Reenactment of Business Cycle Modeling without Pretending...

Skit 3. "A Reenactment of Business Cycle Modeling without Pretending..."

Cast: Sam as Tom, Jonathan as Chris (with cameo appearances by Bob, Ed)

Tom: So, ummm, I was thinking about how we should display the results in our paper and, ummm, I came up with something really cool

(Up on the screen pops a gigantic, messy matrix with formulas)

(Bob and Ed—playing themselves—walk by, look at the screen, and then stop and face the audience)

Ed: Bob, what is that techno-nerd stuff?

Bob: I don't know, but I don't think we should get involved in that kind of thing.

(Bob and Ed continue walking as Tom and Chris look on)

Chris: Tom, I have a better idea — something more intuitive.

(Up on the screen pops page 1 of Table 1 from their article that looks like a matrix of lots of little unreadable graphs with labels "coherhence")

Tom: Ummm, yeah, I see what you mean. Totally intuitive.

Chris: Well, I hope not, because that is only the first part of the results....

(Up on the screen pops page 2 of Table 1)

Chris: There is this... (then page 3) ... and this (then page 4) ...and this (then page 5) ... and this (then page 6). See you can print them out, post them on your wall and visualize the results.

Tom: Ok, ummm, yeah, I guess we have a winner here.

(They high-five and walk out.)

$$
S_y = \begin{bmatrix} y_i(\omega)y_i(\omega) & \pi(\omega)(a^2-b^2) \\ |c^{-1}\tilde{y}_j(\omega^2)| & coh_i(\omega)s_y(\omega) \\ 1/m\sum_{k=1}^{m}\hat{y}_k & \bar{g}_k(\omega-3\omega^2) \\ \rho\pi(\omega)^{\zeta} & h_{\omega}^{\omega}(\omega)^2 \\ coh_i(\omega)s_y(\omega) & s_u(\omega) \end{bmatrix}
$$

$$
\begin{bmatrix} y_i(\omega)y_i(\omega) & \pi(\omega)(a^2-b^2) \\ |c^{-1}\tilde{y}_j(\omega^2)| & coh_i(\omega)s_y(\omega) \\ 1/m\sum_{k=1}^{m}\hat{y}_k & \bar{g}_k(\omega-3\omega^2) \\ \rho\pi(\omega)^{\zeta} & h_{\omega}^{\omega}(\omega)^2 \\ coh_i(\omega)s_y(\omega) & s_u(\omega) \end{bmatrix}'
$$

$$
+ \begin{bmatrix} \tilde{a}(\omega)\tilde{a}'(\omega)-b(\kappa) & 0 & 0 & 0 & 0 \\ 0 & \beta\alpha & 0 & 0 & 0 \\ 0 & 0 & \tilde{\varphi}-\varepsilon & 0 & 0 \\ 0 & 0 & 0 & \hat{s}_y(\omega)+\bar{s}_x(\omega) & 0 \\ 0 & 0 & 0 & 0 & \hat{\zeta}\beta\gamma-\kappa\delta \end{bmatrix}
$$

