

TABLE OF CONTENTS

TESTING FOR A COMMON OECD PHILLIPS CURVE	4
Introduction and Summary	4
The Phillips curve specification	5
Estimation procedure	7
Single equation OLS estimation results	8
System estimation results	9
Conclusions	10
Tables	
1. Summary of final OLS price equation results for individual countries	12 and 13
2. A. Summary of system estimation results: G7 countries	14
B. Summary of system estimation results: smaller OECD countries	14
3. Wald tests of restrictions imposed in the system estimation	15
Figures	
1. Estimates of the sacrifice ratio	16
2. System residuals	17
3. Inflation response to a temporary increase in the output gap for the G7 countries based on system estimates	18
4. Inflation response to a temporary increase in the output gap for the smaller OECD countries based on system estimates	18
5. Output price response to a permanent increase in the import price level by one per cent for the G7 countries based on system estimates	19
6. Output price response to a permanent increase in the import price level for the smaller OECD countries based on system estimates	19
7. Real wage resistance in the United States, Japan and the European Union	20
REFERENCES	21