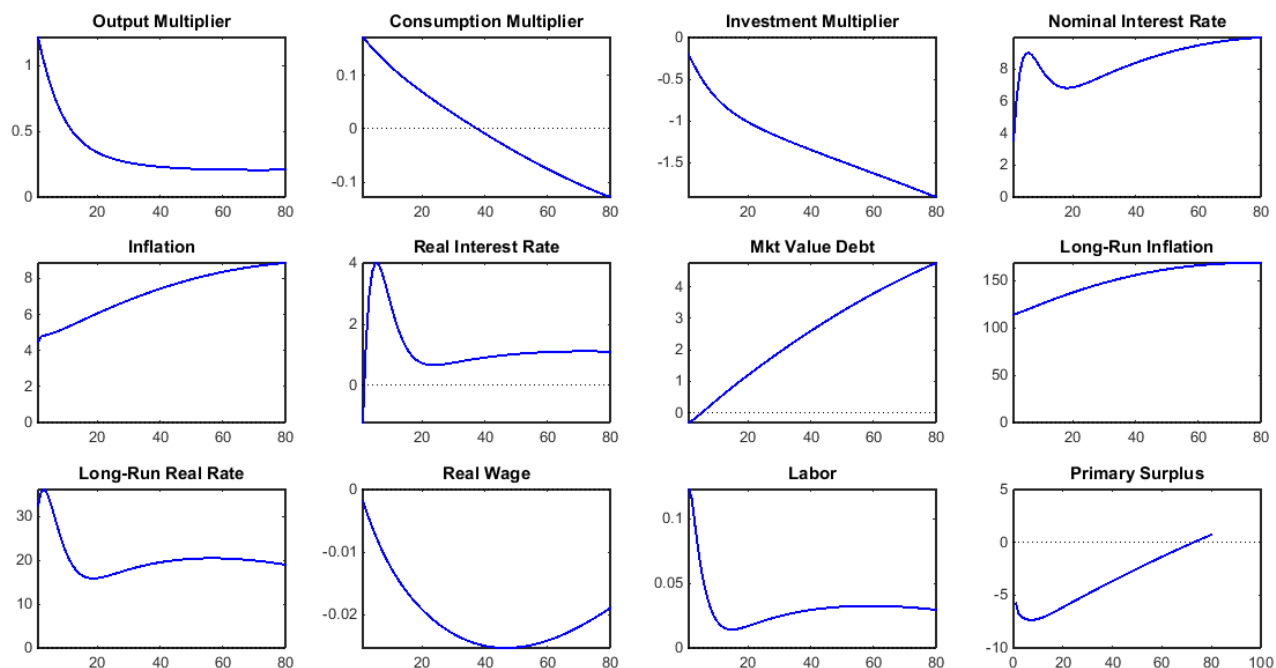
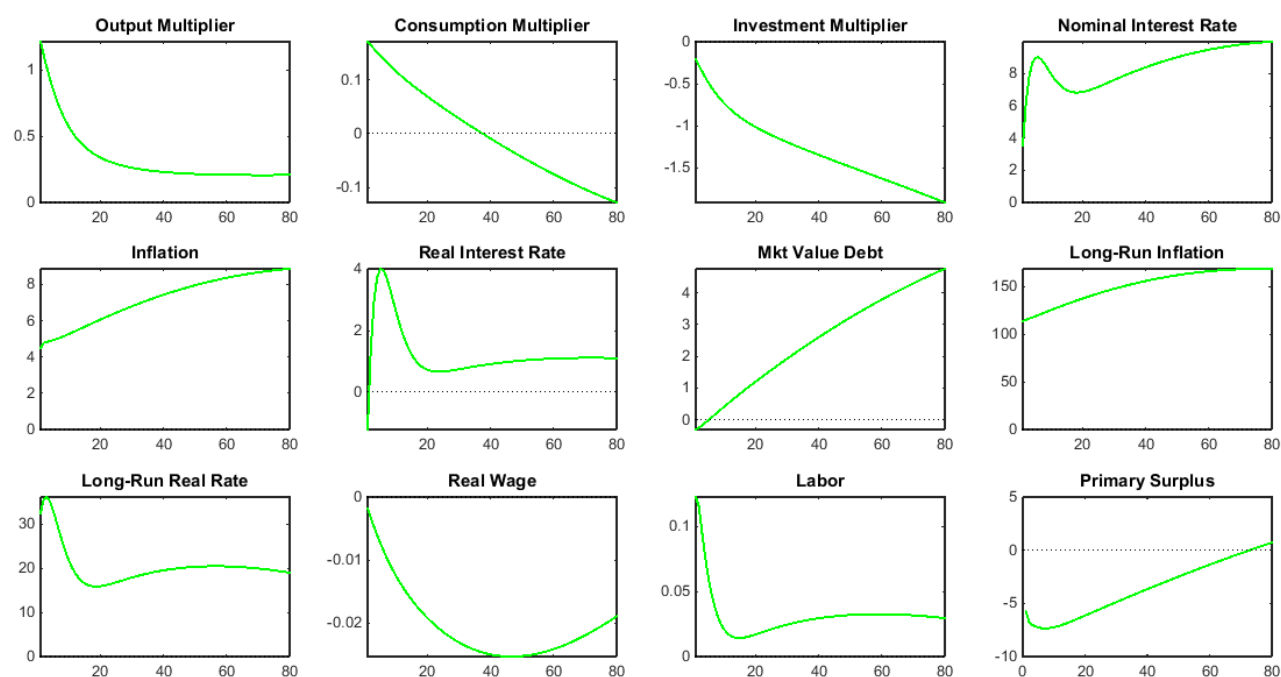


