## Contemporary Issues in Economics and Econometrics

Theory and Application

Edited by

Ralf Becker Stan Hum

School of Economics and Finance Queensland University of Technology

Edward Elgar & Cheltenham, UK • Northampton, MA, USA

## Contents

List of Contributors Foreword		vii viii
PA	RT I - ECONOMIC THEORY	
1.	<i>i</i> -Using and Abusing Economic Theory Paul Klemperer	3
2.	Industry Sunk Cost and Entry Dynamics Vladimir Smirnov and Andrew Wait	34
PA	RT II - ECONOMETRIC THEORY	
3.	Sub-sample Model Selection Procedures in General-to-Specific Modelling David Hendry and Hans-Martin Krolzig	53
4.	A Gibbs' Sampler for the Parameters of a Truncated Multivariate Normal Distribution <i>William Griffiths</i>	75
5.	A Necessary and Sufficient Condition for Weak Exogeneity in Vector Error Correction Models <i>Christophe Rault</i>	92
6.	Bayesian Graphical Inference for Economic Time Series that may have Stochastic or Deterministic Trends John Marriott, John Naylor and Andy Tremayne	112

## PART III - APPLICATIONS

7.	The Impact of Monetary Policy in the UK on the Relationship	
	between the Term Structure of Interest Rates and Future Inflation	147
	Gunnar Bardsen, Ralf Becker and Stan Hum	
8.	Missing Data and Interpolation in Dynamic	
	Term Structure Models	162
	Vlad Pavlov	

9.	Choosing Lag Lengths in Nonlinear Dynamic Models	176
	Heather Anderson	
10.	D-TAR versus C-TAR Models? Modelling the Dynamics of	
	Inflation	205
	Walter Enders and Pierre Sikhs	
11.	Predicting Incomplete Observations in Unbalanced Panels:	
	A Kalman Filtering-Smoothing Approach	226
	Alicia Rambaldi, R. Carter Hill and Howard Doran	
Index .		241