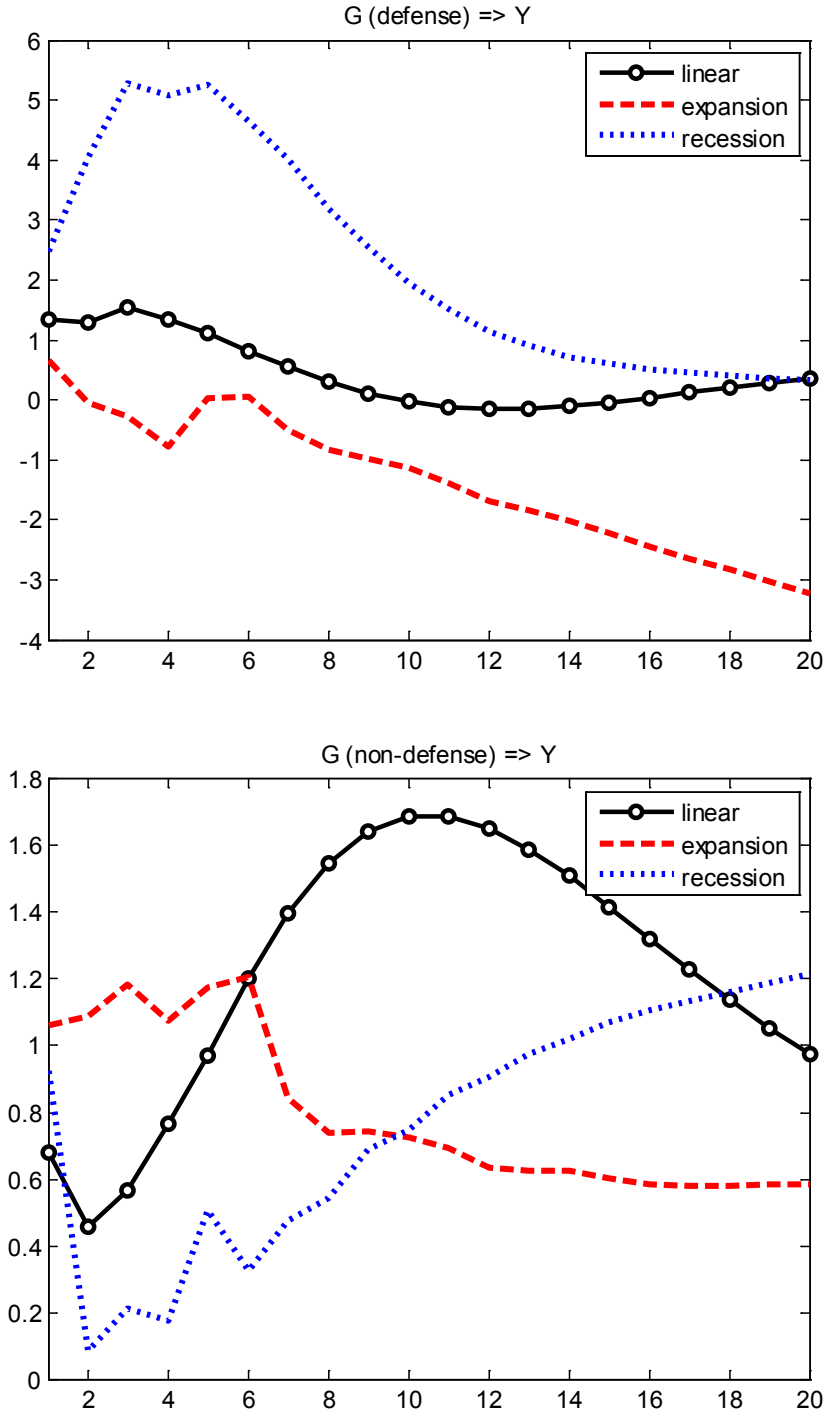


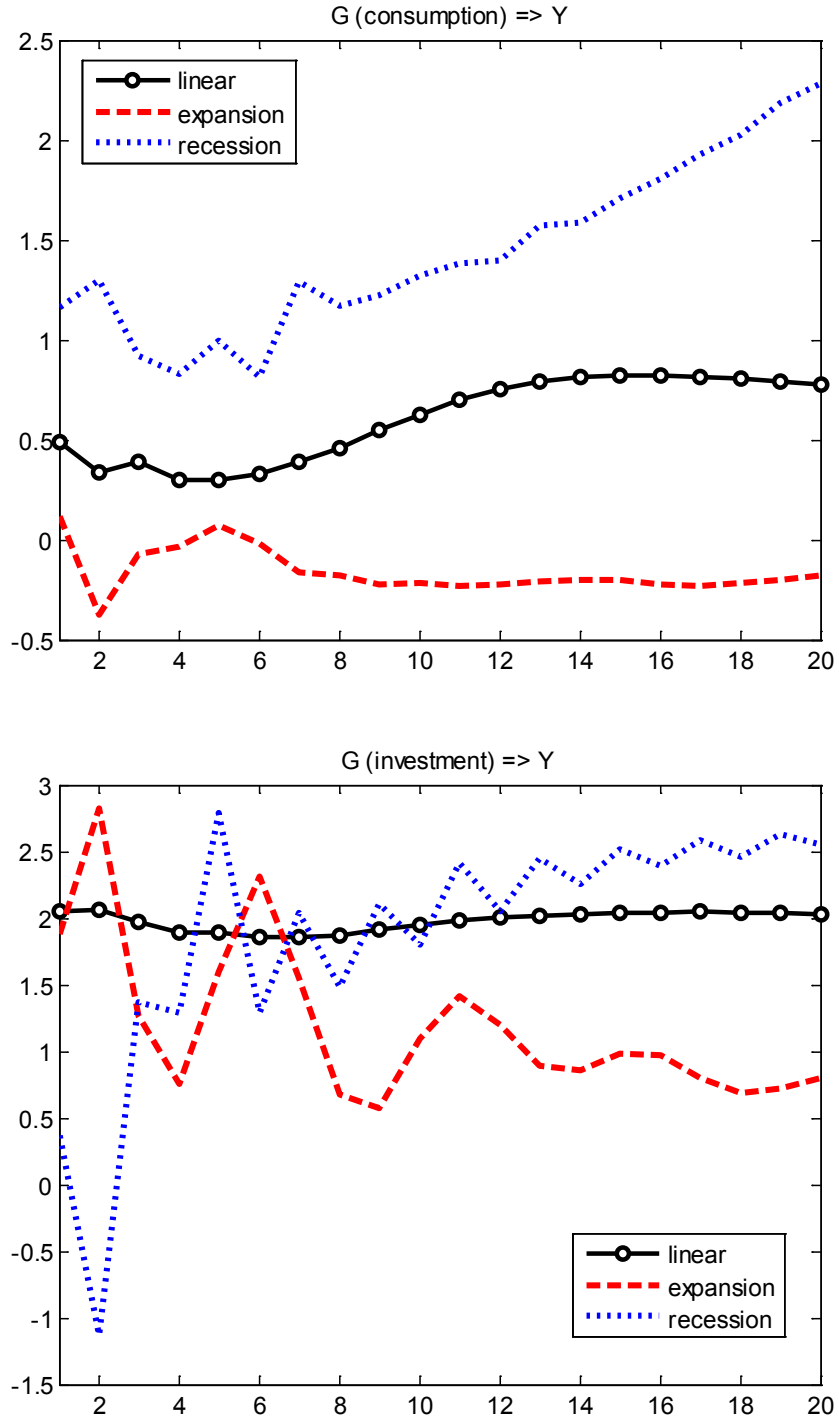
Appendix Figures

Updated Figure 4 in AG (2012). Defense and nondefense government spending



Notes: The figures show impulse responses to a \$1 increase in government spending: defense spending in the top panel and non-defense spending