

Appendix B. Unit root test results 2002–2012

	Levin, Lin & Chu (common	Im, Pesaran & Shin (individual unit roots)
Unemployment rate	-2.91 (*)	-0.83
Labour tax wedge	-3.09 (*)	-0.56
Unemployment benefit ratio — 1 st year of unemployment	-34.64 (*)	-7.61 (*)
Active labour market policies to GDP ratio	-3.64 (*)	-1.07
Deviation from the mean for the employment share in the construction	-3.97 (*)	-1.65 (*)
Labour productivity growth	-4.48 (*)	-1.40 (*)
Real interest rate	-4.83 (*)	-1.85 (*)

Notes: Numbers denotes statistics for unit root tests; (*) Denotes rejection of the null hypothesis at the 10% significance level. Even though some tests fail to reject the null hypothesis of the unit root, these results are disregarded as these variables are stationary by construction.