

Notes on the Program

1. This package contains the MATLAB program that we use to estimate parameters α , β , δ , and γ . Note that the values of α and β correspond to our original setting, as in *On the Size Distribution of Macroeconomic Disasters* (NBER Working Paper 15247). Subtracting 1 from α and β obtained with this MATLAB program gives the values of α and β in the paper.
2. In this package, there are two main programs, one for C disasters and one for GDP disasters, and several functions (as separate M-files) that will be called during the calculation. Running the main programs will give the point and bootstrap estimates of parameters α , β , and δ .
3. Given parameter values, we can find the corresponding equity premium value using the function `Equity_Pre.m`. Note that within its domain, equity premium is an increasing function of γ . With this property, it is not hard to find the value of γ that corresponds to a 5% equity premium with the function `Equity_Pre.m`.