

Table 6, Column (1): Controlling for Government Expenditures

VEC REPRESENTATION

endogenous variables: Govbond GDP Govexpenditure Inequality
 exogenous variables:
 deterministic variables: CONST TREND
 endogenous lags (diffs): 1
 exogenous lags: 0
 sample range: [1952, 1991], T = 40
 estimation procedure: One stage. Johansen approach

Lagged endogenous term:

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		d(Govbond)	d(GDP)	d(Govexpenditure)	d(Inequality)
d(Govbond)	(t-1)	0.034	27.997	-1.476	0.049
		(0.081)	(27.220)	(0.439)	(0.082)
		{0.678}	{0.304}	{0.001}	{0.547}
		[0.415]	[1.029]	[-3.363]	[0.603]
d(GDP)	(t-1)	-0.001	0.293	0.004	0.000
		(0.000)	(0.147)	(0.002)	(0.000)
		{0.065}	{0.046}	{0.136}	{0.461}
		[-1.844]	[2.000]	[1.490]	[-0.737]
d(Govexpenditure)	(t-1)	0.063	-9.445	0.465	-0.003
		(0.018)	(6.178)	(0.100)	(0.019)
		{0.001}	{0.126}	{0.000}	{0.872}
		[3.439]	[-1.529]	[4.664]	[-0.161]
d(Inequality)	(t-1)	0.325	23.957	1.897	0.685
		(0.132)	(44.236)	(0.713)	(0.133)
		{0.014}	{0.588}	{0.008}	{0.000}
		[2.467]	[0.542]	[2.659]	[5.148]

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Loading coefficients:

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		d(Govbond)	d(GDP)	d(Govexpenditure)	d(Inequality)
ec1(t-1)		-0.690	-6.944	0.623	-0.073
		(0.092)	(30.966)	(0.499)	(0.093)
		{0.000}	{0.823}	{0.212}	{0.436}
		[-7.478]	[-0.224]	[1.247]	[-0.779]
ec2(t-1)		-0.002	-0.357	0.002	0.000
		(0.000)	(0.099)	(0.002)	(0.000)
		{0.000}	{0.000}	{0.253}	{0.919}
		[-5.314]	[-3.609]	[1.143]	[-0.102]
ec3(t-1)		0.005	1.166	0.003	0.001
		(0.001)	(0.315)	(0.005)	(0.001)
		{0.000}	{0.000}	{0.507}	{0.575}
		[5.425]	[3.695]	[0.663]	[0.561]

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Estimated cointegration relation(s):

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                                ec1(t-1)  ec2(t-1)  ec3(t-1)
-----
Govbond      (t-1) |    1.000    0.000    0.000
              |    (0.000)  (0.000)  (0.000)
              |    {0.000}  {0.000}  {0.000}
              |    [0.000]  [0.000]  [0.000]
GDP          (t-1) |    0.000    1.000    0.000
              |    (0.000)  (0.000)  (0.000)
              |    {0.000}  {0.000}  {0.000}
              |    [0.000]  [0.000]  [0.000]
Govexpenditure(t-1) |    0.000    0.000    1.000
              |    (0.000)  (0.000)  (0.000)
              |    {0.000}  {0.000}  {0.000}
              |    [0.000]  [0.000]  [0.000]
Inequality   (t-1) |   -0.168  -268.333  -82.499
              |    (0.072)  (74.986)  (20.435)
              |    {0.020}  {0.000}  {0.000}
              |   [-2.322]  [-3.578]  [-4.037]
CONST       |    2.841  -1634.452  2218.702
              |    (2.239) (2319.767) (632.183)
              |    {0.204}  {0.481}  {0.000}
              |    [1.269]  [-0.705]  [3.510]
TREND(t-1)  |    0.203  -156.289   51.425
              |    (0.060)  (62.634)  (17.069)
              |    {0.001}  {0.013}  {0.003}
              |    [3.356]  [-2.495]  [3.013]
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VAR REPRESENTATION

modulus of the eigenvalues of the reverse characteristic polynomial:
 $|z| = (\begin{matrix} 2.0560 & 2.0560 & 2.2864 & 2.2864 & 1.0000 & 1.0075 \\ 1.2882 & 1.2882 & & & & \end{matrix})$

Legend:

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=====
                                Equation 1  Equation 2  ...
-----
Variable 1 | Coefficient          ...
              | (Std. Dev.)
              | {p - Value}
              | [t - Value]
Variable 2 |          ...
...
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Lagged endogenous term:

		Govbond	GDP	Govexpenditure	Inequality
Govbond	(t-1)	0.343 (0.123) {0.005}	21.052 (41.228) {0.610}	-0.854 (0.665) {0.199}	-0.023 (0.124) {0.851}
		[2.794]	[0.511]	[-1.284]	[-0.187]
GDP	(t-1)	-0.002 (0.001) {0.000}	0.936 (0.177) {0.000}	0.005 (0.003) {0.061}	0.000 (0.001) {0.504}
		[-4.499]	[5.297]	[1.875]	[-0.668]
Govexpenditure	(t-1)	0.068 (0.018) {0.000}	-8.279 (6.187) {0.181}	1.468 (0.100) {0.000}	-0.002 (0.019) {0.895}
		[3.711]	[-1.338]	[14.714]	[-0.132]
Inequality	(t-1)	0.441 (0.136) {0.001}	24.682 (45.675) {0.589}	1.025 (0.737) {0.164}	1.661 (0.137) {0.000}
		[3.235]	[0.540]	[1.392]	[12.092]
Govbond	(t-2)	-0.034 (0.081) {0.678}	-27.997 (27.220) {0.304}	1.476 (0.439) {0.001}	-0.049 (0.082) {0.547}
		[-0.415]	[-1.029]	[3.363]	[-0.603]
GDP	(t-2)	0.001 (0.000) {0.065}	-0.293 (0.147) {0.046}	-0.004 (0.002) {0.136}	0.000 (0.000) {0.461}
		[1.844]	[-2.000]	[-1.490]	[0.737]
Govexpenditure	(t-2)	-0.063 (0.018) {0.001}	9.445 (6.178) {0.126}	-0.465 (0.100) {0.000}	0.003 (0.019) {0.872}
		[-3.439]	[1.529]	[-4.664]	[0.161]
Inequality	(t-2)	-0.325 (0.132) {0.014}	-23.957 (44.236) {0.588}	-1.897 (0.713) {0.008}	-0.685 (0.133) {0.000}
		[-2.467]	[-0.542]	[-2.659]	[-5.148]

