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Editors

Ifo Survey Data in Business Cycle and Monetary Policy Analysis

With 51 Figures
and 62 Tables

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Foreword

A pilot flying to a distant city needs to check his position, flight path and weather conditions, and must constantly keep his plane under control to land safely. The Ifo survey data provide advance information on changing economic weather conditions and help keep the economy under control. To be sure, by their very nature they only provide short-term information. But like a plane, the economy will not be able to reach its long-term goals if it strays off course in the short term.

The Ifo survey data provide the most comprehensive and accurate, up-to-date database in Europe on the state of the business cycle, and the Ifo climate indicator, sometimes simply called “The Ifo”, is the most frequently cited indicator of its kind in Europe. Both the European stock market and the euro react to our indicator. Ifo’s methodology for determining the business climate indicator has been exported to more than fifty countries, most recently to Turkey and China. The Ifo people were proud to have been asked to help set up polling systems in these countries. It is said that the Chinese government relies more on their “Ifo indicator” than on their official accounting statistics.

The seven thousand firms that Ifo surveys every month not only give information about the state of their business and their expectations but answer questions on other business issues as well. The answers have been fed into a unique panel database, reaching back for decades, that contains treasures for empirical research on the business cycle. Ifo encourages researchers from all over the world to use these data for their research. For any serious research project, Ifo provides in-house facilities that give external researchers a maximum of support in analyzing the data while simultaneously protecting the anonymity of the participating firms.

This book contains examples of scholarly econometric research that is based on the Ifo data set. It contains seven fine articles on various research topics that center around business cycle problems and make use of the survey data. I very much hope that these articles will whet the appetite of econometricians around the world in applying the data for their purposes. More information on the data set can be found on our web site www.ifo.de as well

as in a new handbook on the Ifo surveys that is available from the institute on request.

I am grateful to the authors of this volume for contributing to this fruitful project.

Munich,
June 2004

Hans-Werner Sinn
President of the Ifo Institute for Economic Research

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