in the bottom panel. Dashed lines show the responses in expansionary (red, long dash) and recessionary (blue, short dash) regimes. The solid line with circles shows the response in the linear model.

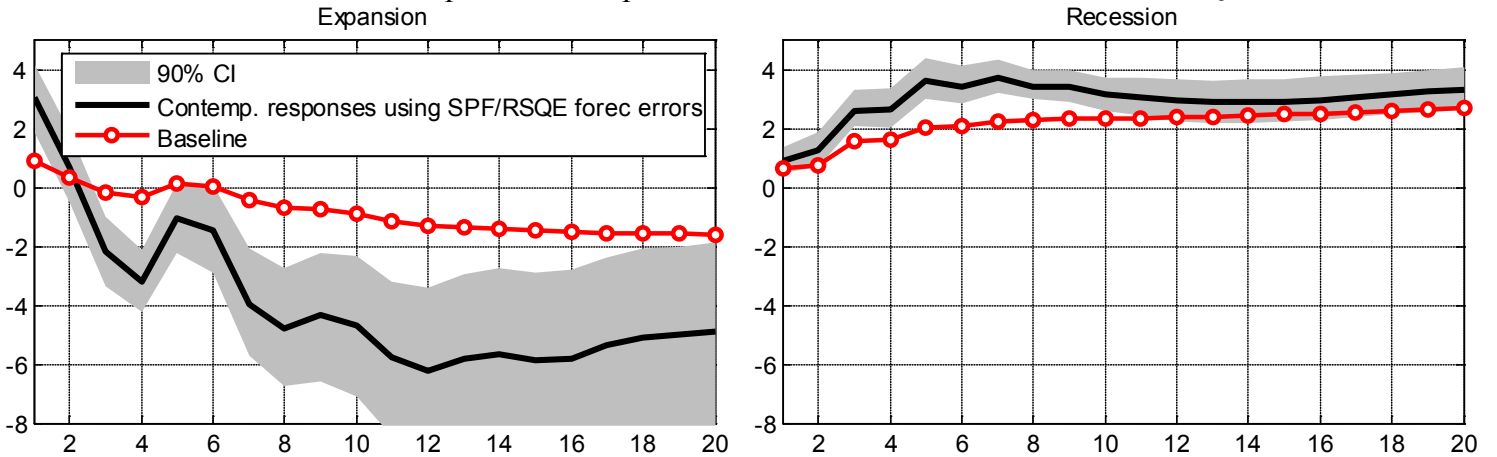
Updated Figure 5 in AG (2012). Consumption and investment government spending