Deterministic term:

		Govbond	GDP	Govexpenditure	Inequality
CONST	(t)	11.916 (0.000) {0.000}	3149.480 (0.000) {0.000}	6.277 (0.000) {0.000}	1.025 (0.000) {0.000}
		[0.000]	[0.000]	[0.000]	[0.000]
TREND(t-1)	(t)	0.367 (0.000) {0.000}	114.284 (0.000) {0.000}	0.015 (0.000) {0.000}	0.017 (0.000) {0.000}
		[0.000]	[0.000]	[0.000]	[0.000]

Table 6, column (2): Controlling for Tax Revenues

*** Sun, 28 Feb 2010 09:33:39 ***

VEC REPRESENTATION

endogenous variables: Govbond GDP Tax_Revenues Inequality
 exogenous variables:
 deterministic variables: CONST TREND
 endogenous lags (diffs): 1
 exogenous lags: 0
 sample range: [1950, 1991], T = 42
 estimation procedure: One stage. Johansen approach

Lagged endogenous term:

		d(Govbond)	d(GDP)	d(Tax_Revenues)	d(Inequality)
d(Govbond)	(t-1)	0.069 (0.115) {0.548} [0.601]	34.439 (28.970) {0.235} [1.189]	-672.206 (585.520) {0.251} [-1.148]	0.077 (0.084) {0.360} [0.916]
d(GDP)	(t-1)	-0.001 (0.001) {0.166} [-1.386]	0.347 (0.175) {0.047} [1.986]	10.608 (3.532) {0.003} [3.003]	0.000 (0.001) {0.581} [-0.552]
d(Tax_Revenues)	(t-1)	0.000 (0.000) {0.891}	-0.009 (0.007) {0.208}	-0.473 (0.139) {0.001}	0.000 (0.000) {0.625}
d(Inequality)	(t-1)	-0.138 (0.166) {0.078} [1.760]	-1.260 (41.600) {0.768} [0.294]	-3.405 (840.799) {0.075} [1.781]	-0.489 (0.121) {0.000} [5.359]

Loading coefficients:

		d(Govbond)	d(GDP)	d(Tax_Revenues)	d(Inequality)
ec1(t-1)		-0.826 (0.184) {0.000}	9.727 (46.126) {0.833}	222.624 (932.262) {0.811}	-0.061 (0.134) {0.648}
		[-4.500]	[0.211]	[0.239]	[-0.456]
ec2(t-1)		-0.002 (0.000) {0.000}	-0.255 (0.111) {0.022}	4.102 (2.251) {0.068}	0.000 (0.000) {0.815}
		[-4.635]	[-2.294]	[1.823]	[-0.233]
ec3(t-1)		0.000 (0.000) {0.000}	0.002 (0.001) {0.030}	-0.005 (0.017) {0.780}	0.000 (0.000) {0.573}
		[5.425]	[2.167]	[-0.279]	[0.563]

Estimated cointegration relation(s):

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=====
                ec1(t-1)  ec2(t-1)  ec3(t-1)
-----
Govbond      (t-1) |    1.000    0.000    0.000
                |    (0.000)   (0.000)   (0.000)
                |    {0.000}   {0.000}   {0.000}
                |    [0.000]   [0.000]   [0.000]
GDP          (t-1) |    0.000    1.000    0.000
                |    (0.000)   (0.000)   (0.000)
                |    {0.000}   {0.000}   {0.000}
                |    [0.000]   [0.000]   [0.000]
Tax_Revenues(t-1) |    0.000    0.000    1.000
                |    (0.000)   (0.000)   (0.000)
                |    {0.000}   {0.000}   {0.000}
                |    [0.000]   [0.000]   [0.000]
Inequality   (t-1) |   -0.460  -365.966  -54110.400
                |    (0.155)   (75.855)  (14461.807)
                |    {0.003}   {0.000}   {0.000}
                |   [-2.962]  [-4.825]  [-3.742]
CONST        |    13.805  1483.056  1517430.550
                |    (4.693)  (2293.664) (437286.209)
                |    {0.003}   {0.518}   {0.001}
                |    [2.941]   [0.647]   [3.470]
TREND(t-1)  |    0.081  -136.223  21213.589
                |    (0.065)   (31.618)  (6027.954)
                |    {0.211}   {0.000}   {0.000}
                |    [1.251]   [-4.308]   [3.519]
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VAR REPRESENTATION

modulus of the eigenvalues of the reverse characteristic polynomial:
 $|z| = (\begin{matrix} 2.6323 & 1.9124 & 1.9124 & 1.0000 & 3.1793 & 1.0412 \\ 1.5447 & 1.5447 & & & & \end{matrix})$

