Code for: Imperfect Financial Markets and Investment Inefficiencies

(American Economic Review, AER 2017-0725)

Elias Albagli, Central Bank of Chile

Christian Hellwig, Toulouse School of Economics

Aleh Tsyvinski, Yale University

Summary

The code repository for this paper contains two program files to generate figures 1, 3 and 5 in the manuscript using matlab. These files are stored in the folder labelled "Codes":

"Incentives_code_market_stage_Fig_1" provides the matlab code to compute P(z) and V(z) plotted in Figure 1.

"Incentives_code_PE_GE_Figs_3_5" provides the matlab code that computes the investment distortions and welfare losses that are plotted in Figure 3 (Partial equilibrium) and Figure 5 (general equilibrium).

Figures 2 and 4 in the paper are drawn manually using power point. The source files are provided along with the submission. We added the powerpoint to the file depository for verification.

This paper does not involve analysis of external data.

Software and Computational requirements

Both files should run on standard office computers using a recent version of matlab. Files were tested using matlab R2020a on a 2022 vintage laptop, with no additional software requirements.

Instructions

To replicate the figures, just open and run each code in matlab.

Incentives_code_market_stage_Fig_1 took less than 10 seconds to run. It produces the graphics for Figure 1 in the paper.

Incentives_code_PE_GE_Figs_3_5 took about 3 minutes to run. This code produces three graphics, labelled figures 3, 5 and 6. "figure 3" is used to produce the graphics for Figure 3 in the paper, while "figure 5" and "figure 6" are merged to produce the graphics in Figure 5 in the paper (top and bottom panels).