

Readme File: Replication „Thoughts on a Fiscal Union in EMU”

1. The main File is the Matlab File: “Fiscal_Union_main.m “

This file calls the baseline DSGE-Model without a Fiscal Union scenario “Buba_Fiskal_Erweiterung_FU_baseline”. This file is a .mod file, as all the model files are written in Dynare.

The Fiscal Union scenarios are given by the three .mod files:

- Buba_Fiskal_Erweiterung_FU_Eq.mod (for the Rev. Equalisation Scheme)
- Buba_Fiskal_Erweiterung_FU_TH.mod (for the Tax Harmonization Scheme)
- Buba_Fiskal_Erweiterung_FU_CA.mod (for the full Fiscal Union Scheme)

2. The Impulse Responses (Graphs 2 and 3) are then generated by the Matlab File: “Figures.m”
3. The Counterfactual Analysis and Graph 5 is plotted with the Matlab File: “Counterfactual.m”
4. The transition from the baseline to the various forms of a fiscal union is first calculated in the different “Buba_Fiskal_Erweiterung_FU_..._Trans.mod” files (where ... stands for Eq, TH, CA respectively). The figure which results and which is Graph 1 in the paper is plotted with the Matlab File “Figure2”.
5. Lastly the Main-File calls the different Dynare Programs that carry out the welfare analysis for all scenarios which are written down in an Excel File.