Legend:

```

=====
                Equation 1  Equation 2  ...
-----
Variable 1 | Coefficient                ...
                | (Std. Dev.)
                | {p - Value}
                | [t - Value]
Variable 2 |                ...
...
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Lagged endogenous term:

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		Govbond	GDP	Tax_Revenues	Inequality
Govbond	(t-1)	0.243	44.166	-449.583	0.016
		(0.217)	(54.469)	(1100.884)	(0.159)
		{0.261}	{0.417}	{0.683}	{0.920}
		[1.123]	[0.811]	[-0.408]	[0.101]
GDP	(t-1)	-0.003	1.092	14.710	0.000
		(0.001)	(0.207)	(4.188)	(0.001)
		{0.000}	{0.000}	{0.000}	{0.555}
		[-3.660]	[5.267]	[3.512]	[-0.591]
Tax_Revenues	(t-1)	0.000	-0.007	0.522	0.000
		(0.000)	(0.007)	(0.140)	(0.000)
		{0.605}	{0.322}	{0.000}	{0.676}
		[0.517]	[-0.990]	[3.726]	[-0.418]
Inequality	(t-1)	0.448	3.383	148.941	1.631
		(0.174)	(43.825)	(885.759)	(0.128)
		{0.010}	{0.938}	{0.866}	{0.000}
		[2.567]	[0.077]	[0.168]	[12.785]
Govbond	(t-2)	-0.069	-34.439	672.206	-0.077
		(0.115)	(28.970)	(585.520)	(0.084)
		{0.548}	{0.235}	{0.251}	{0.360}
		[-0.601]	[-1.189]	[1.148]	[-0.916]
GDP	(t-2)	0.001	-0.347	-10.608	0.000
		(0.001)	(0.175)	(3.532)	(0.001)
		{0.166}	{0.047}	{0.003}	{0.581}
		[1.386]	[-1.986]	[-3.003]	[0.552]
Tax_Revenues	(t-2)	0.000	0.009	0.473	0.000
		(0.000)	(0.007)	(0.139)	(0.000)
		{0.891}	{0.208}	{0.001}	{0.625}
		[0.138]	[1.260]	[3.405]	[0.489]
Inequality	(t-2)	-0.291	-12.249	-1497.456	-0.649
		(0.166)	(41.600)	(840.799)	(0.121)
		{0.078}	{0.768}	{0.075}	{0.000}
		[-1.760]	[-0.294]	[-1.781]	[-5.359]

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Deterministic term:

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		Govbond	GDP	Tax_Revenues	Inequality
CONST	(t)	12.899	2500.687	2001.953	1.119
		(0.000)	(0.000)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.000}	{0.000}
		[0.000]	[0.000]	[0.000]	[0.000]
TREND(t-1)	(t)	0.595	73.971	-640.843	0.034
		(0.000)	(0.000)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.000}	{0.000}
		[0.000]	[0.000]	[0.000]	[0.000]

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Table 6, Column (3): Controlling For Trade Openness

VEC REPRESENTATION

endogenous variables: Govbond GDP Openess Inequality
 exogenous variables:
 deterministic variables: CONST TREND
 endogenous lags (diffs): 1
 exogenous lags: 0
 sample range: [1950, 1991], T = 42
 estimation procedure: One stage. Johansen approach

Lagged endogenous term:

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=====
                                d(Govbond)   d(GDP)   d(Openess)   d(Inequality)
-----
d(Govbond)  (t-1) |  -0.034   23.133    0.000    0.093
              |   (0.120) (29.529)  (0.001)  (0.089)
              |   {0.777} {0.433}  {0.647}  {0.297}
              |  [-0.283] [0.783] [-0.458] [1.043]
d(GDP)      (t-1) |  -0.001    0.134    0.000    0.000
              |   (0.001) (0.175)  (0.000)  (0.001)
              |   {0.061} {0.445}  {0.793}  {0.938}
              |  [-1.872] [0.764] [-0.263] [-0.077]
d(Openess)  (t-1) | -50.363 -6163.261  0.177    6.518
              | (32.015) (7878.138) (0.150) (23.847)
              |   {0.116} {0.434}  {0.240}  {0.785}
              |  [-1.573] [-0.782] [1.175] [0.273]
d(Inequality) (t-1) |  0.259   48.753    0.001    0.598
              |   (0.216) (53.193)  (0.001)  (0.161)
              |   {0.230} {0.359}  {0.364}  {0.000}
              |  [1.200] [0.917] [0.908] [3.716]
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Loading coefficients:

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=====
                                d(Govbond)   d(GDP)   d(Openess)   d(Inequality)
-----
ec1(t-1) |  -0.698   15.382    0.001   -0.045
              |   (0.156) (38.456)  (0.001)  (0.116)
              |   {0.000} {0.689}  {0.099}  {0.701}
              |  [-4.465] [0.400] [1.652] [-0.384]
ec2(t-1) |  -0.001   -0.081    0.000    0.000
              |   (0.000) (0.106)  (0.000)  (0.000)
              |   {0.003} {0.443}  {0.000}  {0.406}
              |  [-2.995] [-0.767] [4.799] [-0.831]
ec3(t-1) |  34.846 -6596.582  -0.592   12.396
              | (25.141) (6186.592) (0.118) (18.726)
              |   {0.166} {0.286}  {0.000}  {0.508}
              |  [1.386] [-1.066] [-5.015] [0.662]
-----
  
```

Estimated cointegration relation(s):

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=====
                ec1(t-1)  ec2(t-1)  ec3(t-1)
-----
Govbond   (t-1) |    1.000    0.000    0.000
            |    (0.000)  (0.000)  (0.000)
            |    {0.000}  {0.000}  {0.000}
            |    [0.000]  [0.000]  [0.000]
GDP       (t-1) |    0.000    1.000    0.000
            |    (0.000)  (0.000)  (0.000)
            |    {0.000}  {0.000}  {0.000}
            |    [0.000]  [0.000]  [0.000]
Openess   (t-1) |    0.000    0.000    1.000
            |    (0.000)  (0.000)  (0.000)
            |    {0.000}  {0.000}  {0.000}
            |    [0.000]  [0.000]  [0.000]
Inequality(t-1) |   -0.162   -15.548    0.003
            |   (0.087)  (66.883)  (0.001)
            |   {0.062}  {0.816}  {0.001}
            |  [-1.865]  [-0.232]  [3.262]
CONST     |    5.023  -8328.137   -0.176
            |   (2.694) (2072.710)  (0.032)
            |   {0.062}  {0.000}  {0.000}
            |   [1.864]  [-4.018]  [-5.459]
TREND(t-1) |   -0.087  -349.440   -0.004
            |   (0.029)  (22.181)  (0.000)
            |   {0.003}  {0.000}  {0.000}
            |  [-3.016] [-15.754] [-10.345]
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VAR REPRESENTATION

modulus of the eigenvalues of the reverse characteristic polynomial:
 $|z| = (\begin{matrix} 1.7679 & 1.7679 & 8.1193 & 6.0628 & 1.0000 & 1.4758 \\ 1.4758 & 1.3569 & & & & \end{matrix})$

