TABLE 7

GENERALIZED METHOD OF MOMENTS ESTIMATION[a]
LINEAR SPECIFICATION: AVERAGE REAL INTEREST RATES
QUARTERLY DATA: 1953:2–1985:3

Model: $D(j)CA_{t+j} = \beta_0 + \beta_1 R(j)_t + \epsilon_{t+j} \quad j=1,2,3,4.$

Obs.	β_0	s(β_0)	t(β_0)	β_1	s(β_1)	t(β_1)	χ^2	d.f.	Prob.
One Quarter Measures 1953:2–1985:2									
129	.00449	.00068	6.57	.04440	.10420	0.42	.734	1	.608
Two Quarter Measures 1959:3–1985:1									
105	.00938	.00175	5.36	.05108	.11214	0.45	.984	1	.678
Three Quarter Measures 1960:3–1984:4									
101	.01422	.00287	4.94	.06668	.11019	0.60	.903	1	.658
Four Quarter Measures 1954:2–1984:3									
126	.01708	.00292	5.85	.11248	.08851	1.27	.357	1	.450

[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 (parameters re-estimated at every point in the time series), and the logarithm of ratio of yields on Moody'sBBA and AAA rate bonds.