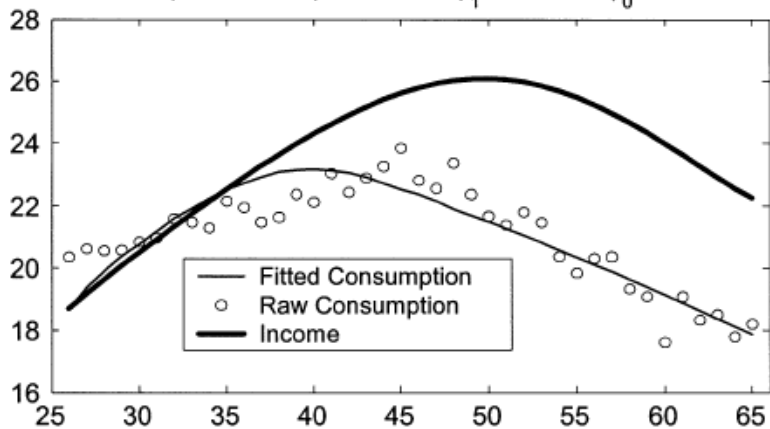


Thousands  
of 1987 dollars

Panel A: Baseline Estimation

$\beta = 0.960$ ,  $\rho = 0.514$ ,  $\gamma_1 = 0.071$ ,  $\gamma_0 = 0.001$



Panel B: Various  $\beta$

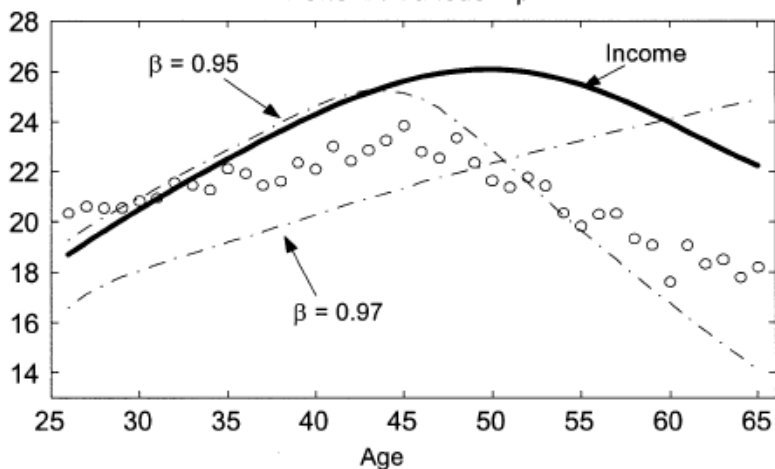


FIGURE 5.—The fitted consumption profile.