QMM1

HW 5

By Filip Mellgren

Fall 2022

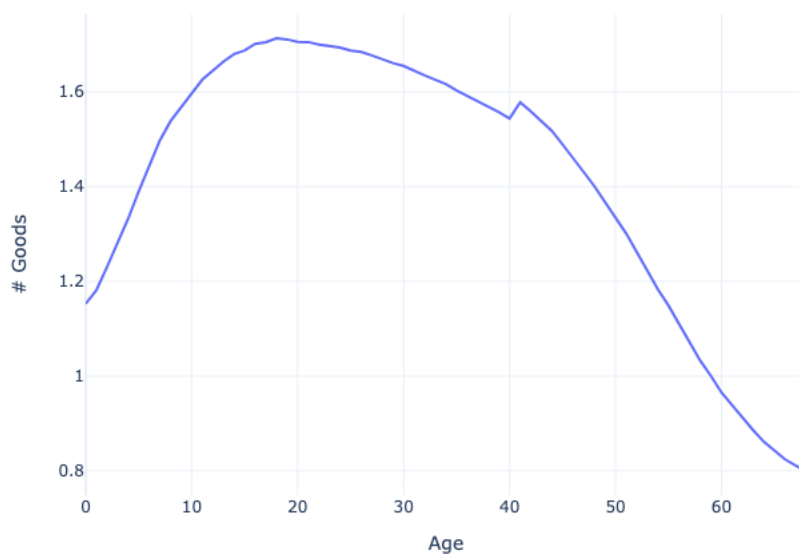## 1 Problems

Here is a link to my code: https://github.com/filipmellgren/QMM/tree/main/ps4.
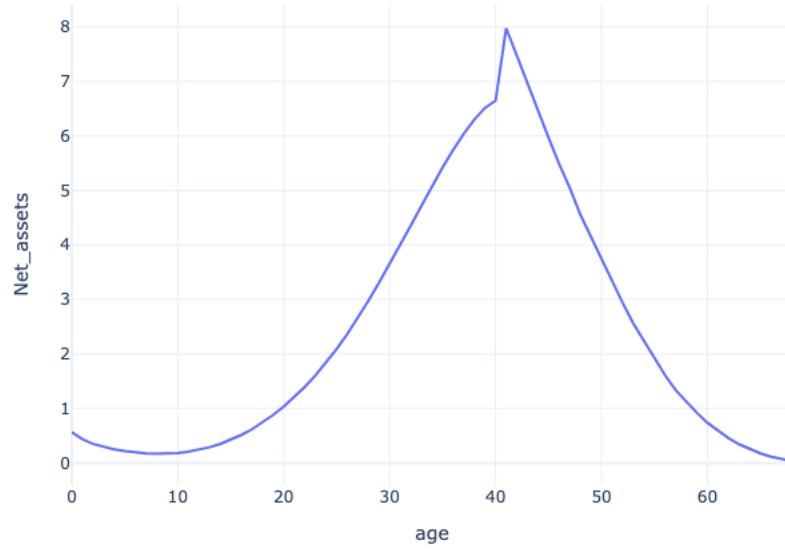
Thanks to Tom and Jonas for pointing out bugs in my code.

