

Exercises using "business_cycle"

- 1) How is the impulse response function changed with changes in beta?
Why does this happen?
- 2) How is the impulse response function changed with changes in theta?
What is going on?
- 3) Gradually increase gamma. What happens to the impulse response functions? Why?
- 4) Gradually increase delta. How do the impulse response functions change?
Why?
- 5) Run simulations with each of the above sets of changes. How does the time path of output, consumption, and investment change with the changes in the parameters?