

Table 8

*Average Treatment Effect of Fiscal Consolidation, AIPW Estimates, Full Sample*Deviations of log real GDP (relative to Year 0, $\times 100$)

	(1) Year 1	(2) Year 2	(3) Year 3	(4) Year 4	(5) Year 5	(6) Sum
Fiscal ATE, restricted ($\theta_1^h = \theta_0^h$)	-0.17 (0.17)	-0.55** (0.23)	-0.61*** (0.20)	-0.88** (0.32)	-1.14** (0.42)	-3.22*** (0.89)
Fiscal ATE, unrestricted ($\theta_1^h \neq \theta_0^h$)	-0.24 (0.16)	-0.70** (0.26)	-0.75*** (0.25)	-0.93** (0.33)	-1.23** (0.47)	-3.61*** (1.06)
Observations	456	439	423	406	389	389

Notes. Empirical sandwich standard errors (clustered by country) in parentheses (see expression (20)). ***/**/* Indicate $p < 0.01/0.05/0.10$. Conditional mean controls: cyclical component of y , two lags of change in y , country fixed effects. y^C is the cyclical component of $\log y$ (log real GDP), from HP filter with $\lambda = 100$. Specification includes country fixed effects in the propensity score model and in the AIPW model. Propensity score based on the saturated probit model as described in the text. AIPW estimates do not impose restrictions on the weights of the propensity score. Truncated results not reported here but available upon request. See text.

Fiscal ATE, restricted

Horizon (1)	dr1	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]
	ATE_IPWRA	-.1654296	.170351	-0.97	0.346	-.5265577 .1956984
(2)	ATE_IPWRA	-.5467525	.2329155	-2.35	0.032	-1.040511 -.0529937
(3)	ATE_IPWRA	-.6145445	.198718	-3.09	0.007	-1.035808 -.1932811
(4)	ATE_IPWRA	-.8824241	.3182392	-2.77	0.014	-1.557061 -.2077871
(5)	ATE_IPWRA	-1.14295	.4181945	-2.73	0.015	-2.029483 -.2564176
(6)	ATE_IPWRA	-3.217567	.8902737	-3.61	0.002	-5.104863 -1.330272

Fiscal ATE, unrestricted

Horizon (1)	ATE_IPWRA	-.2367986	.1628957	-1.45	0.165	-.582122 .1085248
(2)	ATE_IPWRA	-.7019649	.259782	-2.70	0.016	-1.252678 -.1512517
(3)	ATE_IPWRA	-.7498234	.2521767	-2.97	0.009	-1.284414 -.2152327
(4)	ATE_IPWRA	-.9282429	.3339339	-2.78	0.013	-1.636151 -.2203346
(5)	ATE_IPWRA	-1.230418	.4722892	-2.61	0.019	-2.231627 -.2292099
(6)	ATE_IPWRA	-3.611709	1.059626	-3.41	0.004	-5.858016 -1.365403