Comovements in Structural Changes

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Abstract

Are structural changes correlated among different developed countries? In order to answer to this question, we first estimate the monetary time-varying vector autoregressive models, that consist of inflation rates, unemployment rates and policy interest rates, for Australia, Germany, the UK and the US. Then, we show the changes in monetary policy effectiveness in those countries. Although we cannot find any significant correlation in monetary policy shocks, the time-varying patterns in monetary policy effectiveness are quite similar among those countries. This result suggests that structural changes regarding monetary policy are correlated, which is a very new feature in international macroeconomics and has not been investigated before.

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