

DISCUSSION OF “WHAT DETERMINES
GOVERNMENT SPENDING
MULTIPLIERS?”

BY GIANCARLO CORSETTI, ANDRÉ
MEIER, AND GERNOT J. MÜLLER

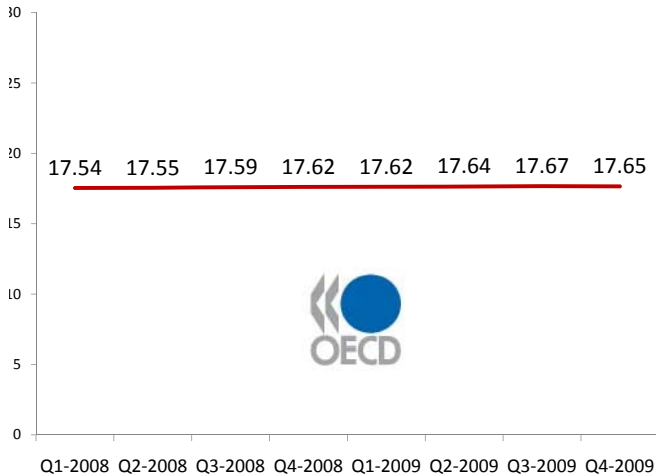
Robert E. Hall

Hoover Institution and Department of Economics, Stanford

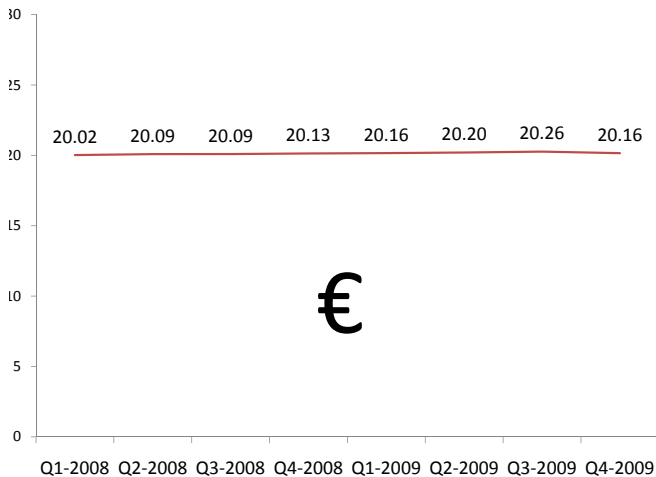
Conference on Global Dimensions of the Financial Crisis
Federal Reserve Bank of New York

