

# **National Institute Economic Review**

## **4/99**

### **COMMENTARY**

- **The UK Economic Situation**

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### **THE UK ECONOMY**

- **Strong Growth in 2000**

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### **THE WORLD OUTLOOK**

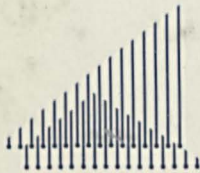
- **European Recovery Underway**
- **Signs of Overheating in US**

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### **RESEARCH ARTICLES**

#### **Cities**

- **Tony Champion on Migration and British Cities**
- **Mark Kleinman and Christine Whitehead on Housing and Regeneration**
- **James Simmie and James Sennett on Innovative Clusters**
- **Andrea Lamorgese on City Size, Diversification and Income Smoothing**



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### NIESR Discussion Papers

No. 152 *A test of  $m$  structural breaks under the unit root hypothesis* by George Kapetanios

This paper tests for the unit root hypothesis against the occurrence of an unspecified number of breaks which may be larger than 2 but smaller than the maximum allowed number of breaks  $m$  in univariate time series models. The advocated procedure is computationally efficient and less intensive than those previously suggested in the literature. Critical values are provided for the test and it is applied to the Nelson and Plosser macroeconomic series.

No. 153 *A radial basis function artificial neural network test for neglected nonlinearity* by Andrew P. Blake and George Kapetanios

A proposed test for neglected nonlinearity that uses an artificial neural network, using radial basis functions for the 'hidden layer' with basis function centers and radii chosen from the sample data set and selected on the basis of information criteria. The procedure is straightforward to implement and out-performs the random network test proposed by Lee, White and Granger (1993).

No. 154 *A radial basis function artificial neural network test for ARCH* by Andrew P. Blake and George Kapetanios

A proposed test for ARCH that uses a radial basis function artificial neural network. It outperforms alternative neural network tests in a variety of Monte Carlo experiments.

No. 155 *The forecasting performance of the OECD composite leading indicators for France, Germany, Italy and the UK* by G. Camba-Mendez, G. Kapetanios and M.R. Weale

A methodology for evaluating the forecasting ability of composite leading indicator variables of industrial economic activity. The new methodology highlights the risks of variable selection in a VAR framework. The methodology is applied to investigate the performance of the OECD composite leading indicator in forecasting industrial production in four European countries.

No. 156 *An encompassing framework for evaluating simple monetary policy rules* by Ray Barrell, Karen Dury and Ian Hurst

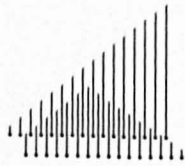
Taylor and others have argued that model stability requires interest rate policy rules to have an inflation feedback parameter greater than one. Here a framework is built to analyse the stability conditions of various policy rules on Taylor's model and in a world where there are nominal rigidities in the short-term evolution of demand.

No. 157 *Labour productivity and convergence within Europe: East German and Irish experience* by Ray Barrell and Dirk Willem te Velde

The convergence of labour productivity within an economic area involves the closing of organisation, idea and object gaps. This process can be exogenous or endogenous and evidence is provided here for both, for East German labour productivity.

Institute Discussion Papers are available at £4 each, or on subscription at the discounted rate of £30 for 10 papers.

For further details of these and all National Institute Publications please contact Annie Stewart at NIESR on tel 020 7654 1923 or e-mail [a.stewart@niesr.ac.uk](mailto:a.stewart@niesr.ac.uk)



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The *Review* welcomes the offer of high quality articles. Content should relate in some way to the explanation of economic performance (broadly defined) in the UK or internationally. There is some emphasis on quantitative research. Articles should normally be research based, and comprise 4–10,000 words, excluding tables. All articles are externally refereed, but the *Review* is able to organise quick publication in appropriate cases. Full notes for contributors are available from *Fran Robinson*.

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