Readme for the Replication Codes of "The Macroeconomic Effects of Goods and Labor Markets Deregulation"

Overview

The zipped folder contains the Matlab and Dynare files to reproduce the main results in "The Macroeconomic Effects of Goods and Labor Markets Deregulation." For the codes to run, you should add Dynare to the Matlab path. The results are generated using Dynare version 4.4.3 and Matlab version 2010a.

Content of the Folders

Folder	File	Description
model_simulations	run.m	choose options to reproduce a given figure/table
	calibration.m	calibration and initial steady state (high regulation)
	calibration_solver.m	function called by calibration.m
	newsteady.m	new steady state following a given market reform
	newsteady_solver.m	function called by newsteady.m
	transition.mod	plot IRFs following deregulation
	cycle_irf.mod	plot IRFs following productivity shock
	cycle_moments.mod	policy functions for second moments
	second_moments.m	compute second moments
	hpfast	hp filter data
	set_parameters_from_file	load .mat files when running the .mod file
	welfare	welfare calculations
var_simulations	run_var	choose options to estimate panel VAR
	load_data	load data
	create_lags_duco_duyr	create lagged variables
	hpfast	hp filter data
	var_chol_ident	function called by run_var (identify structural shocks)
	impulse_response_function	function called by var_chol_ident (construct IRFs)
	bootstrap_resampling	function called by var_chol_ident (confidence bands)
	plot_irfs	plot IRFs
	title_figures	create figure titles

Figures and Tables

1. In order to reproduce Figures 2 to 6, run the script "run.m" in the folder model_simulations. For a given figure, set the values of the indicators appearing at the beginning of the script as detailed below. (See the script for detailed comments about each indicator). Only one figure at the time can be reproduced.

	deterministicI	reformI	pmrI	fcI	ubI
Figure 2	1	1	1	0	0
Figure 3	1	1	0	1	0
Figure 4	1	1	0	0	1
Figure 5	1	1	1	1	1
Figure 6, Solid line	0	0	0	0	0
Figure 6, Triangle-point line	0	1	0	1	0
Figure 6, Squared-point line	0	1	1	0	1
Figure 6, Circled-point line	0	1	1	1	1

2. In order to reproduce Figure 7:

   (a) Open the script "run_var.m" in the folder var_simulations.

   (b) Choose the variables to be included in the regressions: For the first row in Figure 7, select variables [2 5 6 7]; For the second row, select variables [3 5 6 7]; For the third row, select [4 5 6 7].

   (c) Run the code.

3. In order to reproduce Tables 4-6, run the script "run.m" in the folder model_simulations. For a given table, set the values of the indicators appearing at the beginning of the script as detailed below. Only one table at the time can be reproduced.

	deterministicI	reformI	momentsI	pmrI	fcI	ubI
Table 4	0	0	1	0	0	0
Table 5, Column I	0	0	1	0	0	0
Table 5, Column II	0	1	1	1	0	0
Table 5, Column III	0	1	1	0	1	0
Table 5, Column IV	0	1	1	0	0	1
Table 5, Column V	0	1	1	1	1	1
Table 6	run "welfare.m" after producing Figures 2-5 and/or Table 5					