June 3 and 4, 2010

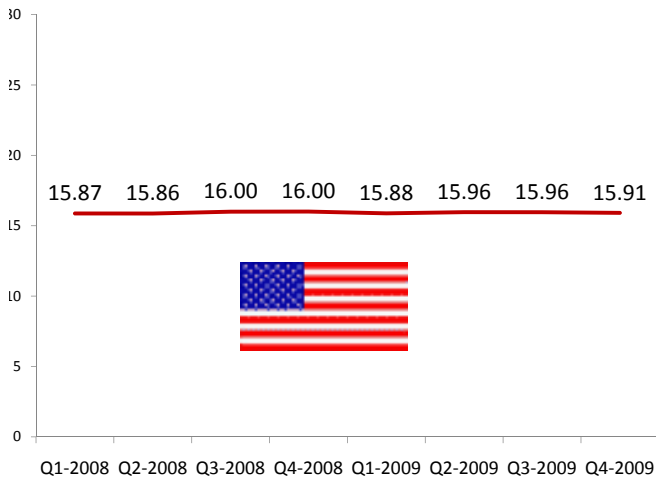
DETTRENDED GOV PURCHASES AS PERCENT OF GDP, OECD



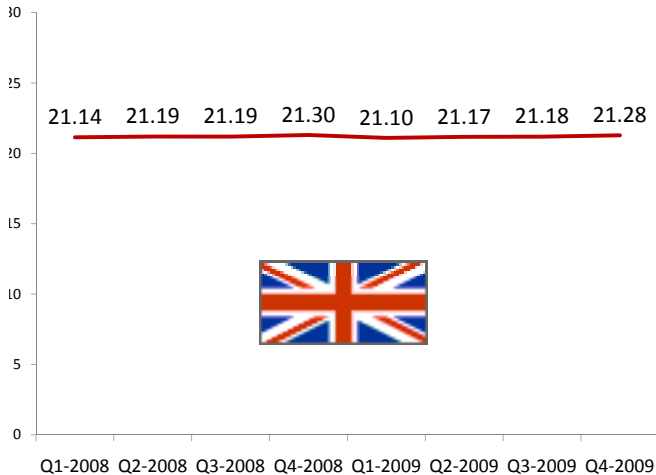
DETRENDED GOV PURCHASES AS PERCENT OF GDP, EURO NATIONS



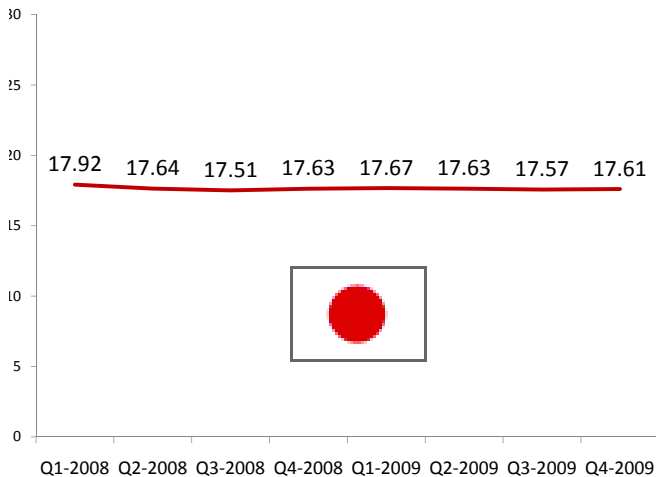
DETRENDED GOV PURCHASES AS PERCENT OF GDP, USA



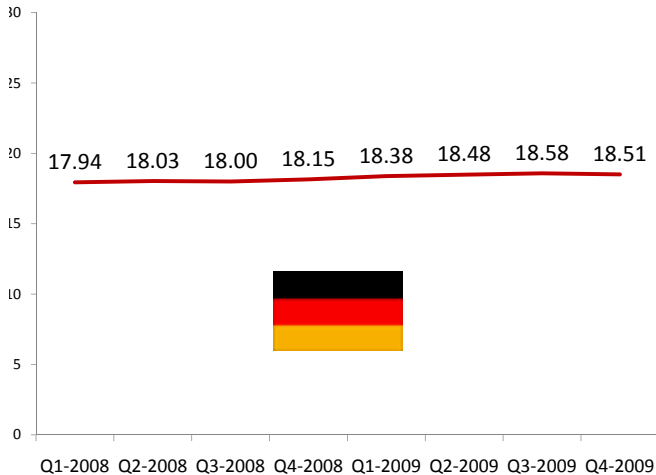
DETRENDED GOV PURCHASES AS PERCENT OF GDP, BRITAIN



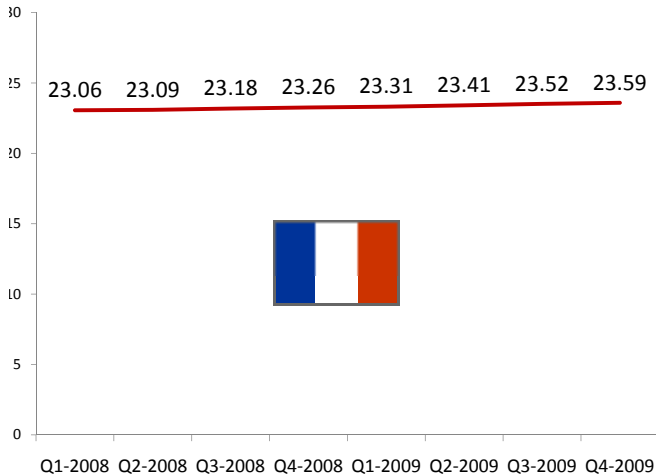
DETRENDED GOV PURCHASES AS PERCENT OF GDP, JAPAN



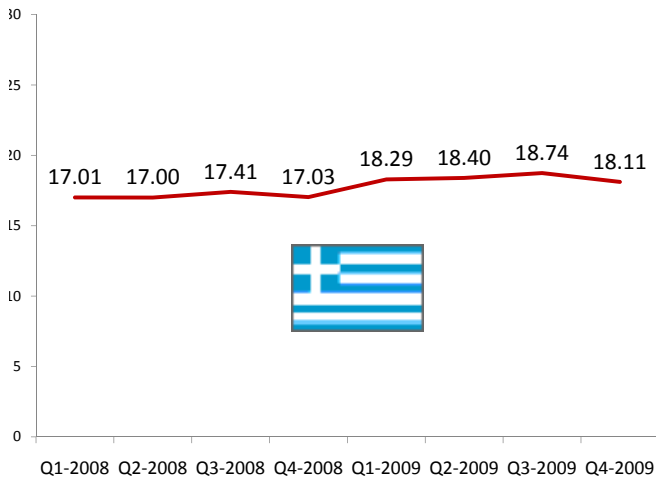
DETRENDED GOV PURCHASES AS PERCENT OF GDP, GERMANY



