# TABLES

TABLE 1 - DEFLATIONS FROM 1856 TO 1926

| | 1856-59 | 1862-65 | 1874-79 | 1882-87 | 1892-94 | 1925-26 |
|---|---|---|---|---|---|---|
| length of deflation (years) | 3 | 3 | 5 | 5 | 2 | 2 |
| CPI (percentage) | -15.9 | -5.6 | -11.6 | -7.7 | -7.5 | -0.1 |
| price index for investment goods (percentage) | -18.6 | -8.3 | -37.4 | +2.2 | -4.3 | -18.9 |
| cumulative Net Social Product growth (percentage) | +5.8 | +8.2 | -0.6 | +20.1 | +6.4 | -0.7 |

*Source:* Hoffmann 1965.

TABLE 2 - ARIMA SPECIFICATIONS AND MODEL SELECTION CRITERIA

| | Number of MA-Parameters | | |
|---|---|---|---|
| Number of AR Parameters | 0 | 1 | 2 |
| | | CPI | |
| 0 | | 567.2 | 485.6 |
| | | (572.7) | (493.8) |
| 1 | 335.6 | 327.8 | 329.4 |
| | (341.1) | (336.0) | (340.4) |
| 2 | 327.1 | 324.6 | 327.5 |
| | (332.6) | (333.0) | (338.6) |
| | | industrial output | |
| 0 | | 640.9 | 512.3 |
| | | (643.7) | (517.8) |
| 1 | 346.6 | 282.0 | 243.1 |
| | (349.4) | (287.5) | (251.4) |
| 2 | 207.7 | 209.1 | 208.3 |
| | (213.3) | (217.4) | (219.4) |

*Note:* The first entry for each model is the Akaike criterion, the second entry (in parentheses) is the Schwarz criterion.

TABLE 3: FORECASTING EQUATIONS - MISHKIN APPROACH

| | *public bonds* | | | | *monthly rates* | | | |
|---|---|---|---|---|---|---|---|---|
| model | (1) | | | | (2) | | | |
| Variable | Coefficient | Std.Error | t-value | HCSE | Coefficient | Std.Error | t-value | HCSE |
| i(-1) | -0.91 | 0.67 | -1.4 | 0.65 | 0.86 | 0.09 | 9.3 | 0.1 |
| i(-6) | -2.2 | 0.82 | -2.7 | 0.25 | | | | |
| i(-9) | | | | | | | | |
| $\pi$(-1) | -1.5 | 0.19 | -7.9 | 0.17 | -1.22 | 0.03 | -38.1 | 0.02 |
| $\pi$(-2) | 0.85 | 0.31 | 2.8 | 0.16 | | | | |
| $\pi$(-3) | -0.36 | 0.18 | -2.0 | 0.19 | | | | |
| $\pi$(-4) | | | | | 0.29 | 0.03 | 9.9 | 0.02 |
| m(-1) | | | | | -0.001 | 0.0006 | -1.5 | 0.0007 |
| m(-2) | 0.0006 | 0.00057 | 1.11 | 0.000057 | | | | |
| m(-8) | | | | | 0.0006 | 0.0004 | 1.4 | 0.0005 |
| C | 26.2 | 9.2 | 9.3 | 0.27 | 2.3 | 1.6 | 1.8 | 1.6 |

| | | |
|---|---|---|
| Sample | 1928/10-1931/2 | 1926/5-1930/11 |
| $R^2$ | 0.99 | 0.986 |
| LM - F | 0.0479 | 0.169 |
| ARCH - F | 0.335 | 0.29 |
| Normality $\chi^2$ | 0.11 | 4.6 |
| Reset F | 1.54 | 0.35 |

*Note:* Estimation method is RLS. The dependent variable is the real interest rate on public bonds (model 1) and on monthly money (model 2).

