Table 2: Model Specification Tests Based on ML and GMM Estimation

Tests Based on ML Estimation.

	Excluding Q		Excluding A		Excluding L	
Data	Test Statistic	Prob. Value	Test Statistic	Prob. Value	Test Statistic	Prob. Value
MOR0	26.396	0.263E-04	35.806	0.317E-06	24.777	0.558E-04
MOR1	19.436	0.645E-03	18.512	0.980E-03	21.848	0.215E-03
MOR2	3.290	0.511E+00	16.888	0.203E-02	17.368	0.164E-02

	Excluding C		Excluding V		Excluding T	
Data	Test Statistic	Prob. Value	Test Statistic	Prob. Value	Test Statistic	Prob. Value
MOR0	17.450	0.158E-02	3.932	0.415E+00	29.512	0.615E-05
MOR1	22.500	0.159E-03	1.482	0.830E+00	25.272	0.444E-04
MOR2	10.710	0.300E-01	8.532	0.739E-01	8.438	0.768E-01

	Excluding I	
Data	Test Statistic	Prob. Value
MOR0	5.397	0.249E+00
MOR1	11.392	0.225E-01
MOR2	8.326	0.803E-01

Tests Based on GMM Estimation.

	Excluding Q		Excluding A		Excluding L	
Data	Test Statistic	Prob. Value	Test Statistic	Prob. Value	Test Statistic	Prob. Value
MOR0	0.333	0.954E+00	20.245	0.447E-03	16.824	0.320E-01
MOR1	4.881	0.181E+00	16.724	0.219E-02	31.919	0.963E-04
MOR2	1.200	0.753E+00	13.641	0.853E-02	31.376	0.120E-03

	Excluding C		Excluding V		Excluding T	
Data	Test Statistic	Prob. Value	Test Statistic	Prob. Value	Test Statistic	Prob. Value
MOR0	9.813	0.437E-01	3.175	0.529E+00	1.388	0.846E+00
MOR1	11.180	0.246E-01	0.996	0.910E+00	11.376	0.226E-01
MOR2	5.206	0.267E+00	4.798	0.309E+00	1.285	0.864E+00

	Excluding I	
Data	Test Statistic	Prob. Value
MOR0	0.499	0.974E+00
MOR1	12.758	0.125E-01
MOR2	1.520	0.823E+00

Notes to Table 2

1. In the headings to the test statistics, "Excluding Q" and so on indicates the variables being excluded are: Q, quadratic terms in total expenditures; A, age of head; L, labour force variables dummies; C, other expenditures conditioning good; V, vehicle ownership dummy; T, tobacco consumption dummy; and I immigrant status dummy.

2. The degrees of freedom for the tests are 8 for L; 4 for A, C, V, T and I; and 3 for Q.

3. The test statistics based on ML estimation are likelihood-ratio test statistics; those based on GMM estimation are Wald statistics. All statistics are distributed as χ^2, with the degrees of freedom indicated.