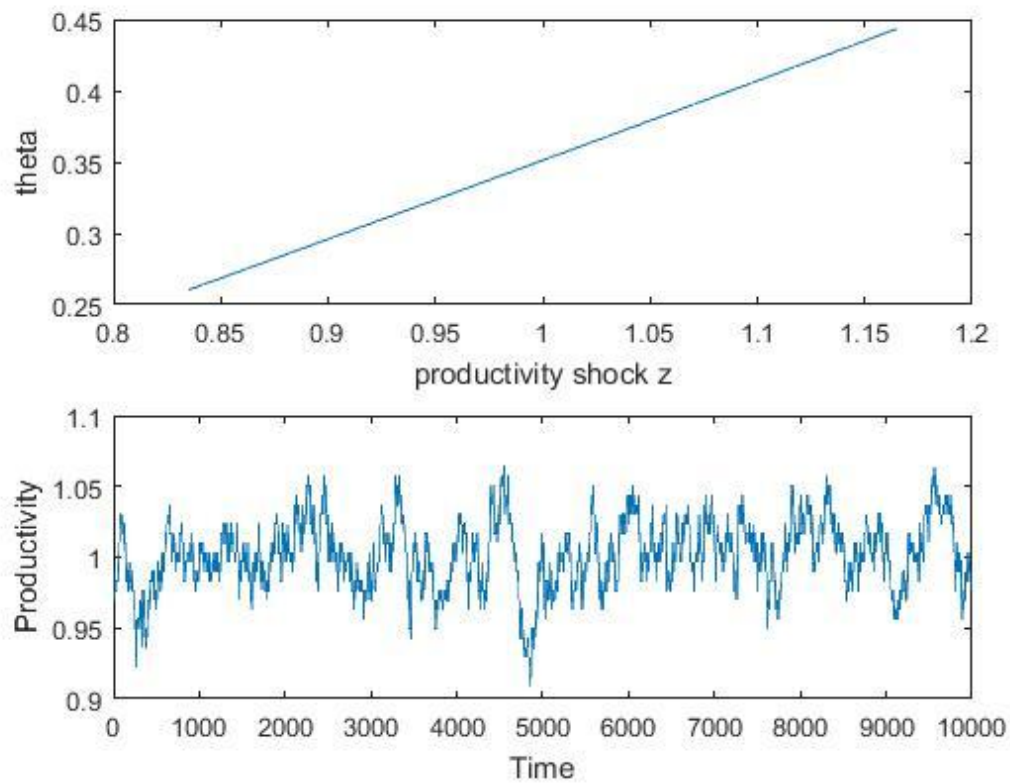


## Question 1

The figure is as follows:

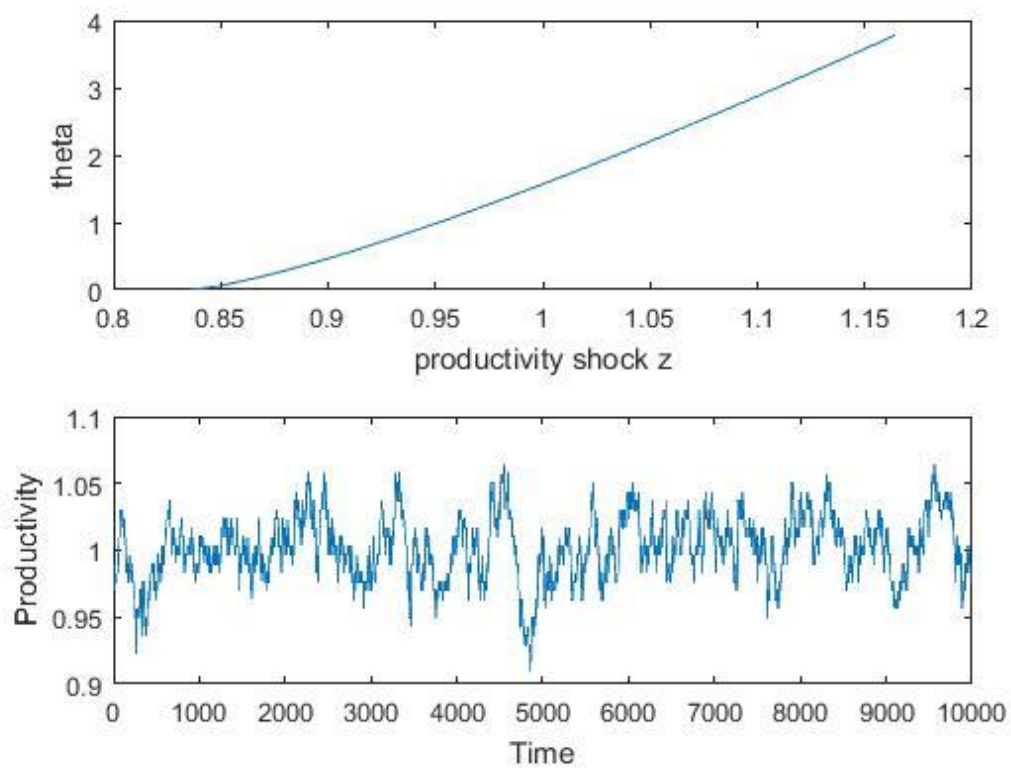


We can see that:

- (1) The slope is relatively flat in the first diagram.
- (2) The productivity in the simulated economy is quite persistent because the process is AR(1) process.
- (3) Market tightness is a function of the productivity.

### Question 3

The alternative calibration result is as follows:



We can see that:

- (1) The slope is much steeper than the Question 1.
- (2) Since the worker's bargaining weight is lower and the unemployment benefit is higher, the labor decision responds more to the change in productivity.