Readme for Code Packet for "Finance Uncertainty Multiplier"

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This file contains an overview of the code packet for the solution and simulation of the FUM model, outlining the purpose of each file. The individual files are liberally documented. However, the code packet can be broken into two main groups.

The purposes of each are:

1. Solution and simulation of the baseline general equilibrium model with real and financial adjustment costs, and the Simulation of the general equilibrium models to compute impulse responses.

2. Solution and simulation of the general equilibrium model with only real adjustment costs, and the simulation of the general equilibrium models to compute impulse responses.

A more detailed discussion of each group of files follows below.

Group #1: Solution and Simulation of the Baseline General Equilibrium Model

1. ks_het_firms_baseline. This file contains the main body of the code, solving and simulating the baseline model unconditionally.
2. GE_IRF_Baseline. This file simulates and computes impulse responses of the baseline model.

Group #2: Solution and Simulation of the General Equilibrium Model with only Real Adjustment Costs

3. ks_het_firms_real_only. This file contains the main body of the code, solving and simulating the real-only model unconditionally.
4. GE_IRF_Real_Only. This file simulates and computes impulse responses of the real-only model.

5. plot_policy_IRF. This file plots the policy functions of the baseline model and the impulse responses of the baseline model and the real only model.

Lastly, plot_aggregate_vix.m plots the aggregate quantities and the VIX.