

Figures to:

The one-good, one-shock  
RBC model (2)

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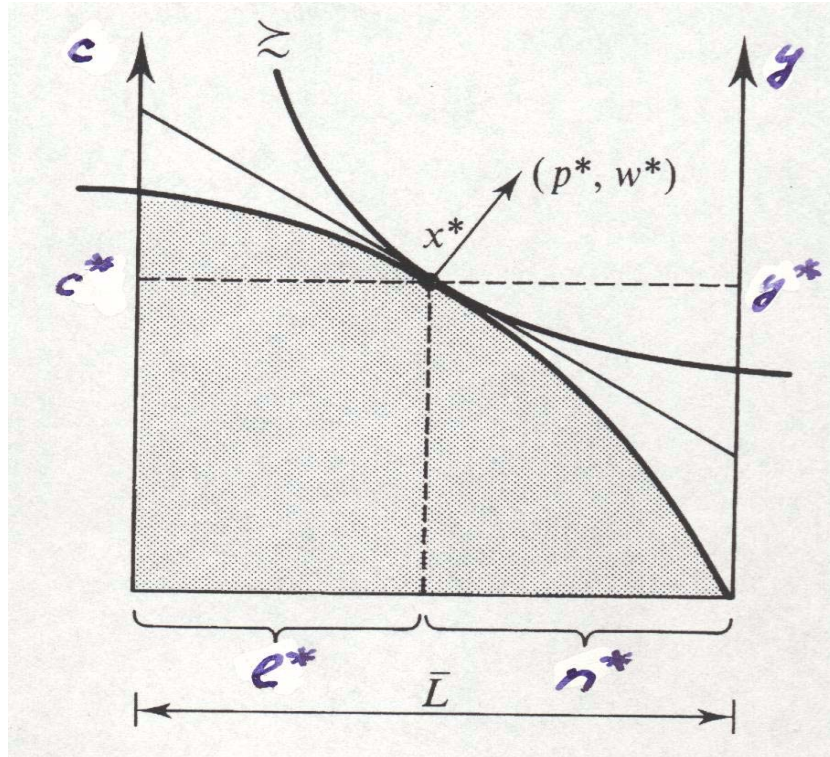


FIGURE 1: COMBINING INDIFFERENCE CURVE AND RESOURCE CONSTRAINT  
(TAKEN FROM MAS-COLELL ET AL. [6])

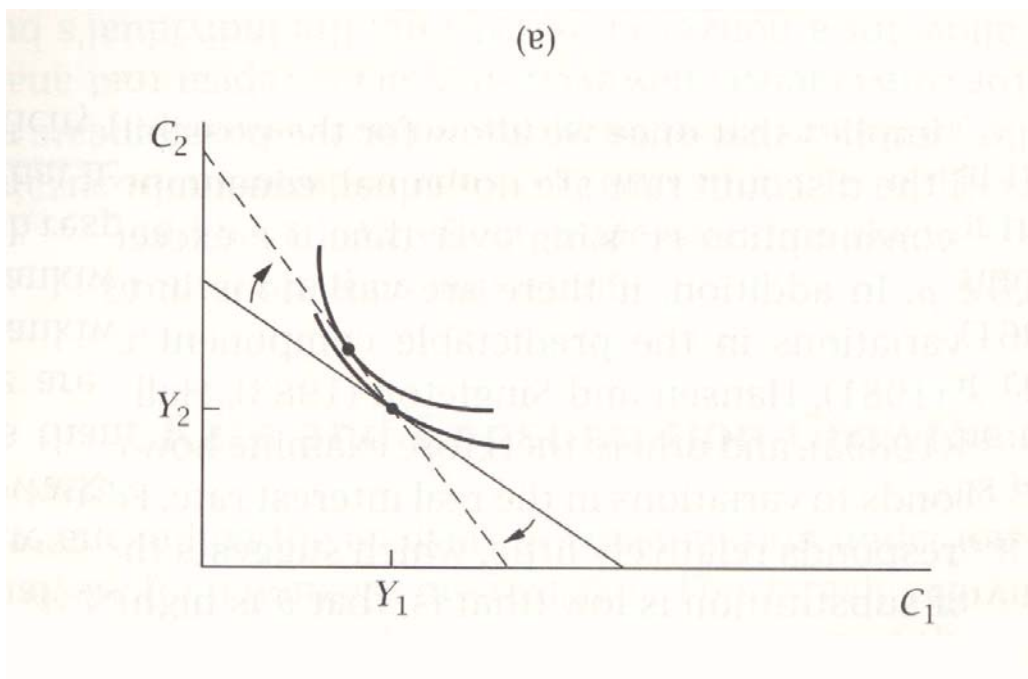


FIGURE 2: INTEREST RATE AND SAVING IN THE TWO-PERIOD CASE  
(ROMER [8], FIG 7.2)