Table 1 — GRAPHS OF COHERENCE OF ECONOMIC VARIABLES

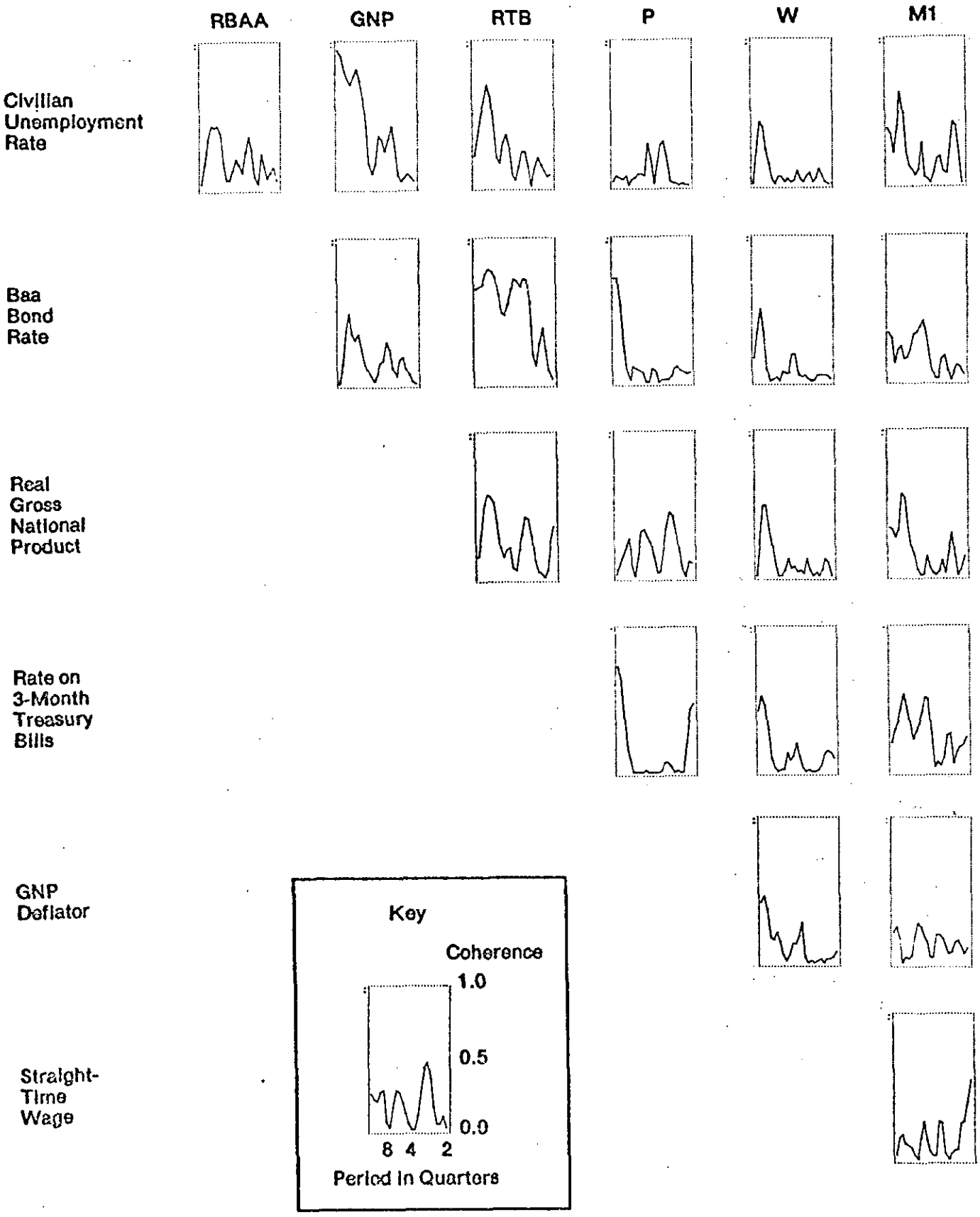

Table 1 (continued)

