

Table 1

Estimates of the new Phillips curve

	θ	β	λ
GDP deflator			
(1)	0.829 (0.013)	0.926 (0.024)	0.047 (0.008)
(2)	0.884 (0.020)	0.941 (0.018)	0.021 (0.007)
Restricted β			
(1)	0.829 (0.016)	1.000	0.035 (0.007)
(2)	0.915 (0.035)	1.000	0.007 (0.006)
NFB deflator			
(1)	0.836 (0.015)	0.957 (0.018)	0.038 (0.008)
(2)	0.884 (0.023)	0.967 (0.016)	0.018 (0.008)

Notes: This table reports GMM estimates of the structural parameters of Eq. (15). Rows (1) and (2) correspond to the two specifications of the orthogonality conditions found in Eqs. (18) and (19) in the text, respectively. Estimates are based on quarterly data and cover the sample period 1960:1–1997:4. Instruments used include four lags of inflation, labor income share, long-short interest rate spread, output gap, wage inflation, and commodity price inflation. A 12-lag Newey–West estimate of the covariance matrix was used. Standard errors are shown in brackets.