

VAR, Cointegration and Causality Readings

Texts

- Pesaran, M. H. and Pesaran, B. (2009) "Time Series Econometrics: Using Microfit 5.0" Oxford University Press, ISBN 0-19-268531-7. Available in Microfit Help.
- Patterson, K (2000) "An Introduction to Applied Econometrics: A Time Series Approach", Palgrave.
- Charemza, W and M Deadman (1992) "New Directions in Econometric Practice" Edward Elgar. Ch 7.
- Harris, R. and R. Sollis (2003) "Applied Time Series Modelling and Forecasting", Wiley. Applications
- Enders, W. (2010) "Applied Econometric Time Series" Wiley, 3rd edition.
- Burke, S. P. and J. Hunter (2005) "Modelling Non-Stationary Economic Time Series", Palgrave
- Granger CWJ (ed) (1991) "Modelling Economic Series", Clarendon Press, Oxford. This contains reprints of:
 - Sims CA (1980) "Macroeconomics and Reality", *Econometrica*, Vol 48, No 1, Jan, pp1-48.
 - Pagan A (1987) "The Econometric Methodologies: A Critical Appraisal", *Journal of Economic Surveys*, Vol 1, No 1, Jan.
 - Leamer EE (1983) "Lets Take the Con Out of Econometrics", *American Economic Review*, Vol 23, no 1, March.

Applications

- Dunne, J Paul and Ron Smith "Military Expenditure and Unemployment in the OECD", *Defence Economics*, 1990, Vol 1, pp. 57-73. With R.P. Smith. ISSN 1024 2694. This article estimates the simplest form of VAR to test for Granger causality between military spending and unemployment.
- Dunne, J Paul and Alvin Birdi "South Africa: An Econometric Analysis of Military Spending and Economic Growth". Chapter 9 in Jurgen Brauer and J Paul Dunne (eds) (2002) "*Arming the South: The Economics of Military Expenditures, Arms Production and Trade in Developing Countries*". Palgrave. With Alvin Birdi.
- Smith, Ron, Paul Dunne and Eftychia Nikolaidou (2000) "The Econometrics of Arms Races", *Defence and Peace Economics*, Volume 11, Number 1, 2000, pp 31-43. Provides a useful exposition of VARs and cointegrating VARS in considering their use in analysing arms races.
- Dunne, Paul, Eftychia Nikolaidou and Ron Smith (2001) "Arms Race Models and Econometric Applications". Paul Levine and Ron Smith (eds) (2001) "*The Arms Trade, Security and Conflict*", Harwood Academic Publishers. Provides some applications of the models in the previous paper.
- Dunne, J Paul and Ron Smith "Military Expenditure and Granger Causality: A Critical Review". *Defence and Peace Economics*. Vol. 21, no. 5-6, 2010, Oct-Dec,

pp 427-441. With Ron Smith. A critical review of the use of Granger Causality methods in empirical work. UWE Discussion Paper version at: <http://ideas.repec.org/p/uwe/wpaper/1007.html>