

Computational Macroeconomics

Problem Set 3 & 4 Selected Answers

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Problem Set 3: Moments

	Benchmark	
	$\theta > 0$	$\theta = 0$
Aggregate Capital	3.3578	4.6546
Aggregate Labor	0.3433	0.3663
Wage Rate	1.4546	1.5982
Interest Rate (%)	2.3644	1.0753
Pension Benefit	0.2251	0
Total Welfare	-35.7848	-37.2340
Coeff. of Variation	1.4727	1.3178

Table 1: Aggregates

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Problem 4: Transition Paths

Figure 1: Transition Paths
— Unanticipated Shock —

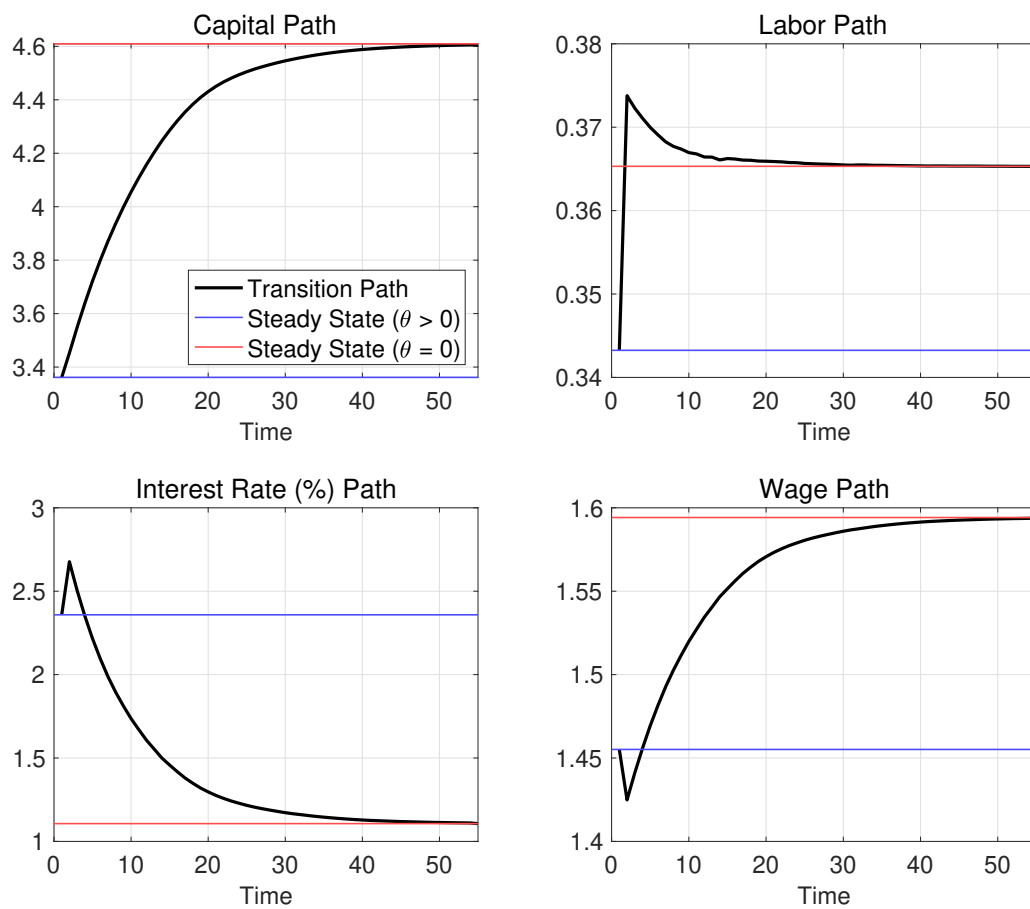


Figure 2: Welfare Results
— Unanticipated Shock —

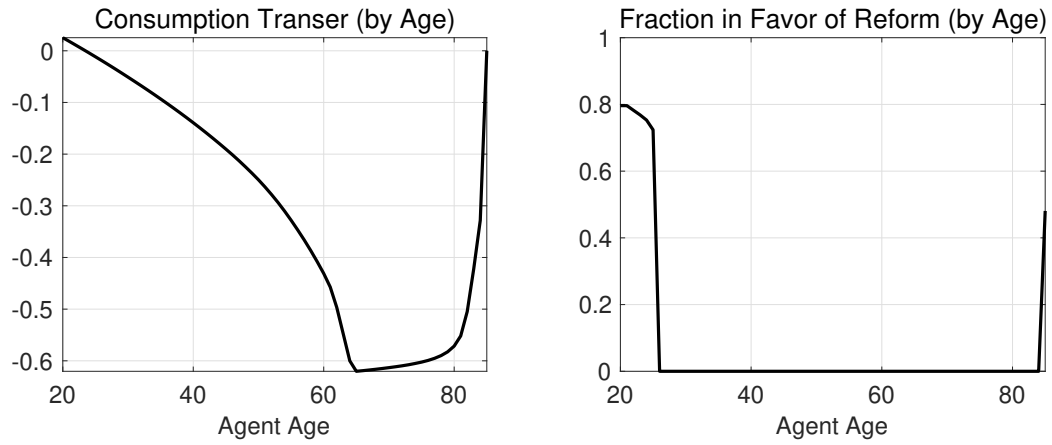


Figure 3: Transition Paths
— Anticipated Shock —

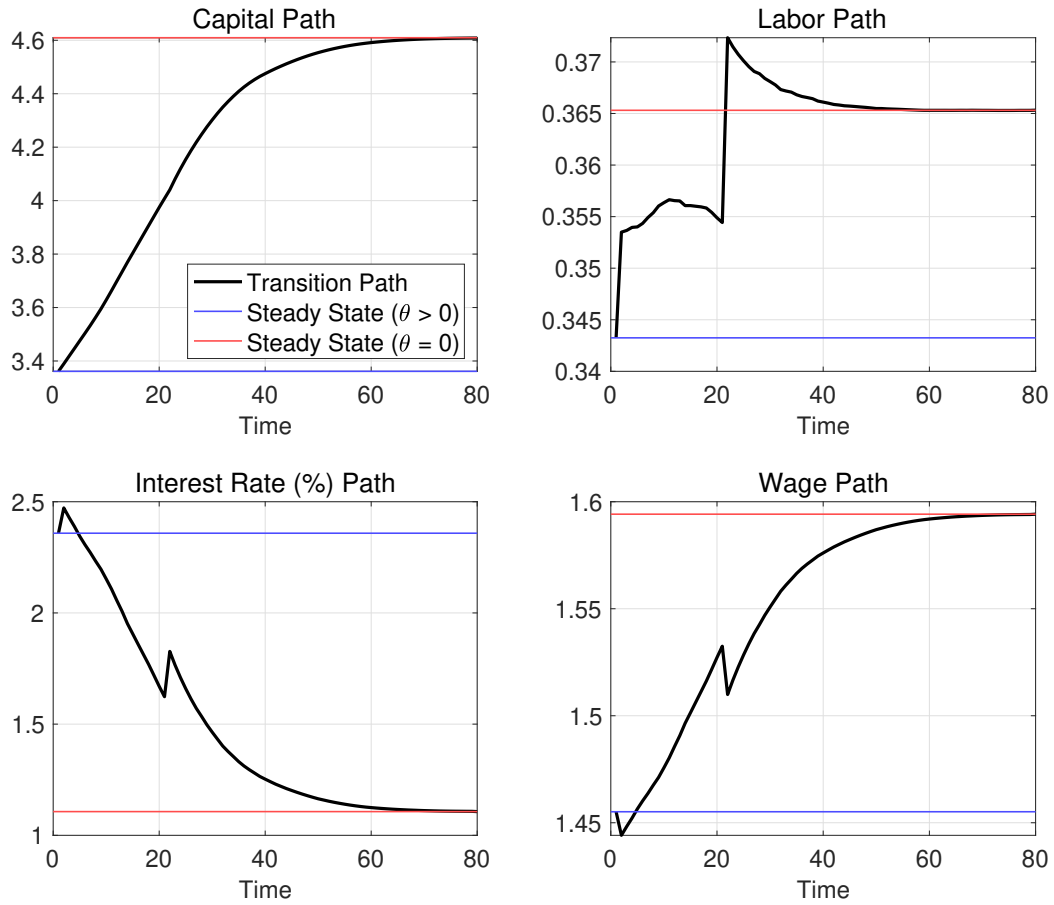


Figure 4: Welfare Results
— Anticipated Shock —

