

TABLE 1.—TEST FOR WEAK INSTRUMENTS

Country	Sample Period	Variable	$F$	$p$ -Value			
				TSLS Bias	TSLS Size	Fuller- $k$	LIML
USA	1947.3–1998.4	$\Delta c$	2.93	0.93	1.00	0.53	0.37
		$r_f$	15.53	0.00	0.66	0.00	0.00
		$r_e$	2.88	0.93	1.00	0.54	0.39
AUL	1970.3–1998.4	$\Delta c$	1.79	0.99	1.00	0.81	0.69
		$r_f$	21.81	0.00	0.14	0.00	0.00
		$r_e$	1.82	0.99	1.00	0.80	0.68
CAN	1970.3–1999.1	$\Delta c$	3.03	0.92	1.00	0.50	0.35
		$r_f$	15.37	0.00	0.67	0.00	0.00
		$r_e$	2.51	0.96	1.00	0.64	0.48
FR	1970.3–1998.3	$\Delta c$	0.17	1.00	1.00	1.00	1.00
		$r_f$	38.43	0.00	0.00	0.00	0.00
		$r_e$	3.09	0.91	1.00	0.49	0.34
GER	1979.1–1998.3	$\Delta c$	0.83	1.00	1.00	0.97	0.93
		$r_f$	17.66	0.00	0.45	0.00	0.00
		$r_e$	0.69	1.00	1.00	0.98	0.95
ITA	1971.4–1998.1	$\Delta c$	0.73	1.00	1.00	0.98	0.95
		$r_f$	19.01	0.00	0.33	0.00	0.00
		$r_e$	1.10	1.00	1.00	0.94	0.88
JAP	1970.3–1998.4	$\Delta c$	1.18	1.00	1.00	0.93	0.86
		$r_f$	8.64	0.14	0.99	0.01	0.00
		$r_e$	3.49	0.87	1.00	0.40	0.25
NTH	1977.3–1998.4	$\Delta c$	0.89	1.00	1.00	0.96	0.92
		$r_f$	12.05	0.01	0.91	0.00	0.00
		$r_e$	0.73	1.00	1.00	0.98	0.95
SWD	1970.3–1999.2	$\Delta c$	0.48	1.00	1.00	0.99	0.98
		$r_f$	17.08	0.00	0.51	0.00	0.00
		$r_e$	2.24	0.97	1.00	0.70	0.56
SWT	1976.2–1998.4	$\Delta c$	0.97	1.00	1.00	0.95	0.90
		$r_f$	8.55	0.14	0.99	0.01	0.00
		$r_e$	0.11	1.00	1.00	1.00	1.00
UK	1970.3–1999.1	$\Delta c$	2.52	0.96	1.00	0.63	0.48
		$r_f$	17.04	0.00	0.51	0.00	0.00
		$r_e$	2.62	0.95	1.00	0.61	0.45
USA	1970.3–1998.4	$\Delta c$	3.53	0.86	1.00	0.39	0.25
		$r_f$	11.92	0.02	0.92	0.00	0.00
		$r_e$	2.16	0.97	1.00	0.72	0.58
SWD	1921–1994	$\Delta c$	1.02	1.00	1.00	0.95	0.89
		$r_f$	5.50	0.55	1.00	0.10	0.05
		$r_e$	1.67	0.99	1.00	0.84	0.72
UK	1921–1994	$\Delta c$	1.93	0.98	1.00	0.78	0.65
		$r_f$	4.87	0.66	1.00	0.16	0.08
		$r_e$	4.18	0.77	1.00	0.26	0.15
USA	1891–1995	$\Delta c$	1.55	0.99	1.00	0.86	0.76
		$r_f$	2.87	0.93	1.00	0.54	0.39
		$r_e$	1.00	1.00	1.00	0.95	0.90

The table reports the first-stage  $F$ -statistic from a regression of the endogenous variable onto the instruments. The endogenous variables are consumption growth ( $\Delta c$ ), real interest rate ( $r_f$ ), and real stock return ( $r_e$ ). The instruments are twice lagged nominal interest rate, inflation, consumption growth, and log dividend-price ratio. The table also reports the  $p$ -value of the test for weak instruments. The null hypotheses are: (1) the TSLS relative bias is greater than 10%, (2) the size of the 5% TSLS  $t$ -test can be greater than 10%, (3) the Fuller- $k$  relative bias is greater than 10%, and (4) the size of 5% LIML  $t$ -test can be greater than 10%.