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**Business cycles: Real facts or fallacies?** (English) [\[Zbl 0967.91060\]](#)

Strøm, Steinar (ed.), Econometrics and economic theory in the 20th century. The Ragnar Frisch centennial symposium. Papers from the symposium held in Oslo, Norway, March 3-5, 1995. Cambridge: Cambridge University Press. Econ. Soc. Monogr. 31, 499-527 (1998).

Summary: In this essay we demonstrate that system-of-equations models have much to offer in explaining business cycles generally and specifically in resolving the puzzles that have arisen from applications of stylized-facts methods. A main theme in our account is that whereas regime shifts and structural breaks will necessarily induce changes and fluctuations in bivariate correlations, that is not necessarily true for econometric relationships. Thus, invoking Frisch's terminology, the KP bivariate correlations constitute relationships that are confluent relative to econometric relationships – they are less autonomous. Conversely, changing correlations constitute information that is vital for the discovery of structure in the form of stable and invariant econometric relationships (i.e., relationships with a certain degree of autonomy).

For the entire collection see [\[Zbl 0944.00092\]](#).

**MSC:**

- [91B82](#) Statistical methods; economic indices and measures
- [91B24](#) Microeconomic theory (price theory and economic markets)
- [91B74](#) Economic models of real-world systems (e.g., electricity markets, etc.)
- [91B68](#) Matching models

**Keywords:**

[system-of-equations models](#); [bivariate correlations](#); [KP bivariate correlations](#)