COMMENTARY

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RESEARCH ARTICLES

Labour market flexibility

• Bernard Casey, Ewart Keep and Ken Mayhew on flexibility, quality and competitiveness
• Ray Barrell and Véronique Genre on employment in Denmark and the Netherlands
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No. 144 An artificial neural network system of leading indicators by Andrew P. Blake

An artificial neural network is constructed to act as a system of leading indicators focusing on radial basis functions as the architecture and forward selection as the method for determining the number of basis functions in the network. A brief review is given of the advantages of this as a strategy. Using common heuristics to determine scaling, radii and centre population, it is found that the results for output growth prediction for six European countries are promising.

No. 145 Evolving patterns in manufactures import demand in the European Union: an empirical investigation of ten European countries by Ray Barrell and Dirk Willem te Velde

European integration has changed patterns of trade and investment, and has had a significant effect on the growth process. This paper studies import demand in ten European countries over the period 1970–1995, and the objective is to investigate whether the process of European integration has had direct and indirect effects on imports. Evidence is provided for parametric change in traditional import demand equations, suggesting that important variables or structural factors are missing from the long-run equations. Equations are presented based on new trade theory, where technology and foreign direct investment variables are present and their effects are significant.

No. 146 Manufactures import demand: structural differences in the European Union by Ray Barrell and Dirk Willem te Velde

Modern trade theory suggests that trade patterns depend upon the variety and quality of goods a country produces as well as on comparative advantage. Variety and quality can be represented by technology and by the presence of foreign firms. Structural differences in import demand amongst European countries are tested for and manufactures import demand is studied across nine European countries, pooling over the period 1970–1995, starting with a set of adequate import demand equations. If the same technology is allowed for but with different FDI effects across countries, it is possible to impose common long-run income and price effects on manufactures imports.
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