Table 3

Fiscal Multiplier, Effect of d.CAPB, IV Estimates

	Deviation in log real GDP (relative to Year 0, × 100)					
	(1) Year 1	(2) Year 2	(3) Year 3	(4) Year 4	(5) Year 5	(6) Sum
Fiscal multiplier,	−0.34**	−0.72***	−0.76***	−0.78***	−0.88***	−2.94***
binary Treatment IV	(0.12)	(0.23)	(0.25)	(0.23)	(0.28)	(0.84)
First stage F-statistic	32.85	33.41	26.61	31.99	30.78	30.78
Fiscal multiplier,	−0.46***	−0.81***	−0.69**	−0.58*	−0.68**	−2.77**
continuous Total IV	(0.13)	(0.23)	(0.31)	(0.28)	(0.30)	(0.97)
First stage F-statistic	53.90	51.52	48.95	45.25	42.39	42.39
Observations	457	440	423	406	389	389

Notes. Standard errors (clustered by country) in parentheses. ***/**/* Indicate $p < 0.01/0.05/0.10$. Additional controls: cyclical component of y, two lags of change in y, country fixed effects. d.CAPB instrumented by IMF fiscal action variable in binary 0-1 form (Treatment) in the top panel, and as a continuous (Total) variable in the bottom panel. First stage F-statistic reports the Kleibergen-Paap weak identification Wald test statistic.

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Horizon   Number of obs     =          457
(1)       -------------------------------------------------------------------
                       |              Robust
                  ly1  |    Coef.    Std. Err.     z    P>|z|    [95% Conf. Interval]
          -------------+-----------------------------------------------------
                  fAA  |  -.3373324   .110121    -3.06   0.002   -.5531655   -.1214992
          Weak identification test (Cragg-Donald Wald F statistic):              45.907
                              (Kleibergen-Paap rk Wald F statistic):             32.853


          -------------+-----------------------------------------------------
                  fAA  |  -.4589695   .122877    -3.74   0.000   -.699804    -.218135
          Weak identification test (Cragg-Donald Wald F statistic):              45.052
                              (Kleibergen-Paap rk Wald F statistic):             53.901

(2)       Number of obs     =          440
          -------------+-----------------------------------------------------
                  fAA  |  -.7220314   .2183552   -3.31   0.001     -1.15     -.2940631
          Weak identification test (Cragg-Donald Wald F statistic):              43.847
                              (Kleibergen-Paap rk Wald F statistic):             33.406


          -------------+-----------------------------------------------------
                  fAA  |  -.8067661   .2218699   -3.64   0.000   -1.241623   -.3719091
          Weak identification test (Cragg-Donald Wald F statistic):              42.928
                              (Kleibergen-Paap rk Wald F statistic):             51.519

(3)       Number of obs     =          423
          -------------+-----------------------------------------------------
                  fAA  |  -.7619282   .2392249   -3.18   0.001    -1.2308    -.2930559
          Weak identification test (Cragg-Donald Wald F statistic):              41.969
                              (Kleibergen-Paap rk Wald F statistic):             26.611


          -------------+-----------------------------------------------------
                  fAA  |  -.6898863   .2904691   -2.38   0.018   -1.259195   -.1205774
          Weak identification test (Cragg-Donald Wald F statistic):              41.436
                              (Kleibergen-Paap rk Wald F statistic):             48.954
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(4)    Number of obs      =         406
       --------------+----------------------------------------------------------------
                fAA |  -.7842775    .2154766    -3.64   0.000    -1.206604    -.3619511
       Weak identification test (Cragg-Donald Wald F statistic):              48.039
                                  (Kleibergen-Paap rk Wald F statistic):       31.993


       --------------+----------------------------------------------------------------
                fAA |  -.5791563    .2673901    -2.17   0.030    -1.103231    -.0550813
       Weak identification test (Cragg-Donald Wald F statistic):              43.089
                                  (Kleibergen-Paap rk Wald F statistic):       45.255
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(5)    Number of obs      =         389
       --------------+----------------------------------------------------------------
                fAA |  -.8792588    .2624489    -3.35   0.001    -1.393649    -.3648683
       Weak identification test (Cragg-Donald Wald F statistic):              47.695
                                  (Kleibergen-Paap rk Wald F statistic):       30.778


       --------------+----------------------------------------------------------------
                fAA |  -.6809333     .282709    -2.41   0.016    -1.235033    -.1268339
       Weak identification test (Cragg-Donald Wald F statistic):              41.567
                                  (Kleibergen-Paap rk Wald F statistic):       42.390
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sum (6)  Number of obs      =         389
         --------------+----------------------------------------------------------------
                  fAA |  -2.936627    .7976223    -3.68   0.000    -4.499938    -1.373316
         Weak identification test (Cragg-Donald Wald F statistic):              47.695
                                    (Kleibergen-Paap rk Wald F statistic):       30.778


         --------------+----------------------------------------------------------------
                  fAA |  -2.769813    .9190269    -3.01   0.003    -4.571073    -.9685532
         Weak identification test (Cragg-Donald Wald F statistic):              41.567
                                    (Kleibergen-Paap rk Wald F statistic):       42.390
```