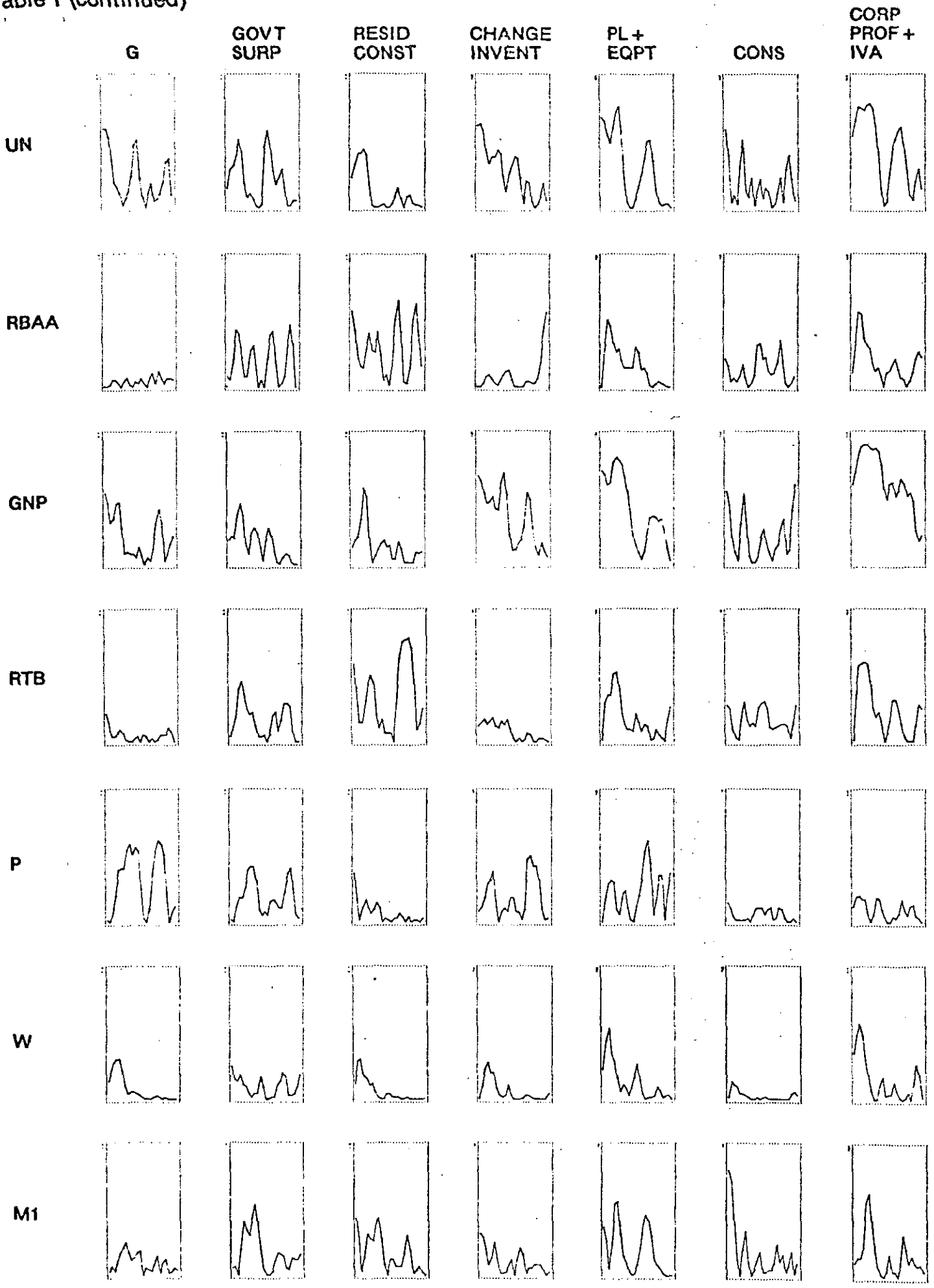

Table 1 (continued)