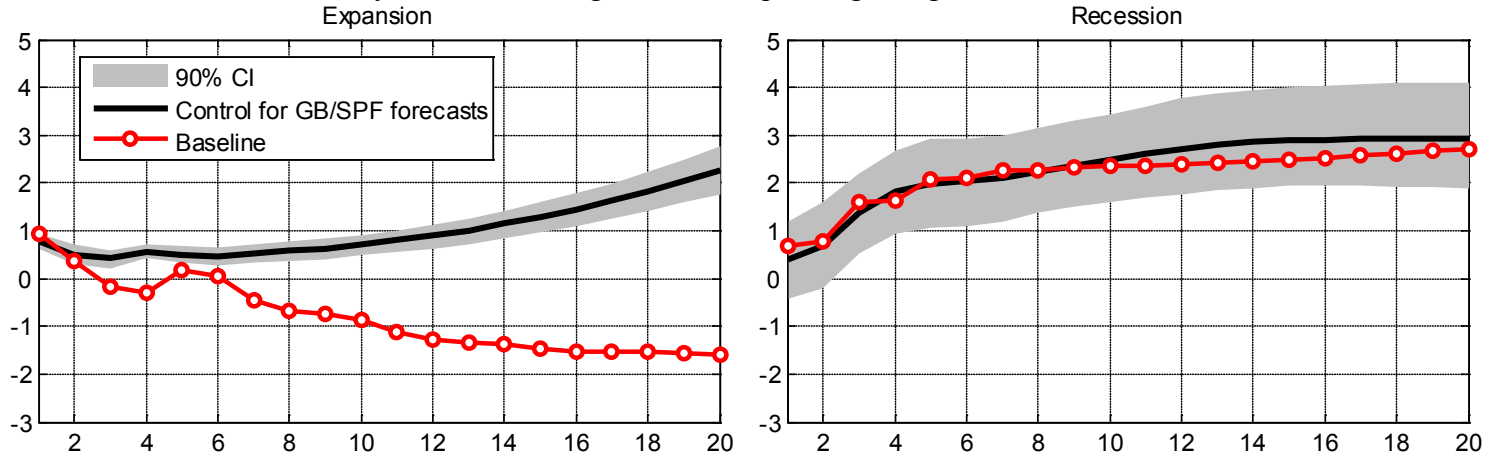
Notes: The figures show impulse responses to a \$1 increase in government spending: consumption spending in the top panel and investment spending in the bottom panel. Dashed lines show the responses in expansionary (red, long dash) and recessionary (blue, short dash) regimes. The solid line with circles shows the response in the linear model.

Updated Figure 7 in AG (2012). Government spending multipliers for purified unanticipated shocks.

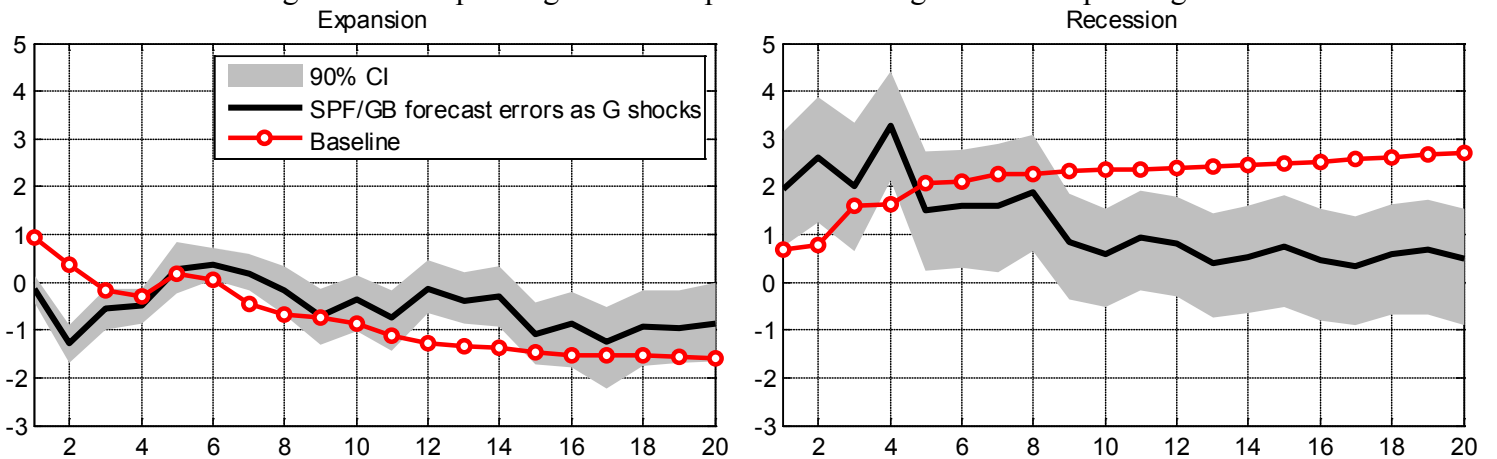
Panel A: Contemporaneous responses based on forecast errors from SPF/RSQE