Legend:

```

=====
                Equation 1  Equation 2  ...
-----
Variable 1 | Coefficient                ...
            | (Std. Dev.)
            | {p - Value}
            | [t - Value]
Variable 2 | ...
...
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Lagged endogenous term:

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		Govbond	GDP	Openess	Inequality
Govbond	(t-1)	0.268	38.515	0.001	0.049
		(0.197)	(48.485)	(0.001)	(0.147)
		{0.173}	{0.427}	{0.302}	{0.741}
		[1.362]	[0.794]	[1.031]	[0.331]
GDP	(t-1)	-0.003	1.053	0.000	0.000
		(0.001)	(0.204)	(0.000)	(0.001)
		{0.002}	{0.000}	{0.024}	{0.620}
		[-3.150]	[5.152]	[2.255]	[-0.495]
Openess	(t-1)	-15.518	-12759.843	0.585	18.915
		(40.706)	(10016.934)	(0.191)	(30.321)
		{0.703}	{0.203}	{0.002}	{0.533}
		[-0.381]	[-1.274]	[3.060]	[0.624]
Inequality(t-1)		0.511	25.164	-0.001	1.652
		(0.237)	(58.407)	(0.001)	(0.177)
		{0.031}	{0.667}	{0.199}	{0.000}
		[2.151]	[0.431]	[-1.284]	[9.342]
Govbond	(t-2)	0.034	-23.133	0.000	-0.093
		(0.120)	(29.529)	(0.001)	(0.089)
		{0.777}	{0.433}	{0.647}	{0.297}
		[0.283]	[-0.783]	[0.458]	[-1.043]
GDP	(t-2)	0.001	-0.134	0.000	0.000
		(0.001)	(0.175)	(0.000)	(0.001)
		{0.061}	{0.445}	{0.793}	{0.938}
		[1.872]	[-0.764]	[0.263]	[0.077]
Openess	(t-2)	50.363	6163.261	-0.177	-6.518
		(32.015)	(7878.138)	(0.150)	(23.847)
		{0.116}	{0.434}	{0.240}	{0.785}
		[1.573]	[0.782]	[-1.175]	[-0.273]
Inequality(t-2)		-0.259	-48.753	-0.001	-0.598
		(0.216)	(53.193)	(0.001)	(0.161)
		{0.230}	{0.359}	{0.364}	{0.000}
		[-1.200]	[-0.917]	[-0.908]	[-3.716]

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Deterministic term:

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```

		Govbond	GDP	Openess	Inequality
CONST	(t)	1.073	1910.788	0.030	-0.192
		(0.000)	(0.000)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.000}	{0.000}
		[0.000]	[0.000]	[0.000]	[0.000]
TREND(t-1)	(t)	0.386	50.465	-0.001	0.052
		(0.000)	(0.000)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.000}	{0.000}
		[0.000]	[0.000]	[0.000]	[0.000]

```

-----

```

Table 6, Column (4): Controlling for High-School Education

VEC REPRESENTATION

endogenous variables: Govbond GDP Secondary_Enrolment Inequality
 exogenous variables:
 deterministic variables: CONST TREND
 endogenous lags (diffs): 1
 exogenous lags: 0
 sample range: [1950, 1991], T = 42
 estimation procedure: One stage. Johansen approach

Lagged endogenous term:

=====

		d(Govbond)	d(GDP)	d(Secondary_Enrolment)	d(Inequality)
d(Govbond)	(t-1)	0.123	36.356	-0.637	0.052
		(0.116)	(30.524)	(3.421)	(0.081)
		{0.286}	{0.234}	{0.852}	{0.519}
		[1.067]	[1.191]	[-0.186]	[0.645]
d(GDP)	(t-1)	-0.001	0.311	-0.011	0.000
		(0.001)	(0.136)	(0.015)	(0.000)
		{0.041}	{0.022}	{0.472}	{0.486}
		[-2.039]	[2.284]	[-0.720]	[-0.697]
d(Secondary_Enrolment)	(t-1)	-0.002	-2.202	0.468	0.006
		(0.006)	(1.503)	(0.168)	(0.004)
		{0.742}	{0.143}	{0.005}	{0.124}
		[-0.329]	[-1.465]	[2.779]	[1.538]
d(Inequality)	(t-1)	0.277	19.360	4.504	0.531
		(0.158)	(41.747)	(4.679)	(0.111)
		{0.080}	{0.643}	{0.336}	{0.000}
		[1.753]	[0.464]	[0.962]	[4.800]

Loading coefficients:

=====

	d(Govbond)	d(GDP)	d(Secondary_Enrolment)	d(Inequality)
ec1(t-1)	-0.896	21.310	-0.898	-0.067
	(0.184)	(48.661)	(5.454)	(0.129)
	{0.000}	{0.661}	{0.869}	{0.602}
	[-4.864]	[0.438]	[-0.165]	[-0.521]
ec2(t-1)	-0.002	-0.254	-0.012	0.000
	(0.000)	(0.075)	(0.008)	(0.000)
	{0.000}	{0.001}	{0.163}	{0.358}
	[-6.327]	[-3.411]	[-1.396]	[-0.918]
ec3(t-1)	-0.004	-0.146	0.000	-0.002
	(0.001)	(0.263)	(0.029)	(0.001)
	{0.000}	{0.580}	{0.994}	{0.001}
	[-4.297]	[-0.553]	[0.008]	[-3.263]

Estimated cointegration relation(s):

```

=====
                                ec1(t-1)  ec2(t-1)  ec3(t-1)
-----
Govbond      (t-1) |    1.000    0.000    0.000
              |    (0.000)  (0.000)  (0.000)
              |    {0.000}  {0.000}  {0.000}
              |    [0.000]  [0.000]  [0.000]
GDP          (t-1) |    0.000    1.000    0.000
              |    (0.000)  (0.000)  (0.000)
              |    {0.000}  {0.000}  {0.000}
              |    [0.000]  [0.000]  [0.000]
Secondary_Enrolment(t-1) |    0.000    0.000    1.000
              |    (0.000)  (0.000)  (0.000)
              |    {0.000}  {0.000}  {0.000}
              |    [0.000]  [0.000]  [0.000]
Inequality   (t-1) |   -0.297  -119.989   56.655
              |    (0.104)  (50.959)  (18.225)
              |    {0.004}  {0.019}  {0.002}
              |   [-2.845] [-2.355]  [3.109]
CONST        |    9.627  -5104.047  -2184.643
              |    (3.130) (1529.454) (546.993)
              |    {0.002}  {0.001}  {0.000}
              |    [3.076] [-3.337] [-3.994]
TREND(t-1)   |   -0.079  -325.462   -9.554
              |    (0.034)  (16.771)  (5.998)
              |    {0.022}  {0.000}  {0.111}
              |   [-2.295] [-19.406] [-1.593]
-----

```

VAR REPRESENTATION

modulus of the eigenvalues of the reverse characteristic polynomial:
 $|z| = (\begin{matrix} 1.9714 & 1.9714 & 1.0000 & 1.2732 & 1.2732 & 2.1853 \\ 3.6758 & 1.7463 & & & & \end{matrix})$

Legend:

```

=====
                                Equation 1  Equation 2  ...
-----
Variable 1 | Coefficient          ...
              | (Std. Dev.)
              | {p - Value}
              | [t - Value]
Variable 2 |          ...
...
-----

```

Lagged endogenous term:

		Govbond	GDP	Secondary_Enrolment	Inequality
Govbond	(t-1)	0.227	57.666	-1.536	-0.015
		(0.218)	(57.442)	(6.439)	(0.152)
		{0.296}	{0.315}	{0.812}	{0.921}
		[1.044]	[1.004]	[-0.238]	[-0.099]
GDP	(t-1)	-0.003	1.057	-0.023	0.000
		(0.001)	(0.155)	(0.017)	(0.000)
		{0.000}	{0.000}	{0.193}	{0.293}
		[-4.828]	[6.808]	[-1.302]	[-1.053]
Secondary_Enrolment	(t-1)	-0.006	-2.348	1.468	0.004
		(0.006)	(1.526)	(0.171)	(0.004)
		{0.287}	{0.124}	{0.000}	{0.341}
		[-1.065]	[-1.539]	[8.585]	[0.952]
Inequality	(t-1)	0.515	35.307	6.184	1.444
		(0.171)	(45.083)	(5.053)	(0.119)
		{0.003}	{0.434}	{0.221}	{0.000}
		[3.015]	[0.783]	[1.224]	[12.088]
Govbond	(t-2)	-0.123	-36.356	0.637	-0.052
		(0.116)	(30.524)	(3.421)	(0.081)
		{0.286}	{0.234}	{0.852}	{0.519}
		[-1.067]	[-1.191]	[0.186]	[-0.645]
GDP	(t-2)	0.001	-0.311	0.011	0.000
		(0.001)	(0.136)	(0.015)	(0.000)
		{0.041}	{0.022}	{0.472}	{0.486}
		[2.039]	[-2.284]	[0.720]	[0.697]
Secondary_Enrolment	(t-2)	0.002	2.202	-0.468	-0.006
		(0.006)	(1.503)	(0.168)	(0.004)
		{0.742}	{0.143}	{0.005}	{0.124}
		[0.329]	[1.465]	[-2.779]	[-1.538]
Inequality	(t-2)	-0.277	-19.360	-4.504	-0.531
		(0.158)	(41.747)	(4.679)	(0.111)
		{0.080}	{0.643}	{0.336}	{0.000}
		[-1.753]	[-0.464]	[-0.962]	[-4.800]

Deterministic term:

		Govbond	GDP	Secondary_Enrolment	Inequality
CONST	(t)	9.846	1821.345	50.379	5.249
		(0.000)	(0.000)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.000}	{0.000}
		[0.000]	[0.000]	[0.000]	[0.000]
TREND(t-1)	(t)	0.693	82.489	3.866	0.086
		(0.000)	(0.000)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.000}	{0.000}
		[0.000]	[0.000]	[0.000]	[0.000]

Table 6, Column (5): Controlling for University Education

VEC REPRESENTATION

endogenous variables: Govbond GDP University_Enrolment Inequality
 exogenous variables:
 deterministic variables: CONST TREND
 endogenous lags (diffs): 1
 exogenous lags: 0
 sample range: [1950, 1991], T = 42
 estimation procedure: One stage. Johansen approach

Lagged endogenous term:

=====

		d(Govbond)	d(GDP)	d(University_Enrolment)	d(Inequality)
d(Govbond)	(t-1)	0.069	25.955	1.661	0.037
		(0.127)	(30.554)	(1.025)	(0.085)
		{0.585}	{0.396}	{0.105}	{0.666}
		[0.546]	[0.849]	[1.621]	[0.432]
d(GDP)	(t-1)	-0.002	0.209	0.016	0.000
		(0.001)	(0.154)	(0.005)	(0.000)
		{0.011}	{0.176}	{0.002}	{0.246}
		[-2.551]	[1.352]	[3.128]	[-1.159]
d(University_Enrolment)	(t-1)	-0.020	-2.634	0.126	-0.003
		(0.018)	(4.291)	(0.144)	(0.012)
		{0.257}	{0.539}	{0.380}	{0.792}
		[-1.133]	[-0.614]	[0.878]	[-0.264]
d(Inequality)	(t-1)	0.440	21.062	-2.441	0.664
		(0.166)	(40.017)	(1.342)	(0.111)
		{0.008}	{0.599}	{0.069}	{0.000}
		[2.651]	[0.526]	[-1.819]	[5.965]

Loading coefficients:

=====

	d(Govbond)	d(GDP)	d(University_Enrolment)	d(Inequality)
ec1(t-1)	-0.732	32.333	-3.009	0.027
	(0.188)	(45.304)	(1.519)	(0.126)
	{0.000}	{0.475}	{0.048}	{0.833}
	[-3.896]	[0.714]	[-1.980]	[0.211]
ec2(t-1)	-0.001	-0.244	-0.010	0.000
	(0.000)	(0.086)	(0.003)	(0.000)
	{0.002}	{0.004}	{0.000}	{0.195}
	[-3.158]	[-2.856]	[-3.496]	[1.297]
ec3(t-1)	-0.007	1.680	0.021	-0.003
	(0.003)	(0.708)	(0.024)	(0.002)
	{0.018}	{0.018}	{0.371}	{0.094}
	[-2.357]	[2.373]	[0.895]	[-1.676]

Estimated cointegration relation(s):