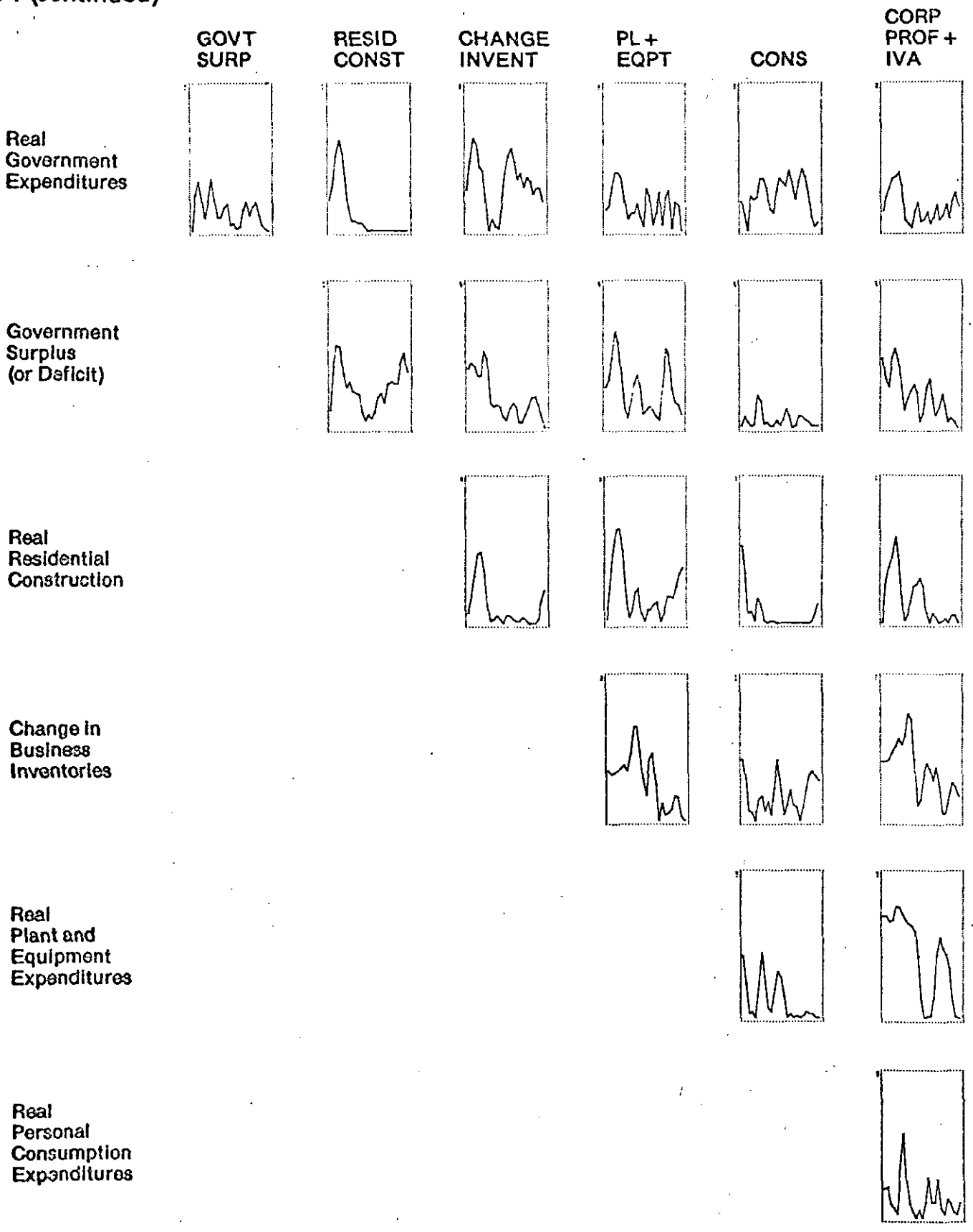

Table 1a — GRAPHS OF COHERENCE OF ECONOMIC VARIABLES

(Monthly Data)

