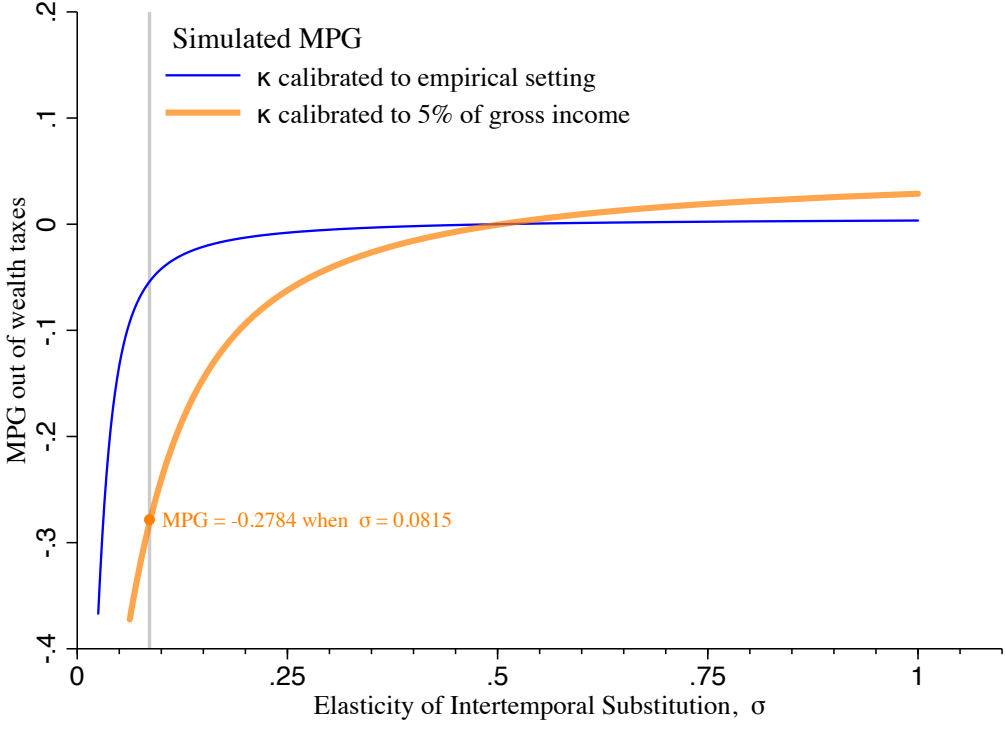
Simulated MPG
κ calibrated to empirical setting
κ calibrated to 5% of gross income
MPG out of wealth taxes
.2
.1
0
-.1
-.2
-.3
-.4
MPG = -0.2784 when σ = 0.0815
0
.25
.5
.75
1
Elasticity of Intertemporal Substitution, σ