TABLE 4: TERM STRUCTURE EQUATIONS

| model | (1) | | | (2) | | |
|---|---|---|---|---|---|---|
| Variable | Coefficient | Std.Error | t-value | Coefficient | Std.Error | t-value |
| $\Delta\pi_{-1}$ | -0.47 | 0.159 | -2.94 | -0.44 | 0.147 | -3.03 |
| $\Delta i_{-1}$ | 1.22 | 0.64 | 1.91 | 1.22 | 0.629 | 1.93 |
| C | -0.54 | 0.6 | -0.89 | -0.699 | 0.584 | -1.1 |

| | | |
|---|---|---|
| Sample | 1880-1913 | 1880-1929 |
| $R^2$ | 0.25 | 0.25 |
| Heterosc.-F | 1.76 | 1.86 |
| LM - F | 2.1 | 1.58 |
| ARCH - F | 0.19 | 0.23 |
| Normality $\chi^2$ | 1.53 | 1.1 |
| Reset F | 1.08 | 1.13 |

*Note:* Estimation technique is OLS, which, under plausible assumptions (Mishkin 1990), will yield unbiased and efficient estimates.

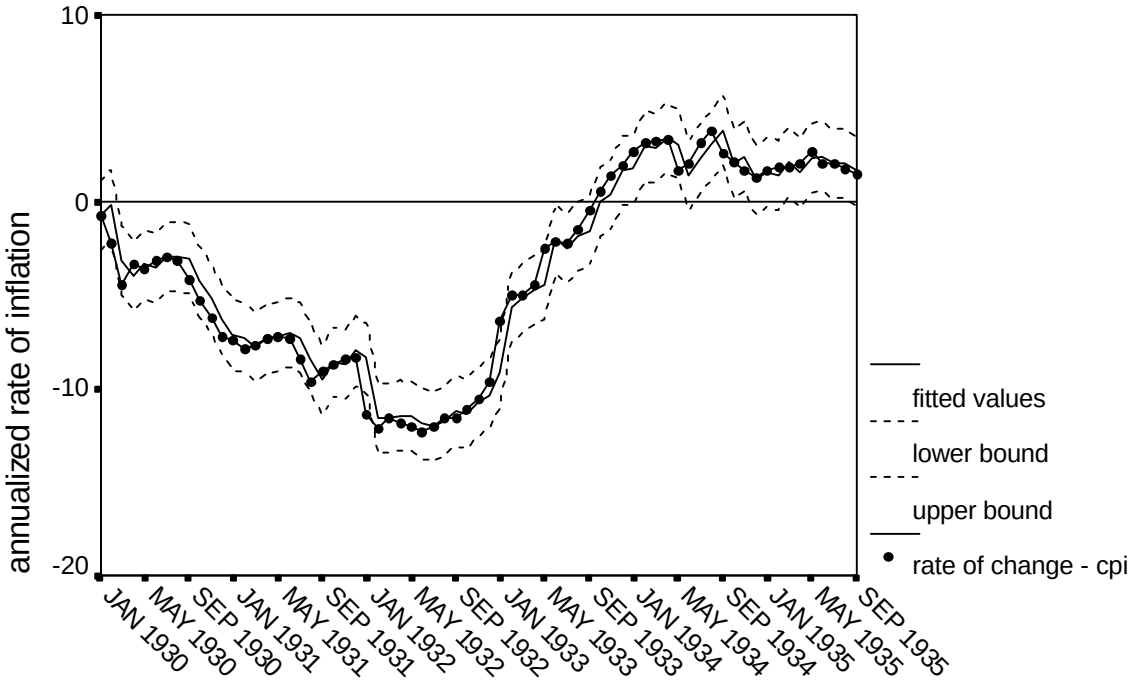



FIGURE 1 - EXPECTED AND ACTUAL INFLATION, 1930-35 (MONTHLY AT AN ANNUAL RATE, ARIMA (1,0,0)IN-SAMPLE FITTED FORECAST)

