Replication Files

There are four matlab programs for the paper: “The distribution of wealth and fiscal policy in economies with finitely lived agents” by Jess Benhabib, Alberto Bisin and Shenghao Zhu, MS# 8416-3

1. corriidy103ch.m

Computes Gini, Tail Index, Quintiles and Lorentz curve, capital-labor ratio, plus mean, coeff of variation, and stdev of return on the stationary distribution plus other variables for internal check of consistency (mean and range of alpha)for various values of persistence and tax parameters for benchmark parameters of the model.

Since the program runs through all taxes, zeta (capital tax) and b (estate tax), and epsilons in the transition matrix, it takes a very longtime, over a day for each iteration, averaged overed over nn=80 iterations. So for shorter runs decrease nn, and shorten the loops for epsilon, and taxes b and zeta. nn is now set at 40 but 80 is better and takes about 30 minutes for each parameter configuration.

2. corriidy103chb.m

Same as the program corriidych.m, except that the transition matrix on returns is changed to non-benchmark values to check for robustness. Here iterations nn are set to 1, and taxes are only for benchmark values, zeta=0.15, b=0.2.

3. epcor.m

This program computes the relationship between epsilon (persistence) parameter in the transition matrix and coefficient of correlation of r, computed through simulations for two separate cases of the transition matrix and the state space for returns, one benchmark, and another used in robustness checks.

4. logutility.m

For the log utility case to check that benchmark parameters satisfyoing assumptions are reasonable: fix state space for three elements of the return and compute the range for the highest return