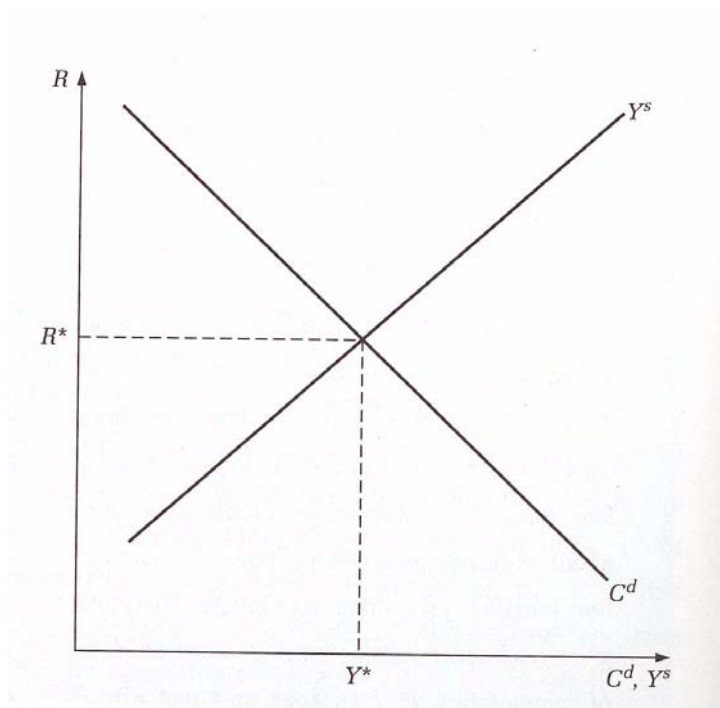


FIGURE 3: MARKET CLEARING: BARRO [1], FIGURE 5.1

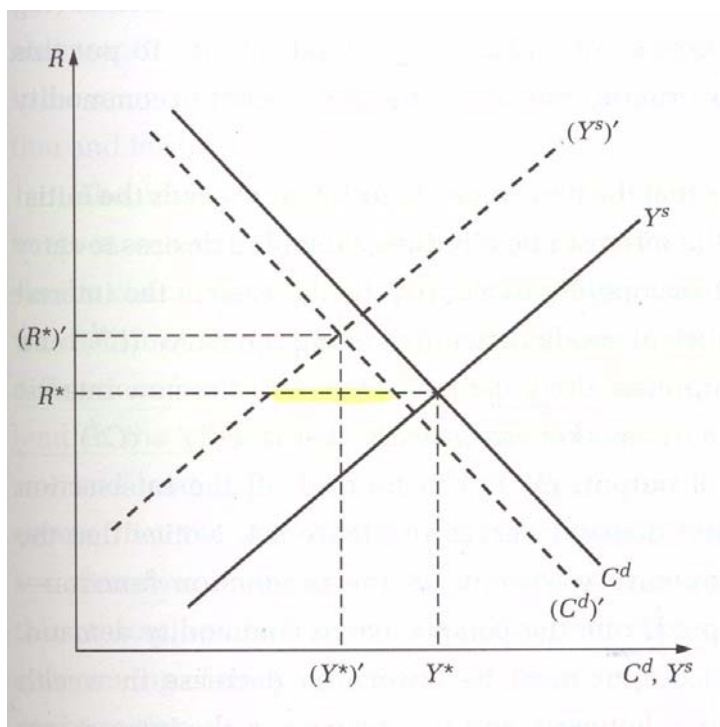


FIGURE 4: TEMPORARY DOWNWARD SHIFT: BARRO [1]  
FIGURE 5.4

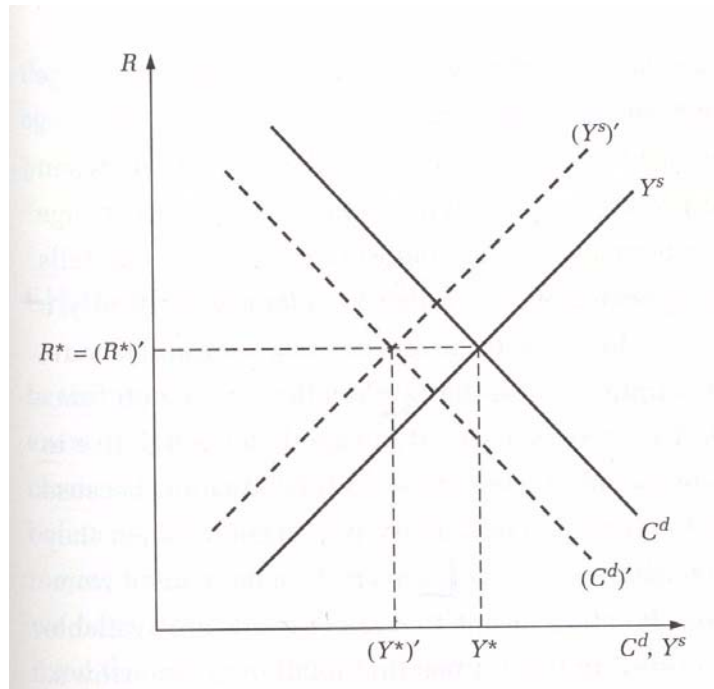


FIGURE 5: PERMANENT DOWNWARD SHIFT: BARRO [1]  
FIGURE 5.7

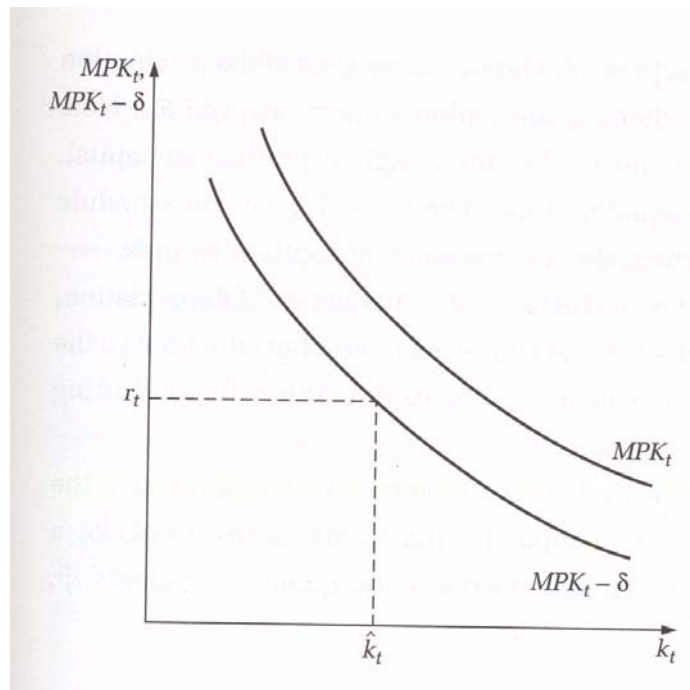


FIGURE 6: INVESTMENT AND CAPITAL: BARRO [1],  
FIGURE 9.6

