

The main results are presented in Table 2. We consider sample sizes with $N = 100, 200$ and 500 , and values of α varying from 0.0 to 0.9 . Table 2a reports results for model A with $T = 4$, Table 2b reports results for model B with $T = 4$, and Table 2c reports further results for model A with $T = 11$.

Our main findings concern the poor performance of the first-differenced GMM estimator at high values of α , and the dramatic improvement that results from exploiting the additional moment conditions (4.3) and (4.4) in these cases.

Table 2
(a) Stationary model A, $T = 4$

N	α	GMM2 (DIF)		GMM2 (SYS)		GMM2 (ALL)		CGLS	
		Mean	RMSE SD	Mean	RMSE SD	Mean	RMSE SD	Mean	RMSE SD
100	0.0	— 0.0044	0.1227 0.1227	0.0100	0.0994 0.0990	0.0060	0.0970 0.0969	0.0157	0.0986 0.0974
	0.3	0.2865	0.1853 0.1849	0.3132	0.1221 0.1215	0.3100	0.1216 0.1213	0.3188	0.1228 0.1215
	0.5	0.4641	0.2693 0.2674	0.5100	0.1333 0.1330	0.5100	0.1356 0.1353	0.5182	0.1353 0.1342
	0.8	0.4844	0.8805 0.8224	0.8101	0.1620 0.1618	0.8169	0.1541 0.1533	0.8365	0.1396 0.1349
	0.9	0.2264	1.0659 0.8264	0.9405	0.1615 0.1564	0.9422	0.1415 0.1351	0.9572	0.1121 0.0964
200	0.0	— 0.0037	0.0854 0.0854	0.0051	0.0670 0.0669	0.0028	0.0651 0.0651	0.0083	0.0700 0.0696
	0.3	0.2919	0.1272 0.1270	0.3092	0.0838 0.0833	0.3061	0.0812 0.0810	0.3120	0.0895 0.0887
	0.5	0.4828	0.1828 0.1821	0.5098	0.0941 0.0936	0.5079	0.0925 0.0922	0.5135	0.1015 0.1006
	0.8	0.6362	0.5468 0.5219	0.8050	0.1196 0.1195	0.8112	0.1143 0.1138	0.8259	0.1115 0.1085
	0.9	0.3731	1.1000 0.9661	0.9235	0.1499 0.1481	0.9308	0.1243 0.1205	0.9431	0.1022 0.0927
500	0.0	— 0.0033	0.0557 0.0556	0.0012	0.0434 0.0434	0.0001	0.0421 0.0422	0.0025	0.0462 0.0461
	0.3	0.2936	0.0827 0.0824	0.3025	0.0552 0.0552	0.3008	0.0530 0.0530	0.3030	0.0607 0.0606
	0.5	0.4887	0.1177 0.1172	0.5021	0.0632 0.0632	0.5006	0.0612 0.0612	0.5025	0.0710 0.0710
	0.8	0.7386	0.3144 0.3085	0.7939	0.0781 0.0779	0.7942	0.0770 0.0769	0.8007	0.0853 0.0853
	0.9	0.5978	0.7081 0.6407	0.9043	0.1000 0.0999	0.9038	0.0884 0.0883	0.9172	0.0880 0.0863