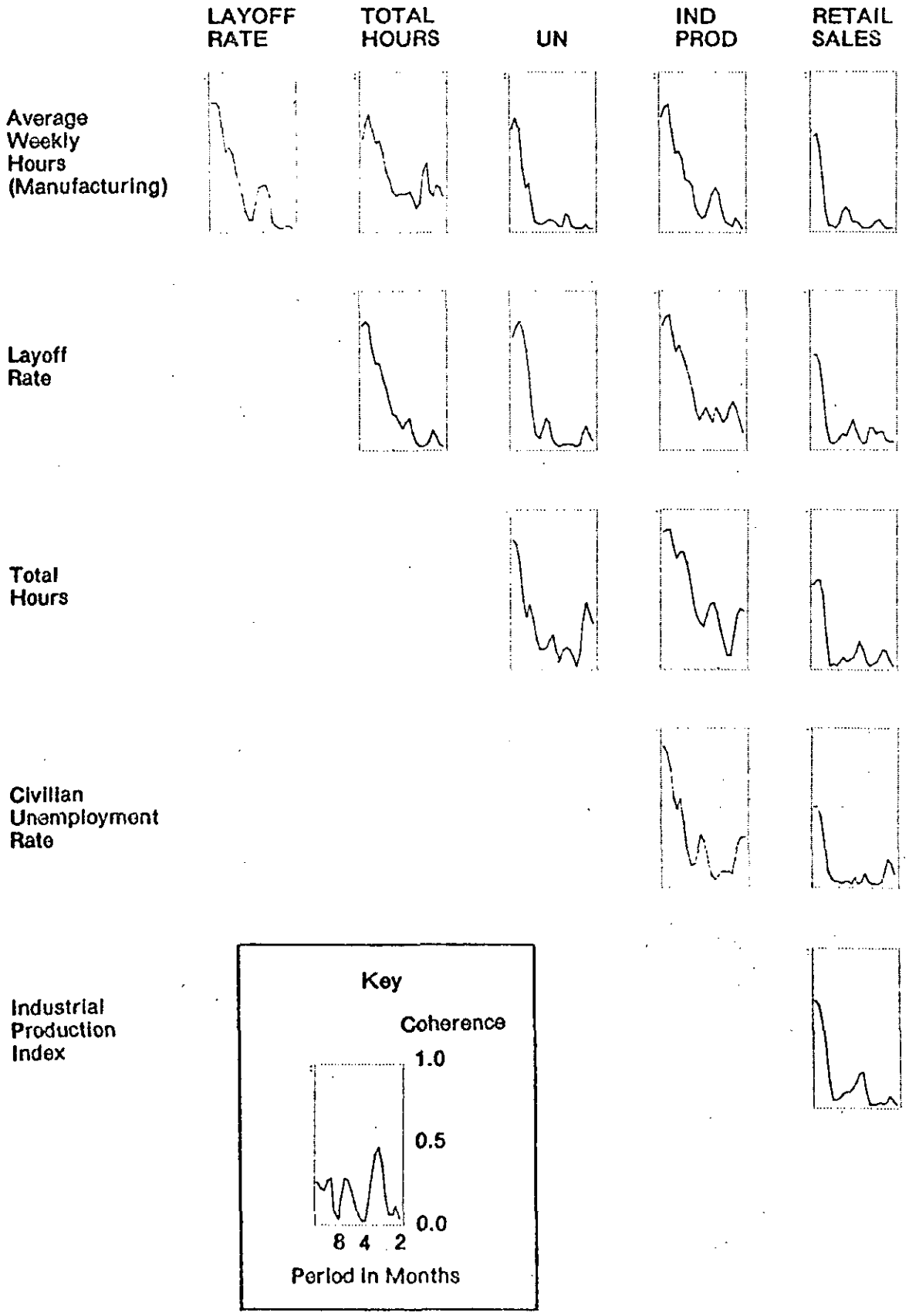

Table 1a (continued)