```

=====
                                ec1(t-1)  ec2(t-1)  ec3(t-1)
-----
Govbond          (t-1) |    1.000    0.000    0.000
                  |    (0.000)   (0.000)   (0.000)
                  |    {0.000}   {0.000}   {0.000}
                  |    [0.000]   [0.000]   [0.000]
GDP              (t-1) |    0.000    1.000    0.000
                  |    (0.000)   (0.000)   (0.000)
                  |    {0.000}   {0.000}   {0.000}
                  |    [0.000]   [0.000]   [0.000]
University_Enrolment(t-1) |    0.000    0.000    1.000
                  |    (0.000)   (0.000)   (0.000)
                  |    {0.000}   {0.000}   {0.000}
                  |    [0.000]   [0.000]   [0.000]
Inequality       (t-1) |   -0.739   117.725   39.648
                  |    (0.250)   (98.532)   (14.504)
                  |    {0.003}   {0.232}   {0.006}
                  |   [-2.950]   [1.195]   [2.734]
CONST            |    24.989  -12861.413  -1433.573
                  |    (7.691)  (3026.501)  (445.497)
                  |    {0.001}   {0.000}   {0.001}
                  |    [3.249]  [-4.250]  [-3.218]
TREND(t-1)      |   -0.033  -356.090  -14.565
                  |    (0.084)   (33.073)   (4.868)
                  |    {0.696}   {0.000}   {0.003}
                  |   [-0.391]  [-10.767]  [-2.992]
-----

```

VAR REPRESENTATION

modulus of the eigenvalues of the reverse characteristic polynomial:
 $|z| = (\begin{matrix} 2.3999 & 2.3999 & 2.8897 & 2.8897 & 1.1700 & 1.1700 \\ 1.7204 & 1.0000 & & & & \end{matrix})$

Legend:

```

=====
                                Equation 1  Equation 2  ...
-----
Variable 1 | Coefficient          ...
            | (Std. Dev.)
            | {p - Value}
            | [t - Value]
Variable 2 | ...
...
-----

```

Lagged endogenous term:

=====

		Govbond	GDP	University_Enrolment	Inequality

	-				
Govbond	(t-1)	0.337	58.288	-1.348	0.063
		(0.227)	(54.644)	(1.832)	(0.152)
		{0.137}	{0.286}	{0.462}	{0.677}
		[1.487]	[1.067]	[-0.736]	[0.416]
GDP	(t-1)	-0.003	0.964	0.006	0.000
		(0.001)	(0.177)	(0.006)	(0.000)
		{0.000}	{0.000}	{0.297}	{0.700}
		[-3.762]	[5.461]	[1.042]	[-0.386]
University_Enrolment	(t-1)	-0.027	-0.954	1.148	-0.006
		(0.018)	(4.349)	(0.146)	(0.012)
		{0.133}	{0.826}	{0.000}	{0.594}
		[-1.502]	[-0.219]	[7.869]	[-0.533]
Inequality	(t-1)	0.574	35.007	-0.557	1.550
		(0.184)	(44.419)	(1.489)	(0.124)
		{0.002}	{0.431}	{0.708}	{0.000}
		[3.118]	[0.788]	[-0.374]	[12.538]
Govbond	(t-2)	-0.069	-25.955	-1.661	-0.037
		(0.127)	(30.554)	(1.025)	(0.085)
		{0.585}	{0.396}	{0.105}	{0.666}
		[-0.546]	[-0.849]	[-1.621]	[-0.432]
GDP	(t-2)	0.002	-0.209	-0.016	0.000
		(0.001)	(0.154)	(0.005)	(0.000)
		{0.011}	{0.176}	{0.002}	{0.246}
		[2.551]	[-1.352]	[-3.128]	[1.159]
University_Enrolment	(t-2)	0.020	2.634	-0.126	0.003
		(0.018)	(4.291)	(0.144)	(0.012)
		{0.257}	{0.539}	{0.380}	{0.792}
		[1.133]	[0.614]	[-0.878]	[0.264]
Inequality	(t-2)	-0.440	-21.062	2.441	-0.664
		(0.166)	(40.017)	(1.342)	(0.111)
		{0.008}	{0.599}	{0.069}	{0.000}
		[-2.651]	[-0.526]	[1.819]	[-5.965]

Deterministic term:

=====

		Govbond	GDP	University_Enrolment	Inequality

CONST	(t)	6.046	1543.451	23.423	1.426
		(0.000)	(0.000)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.000}	{0.000}
		[0.000]	[0.000]	[0.000]	[0.000]
TREND(t-1)	(t)	0.524	61.510	3.363	-0.063
		(0.000)	(0.000)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.000}	{0.000}
		[0.000]	[0.000]	[0.000]	[0.000]

Table 6, Column (6): Relative Price of Investment Equipment

VEC REPRESENTATION

endogenous variables: Govbond GDP Relative_Price Inequality
 exogenous variables:
 deterministic variables: CONST TREND
 endogenous lags (diffs): 1
 exogenous lags: 0
 sample range: [1952, 1991], T = 40
 estimation procedure: One stage. Johansen approach

Lagged endogenous term:

```
=====
```

		d(Govbond)	d(GDP)	d(Relative_Price)	d(Inequality)
d(Govbond)	(t-1)	-0.078	2.105	0.003	0.010
		(0.092)	(30.856)	(0.002)	(0.094)
		{0.397}	{0.946}	{0.097}	{0.917}
		[-0.848]	[0.068]	[1.658]	[0.104]
d(GDP)	(t-1)	-0.001	0.304	0.000	0.000
		(0.000)	(0.129)	(0.000)	(0.000)
		{0.083}	{0.018}	{0.955}	{0.639}
		[-1.736]	[2.357]	[-0.056]	[-0.468]
d(Relative_Price)	(t-1)	-26.282	-3651.584	0.490	-1.867
		(6.409)	(2149.688)	(0.118)	(6.575)
		{0.000}	{0.089}	{0.000}	{0.776}
		[-4.101]	[-1.699]	[4.154]	[-0.284]
d(Inequality)	(t-1)	0.449	20.060	0.005	0.721
		(0.138)	(46.357)	(0.003)	(0.142)
		{0.001}	{0.665}	{0.058}	{0.000}
		[3.246]	[0.433]	[1.897]	[5.088]

