

DO TAX CUTS STARVE THE BEAST?

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Brookings Papers on Economic Activity, Spring 2009

GUIDE TO DATA AND PROGRAMS

Data. The data are contained in the file ROMERANDROMERDATA.XLS. The sheet labeled “NOTES” explains the data, and the sheets labeled “QUARTERLY” and “ANNUAL” have the data themselves. The “.DED” files are RATS data banks containing the data in the form they are accessed by RATS.

Programs. The programs were run in RATS. The program files are plain text files that can be opened with any word processor.

The programs and the parts of the paper they correspond to are listed below.

EXPPCNR.RAT. Effects of tax changes for long-run purposes on total government spending (20 lags). Same in the post-Korea sample. Relationship between tax changes with other motivations and government spending. Table 1 and Figures 2 (repeated in Figures 5a and 6a), 5b, 6b, 6c, 6d, 6e, and 6f.

LAGSNR.RAT. Effects of tax changes for long-run purposes on total government spending, other lag lengths. Figure 3a.

VAR2.RAT. Effects of tax changes for long-run purposes on total government spending, two-variable VAR. Figure 3b.

VAR3.RAT. Effects of tax changes for long-run purposes on total government spending, three-variable VAR (long-run tax changes, log real government spending, log real debt). Figure 4a.

VAR4.RAT. Effects of tax changes for long-run purposes on total government spending, four-variable VARs (long-run tax changes, log real government spending, log real debt, log real receipts; long-run tax changes, log real government spending, log real debt, log real GDP). Figures 4b and 4c.

VAR7.RAT. Effects of tax changes for long-run purposes on total government spending, seven-variable VAR (long-run tax changes, log real government spending, log real debt, log real receipts, log real GDP, 3-month T-bill rate, log GDP price index). Figure 4d.

OUTLIENR.RAT. Leaving out each of the four largest tax cuts (discussed in Section II.D).

SPLITEXP.RAT. Splitting the sample (discussed in Section II.D).

DEFENSNR.RAT. Effects of tax changes for long-run purposes on total government spending, controlling for Ramey-Shapiro dummy; effects of tax changes for long-run purposes on non-defense spending; associated robustness tests. Figures 5c and 5d

PARTYNR.RAT. Effects of tax changes for long-run purposes on total government spending, controlling for political variables. Figure 5e.

PDV.RAT. Effects of tax changes for long-run purposes on total government spending, using present value measure of tax changes. Figure 5f.

BUDGET.RAT. Effects of tax changes for long-run purposes on total government spending and discretionary spending, using budget rather than NIPA spending measures. Figures 5g and 5h. (Also, CHFREQ.RAT is used to convert the data from quarterly to annual, for use by BUDGET.RAT.)

PERGDPNR.RAT. Effects of tax changes for long-run purposes on total government spending as share of actual and trend GDP. Figures 5i and 5j.

EXPCARNR.RAT. Relationship between changes in cyclically adjusted revenues (and cyclically adjusted revenues less spending-driven tax changes) and government spending. Figure 6g and 6h.

RECPTNR.RAT. Effects of tax changes for long-run purposes on government receipts, full sample and post-Korea sample. Figures 7a and 7b.

RECVAR2.RAT. Effects of tax changes for long-run purposes on government receipts in a two-variable VAR. Figure 7c.

TAXLEGNR.RAT. Effects of tax changes for long-run purposes on subsequent tax legislation, full sample and post-Korea sample, 20 and 40 lags. Figures 8a, 8b, 8c, 8d, 9a, and 9b.

LEGVAR2.RAT. Effects of tax changes for long-run purposes on subsequent tax legislation in a two-variable VAR. Figure 9c.

Note: Figures 1 and 10 are plots of simple transformations of the data, and so do not have any associated programs.