

Surely you're joking, Mr Keynes? Appendix

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Table A-1 gives full details of results reported in the text. Table A-2 defines the variables in the data.csv file accompanying the appendix.

Table A-1. Regression results

| Dep. var. | (1) Δ^2D | (2) Δ^2D | (3) Δ^2D | (4) Δ^2D | (5) ΔD |
|----------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| Intercept | -0.0145 | -0.0074 | -0.0195 | -0.0122 | -0.0124 |
| P-value | 6.9E-02 | 3.3E-01 | 1.8E-02 | 1.7E-01 | 9.6E-02 |
| AR(1) | ... | ... | ... | ... | 0.7368 |
| P-value | | | | | 1.2E-18 |
| ΔG | ... | ... | ... | -0.0048 | ... |
| P-value | | | | 8.8E-01 | |
| $\Delta G(-1)$ | 0.1524 | 0.1646 | 0.2265 | 0.1536 | 0.1364 |
| P-value | 2.6E-07 | 8.3E-07 | 3.3E-04 | 1.1E-05 | 9.3E-07 |
| $\Delta G(-2)$ | ... | ... | ... | 0.0108 | ... |
| P-value | | | | 7.4E-01 | |
| $\Delta G(-3)$ | ... | ... | ... | -0.0304 | ... |
| P-value | | | | 3.2E-01 | |
| N | 99 | 99 | 94 | 97 | 99 |
| R-Squared | 0.2404 | 0.2226 | 0.1316 | 0.2493 | 0.5810 |
| F | 30.7 | 27.8 | 13.9 | 7.6 | 66.6 |
| P-value | 2.6E-07 | 8.3E-07 | 3.3E-04 | 2.3E-05 | 7.3E-19 |

Notes. ΔD is the first difference and $\Delta^2 D$ is the second difference of the public debt/GDP ratio, in percentage points of GDP, in the current year. ΔG is the percent change in government purchases in the current year (nominal in columns 1 and 3 to 5, real in column 2); “(-1)” refers to one before the current year and so on.

(1) This regression is reported in the text as Equation 2.

(2) As column 1, but government purchases are in real terms, based on the GDP deflator listed in Table A-2.

(3) As column 1, dropping years when extreme values of the independent variable were reported (1915, 1919, 1920, 1940, and 1946).

(4) As column 1, with additional lagged values of the independent variable.

(5) This regression uses the first difference of the debt ratio as the dependent variable and its one-year lagged value as an additional independent variable.

Table A-2. Data and variables, 1909 to 2009

| Symbol | Definition | Source |
|--------|--|------------------------------|
| G | Government expenditure on goods and services, £m | Chick and Pettifor (2011) |
| D | Public debt, % of GDP | Chick and Pettifor (2011) |
| DP | GDP deflator, % change on previous year | Chick and Pettifor (2011) |
| P | GDP deflator, % of 2001 | Calculated from DP |
| RG | Government expenditure on goods and services in real terms, £m and 2001 prices | Calculated as G divided by P |

References

Chick, Victoria, and Ann Pettifor. 2011. The economic consequences of Mr Osborne. Fiscal consolidation: lessons from a century of UK macroeconomic statistics. PRIME (Policy Research in Macroeconomics), May 31, 2011, at <http://primeeconomics.org> (accessed August 5, 2011).