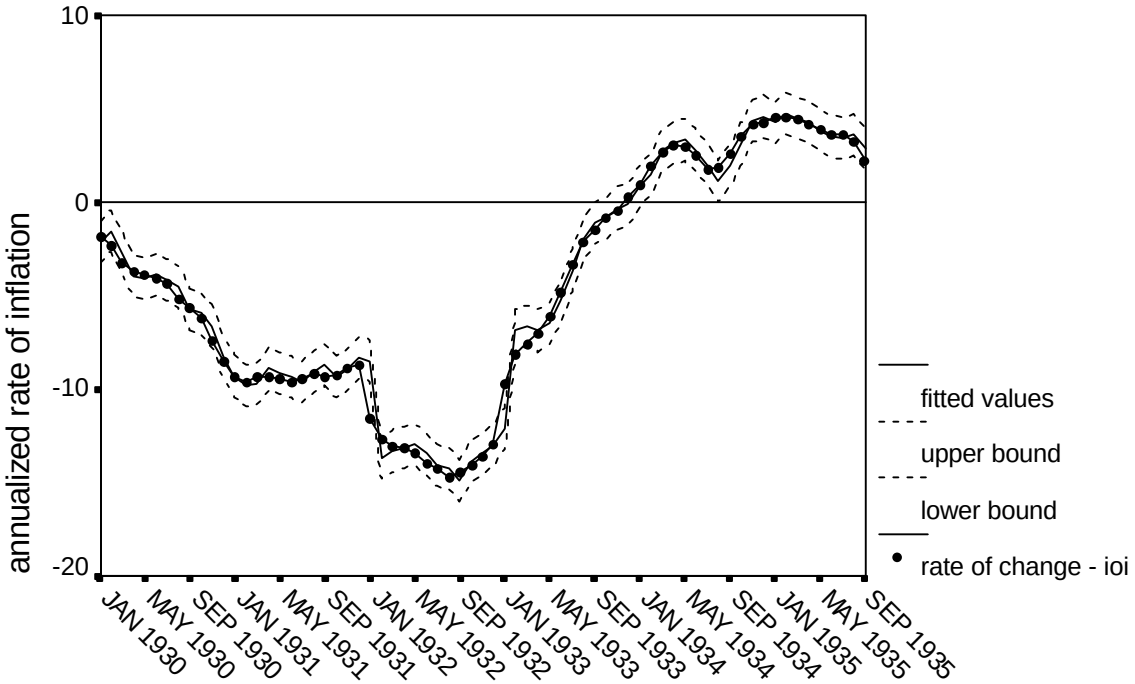



FIGURE 2 - EXPECTED AND ACTUAL INFLATION, 1930-35 (MONTHLY AT AN ANNUAL RATE, ARIMA (1,0,0)IN-SAMPLE FITTED FORECAST)

