

# README for Matlab Codes

This folder contains all the matlab and dynare codes that replicate the quantitative results. Each subfolder corresponds to a different exercise, with a readme file inside for details.

Subfolder "StaticModel" contains codes for a numerical example of static model;

Subfolder "Benchmark" contains codes for the baseline model;

Subfolder "ChangeTau" contains codes for counterfactual exercise where output wedge on SOEs is removed;

Subfolder "ChangeTheta" contains codes for counterfactual exercise where POEs have equal credit access as that in SOEs;

Subfolder "App\_OneSector" contains codes for one-sector version of the model in the online appendix;

Steps for running the codes:

1. Open "StaticModel", run RunOptimalPhi.m to replicate Figure 2
2. Open "Benchmark", run RunTransition\_Bench.m to replicate Figure 3  
run RunComputeWelfare.m to replicate Figure 4  
run RunCalibration.m to replicate Table 1
3. Open subfolder "ChangeTau", run RunTransition\_Tau.d to replicate left column in Figure 5  
run RunComputeWelfare.m to replicate left panel in Figure 6
4. Open subfolder "ChangeTheta", run RunTransition\_FD.d to replicate right column in Figure 5  
run RunComputeWelfare.m to replicate right panel in Figure 6
5. Open subfolder "App\_OneSector", run RunTransition\_OneSector.m to replicate Figure B.1  
run RunComputeWelfare.m to replicate Figure B.2