



Journal of Economic Perspectives

ISSN 0895-3309 (Print) | ISSN 1944-7965 (Online)

≡ Menu

Variable Trends in Economic Time Series

James H. Stock

Mark W. Watson

JOURNAL OF ECONOMIC PERSPECTIVES

VOL. 2, NO. 3, SUMMER 1988

(pp. 147–174)

Download Full Text PDF
(Complimentary)

Article Information

Comments (0)

Abstract

The two most striking historical features of aggregate output are its sustained long run growth and its recurrent fluctuations around this growth path. Over horizons of a few years, these shorter cyclical swings can be pronounced; for example, the 1953, 1957, and 1974 recessions are evident as substantial temporary declines in aggregate activity. These cyclical fluctuations are, however, dwarfed in magnitude by the secular expansion of output. But just as there are cyclical swings in output, so too are there

This website uses cookies.

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept

changes in the trend and cyclical swings in explaining the quarterly movements in economic aggregates? We next adopt the perspective of an econometrician interpreting empirical evidence based on data that contain variable trends. The presence of variable trends in time series data can lead one to draw mistaken inferences using conventional econometric techniques. How can these techniques -- or our interpretation of them -- be modified to avoid these mistakes?

Citation

Stock, James H., and Mark W. Watson. 1988. "Variable Trends in Economic Time Series." *Journal of Economic Perspectives* 2 (3): 147–174.

DOI: 10.1257/jep.2.3.147

Choose Format:



JEL Classification

211 Time Series and Spectral Analysis

131 Economic Fluctuations--Studies

221 National Income Accounts

[Terms of Use](#)

[Privacy Policy](#)

Copyright 2025 American Economic Association. All rights reserved.

This website uses cookies.

By clicking the "Accept" button or continuing to browse our site, you agree to first-party and session-only cookies being stored on your device to enhance site navigation and analyze site performance and traffic. For more information on our use of cookies, please see our [Privacy Policy](#).

Accept