APPENDIX: VAR Causality Tests

(Not intended for publication)

Multivariate Granger Causality Tests, Different Measures of Δf_t
Full Sample: 1974:1-2001:3

Table A.1

A. Rejections at 1%(***), 5% (**), and 10% (*) level of H_0: Δs_t fails to cause Δf_t

B. Rejections at 1%(***), 5% (**), and 10% (*) level of H_0: Δf_t fails to cause Δs_t

	(1)	(2)	(2)	(3)	(4)	(5)	(6)	(7)
		Test Performed	Canada	France	Germany	Italy	Japan	U.K.
(1)	$\Delta(y-y^*)$	A. B.						
(2)	$\Delta(p-p^*)$	A. B.	 *		***	**		
(3)	$i-i^*$	A. B.		**			** *	
(4)	All variables	A. B.		*	**	***	***	

Notes:

1. See notes to earlier tables for variable definitions.

2. Statistics are computed from 4th order vector autoregressions in $(\Delta s_t, \Delta(y_t - y_t^*), \Delta(p_t - p_t^*), i_t - i_t^*)'$.

3. "All variables" refers to the hypothesis that $(\Delta(y_t - y_t^*), \Delta(p_t - p_t^*), i_t - i_t^*)'$ jointly fail to cause Δs_t.

Table A.2

A. Rejections at 1%(***), 5% (**), and 10% (*) level of H_0: Δs_t fails to cause Δf_t

B. Rejections at 1%(***), 5% (**), and 10% (*) level of H_0: Δf_t fails to cause Δs_t

	(1)	(2)	(2)	(3)	(4)	(5)	(6)	(7)
		Test Performed	Canada	France	Germany	Italy	Japan	U.K.
(1)	$\Delta(y-y^*)$	A. B.						
(2)	$\Delta(p-p^*)$	A. B.			***	**		
(3)	$\Delta(i-i^*)$	A. B.		**		 *	***	
(4)	All variables	A. B.		**	*	***	***	

Notes:

1. See notes to earlier tables for variable definitions.

2. Statistics computed from 4th order vector autoregressions in $(\Delta s_t, \Delta(y_t - y_t^*), \Delta(p_t - p_t^*), \Delta(i_t - i_t^*))'$.

Table A.3

A. Rejections at 1%(***), 5% (**), and 10% (*) level of H_0: Δs_t fails to cause Δf_t

B. Rejections at 1%(***), 5% (**), and 10% (*) level of H_0: Δf_t fails to cause Δs_t

	(1)	(2)	(2)	(3)	(4)	(5)	(6)	(7)
		Test Performed	Canada	France	Germany	Italy	Japan	U.K.
(1)	$\Delta(m-m^*)$	A. B.				*	**	
(2)	$\Delta(y-y^*)$	A. B.	*					
(4)	All variables	A. B.		**				

Notes:

1. See notes to earlier tables for variable definitions.

2. Statistics computed from 4th order vector autoregressions in $(\Delta s_t, \Delta(m_t - m_t^*), \Delta(y_t - y_t^*))'$.

Table A.4

A. Rejections at 1%(***), 5% (**), and 10% (*) level of H_0: Δs_t fails to cause Δf_t

B. Rejections at 1%(***), 5% (**), and 10% (*) level of H_0: Δf_t fails to cause Δs_t

	(1)	(2)	(2)	(3)	(4)	(5)	(6)	(7)
		Test Performed	Canada	France	Germany	Italy	Japan	U.K.
(1)	$\Delta(m-m^*)$	A. B.				**	*	
(2)	$\Delta(y-y^*)$	A. B.	*					
(3)	$\Delta(p-p^*)$	A. B.	 *		***	***	**	
(4)	All variables	A. B.		**	*	***	*	

Notes:

1. See notes to earlier tables for variable definitions.

2. Statistics computed from 4th order VAR in $(\Delta s_t, \Delta(m_t - m_t^*), \Delta(y_t - y_t^*), \Delta(p_t - p_t^*))'$.

Table A.5

A. Rejections at 1%(***), 5% (**), and 10% (*) level of H_0: Δs_t fails to cause Δf_t

B. Rejections at 1%(***), 5% (**), and 10% (*) level of H_0: Δf_t fails to cause Δs_t

	(1)	(2)	(2)	(3)	(4)	(5)	(6)	(7)
		Test Performed	Canada	France	Germany	Italy	Japan	U.K.
(1)	$\Delta(p-p^*)$	A. B.			***	***	**	
(2)	$\Delta(y-y^*)$	A. B.						
(4)	All variables	A. B.			**	***		

Notes:

1. See notes to earlier tables for variable definitions.

2. Statistics computed from 4th order vector autoregressions in $(\Delta s_t, \Delta(p_t - p_t^*), \Delta(y_t - y_t^*))'$.