

ReadMe

% ReadMe: codes for baseline model in Liu, Wang and Xu (2019)

% 2019/07/22

% 1. RunCalibration.m is for the calibration. Replicate Table 1

% 2. RunTransition.m computes the transition dynamics for baseline model. Replicate Figure 3

% 3. RunComputeWelfare.m compute the welfare implication of liberalization under different interest rate wedge ϕ . Replicate Figure 4

% 4. External functions:

% a. Fun_ek, Fun_g define partial expectations

% b. TransPath_DRS_Bench.mod dynare file for transition dynamics

% c. SolveAllSteadyState_SOE_Heter.m and SolveSteadyState_SOE_Heter.m, solve steady states

% d. fminsearchbnd, optimizer

% e. RunPlotFig.m, plots transition dynamics.