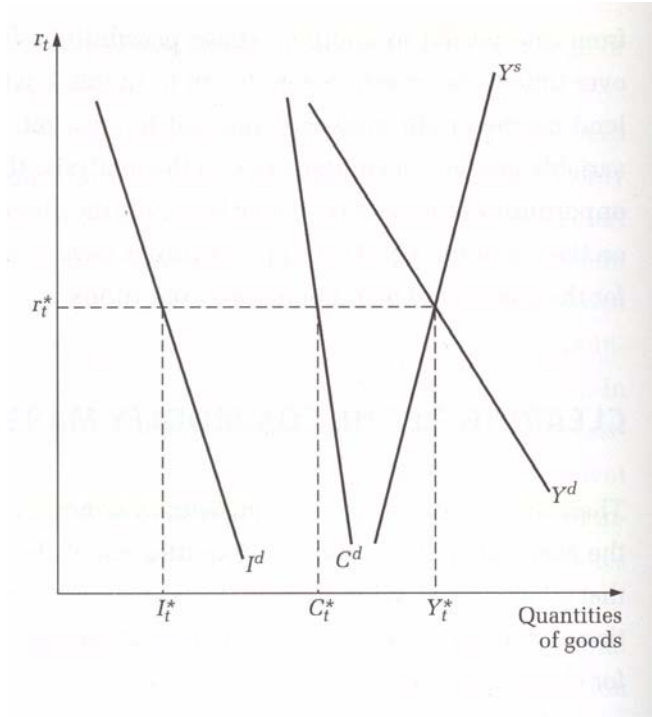


FIGURE 7: FULL-FLEDGED RBC MODEL: BARRO [1],  
FIGURE 9.7

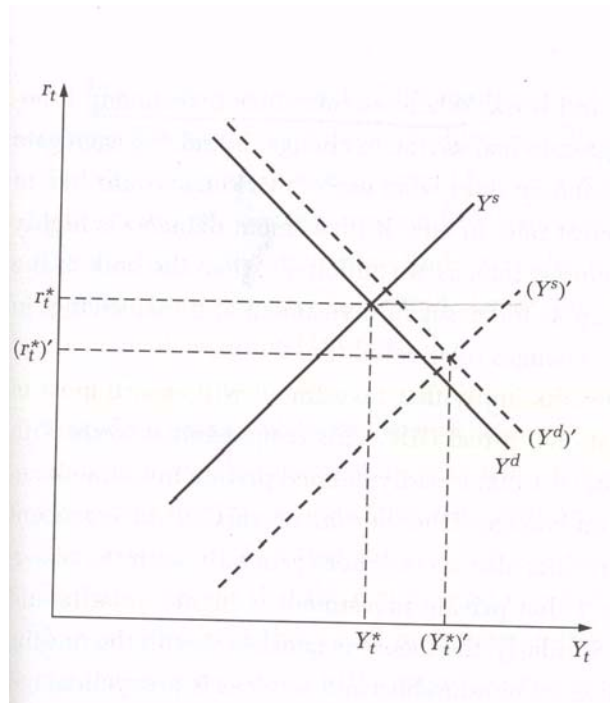


FIGURE 8: TEMPORARY UPWARD SHIFT: BARRO [1],  
FIGURE 9.8

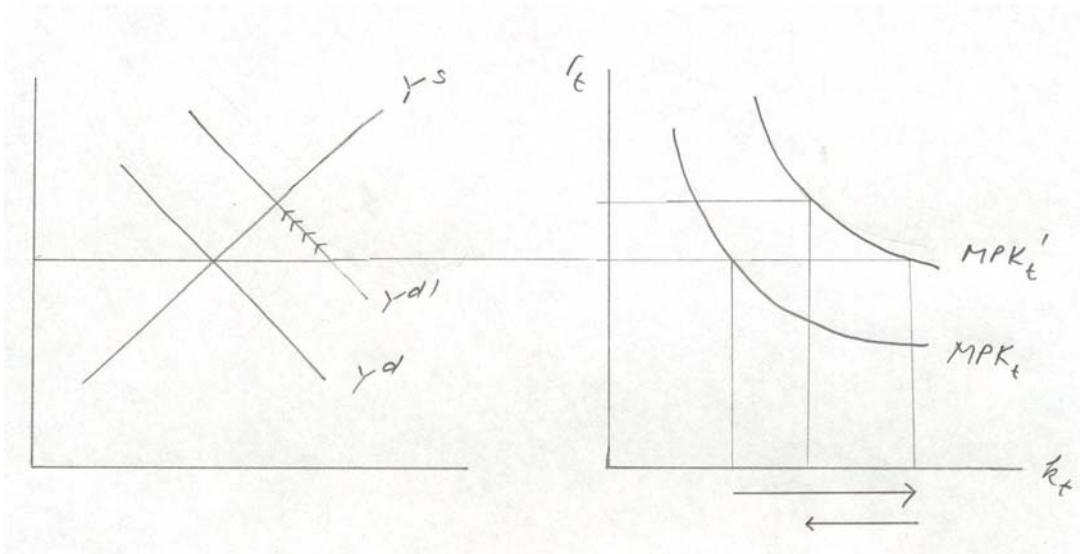


FIGURE 9: TEMPORARY UPWARD SHIFT OF  $MPK_t$

Table 3  
Business cycle statistics for basic RBC model<sup>a,b</sup>

	Standard deviation	Relative standard deviation	First-order autocorrelation	Contemporaneous correlation with output
$Y$	1.39	1.00	0.72	1.00
$C$	0.61	0.44	0.79	0.94
$I$	4.09	2.95	0.71	0.99
$N$	0.67	0.48	0.71	0.97
$Y/N$	0.75	0.54	0.76	0.98
$w$	0.75	0.54	0.76	0.98
$r$	0.05	0.04	0.71	0.95
$A$	0.94	0.68	0.72	1.00

<sup>a</sup> All variables have been logged (with the exception of the real interest rate) and detrended with the HP filter.