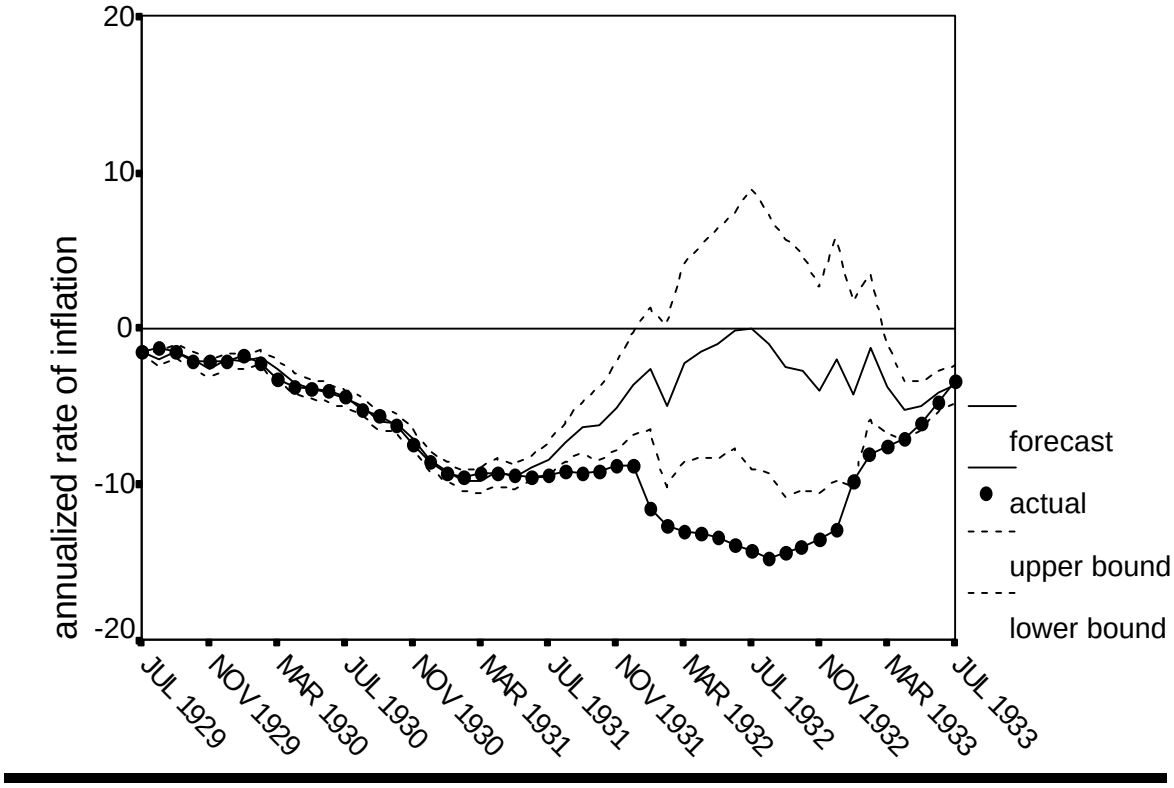



FIGURE 3 - EXPECTED AND ACTUAL INFLATION, 1929-7 TO 1933-7 (FROM MODEL 1, TABLE 3)

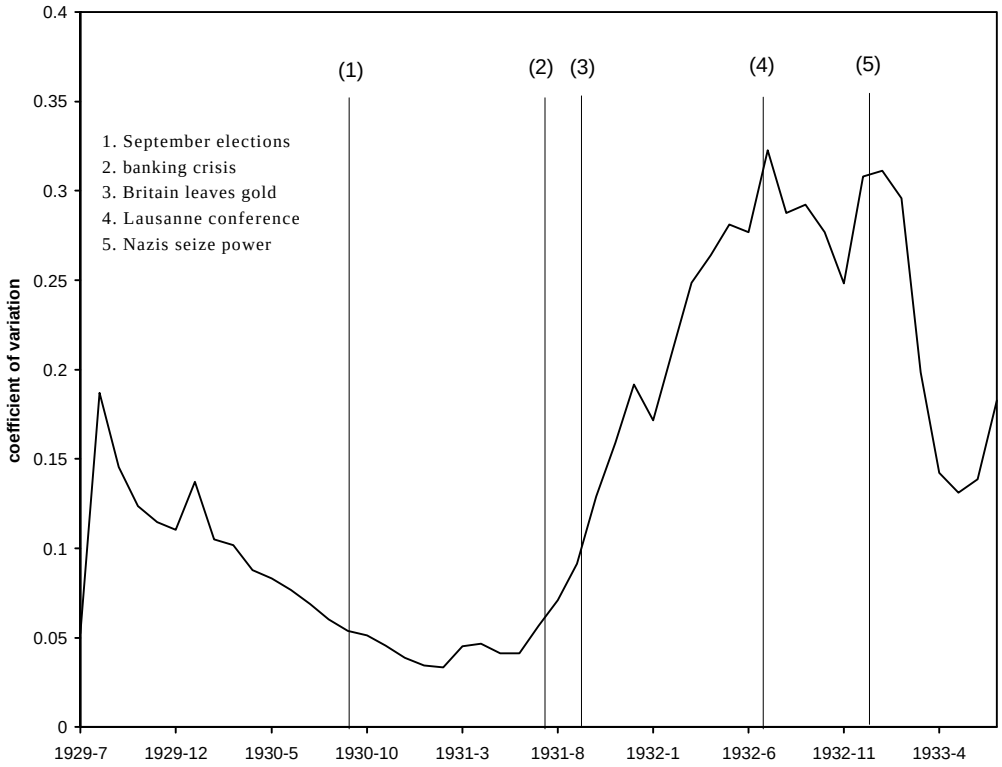



FIGURE 4 - STANDARD ERROR OF INFLATION FORECAST, 1929-7 TO 1933-7 (FROM MODEL 1, TABLE 3)