```
-----
```

Loading coefficients:

```
=====
```

		d(Govbond)	d(GDP)	d(Relative_Price)	d(Inequality)
ec1	(t-1)	-0.735	11.539	0.002	-0.041
		(0.111)	(37.279)	(0.002)	(0.114)
		{0.000}	{0.757}	{0.269}	{0.721}
		[-6.616]	[0.310]	[1.105]	[-0.357]
ec2	(t-1)	-0.001	-0.267	0.000	0.000
		(0.000)	(0.079)	(0.000)	(0.000)
		{0.000}	{0.001}	{0.000}	{0.887}
		[-5.951]	[-3.398]	[4.496]	[-0.143]
ec3	(t-1)	10.831	415.940	-0.393	-3.160
		(3.633)	(1218.704)	(0.067)	(3.728)
		{0.003}	{0.733}	{0.000}	{0.397}
		[2.981]	[0.341]	[-5.874]	[-0.848]

```
-----
```


Estimated cointegration relation(s):

```

=====
                                ec1(t-1)  ec2(t-1)  ec3(t-1)
-----
Govbond      (t-1) |    1.000    0.000    0.000
              |    (0.000)  (0.000)  (0.000)
              |    {0.000}  {0.000}  {0.000}
              |    [0.000]  [0.000]  [0.000]
GDP          (t-1) |    0.000    1.000    0.000
              |    (0.000)  (0.000)  (0.000)
              |    {0.000}  {0.000}  {0.000}
              |    [0.000]  [0.000]  [0.000]
Relative_Price(t-1) |    0.000    0.000    1.000
              |    (0.000)  (0.000)  (0.000)
              |    {0.000}  {0.000}  {0.000}
              |    [0.000]  [0.000]  [0.000]
Inequality   (t-1) |   -0.143    7.595    0.011
              |    (0.055)  (45.886)  (0.003)
              |    {0.009}  {0.869}  {0.000}
              |   [-2.619]  [0.166]  [3.693]
CONST       |    3.936  -8671.292   -1.360
              |    (1.682) (1410.687)  (0.090)
              |    {0.019}  {0.000}  {0.000}
              |    [2.341]  [-6.147] [-15.048]
TREND(t-1)  |   -0.050  -363.645    0.002
              |    (0.020)  (16.555)  (0.001)
              |    {0.012}  {0.000}  {0.137}
              |   [-2.519] [-21.967]  [1.487]
-----

```

VAR REPRESENTATION

modulus of the eigenvalues of the reverse characteristic polynomial:
 $|z| = (\begin{matrix} 2.8061 & 2.8061 & 1.4346 & 1.4346 & 1.0000 & 1.5364 \\ 1.5364 & 2.6049 & & & & \end{matrix})$

Legend:

```

=====
                                Equation 1  Equation 2  ...
-----
Variable 1 | Coefficient          ...
              | (Std. Dev.)
              | {p - Value}
              | [t - Value]
Variable 2 | ...
...
-----

```

Lagged endogenous term:

```

=====

```

		Govbond	GDP	Relative_Price	Inequality
Govbond	(t-1)	0.187	13.645	0.005	-0.031
		(0.144)	(48.392)	(0.003)	(0.148)
		{0.195}	{0.778}	{0.056}	{0.835}
		[1.295]	[0.282]	[1.908]	[-0.209]
GDP	(t-1)	-0.002	1.037	0.000	0.000
		(0.000)	(0.151)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.022}	{0.635}
		[-4.579]	[6.860]	[2.292]	[-0.474]
Relative_Price	(t-1)	-15.451	-3235.644	1.097	-5.027
		(7.367)	(2471.113)	(0.136)	(7.558)
		{0.036}	{0.190}	{0.000}	{0.506}
		[-2.097]	[-1.309]	[8.094]	[-0.665]
Inequality	(t-1)	0.661	20.891	0.000	1.693
		(0.144)	(48.308)	(0.003)	(0.148)
		{0.000}	{0.665}	{0.884}	{0.000}
		[4.589]	[0.432]	[0.146]	[11.456]
Govbond	(t-2)	0.078	-2.105	-0.003	-0.010
		(0.092)	(30.856)	(0.002)	(0.094)
		{0.397}	{0.946}	{0.097}	{0.917}
		[0.848]	[-0.068]	[-1.658]	[-0.104]
GDP	(t-2)	0.001	-0.304	0.000	0.000
		(0.000)	(0.129)	(0.000)	(0.000)
		{0.083}	{0.018}	{0.955}	{0.639}
		[1.736]	[-2.357]	[0.056]	[0.468]
Relative_Price	(t-2)	26.282	3651.584	-0.490	1.867
		(6.409)	(2149.688)	(0.118)	(6.575)
		{0.000}	{0.089}	{0.000}	{0.776}
		[4.101]	[1.699]	[-4.154]	[0.284]
Inequality	(t-2)	-0.449	-20.060	-0.005	-0.721
		(0.138)	(46.357)	(0.003)	(0.142)
		{0.001}	{0.665}	{0.058}	{0.000}
		[-3.246]	[-0.433]	[-1.897]	[-5.088]

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Deterministic term:

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		Govbond	GDP	Relative_Price	Inequality
CONST	(t)	-5.523	1797.497	0.375	4.434
		(0.000)	(0.000)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.000}	{0.000}
		[0.000]	[0.000]	[0.000]	[0.000]
TREND(t-1)	(t)	0.561	97.274	-0.008	0.010
		(0.000)	(0.000)	(0.000)	(0.000)
		{0.000}	{0.000}	{0.000}	{0.000}
		[0.000]	[0.000]	[0.000]	[0.000]

```

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```

Table 6, Column (7): Share of IT Industry in GDP

VEC REPRESENTATION

endogenous variables: Govbond GDP it_share Inequality
 exogenous variables:
 deterministic variables: CONST TREND
 endogenous lags (diffs): 1
 exogenous lags: 0
 sample range: [1952, 1991], T = 40
 estimation procedure: One stage. Johansen approach

