TABLE 13

GENERALIZED METHOD OF MOMENTS ESTIMATION[a]
LINEAR SPECIFICATION: AVERAGE REAL YIELD SPREADS
ANNUAL DATA: 1900–1984

Model: $D(1)CA_{t+1} = \beta_0 + \beta_1 YS(1)_t + \beta_2 R(1)_t + \epsilon_{t+1}$

Obs.	β_0	s(β_0)	t(β_0)	β_1	s(β_1)	t(β_1)	β_2	s(β_2)	t(β_2)	χ^2	d.f.	Prob.
full sample 1900–1984												
83	.0178	.0029	6.09	.2174	.4008	0.54	-.1677	.1112	-1.50	0.80	2	.33
first sub-period 1935–1984												
51	.0143	.0054	2.65	1.0079	.6295	1.60	.0304	.1170	0.26	4.05	2	.87

[a]Instrumental 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 instrumentation consists of a constant, the expected real rate on a short term bill and a one year corporate bond (parameters re-estimated at every point in the time series), the lagged yield spread and the logarithm of ratio of yields on 30 year to 1 year corporate bonds.