Panel B: Purify innovations in government spending using SPF/Greenbook forecasts

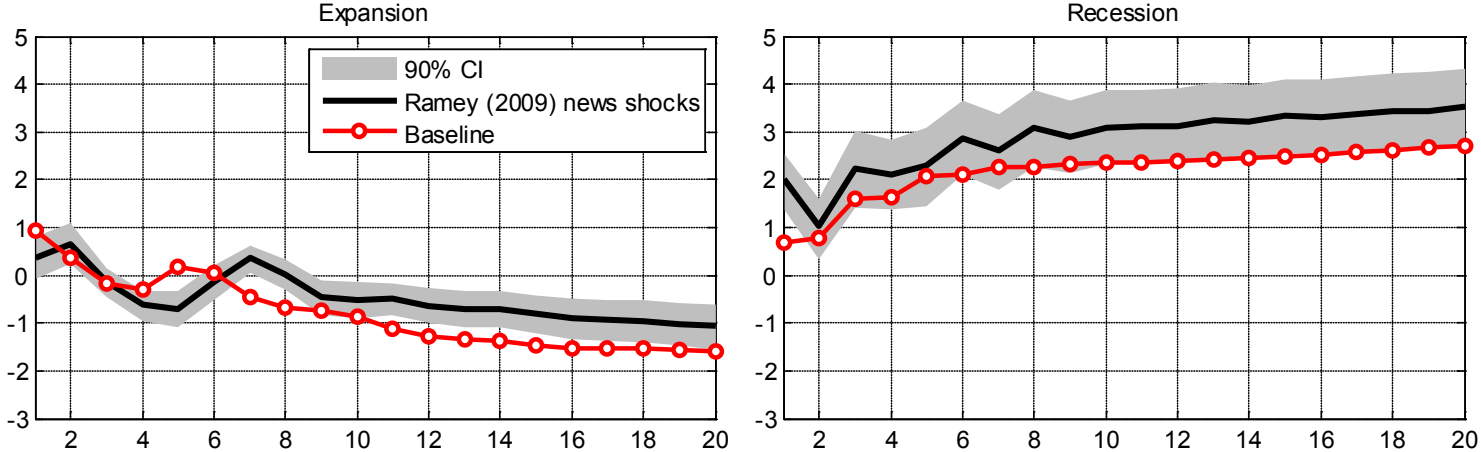


Panel C: Interpret forecast errors (real time data) of SPF/Greenbook forecasts for the growth rate of government spending as unanticipated shocks to government spending



