

Table 9

*Average Treatment Effect of Fiscal Consolidation, AIPW Estimates, Booms Versus Slumps*

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, $y^c > 0$ , boom	-0.33 (0.22)	-0.68* (0.39)	-0.36 (0.41)	-0.55 (0.57)	-0.56 (0.84)	-1.80 (1.85)
Fiscal ATE, $y^c < 0$ , slump	-0.19 (0.19)	-0.76*** (0.25)	-0.96*** (0.33)	-0.68 (0.43)	-0.95 (0.61)	-3.54** (1.52)
Observations	456	439	423	406	389	389

*Notes.* Empirical sandwich standard errors (clustered by country) in parentheses (see (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. The boom bin is for observations where the cyclical component  $y^c$  is greater than zero, the slump bin is for observations where the cyclical component is less than or equal to zero.

Horizon (1)	-----						
	dr1	Coef.	Robust Std. Err.	t	P> t	[95% Conf. Interval]	
	ATE_IPWRA_boom	-.3324862	.222607	-1.49	0.155	-.804392	.1394196
	ATE_IPWRA_slump	-.1851561	.192794	-0.96	0.351	-.5938612	.223549
(2)	ATE_IPWRA_boom	-.6792915	.3886585	-1.75	0.100	-1.503211	.1446277
	ATE_IPWRA_slump	-.7600921	.249582	-3.05	0.008	-1.289182	-.2310018
(3)	ATE_IPWRA_boom	-.3609169	.4134967	-0.87	0.396	-1.237491	.515657
	ATE_IPWRA_slump	-.9645442	.326845	-2.95	0.009	-1.657425	-.2716638
(4)	ATE_IPWRA_boom	-.5456457	.5682182	-0.96	0.351	-1.750215	.6589231
	ATE_IPWRA_slump	-.6822709	.4251799	-1.60	0.128	-1.583612	.2190702
(5)	ATE_IPWRA_boom	-.5636304	.8439844	-0.67	0.514	-2.352797	1.225537
	ATE_IPWRA_slump	-.9523189	.6135998	-1.55	0.140	-2.253092	.3484546
(6)	ATE_IPWRA_boom	-1.801966	1.851945	-0.97	0.345	-5.727914	2.123982
	ATE_IPWRA_slump	-3.542823	1.519974	-2.33	0.033	-6.765023	-.3206222