Data and Replication Code

Liu, Zheng, Mark M. Spiegel, and Jingyi Zhang, 2020, “Optimal Capital Account Liberalization in China.” *Journal of Monetary Economics*

This folder contains the data and replication code for the paper by Liu, Spiegel, and Zhang (2020).

1. The folder “LSZ\_BVAR” contains the data and Bayesian VAR code for replicating Figures 1 and 2 in the paper
   1. To replicate Figure 1, run “msprob” and choose option “1. Inflow shock”
   2. To replicate Figure 2, run “msprob” and choose option “2. Outflow shock”
2. The folder “LSZ\_model” contains the Dynare and Matlab code for simulating the calibrated general equilibrium model in the paper. The results were obtained by using Dynare version 4.4.3.
   1. The folders "steady state analysis - base model” contains the code for steady state analysis in the baseline model.
      1. Run “steady\_state\_analysis.m” to replicate Figures 3 and 4, showing the macro effects of capital inflow and outflow controls in the steady state.
      2. Run “steady\_state\_optimum.m” to replicate Figure 5, showing the optimal capital control policies under different degrees of financial repression
   2. The folders "transition dynamics - base model" and "transition dynamics - SOE bailout” contain the code for simulating the transition dynamics in the base model and the SOE bailout case.
      1. In each folder, run “transition\_optimization.m” to solve for optimal liberalization policy following a decline in SOE share and generate Table 2.