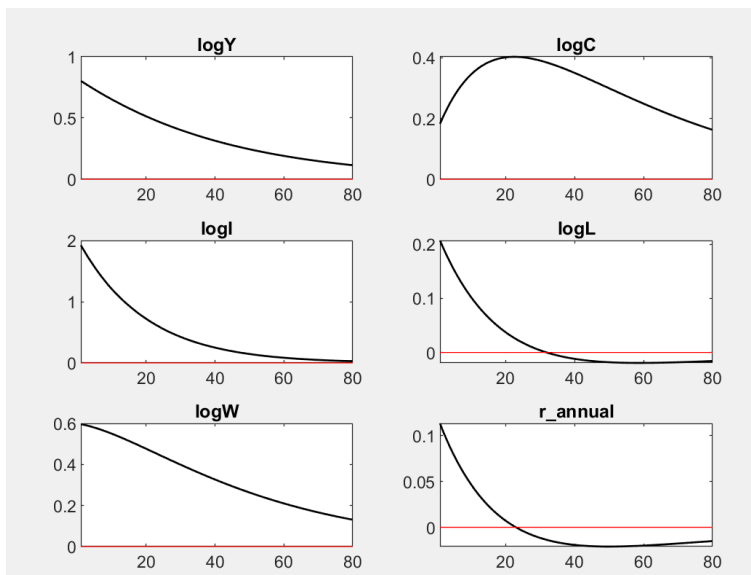


Firms Dynamics

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Figure 1: "Impulse responses with $\alpha = 0.5$ "



Solving Representative agent RBC model with Dynare

Change a parameter value

Changing α from $\frac{1}{3}$ to 0.5 in the production function decreases the share of labor in the production. Therefore labor is less responsive to productivity shocks.

Figure 2: "Impulse responses with $\alpha = \frac{1}{3}$ "

