"Understanding the Size of the Fiscal Multiplier: It's in the Sign"
Barnichon, Debortoli, Matthes (2020)

This folder contains the code to solve and simulate the theoretical model of Section 6.

The main file is **main.m**. It calls the following functions:

- **Calib_gammas:** file to calibrate the parameters of downward wage ridigity, given target momens
- **model_colloc.m**: function containing the model equations to be satisfied
- **GetVar.m :** function to calculate all the model variables, for a given guess of the policy functions
- **Do_FigureMultiplier.m:** file to plot Figure 10.

Note: to obtain the results for the case with full insurance and constant elasticity (Table 4), run the main.m file, turning on the option do_fullins (line 43) or do_constantelast.

The solution method make use of the COMPECON toolbox, see *Applied Computational Economics and Finance*, Mario J. Miranda & Paul L. Fackler, MIT Press (MATLAB 64-bit version provided in the subfolder CEtools).