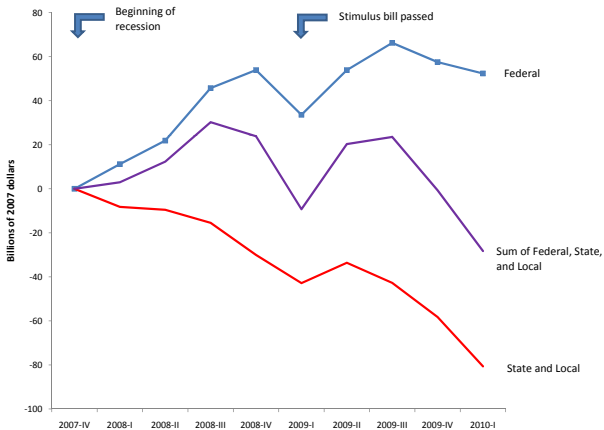
DETRENDED GOV PURCHASES AS PERCENT OF GDP, FRANCE



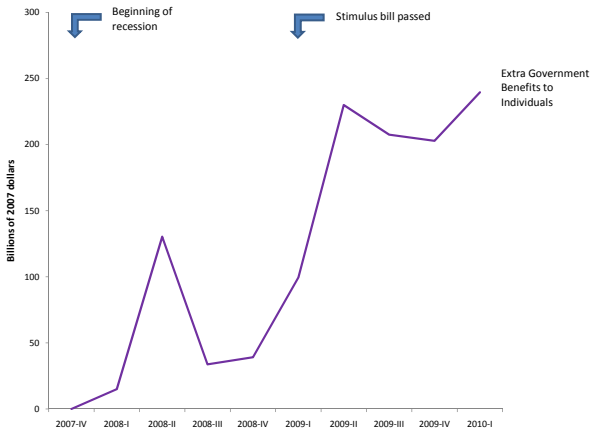
DETRENDED GOV PURCHASES AS PERCENT OF GDP, GREECE



DETRENDED GOV PURCHASES



DETTRENDED TRANSFERS

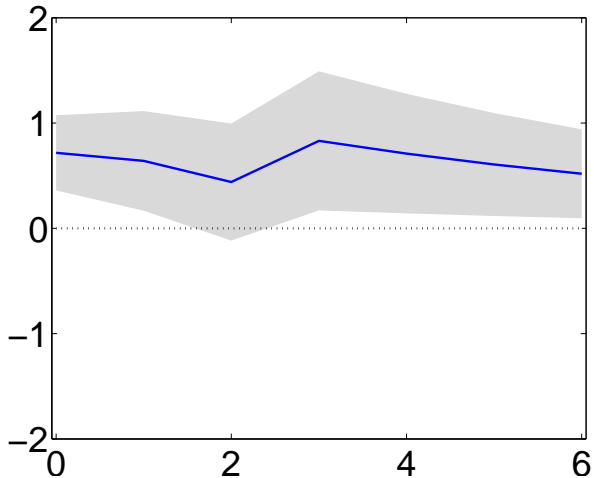


COMPONENTS OF GOVERNMENT PURCHASES

<i>Category</i>	<i>Extra spending, billions of 2007 dollars</i>
Federal non-defense, non-capital	13.7
Federal non-defense, capital	3.6
Federal defense, non-capital	34.2
Federal defense, capital	14.4
State and local, non-capital	-34.6
State and local, capital	-8.5

BASIC RESULT

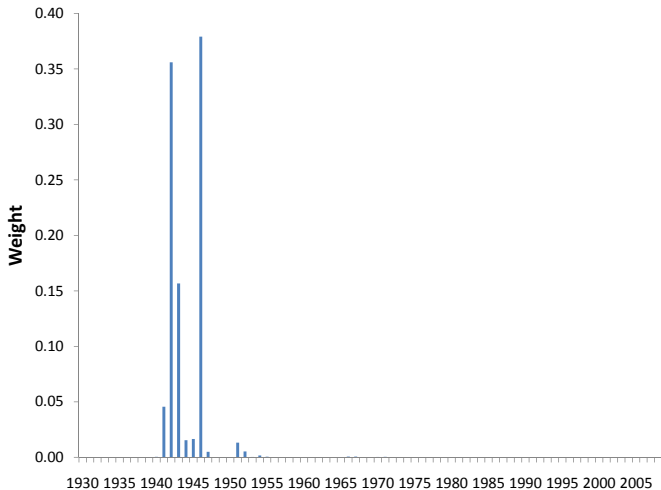
Output



SAMPLING ERRORS IN U.S. DATA

<i>Period</i>	<i>GDP multiplier</i>	<i>Consumption multiplier</i>
1930-2008	0.55 (0.08)	-0.05 (0.03)
1948-2008	0.47 (0.28)	-0.12 (0.10)
1960-2008	0.13 (0.65)	-0.09 (0.29)
1939-1948	0.53 (0.07)	-0.05 (0.02)
1949-1955	0.48 (0.56)	-0.18 (0.05)
1939-1944	0.36 (0.10)	-0.11 (0.03)
1945-1949	0.39 (0.08)	-0.04 (0.05)

WEIGHTS APPLIED IN U.S. DATA



RESULT FOR FINANCIAL CRISIS

Output

