

TABLE 11

GENERALIZED METHOD OF MOMENTS ESTIMATION^a
 LINEAR SPECIFICATION: AVERAGE REAL INTEREST RATES
 ANNUAL DATA: 1900–1984

$$\text{Model: } D(1)CA_{t+1} = \beta_0 + \beta_1 R(1)_t + \epsilon_{t+1}$$

Obs.	β_0	$s(\beta_0)$	$t(\beta_0)$	β_1	$s(\beta_1)$	$t(\beta_1)$	χ^2	d.f.	Prob.
<i>full sample 1901–1984</i>									
83	.0180	.0029	6.18	-.2158	.1255	-1.71	.0442	1	.16
<i>first sub-period 1935–1984</i>									
50	.0208	.0033	6.32	.1346	.1036	1.30	5.2554	1	.97

^aInstrumental estimation uses the technique of Hansen (1982). The standard errors are corrected for moving averages induced by the overlapping dependent variable and for conditional heteroskedasticity. The dependent variable is the growth in real per capita consumption of non-durables and services. The regressor is the realized real rate of interest on a one year corporate bond. The instrumentation consists of a constant, the expected real rate (parameters re-estimated at every point in the time series), and the logarithm of ratio of yields on corporate 30 year and 1 year bonds.