TABLE 2

STABILITY OF THE EXPECTATIONS-AUGMENTED PHILLIPS CURVE

$$\pi_t = \pi_t^e + \alpha(\overline{u}_{t-1}^s - \overline{u}_{t-1}^{s,*}) + \epsilon_t$$

	1985Q1–1997Q4	1998Q1–2007Q4	2008Q1–2015Q4
α	−0.702	−0.781	−0.795
	(0.094)	(0.228)	(0.109)
DW	1.492	1.043	1.286
SE of Reg.	0.361	0.436	0.353
$\overline{R}^2$	0.764	0.316	0.755
p-Value for stability		0.813	

NOTE: OLS with Newey–West (1987) standard errors in parentheses. π_t is median CPI inflation, π_t^e is the average forecast of long-term CPI inflation from the Survey of Professional Forecasters, $\overline{u}_{t-1}^s$ is the average of the short-term unemployment rate from $t-1$ to $t-4$, and $\overline{u}_{t-1}^{s*}$ is the average of the natural rate of short-term unemployment from $t-1$ to $t-4$. The reported p-value is for a Wald test of the hypothesis that α is equal in the three subsamples.