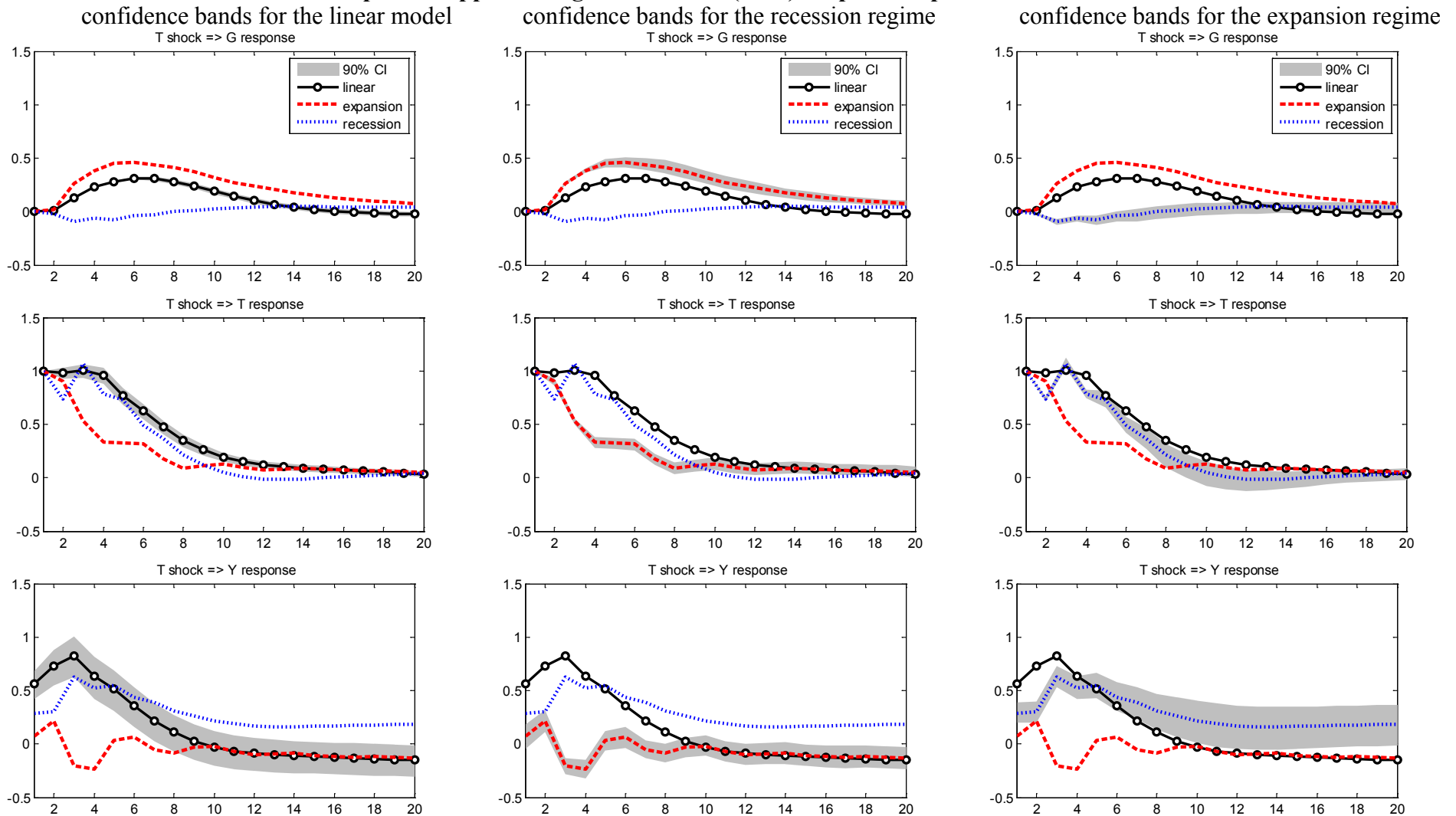
(continued on next page)

Panel D: Government spending innovations are Ramey (2011) news shocks to military spending.



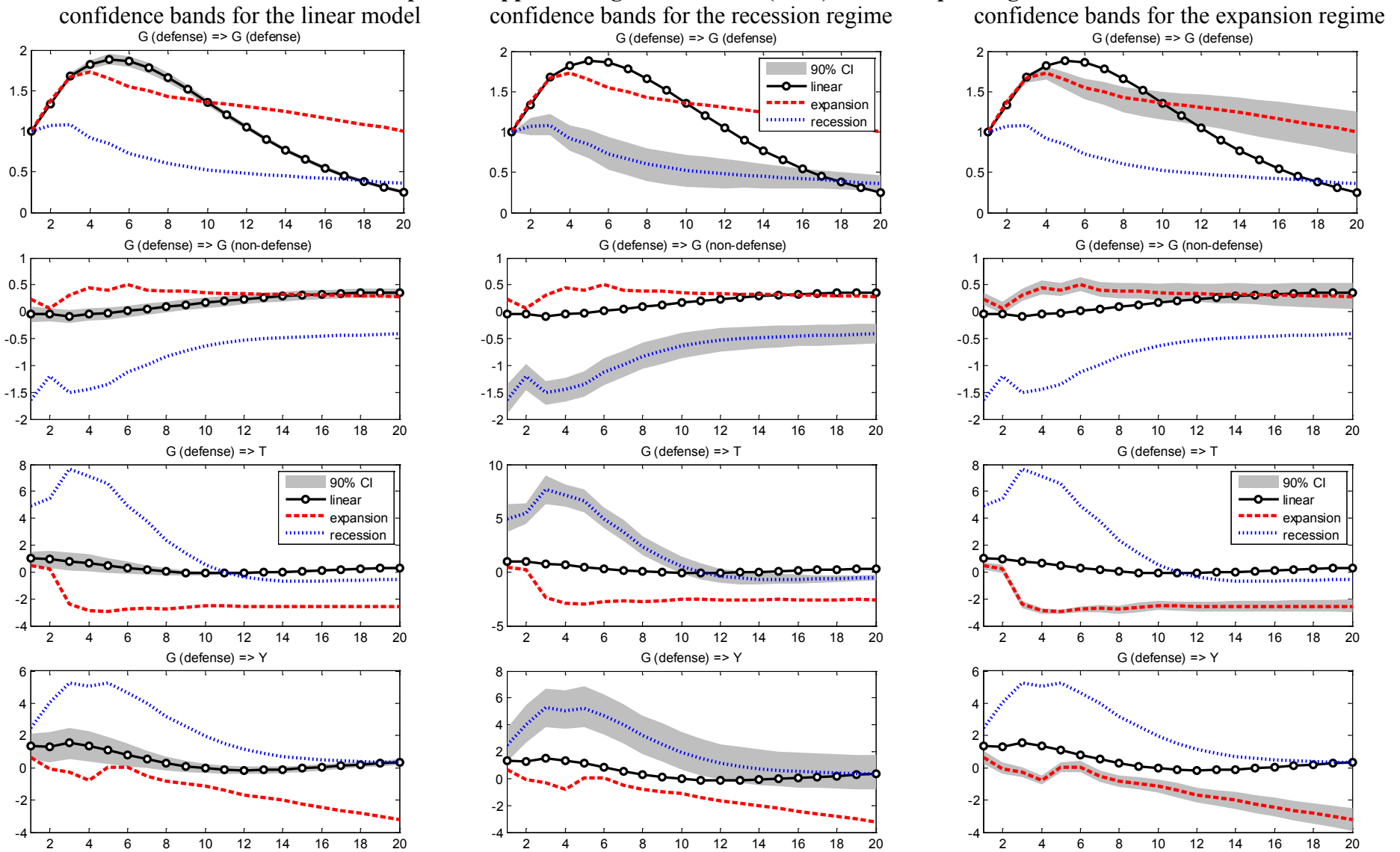
Notes: Note: The figure plots impulse response of output to an unanticipated government spending shock which is normalized to have the sum of government spending over 20 quarters equal to one. The red lines with circles correspond to the responses in the baseline VAR specification. The shaded region is the 90% confidence interval.

