What Drives Economic Policy Uncertainty in the Long and Short Runs: European and U.S. Evidence over Several Decades*

John V. Duca*  
Research Department, Federal Reserve Bank of Dallas, P.O. Box 655906, Dallas, TX 75265, and Southern Methodist University, Dallas, TX

Jason L. Saving*  
Research Department, Federal Reserve Bank of Dallas, P.O. Box 655906, Dallas, TX 75265,

September 12, 2017

Abstract

Economic policy uncertainty (EPU) has increased markedly in recent years in the U.S. and Europe, and some have posited a link between this phenomenon and subpar economic growth in advanced economies (see Baker, Bloom, and Davis, 2016). But methodological and data concerns have thus far raised doubts about whether EPU contains marginal and exogenous information about other economic phenomena. Our work analyzes the impact on EPU of several possibly endogenous variables, such as inflation and unemployment rates in western countries where EPU is measured. We also consider longer-term technological factors, such as media fragmentation, which by undermining political consensus may indirectly elevate EPU. We find that about 40 percent of EPU movements can be explained by long- and short-run movements in these determinants, which is consistent with limited evidence that de-trended movements in EPU may contain marginal information about GDP growth and other macro variables.

Keywords: economic policy uncertainty, business cycles, political polarization, political economy

JEL Codes: E61, D72

* We thank two anonymous referees, Michael Weiss and seminar participants at the Federal Reserve Bank of Dallas, the Southern Economic Association and the Public Choice Society for suggestions. We also thank Tyler Atkinson for excellent research assistance. We thank TVB for sharing detailed information on U.S. media structure and commend Nielsen for making useful data publicly available. The views expressed are those of the authors and do not necessarily reflect the views of the Federal Reserve Bank of Dallas or the Board of Governors of the Federal Reserve System. Any remaining errors are those of the authors.
دریافت فوری
متن کامل مقاله
امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات