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Thomas A. Knetsch

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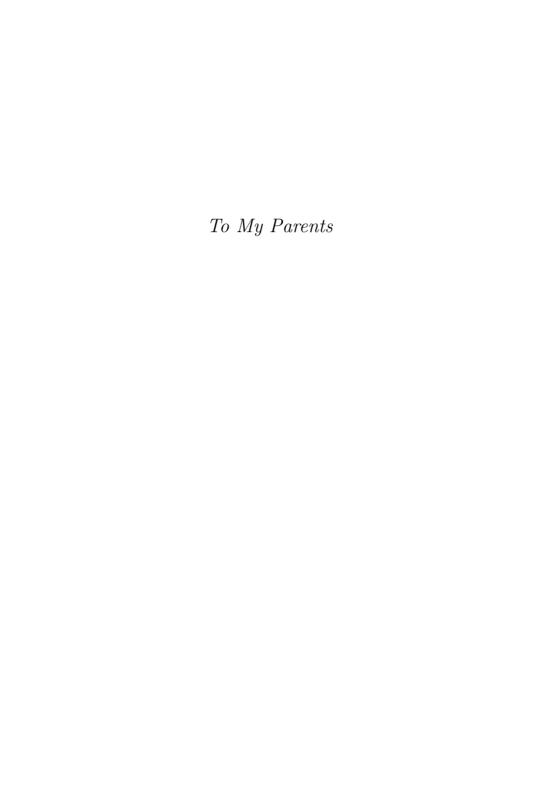
Thomas A. Knetsch
Deutsche Bundesbank
Postfach 10 06 02
D-60006 Frankfurt am Main

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Preface

I have written the dissertation while I was a member of the Ph.D.-Program "Applied Microeconomics" jointly organized by the Economic Departments of the Humboldt-Universität zu Berlin and the Freie Universität Berlin. During this period, I obtained financial assistance of the *Deutsche Forschungs-gemeinschaft* which is gratefully acknowledged.

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List of Abbreviations

ADF augmented Dickey/Fuller

AIC Akaike information criterion

AR autoregressive

ARIMA autoregressive integrated moving-average

ARMA autoregressive moving-average

B&S Bruno and Sachs [1985] (in tables)

C&D CALMFORS and DRIFFILL [1988] (in tables)

DF Dickey/Fuller

e.q. for example

 $et\ al.$ and others

etc. and so on

GLS general least squares

HQ Hannan/Quinn (criterion)

i.e. that is

 $KPSS \qquad Kwiatkowski/Phillips/Shin/Schmidt$

LM Lagrange multiplier

LR likelihood ratio

L&S LÜTKEPOHL and SAIKKONEN [2000] (in tables)

MA moving average

OECD Organization for Economic Co-operation and Development

OLS ordinary least squares

p. page

pp. pages

PP Phillips/Perron

SC Schwarz criterion

SVAR structural vector autoregressive

UK United Kingdom (in figures and tables)

U.S. United States of America

USA United States of America (in figures and tables)

VAR vector autoregressive

VECM vector error correction model

List of Symbols

General notational conventions

Within each chapter, a symbol generally has only one meaning. In order to remain in accordance with the usual notation in the corresponding fields, the meaning of symbols changes from one chapter to another. For instance, the Greek letter Π denotes profits in Chapter 3 but the cointegrating matrix in Chapter 4. However, there are some exceptions: The variables W_t , A_t , L_t , and S_t (in logs, w_t , a_t , l_t , and s_t , respectively) indicate real wage, labor productivity, employment, and labor's share throughout the entire study.

In the empirical parts (*i.e.* Chapters 2 and 4 as well as Section 1.1.3), lower case letters generally refer to vectors and scalars, whereas matrices are denoted by upper case letters. Parameter vectors and matrices are mostly denoted by Greek letters.

General mathematical symbols

lim limit

ln natural logarithm (in text abbreviated by log)

e exponential function

√ square-root

 π pi

max maximum

inf infimum

 $L lag operator: L^k x_t \equiv x_{t-k}$

 Δ difference operator: $\Delta^d x_t \equiv x_t - x_{t-d}$

 \sum sum

∏ product

- \int integral
- d derivative
- ∂ partial derivative
- \times times
- | · | absolute value

Matrix operators and special matrices

- $rk(\cdot)$ rank
- $sp(\cdot)$ space
- $tr(\cdot)$ trace
- | · | determinant
- ' transposed
- $_{\perp}$ orthogonal complement
- I_K $(K \times K)$ identity matrix

Statistical symbols

- $E(\cdot)$ expectation
- $Var(\cdot)$ variance
- $Cov(\cdot)$ covariance
- $D(\cdot)$ density
- $L(\cdot)$ likelihood
- iid. identical and independently distributed
- $N(\mu, \sigma^2)$ Gaussian distributed with mean μ and variance σ^2
- $\chi^2(k)$ chi-square distributed with k degrees of freedom
- I(d) integrated of order d
- CI(d, b) cointegrated of order d, b
- ∼ distributed

Other symbols

& and

→ approaches

 \forall for all

 \subseteq subset

 \in element

conditional

 \mathbb{R}^m m-dimensional Eucledian space