Updated Appendix Figure A1 in AG (2012). Impulse responses to tax shocks



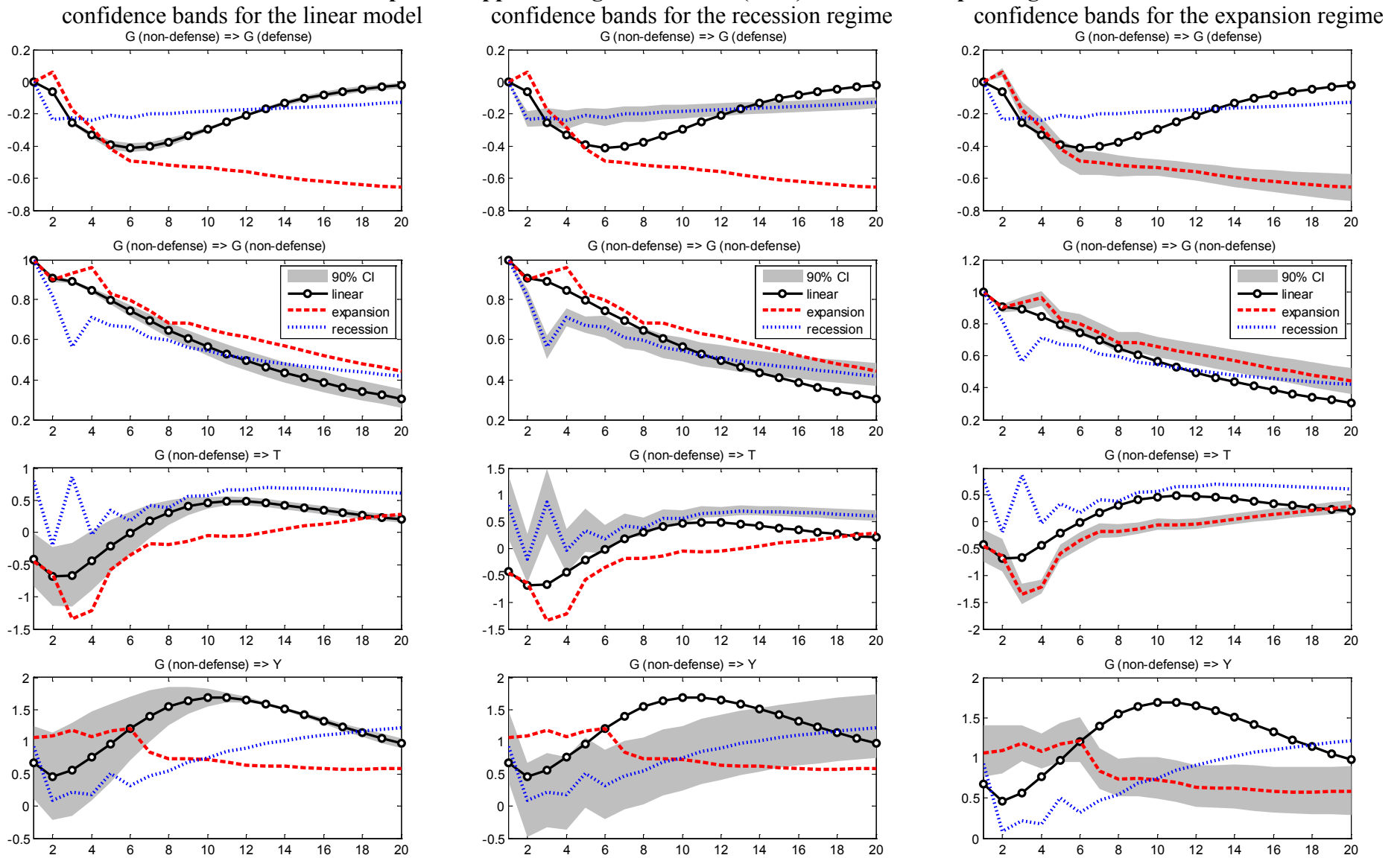
Notes: The figures show impulse responses to a \$1 increase in taxes. To control for the automatic tax response to contemporaneous output shocks, we follow Blanchard and Perotti (2002) and use their estimate of 2.08 for the elasticity of tax revenues with respect output. The shaded region is the 90% confidence interval. Dashed lines show the responses in expansionary (red, long dash) and recessionary (blue, short dash) regimes. The solid line with circles shows the response in the linear model.

