

TABLE 20

ALTERNATIVE PREDICTORS OF CONSUMPTION GROWTH:
LAGGED CONSUMPTION AND REAL STOCK RETURNS
ANNUAL DATA: 1900–1984

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

(2): $D(1)CA_{t+1} = \beta_0 + \beta_1 R(1)VW_t + \epsilon_{t+1}$

Model	Obs.	β_0	$s(\beta_0)$	$t(\beta_0)$	β_1	$s(\beta_1)$	$t(\beta_1)$	\bar{R}^2
<i>full sample 1901–1984</i>								
(1)	84	.0081	.0036	2.25	.4980	.1247	3.99	.24
(2)	84	.0148	.0042	3.53	.0251	.0281	0.89	.02
<i>first sub-period 1935–1984</i>								
(1)	50	.0165	.0022	7.54	.2168	.0860	2.51	.03
(2)	50	.0199	.0029	6.86	.0203	.0094	2.14	.01
<i>final sub-period 1954–1984</i>								
(1)	31	.0150	.0022	6.93	.2553	.0996	2.56	.03
(2)	31	.0187	.0026	7.17	.0212	.0085	2.49	.02

Standard errors corrected for moving average process in residuals and for conditional heteroskedasticity. See White (1980) and Hansen (1982). $D(1)CA$ = Real per capita growth in Consumption of Non-Durables and Services, $R(1)VW$ = Real j -period returns on the Standard and Poors stock index, 1926–1984, and the Cowles Commission index, 1900–1925.