**Explanation of files:**

## Mathematica:

The Mathematica files are used to generate starting values for the dynare-files. Starting values are saved in \*.csv files.

## Impulse response functions (figures 1 and 5)

The impulse response functions are plotted by the file ‘pers\_plot.m’, which in turn uses the dynare-files ‘GM\_monetary\_tar\_rigid\_GAP.mod’, ‘GM\_monetary\_tar\_flex.mod’ and ‘GM\_monetary\_tar\_rigid\_ass\_GAP.mod’ to generate the data

## Unilaterally optimal tariffs (figure 2)

‘loopi\_unilateral\_graph\_GAP.m’ runs a loop for a range of tariffs using the starting values (including the tariff) generated by the corresponding Mathematica file. For each tariff-combination the dynare-files ‘GM\_monetary\_unilateral\_GAP\_graph.mod’ and ‘GM\_monetary\_unilateral\_flex\_graph.mod’ are called, which calculate the transition process from one steady state to the other. The result if saved in a separate folder ‘data’.

‘pers\_nashequ\_flex\_graph.m’ used the data generated by ‘loopi\_unilateral\_graph\_GAP.m’ to calculate the optimal tariff for range of different planning horizons and plots the result to generate figure 2

## Nash-equilibrium tariffs and cooperative tariffs

Analogous to unilaterally optimal tariffs