Updated Appendix Figure A2 in AG (2012). Defense spending



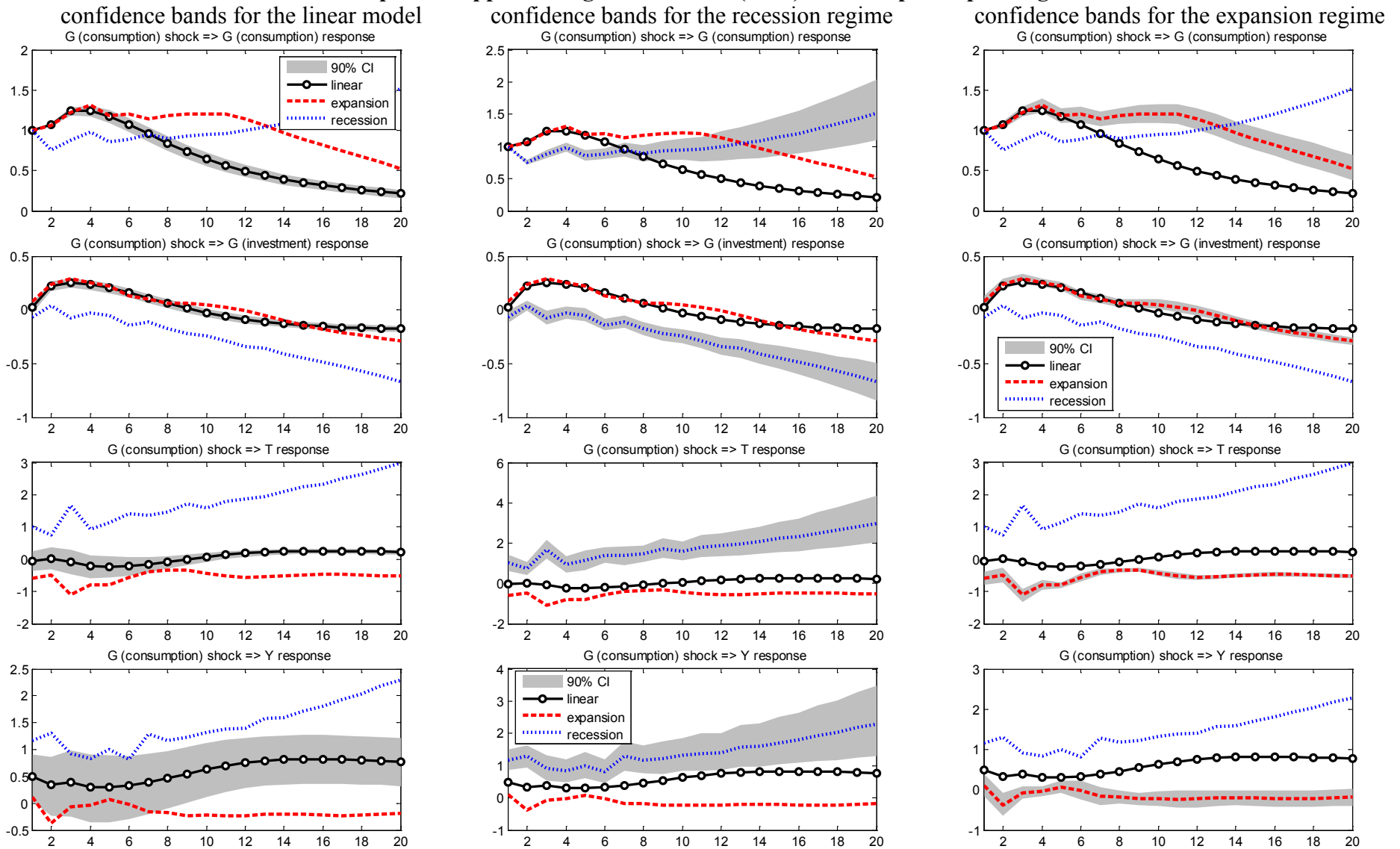
Notes: The figures show impulse responses to a \$1 increase in government defense spending. Shaded region is the 90% confidence interval. Dashed lines show the responses in expansionary (red, long dash) and recessionary (blue, short dash) regimes. The solid line with circles shows the response in the linear model.