<sup>b</sup> The moments in this table are population moments computed from the solution of the model. Prescott (1986) produced multiple simulations, each with the same number of observations available in the data, and reported the average HP-filtered moments across these simulations.

FIGURE 10: CYCLICAL BEHAVIOR OF THE BASELINE RBC MODEL  
(TAKEN FROM KING AND REBELO [3], TABLE 3)

FOLLOWING PAGES (TAKEN FROM KING AND REBELO [3]):

DYNAMICS TO PURELY TEMPORARY PRODUCTIVITY SHOCK, 100 PERIODS

DYNAMICS TO A HIGHLY PERSISTENT (BUT NOT PERMANENT) PRODUCTIVITY  
SHOCK, 100 PERIODS

DYNAMICS TO FULLY PERMANENT SHOCK, 20 PERIODS

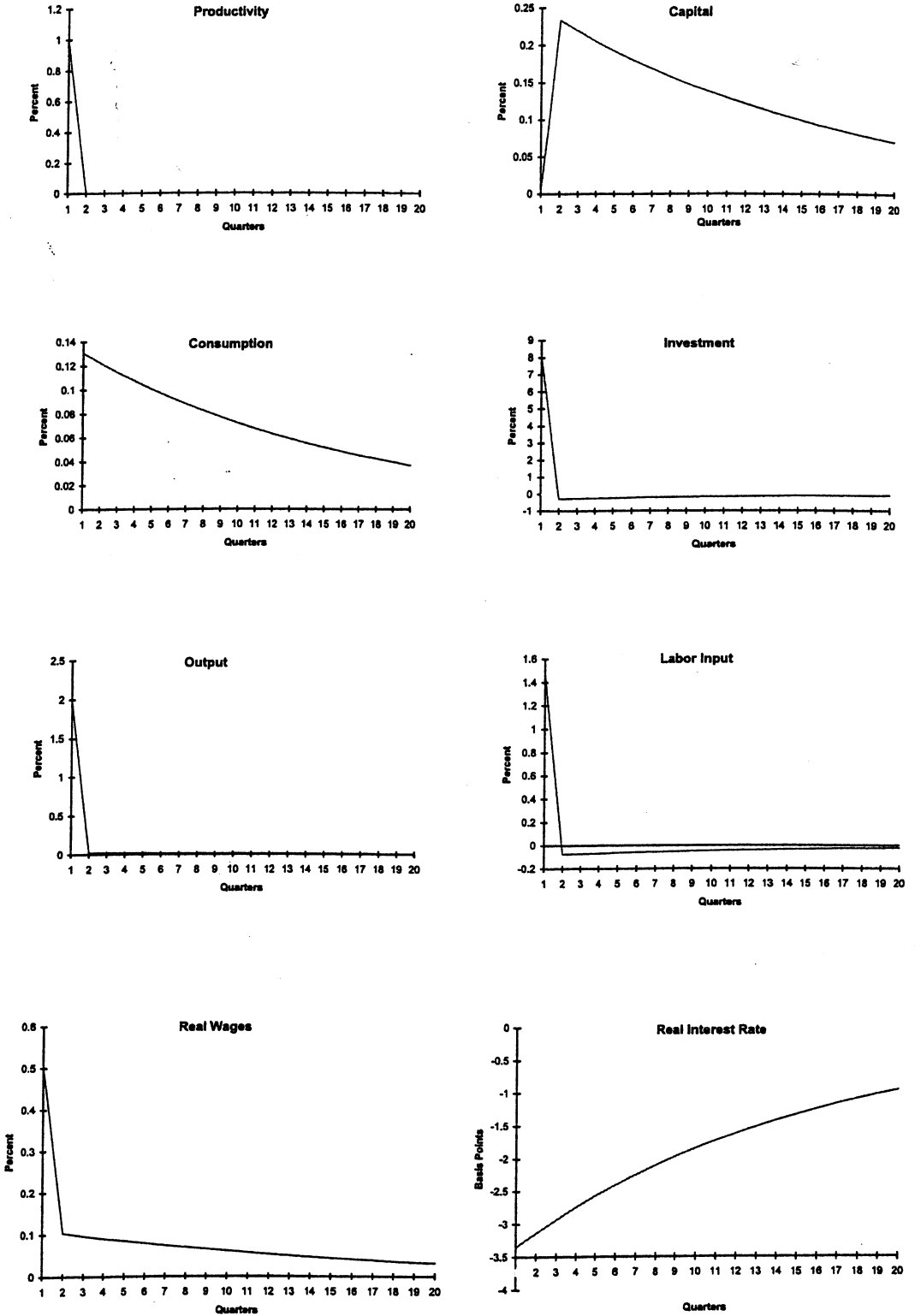


Fig. 9. Comparative dynamics to purely temporary productivity shock.



