

Título: "Assessing French Inflation Persistence with Impulse Saturation Break Tests and Automatic General to Specific Modelling"

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Abstract: "This paper has three different motivations. Firstly, we wish to contribute to the debate on whether French inflation has been persistent since the mid-eighties. Empirical evidence in this domain has been mixed. We use the standard method of testing for breaks in the mean of the inflation series to conclude whether possible unit root findings are the result of neglected breaks. Then, we build standard autoregressive representations of inflation, using an automatic general-to-specific approach. We conclude against inflation persistence in the sample period, and the point estimates of persistence we obtain are several percentage points below those achieved with other break tests and model selection methods. Moreover, our final model is congruent. Secondly, we provide the first empirical application of the new impulse saturation break test. The resulting estimates of the break dates are in line with other literature findings and have a sound economic meaning, confirming the good performance the test had revealed in theoretical and simulation studies. Finally, we also illustrate the shortcomings of the Bai-Perron test when applied to a small sample with high serial correlation. Indeed, we show the Bai-Perron break dates' estimates would not allow us to build a congruent autoregressive representation of inflation."