1. Bequest questions

Solution:
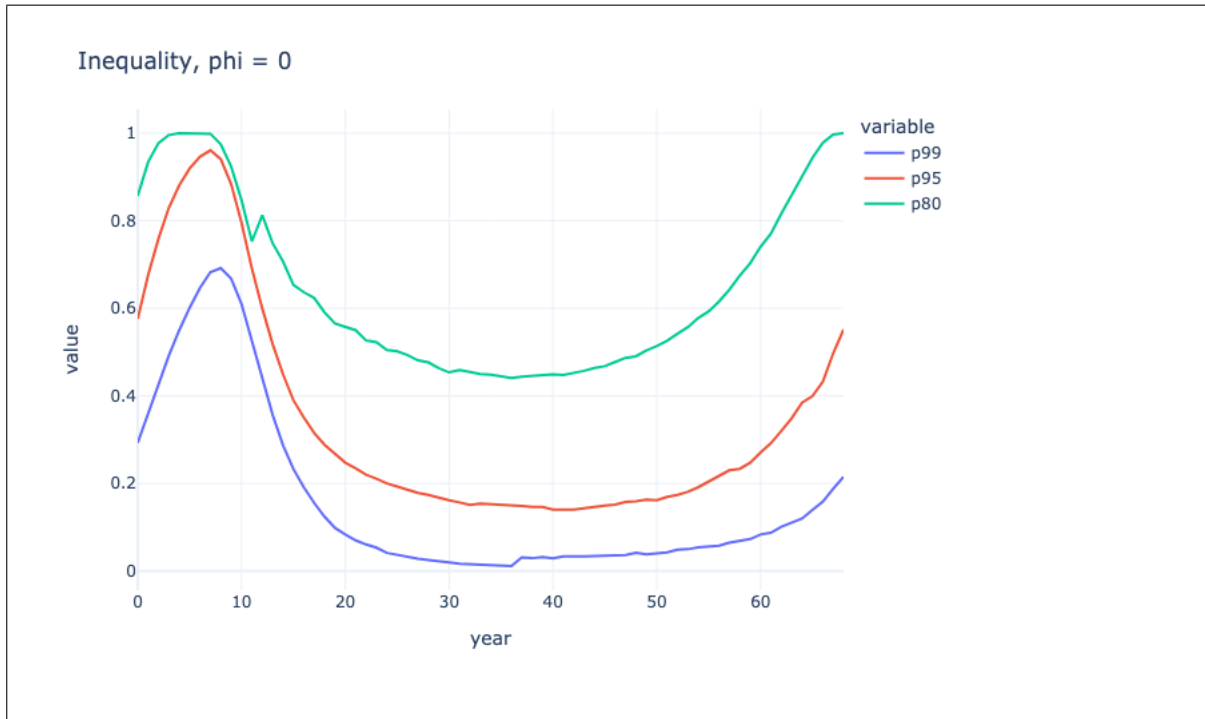
Average consumption, phi = 0

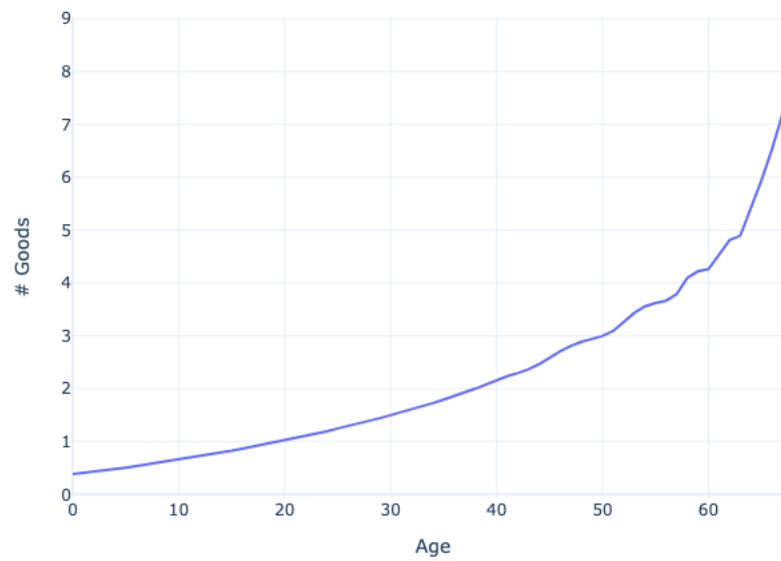## Average Assets, phi = 0

Gini, phi = 0