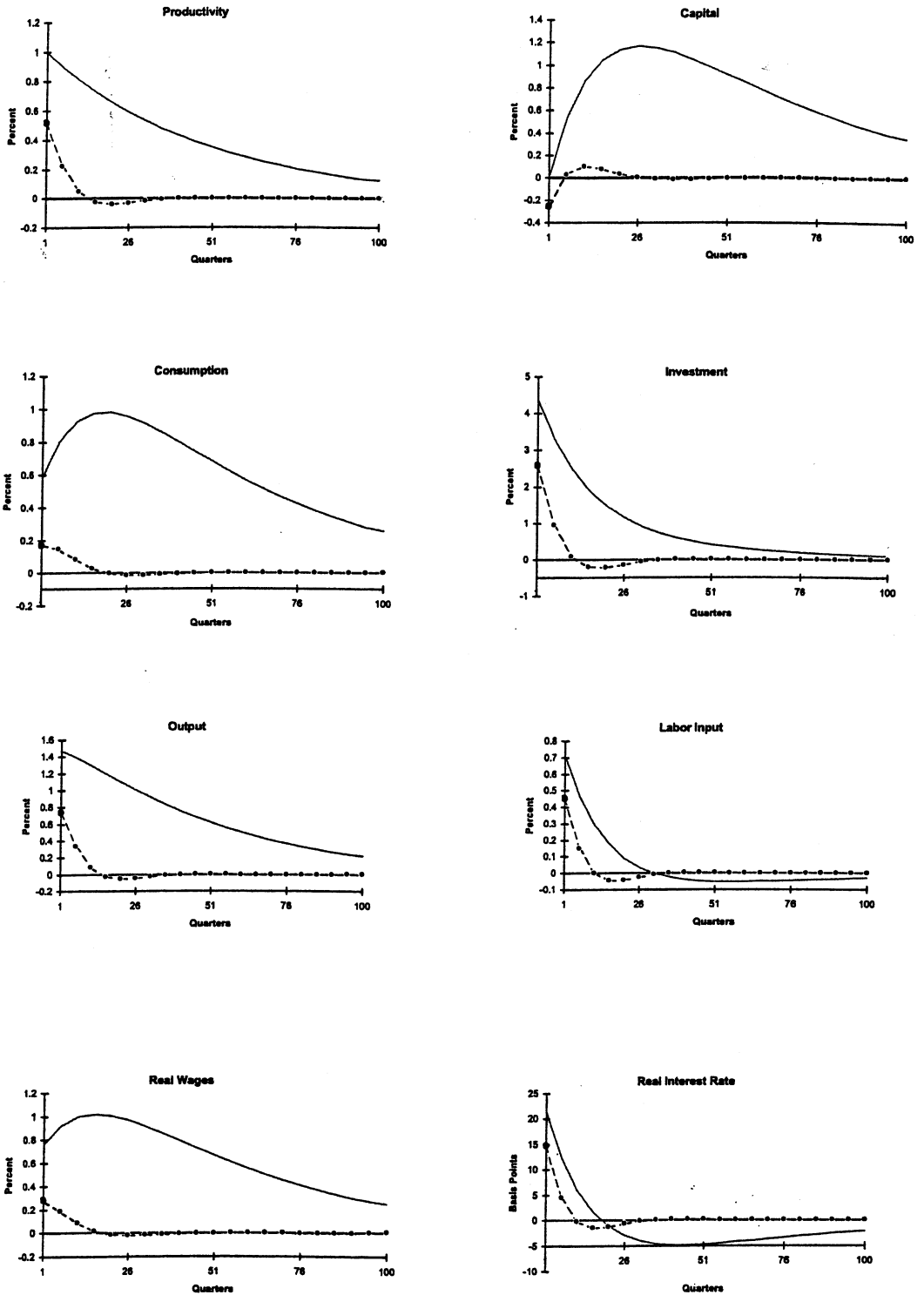


Fig. 10. Comparative dynamics to more persistent productivity shock. Circled lines are impulse responses filtered with the Hodrick-Prescott filter

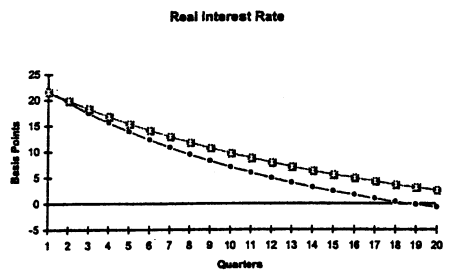
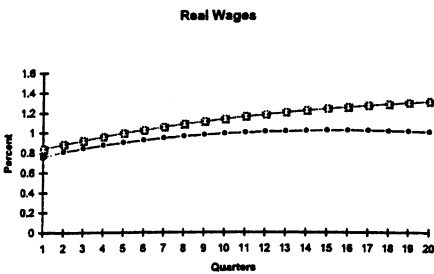
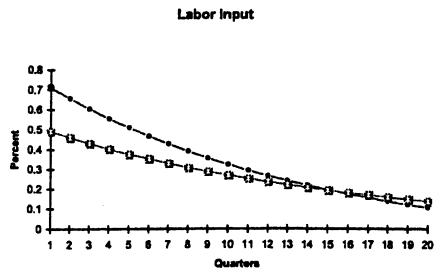