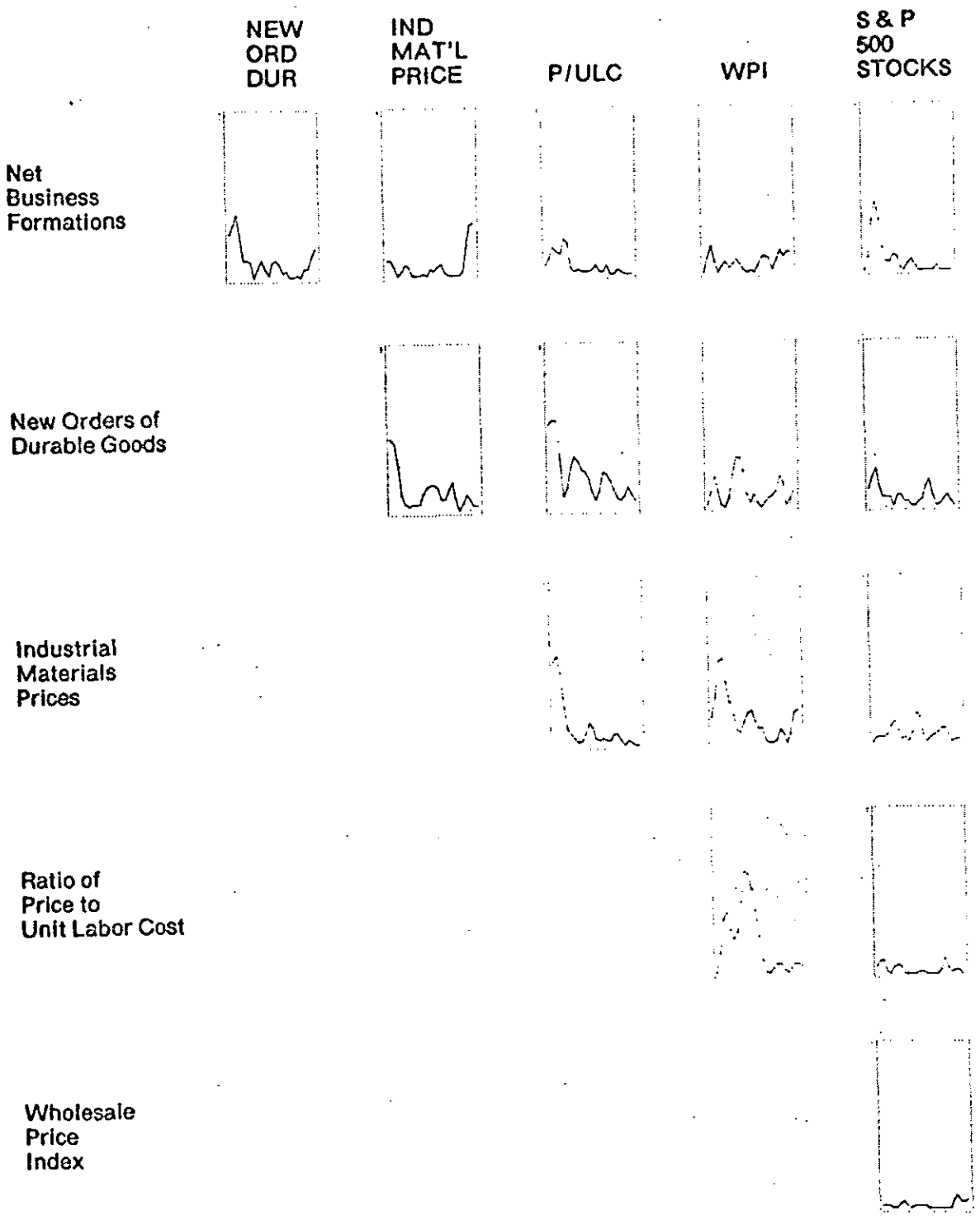
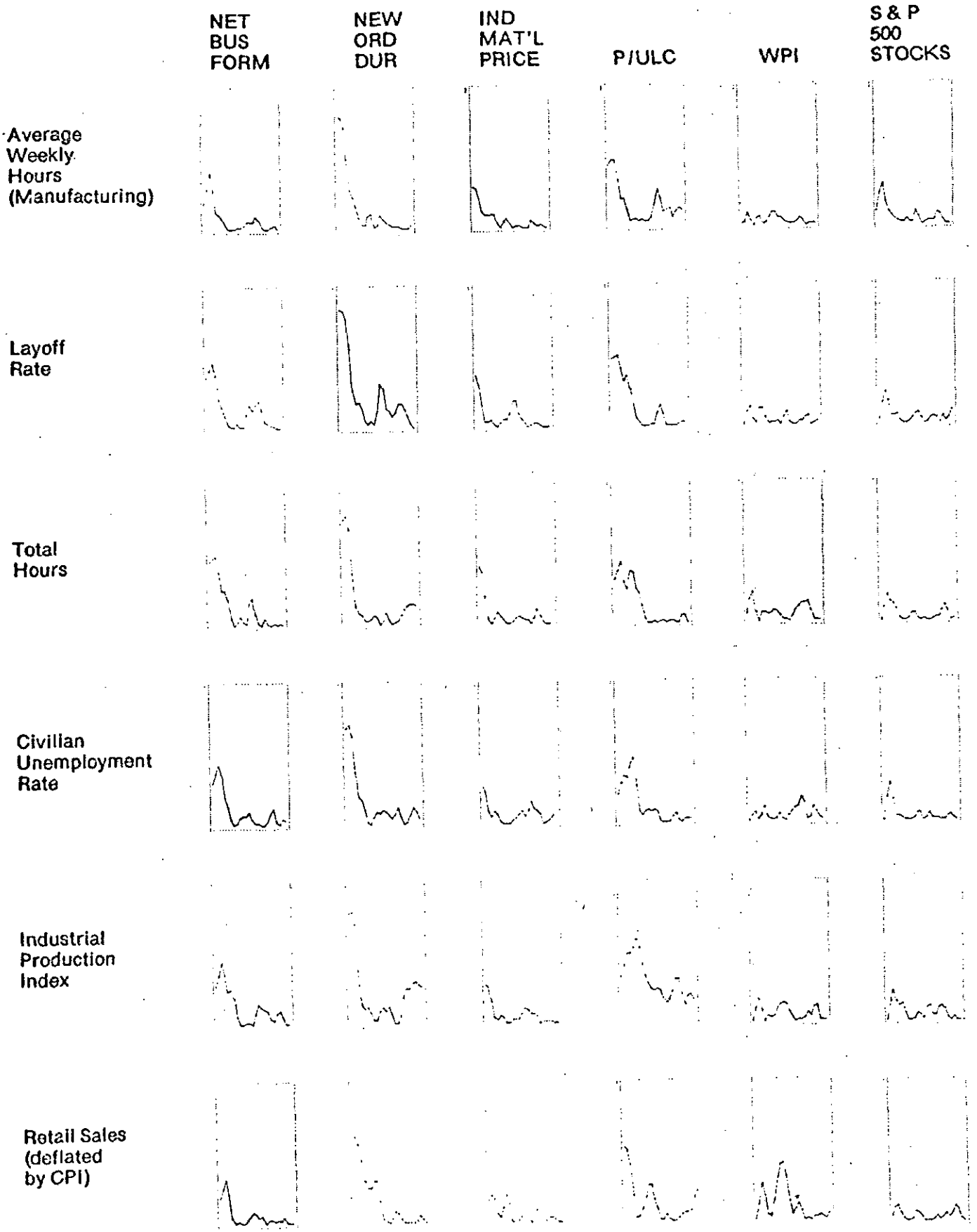
Table 1a (continued)