Inequality, phi = 0
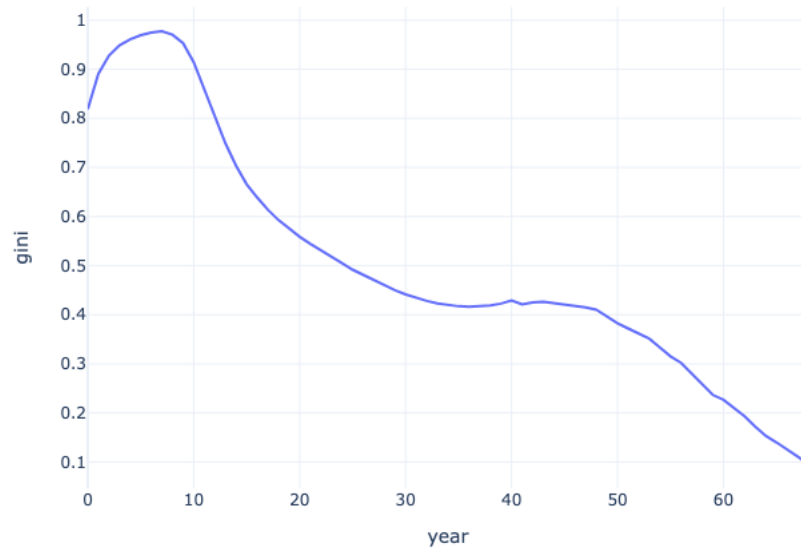
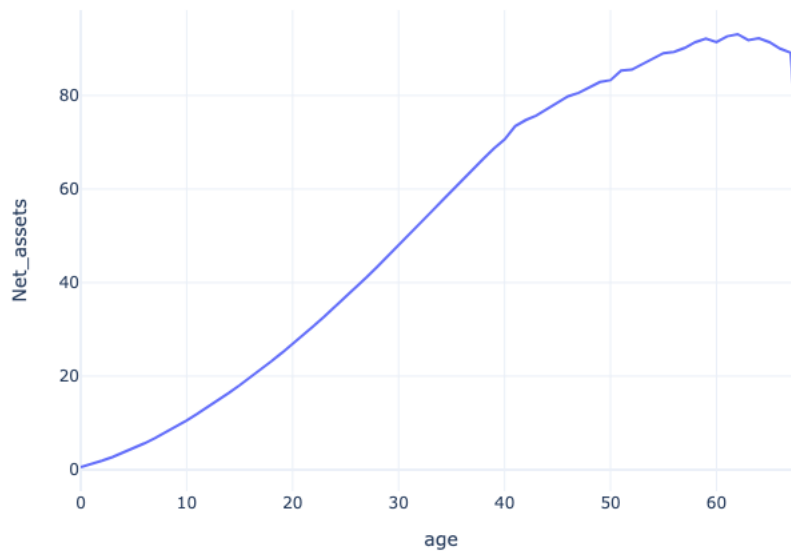2. Life cycle paths of savings and consumption, and Lorenz curve

Solution:

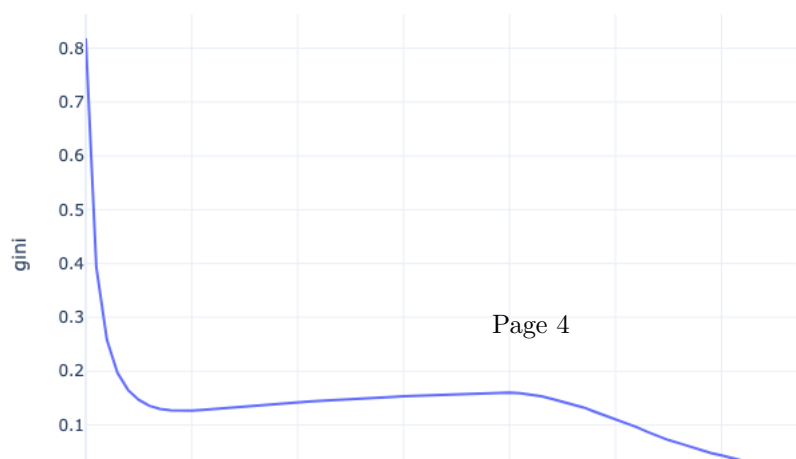3. Add bequest motive with $\phi_1 = -10$
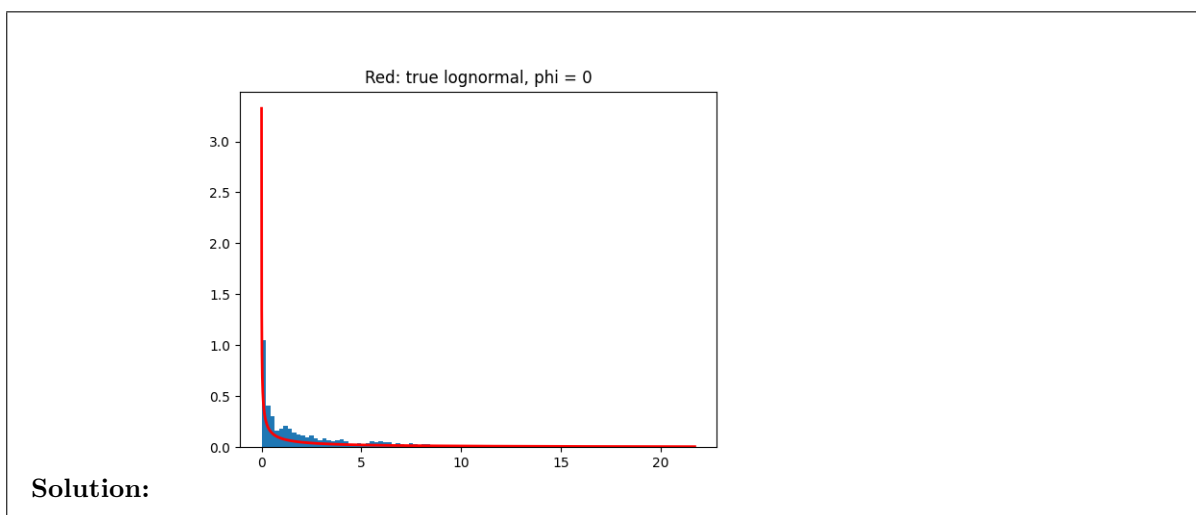
Average consumption, phi = -10
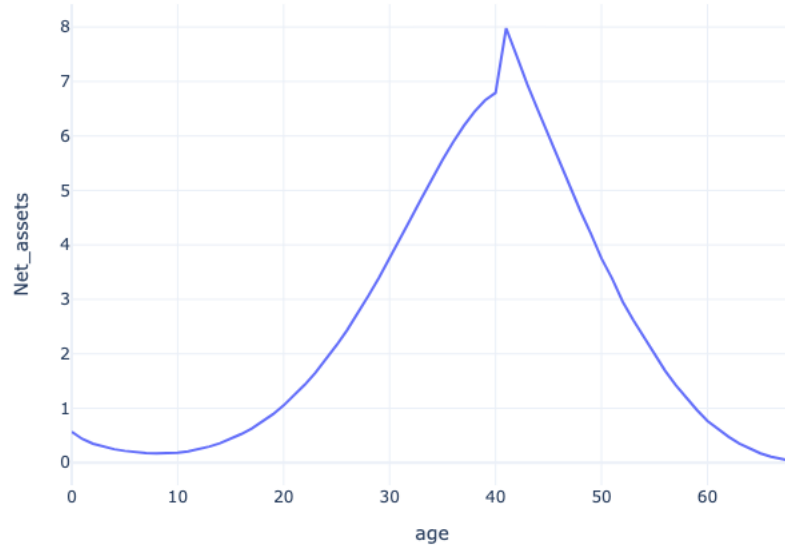
Solution:

Average Assets, phi = -10

Gini, phi = -10

4. density comparison

Red: true lognormal, phi = 0

Solution:

5. Tax increase

Average consumption, phi = 0

Solution:

Average Assets, phi = 0

Gini, phi = 0

Inequality, phi = 0