Updated Appendix Figure A3 in AG(2012). Non-defense spending



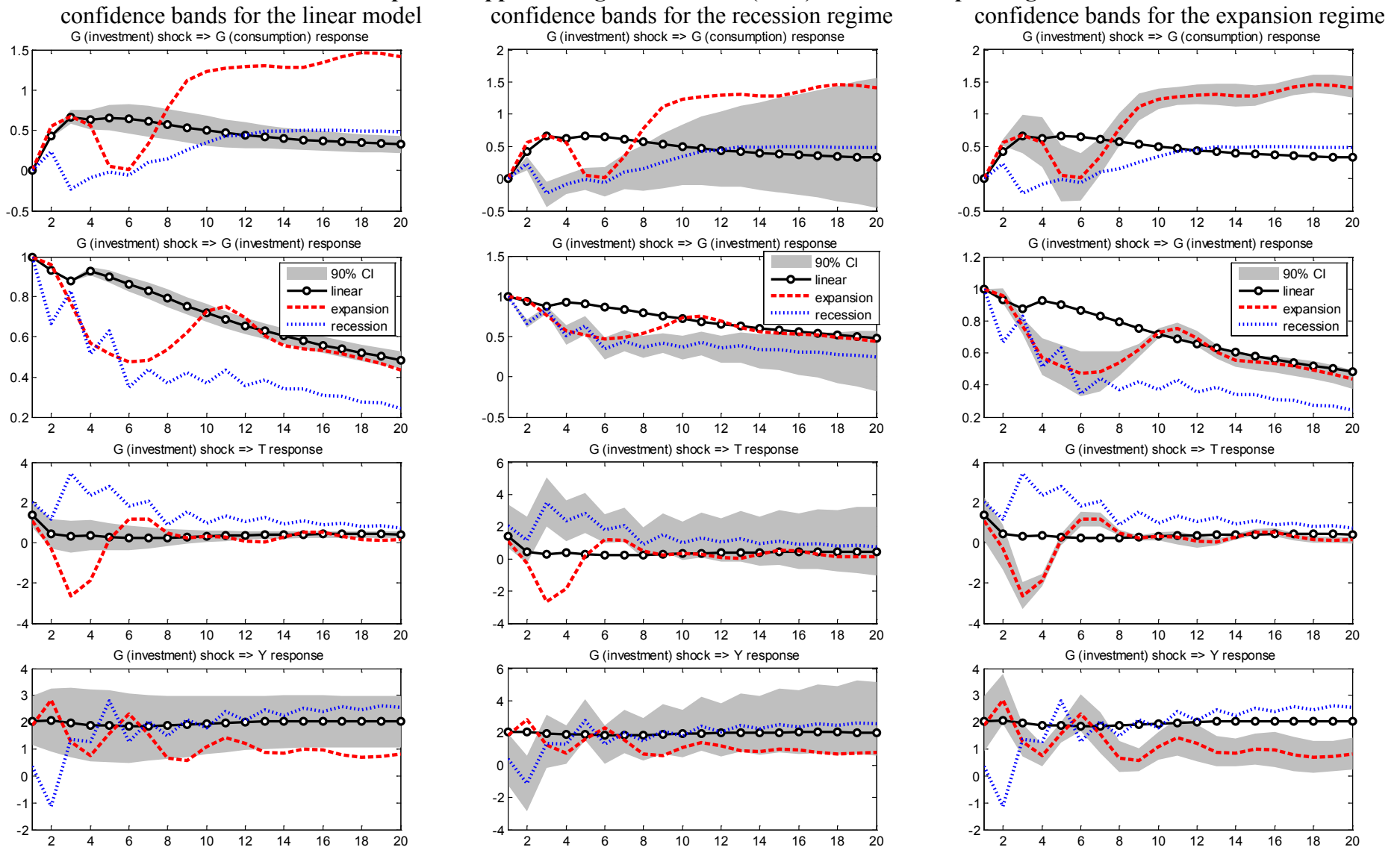
Notes: The figures show impulse responses to a \$1 increase in government non-defense spending. Shaded region is the 90% confidence interval. Dashed lines show the responses in expansionary (red, long dash) and recessionary (blue, short dash) regimes. The solid line with circles shows the response in the linear model.

Updated Appendix Figure A4 in AG (2012). Consumption spending



Notes: The figures show impulse responses to a \$1 increase in government consumption spending. Shaded region is the 90% confidence interval. Dashed lines show the responses in expansionary (red, long dash) and recessionary (blue, short dash) regimes. The solid line with circles shows the response in the linear model.

Updated Appendix Figure A5 in AG (2012). Investment spending



Notes: The figures show impulse responses to a \$1 increase in government investment spending. Shaded region is the 90% confidence interval. Dashed lines show the responses in expansionary (red, long dash) and recessionary (blue, short dash) regimes. The solid line with circles shows the response in the linear model.