Lagged endogenous term:

		d(Govbond)	d(GDP)	d(it_share)	d(Inequality)
d(Govbond)	(t-1)	0.091 (0.108) {0.402} [0.838]	39.009 (30.848) {0.206} [1.265]	0.000 (0.000) {0.371} [-0.895]	-0.024 (0.095) {0.802} [-0.251]
d(GDP)	(t-1)	-0.002 (0.000) {0.000}	0.242 (0.128) {0.060}	0.000 (0.000) {0.007}	0.000 (0.000) {0.398}
d(it_share)	(t-1)	-3.926 (1524.938) {0.061}	1.884 (433806.009) {0.069}	-2.708 (0.215) {0.054}	-0.846 (1342.530) {0.276}
d(Inequality)	(t-1)	1.877 0.427 (0.162) {0.008} [2.638]	1.820 -18.067 (46.078) {0.695} [-0.392]	-1.924 0.000 (0.000) {0.176} [1.353]	-1.089 0.714 (0.143) {0.000} [5.004]

Loading coefficients:

		d(Govbond)	d(GDP)	d(it_share)	d(Inequality)
ec1	(t-1)	-0.738 (0.131) {0.000}	-16.875 (37.332) {0.651}	0.000 (0.000) {0.000}	0.078 (0.116) {0.500}
ec2	(t-1)	-5.626 (0.000) {0.000}	-0.452 (0.070) {0.000}	3.530 (0.000) {0.062}	0.674 (0.000) {0.853}
ec3	(t-1)	-3.648 -80.566 (125.915) {0.522}	-4.868 -14317.312 (35819.471) {0.689}	1.869 0.138 (0.018) {0.000}	-0.186 146.372 (110.853) {0.187}

Estimated cointegration relation(s):

```

=====
                ec1(t-1)  ec2(t-1)  ec3(t-1)
-----
Govbond   (t-1) |    1.000    0.000    0.000
            |    (0.000)   (0.000)   (0.000)
            |    {0.000}   {0.000}   {0.000}
            |    [0.000]   [0.000]   [0.000]
GDP       (t-1) |    0.000    1.000    0.000
            |    (0.000)   (0.000)   (0.000)
            |    {0.000}   {0.000}   {0.000}
            |    [0.000]   [0.000]   [0.000]
it_share  (t-1) |    0.000    0.000    1.000
            |    (0.000)   (0.000)   (0.000)
            |    {0.000}   {0.000}   {0.000}
            |    [0.000]   [0.000]   [0.000]
Inequality(t-1) |   -0.194   15.133    0.000
            |   (0.068)  (41.469)   (0.000)
            |   {0.005}   {0.715}   {0.963}
            |  [-2.837]   [0.365]   [0.046]
CONST     |    4.136  -9495.676    0.000
            |   (2.339) (1421.288)   (0.002)
            |   {0.077}   {0.000}   {0.986}
            |   [1.768]  [-6.681]  [-0.017]
TREND(t-1) |   -0.034  -320.609    0.000
            |   (0.037)  (22.465)   (0.000)
            |   {0.363}   {0.000}   {0.039}
            |  [-0.910]  [-14.271]   [2.067]
-----

```

VAR REPRESENTATION

modulus of the eigenvalues of the reverse characteristic polynomial:
|z| = (2.9734 2.5956 2.5956 0.9026 1.0000 2.4285
1.5164 1.5164)

Legend:

```

=====
                Equation 1    Equation 2    ...
-----
Variable 1 | Coefficient                    ...
            | (Std. Dev.)
            | {p - Value}
            | [t - Value]
Variable 2 |                    ...
...
-----

```

Lagged endogenous term:

=====

		Govbond	GDP	it_share	Inequality
Govbond	(t-1)	0.353 (0.170) {0.038}	22.134 (48.428) {0.648}	0.000 (0.000) {0.031}	0.054 (0.150) {0.719}
		[2.071]	[0.457]	[2.151]	[0.360]
GDP	(t-1)	-0.003 (0.001) {0.000}	0.903 (0.146) {0.000}	0.000 (0.000) {0.136}	0.000 (0.000) {0.405}
		[-5.190]	[6.182]	[-1.490]	[-0.832]
it_share	(t-1)	2781.714 (1530.128) {0.069}	775274.644 (435282.308) {0.075}	0.726 (0.215) {0.001}	-1315.352 (1347.099) {0.329}
		[1.818]	[1.781]	[3.371]	[-0.976]
Inequality(t-1)		0.556 (0.164) {0.001}	-19.974 (46.627) {0.668}	0.000 (0.000) {0.395}	1.698 (0.144) {0.000}
		[3.395]	[-0.428]	[0.851]	[11.770]
Govbond	(t-2)	-0.091 (0.108) {0.402}	-39.009 (30.848) {0.206}	0.000 (0.000) {0.371}	0.024 (0.095) {0.802}
		[-0.838]	[-1.265]	[0.895]	[0.251]
GDP	(t-2)	0.002 (0.000) {0.000}	-0.242 (0.128) {0.060}	0.000 (0.000) {0.007}	0.000 (0.000) {0.398}
		[3.926]	[-1.884]	[2.708]	[0.846]
it_share	(t-2)	-2862.280 (1524.938) {0.061}	-789591.956 (433806.009) {0.069}	0.413 (0.215) {0.054}	1461.724 (1342.530) {0.276}
		[-1.877]	[-1.820]	[1.924]	[1.089]
Inequality(t-2)		-0.427 (0.162) {0.008}	18.067 (46.078) {0.695}	0.000 (0.000) {0.176}	-0.714 (0.143) {0.000}
		[-2.638]	[0.392]	[-1.353]	[-5.004]

Deterministic term:

=====

		Govbond	GDP	it_share	Inequality
CONST	(t)	5.428 (0.000) {0.000}	3149.289 (0.000) {0.000}	0.000 (0.000) {0.000}	0.696 (0.000) {0.000}
		[0.000]	[0.000]	[0.000]	[0.000]
TREND(t-1)	(t)	0.305 (0.000) {0.000}	108.138 (0.000) {0.000}	0.000 (0.000) {0.000}	0.021 (0.000) {0.000}
		[0.000]	[0.000]	[0.000]	[0.000]