

CALIBRATED PARAMETER VALUES

σ	2	coefficient of relative risk aversion
α	0.58	labor share
β		is set so that the steady state annual real interest rate is 6.5%
γ	1.004	the average quarterly gross growth rate of the economy
δ	0.025	quarterly depreciation rate
η	15	the elasticity of the investment-capital ratio with respect to Tobin's Q