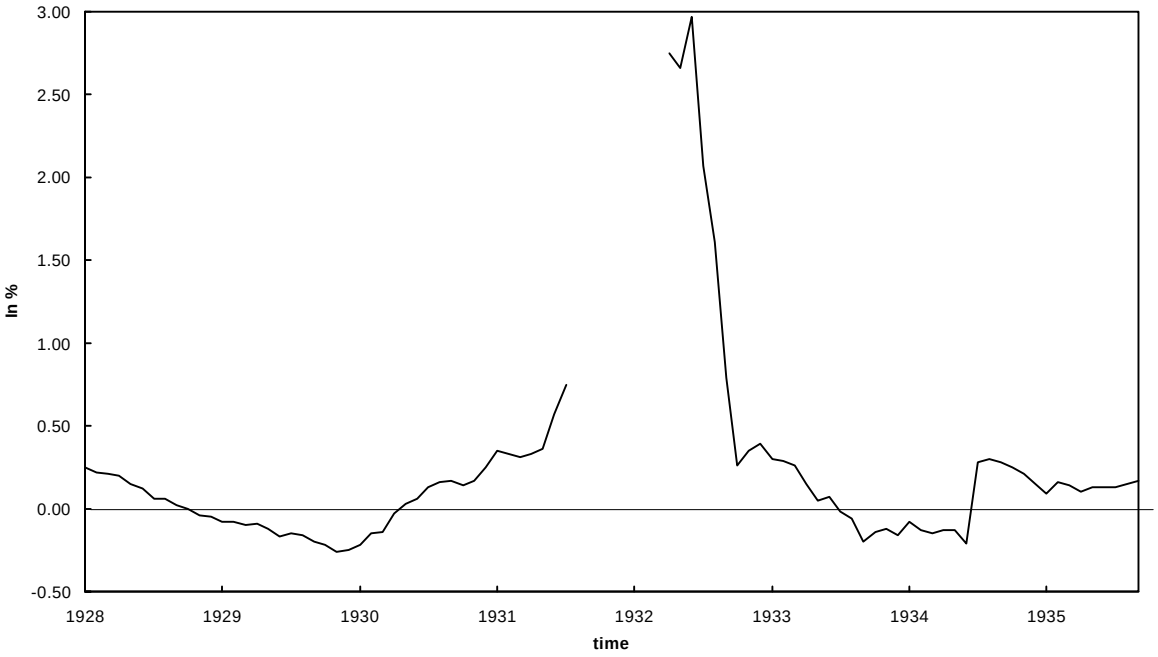



FIGURE 5 - SPREAD OF GOVERNMENT BONDS OVER GOLD-BACKED BONDS

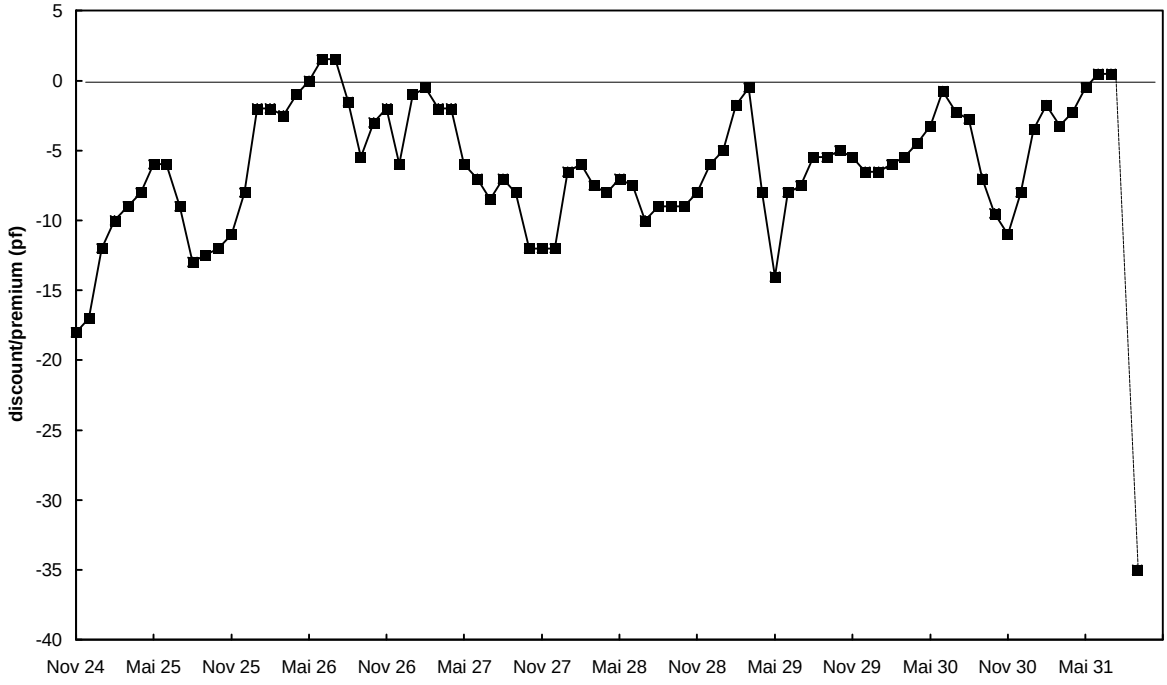
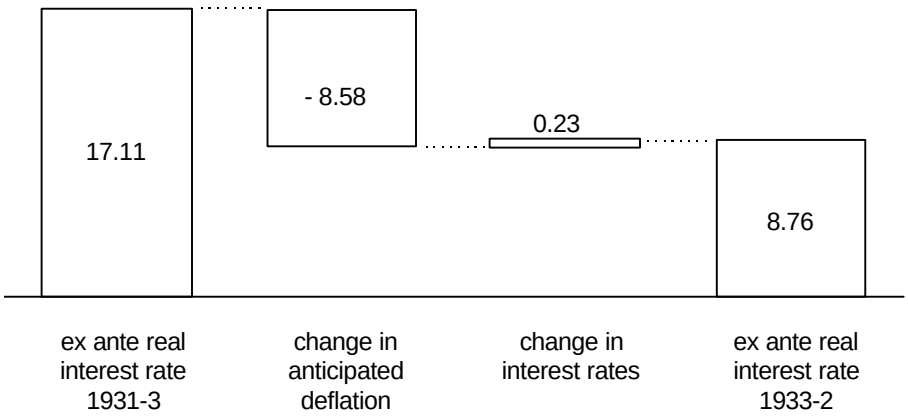



FIGURE 6 - 3 MONTHS FORWARD DISCOUNT/PREMIUM ON REICHSMARKS, 1924-31

**real interest rates***

in percent p.a.




* inferred from the Mishkin model (Model 1)