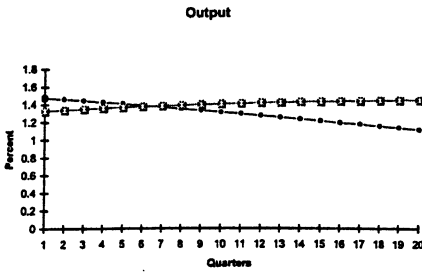
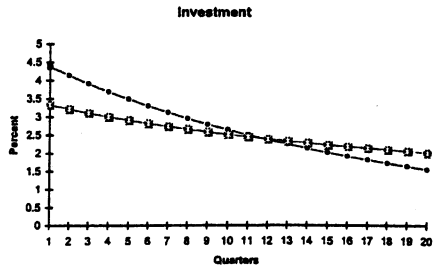
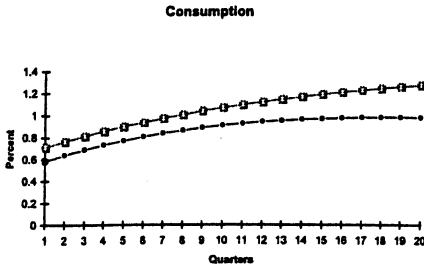
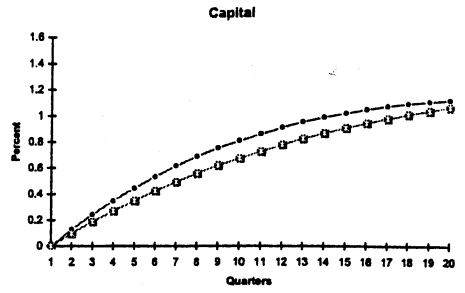
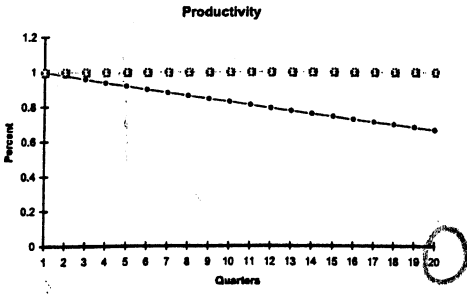


Fig. 11. Comparative dynamics to fully permanent shock. Standard model,  $\rho = 0.979$  (circles);  $\rho = 1$  (stars).