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# A cross-country analysis of the Okun's Law coefficient convergence in Europe

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## Abstract

The paper examines whether or not evidence is consistent with convergence of the Okun's Law coefficient (OLC) among several alternative groupings of European economies. A two-step empirical strategy is employed. The first step obtains rolling regression estimates of the OLC for individual European countries. The second step examines how the cross-country variance of the OLC evolves over the decade until 2002 in the selected country groupings. Evidence is found consistent with convergence of the OLC among northern European countries, and among countries with centralized wage bargaining, but an absence of convergence in other country groups.

## Notes

<sup>1</sup> We use GDP rather than GNP for our output measure. The results would be very similar if GNP were used instead of GDP, except possibly in the cases of Luxembourg and Switzerland where there may be considerable divergences between those two series.

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