Original Code (posterior_multiplier_counterfactuals.m)



Replication (Dynare)



Original Figure from Paper (Figure 5)

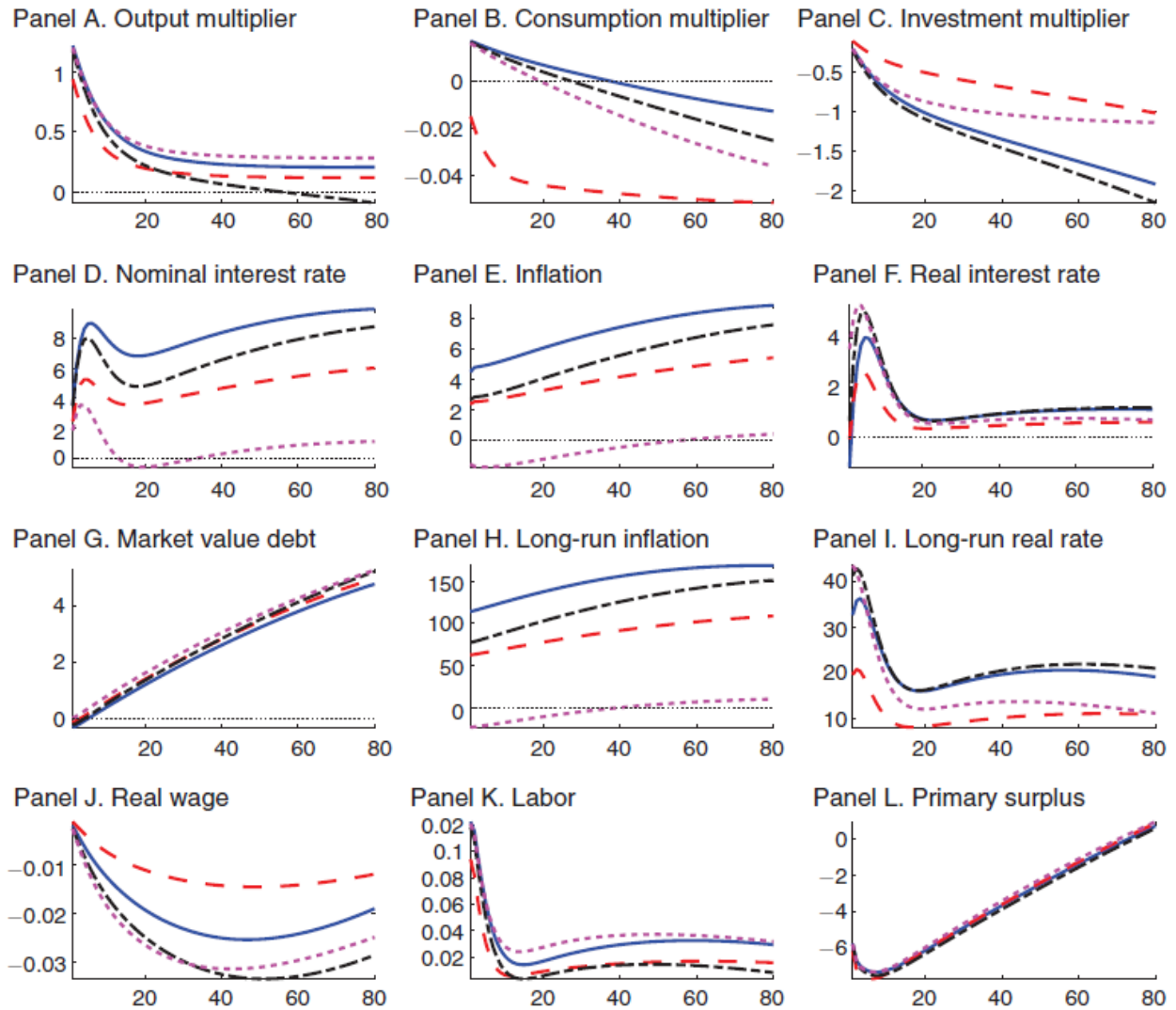


FIGURE 5

Notes: Counterfactual posterior mean responses to a government spending increase in estimated regime M, 1955:I–2007:IV. Baseline estimates (solid lines); lower habits, $\theta = 0.8$ and no government spending in utility, $\alpha_G = 0$ (dashed lines) more aggressive monetary policy, $\phi_\pi = 1.5$ and $\phi_y = 0.2$ (dotted-dashed lines); Ricardian model, $\gamma_G = 0$, $\gamma_Z = 0.2$ (dotted lines). Top panels are present value multipliers for output, consumption and investment, interest rates and inflation rates are converted to annualized basis points, and the remaining variables are in percentage deviations from steady state.