

Table 4 UNITED STATES, 1953–1986

$$r_t = \mu + 1/\sigma \Delta c_t$$

Row	Instruments	<i>First-stage regressions</i>		<i>1/σ estimate</i> (s.e.)	<i>Test of restrictions</i>
		<i>Δc equation</i>	<i>r equation</i>		
1	None (OLS)	—	—	0.304 (0.087)	—
2	r_{t-2}, \dots, r_{t-4}	0.063 (0.009)	0.431 (0.000)	1.581 (0.486)	0.086 (0.001)
3	r_{t-2}, \dots, r_{t-6}	0.067 (0.014)	0.426 (0.000)	1.347 (0.390)	0.113 (0.001)
4	$\Delta c_{t-2}, \dots, \Delta c_{t-4}$	0.024 (0.101)	−0.021 (0.966)	−0.342 (0.428)	−0.021 (0.878)
5	$\Delta c_{t-2}, \dots, \Delta c_{t-6}$	0.018 (0.007)	0.007 (0.316)	0.419 (0.258)	−0.010 (0.440)
6	$\Delta i_{t-2}, \dots, \Delta i_{t-4}$	0.061 (0.010)	0.024 (0.105)	0.768 (0.334)	−0.021 (0.919)
7	$\Delta i_{t-2}, \dots, \Delta i_{t-6}$	0.102 (0.002)	0.028 (0.119)	0.638 (0.249)	−0.024 (0.747)
8	$r_{t-2}, \dots, r_{t-4},$ $\Delta c_{t-2}, \dots, \Delta c_{t-4}$	0.062 (0.026)	0.455 (0.000)	1.034 (0.333)	0.236 (0.000)
9	$r_{t-2}, \dots, r_{t-4},$ $\Delta c_{t-2}, \dots, \Delta c_{t-4},$ $\Delta i_{t-2}, \dots, \Delta i_{t-4}$	0.103 (0.006)	0.476 (0.000)	0.521 (0.220)	0.455 (0.000)