

**TABLE 5**

PRELIMINARY DATA ANALYSIS  
ANNUAL DATA: 1900–1984

*Average Real Interest Rates, Yield Spreads and Real Consumption Growth*

Variable <sup>a</sup>	Obs.	Mean	Std. Dev.	$\rho_1$	$\rho_2$	$\rho_3$	$\rho_4$	$\rho_5$	$\rho_6$
<i>full sample 1900–1984</i>									
Cons. Growth	85	.01647	.02344	.49	.23	.00	-.12	-.08	-.07
T.S. Real	85	.01596	.04172	.68	.39	.26	.14	.06	.10
Expected Spread	85	.00480	.01005	.54	.43	.29	.27	.34	.34
<i>final sub-period 1953–1984</i>									
Cons. Growth	32	.01971	.01269	.25	-.11	-.09	-.05	-.07	.10
T.S. Real (Gov.)	32	.02277	.02003	.65	.50	.33	.04	-.04	-.07
Expected Spread (Gov.)	32	.00472	.00295	.31	.07	-.15	-.09	-.04	.17

<sup>a</sup> Cons. Growth = Real per capita growth in Consumption of Non-Durables and Services, Time Series Real = real rate calculated by subtracting IMA(1,1) forecasts on the inflation rate from the nominal corporate bond rate. Time Series Real (Gov.) = real rate calculated by subtracting IMA(1,1) forecasts on the inflation rate from a one year nominal government bond rate. Expected Spread = Spread calculated as the difference between two expected real rates (annualized) on instruments with different time to maturity. Long term instrument is the yield on a one year corporate bond. Short term instrument is the yield on 90 day commercial paper, 1900–1919, and 90 day Treasury bills, 1920–1984. Expected Spread (Gov.) = Spread calculated as the difference between two expected real rates (annualized) on instruments with different time to maturity. Long term instrument is the yield on a one year government bond. Short term instrument is the yield on 90 day Treasury bills, 1953–1984.