FIGURE 7 - REAL INTEREST RATES IN GERMANY, FACTORS OF CHANGE 1931-3 TO 1933-2

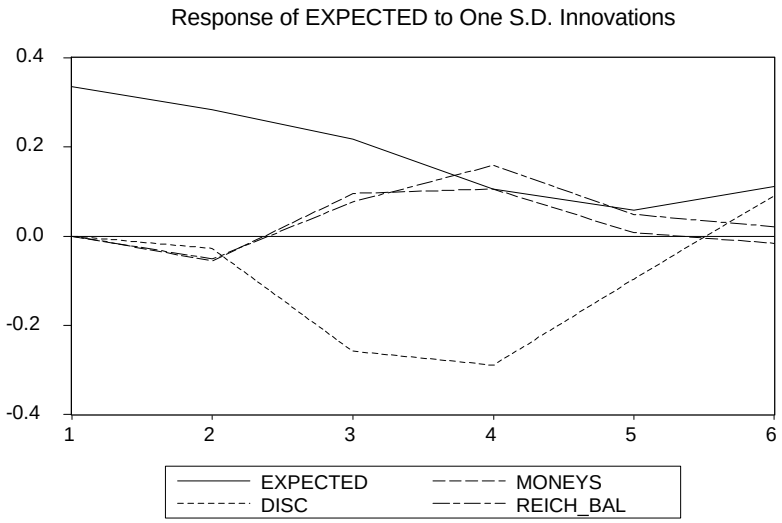



FIGURE 8 - IMPULSE RESPONSE FUNCTIONS FROM VAR, 3 LAGS, 1925/1 TO 1931/6

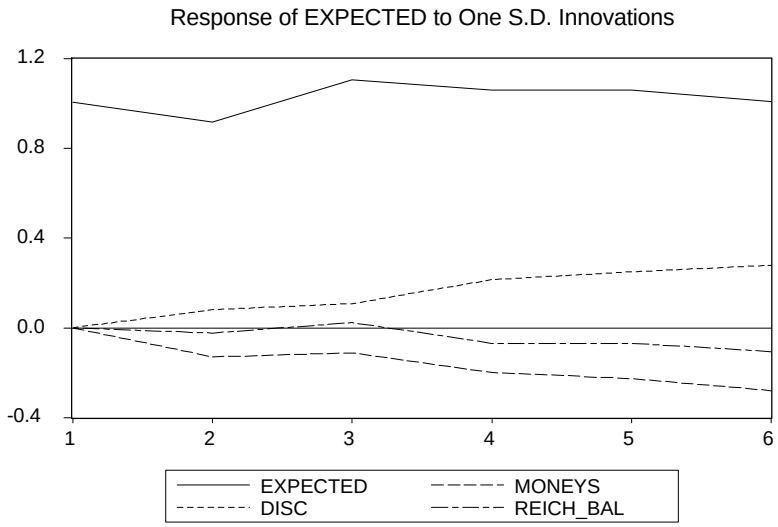



FIGURE 9 - IMPULSE RESPONSE FUNCTIONS FROM VAR, 3 LAGS, 1925/1 TO 1935/9

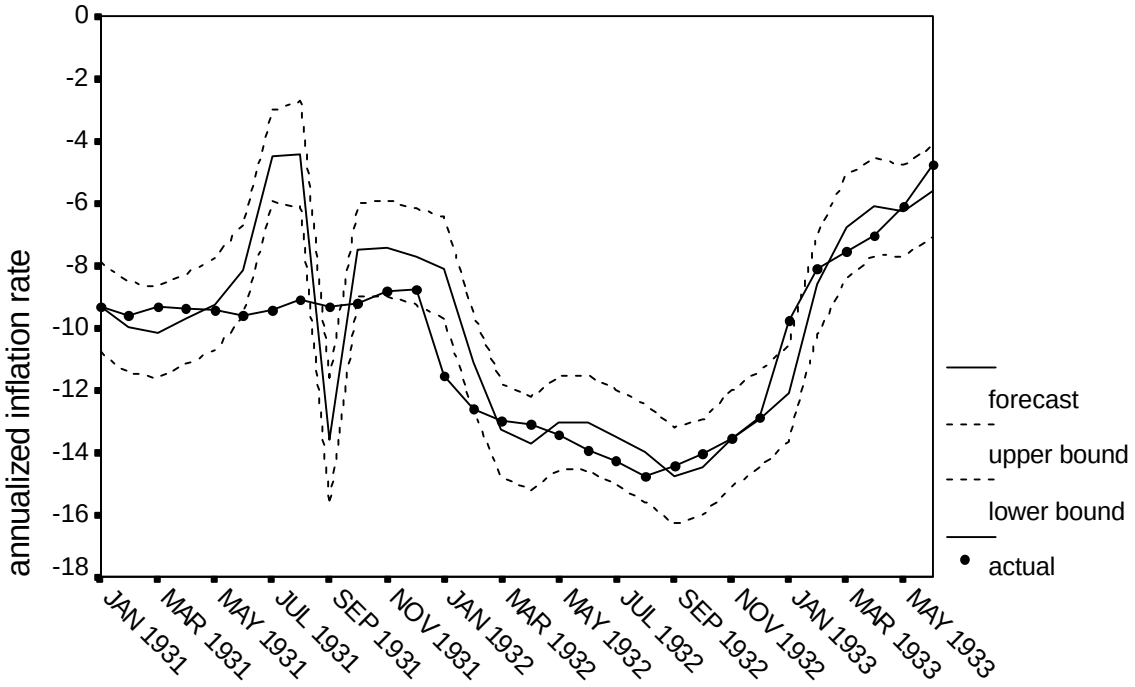



FIGURE A.1 - EXPECTED AND ACTUAL INFLATION, 1930-1 TO 1935-9 (FROM MODEL 2, TABLE 3)