Model ................................................ 395
B.2 The Variables for a Given Country in Alphabetical Order ................................................ 398
B.3 The Equations for a Given Country ................................................ 400
B.4 Equations that Pertain to the Trade and Price Links Among Countries ................................................ 402
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>B.5</td>
<td>Links Between the US and ROW Models</td>
</tr>
<tr>
<td>B.6</td>
<td>The Procedure Used to Create Quarterly Data from Annual Data</td>
</tr>
<tr>
<td>B.7</td>
<td>Construction of the Balance of Payments Data: Data for S and TT</td>
</tr>
</tbody>
</table>
List of Figures

8.1  Estimated Probabilities for Event A for US+ . . . . . . . 244
8.2  Estimated Probabilities for Event A for VAR5/2 . . . . . . 245
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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Fair, Ray C., 1969, The Short-Run Demand for Workers and Hours, North-Holland Publishing Co.

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Inside the page, there are various references to articles and books. Here are a few examples:

- "Is Monetary Policy Becoming Less Effective?" mimeo.

Additionally, there is a reference to the Flow of Funds Coded Tables, 1992, Board of Governors of the Federal Reserve System, January, Washington, D.C., 20551.


Index

age distribution, 78, 89, 104

Allen, Polly Reynolds, 24
Almon, Shirley, 81
Altug, Sumru, 12
Amemiya, Takeshi, 71
Andrews, Donald W. K., xvii, 71, 75–77, 187, 221
Arrow, Kenneth, 1
asymptotic distributions, 4, 189, 223

balance-sheet constraints, 17, 24, 40, 43–44
Barro, Robert J., 17, 265
Bernanke, Ben S., 309
Black, Stanley W., 24
Blanchard, Olivier J., 15, 308
Blinder, Alan, 112
Branson, William H., 24
Braun, Steven N., 14

Canova, F., 12
Carloyzi, Nicholas, 217
chi-square tests, 71
Chong, Yock Y., 10, 196
Chow, Gregory C., 12, 75, 202
Christ, Carl F., 18
Christiano, Lawrence J., 12
Clower, Robert W., 17

Cooper, J. Phillip, 196–197, 199
Cowles Commission approach, 1, 4–5, 11
Cumby, Robert E., 68–70, 200
data mining, 8, 85, 115, 193–194, 257
Davidson, Russell, 10, 196
decision equations, 5, 7, 16
DeLong, J. Bradford, 203
DFP algorithm, 64, 211–212, 271
Diane Macunovich, 97
Diebold, Francis X., 203
disequilibrium, 17–18, 276
Dominguez, Kathryn M., xvii, 78, 80, 97, 102, 104, 137
Domowitz, Ian, 200
Dornbusch, Rudiger, 24
Duesenberry, James S., 1

Easterlin, Richard A., 97
Eichenbaum, Martin, 12
event probabilities, 201, 241
extended path method, 203, 205–210, 215–216, 218

Fay, Jon A., 50, 350
Finn, M., 12
flow of funds, 17, 24, 40
Frenkel, Jacob A., 24
Friedman, Benjamin M., 73, 139
Fromm, Gary, 1
full information maximum likelihood, 184, 208, 225, 298

Gauss-Seidel technique, 31, 205, 208
Girton, Lance, 24
Goldberger, Arthur S., 1
Grandmont, Jean-Michel, 17
Granger, Clive W. J., 196
Grossman, Herschel I., 17

Hall, Robert E., 2, 12, 265
Hall, S. G., 262
Hamilton, James D., 265
Hansen, Lars Peter, 6, 12, 67–68, 200
Heckman, James J., 4
Henderson, Dale W., 24
Hendry, David F., 10, 72, 75, 196
Huizinga, John, 68–70, 200
Hurwicz, Leonid, 186, 223
information in forecasts, 195, 237

Johnson, Harry G., 24

King, Stephen R., 203
Klein, Lawrence R., 1
Kouri, Penti J. K., 24
Krane, Spencer D., 14
Krueger, Alan B., 15
Kuh, Edwin, 1
Kuttner, Kenneth N., 73, 139
Kydland, F. E., 12, 206, 265

Lilien, David M., 265
Lucas critique, 2, 7, 11, 13–14, 78, 350
Lucas, Robert E., Jr., 1, 7, 12

MacKinnon, James G., 10, 196
Malinvaud, Edmond, 1, 229
Mankiw, N. Gregory, 12, 14
McCallum, B. T., 67
McNees, Stephen K., 197
median unbiased estimates, 186, 221, 298

Medoff, James L., 50, 350
Mizon, Grayham, 196
Mortensen, Dale T., 18
Murphy, Kevin M., 198
Myhrman, Johan, 24

Nelson, Charles R., 196–197, 199
new Keynesian economics, 14
Newbold, Paul, 196

Obstfeld, Maurice, 68–70, 200
Okun’s law, 24, 107, 280, 288
Okun, Arthur M., 15, 24, 43, 280, 288
Orcutt, Guy H., 186, 223
Pagan, Adrian R., 12, 72
INDEX

Parke algorithm, 209, 211, 214, 226
Parke, William R., xvii, 3, 209, 226
Patinkin, Don, 17
Phelps, Edmund S., 18
Phillips curve, 24
Pigou, Arthur C., 266
Ploberger, Werner, 76–77
Poole, William, 268
Prescott, E. C., 12, 206, 265

rational expectations, 6, 65, 203, 315
reaction functions, 22, 27, 30, 37, 131, 159, 164, 249
real business cycle approach, 11
Richard, Jean-Francois, 10, 196
Rodrigues, Carlos A., 24
Romer, David, 14
Rotemberg, Julio J., 12, 14
Rudebusch, Glenn D., 203

Sargan, J. Denis, 72
Sims, Christopher A., 191
Singleton, Kenneth, 12
stability tests, 75
Stigler, George J., 18
stochastic simulation, 184, 214
Stock, James H., 202
Stoker, Thomas M., 79
Summers, Laurence H., 12, 14–15
Summers, Lawrence H., 203

Taylor, John B., xvii, 203–204, 206–207, 211, 214, 217
three stage least squares, 184, 225, 298
Tinbergen, J., 1
Tinsley, P.A., 269
Tobin, James, 269
Topel, Robert H., 198
Triplett, Jack E., 41
Turnovsky, S., 269
two stage least absolute deviations, 70, 225, 298
two stage least squares, 65, 225, 298

Uhlig, Harald, 203
von zur Muehlen, P., 269

Watson, Mark W., 202, 308
White, Halbert, 200–201
Winokur, Herbert S., 186
Winter, Sidney G., 18

Yoshikawa, H., 269
Young, Allan H., 41