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Readme for "Secular Stagnation and Low Interest Rates under the Fear of a Government Debt Crisis," forthcoming in Journal of Money, Credit and Banking

To run codes, you need Matlab (we used version R2017b).

- ✓ Figure 1
    - ➢ Run Figure1&11¥OECDdataread.m

- ✓ Figure 2
    - ➢ See Figure2¥Anxiety_cabinetofffice.xlsx

- ✓ Figure 3 and regression in Section 2.1
    - ➢ Left: See Figure3&4¥NikkeiTelecon¥NikkeiKeywords.xlsx
    - ➢ Right: See Figure3&4¥CDS¥CDS.xlsx;
        To draw the figure, run Figure3&4¥dataJapan_drawgraph.m; and
        To estimate the CDS equation, run Figure3&4¥CDS¥CDS_by.m

- ✓ Figure 4
    - ➢ Run Figure3&4¥dataJapan_drawgraph.m
    - ➢ Also see Figure3&4¥interest.xlsx

- ✓ Figure 5 and regression in Section 4.2.2
    - ➢ Run Figure5¥regression.m

- ✓ Figure 6-10
    - ➢ Run Figure6to10¥code¥programrunfinal.m
    - ➢ For details, see the next page.

- ✓ Figure 11
    - ➢ See Figure1&11¥OECD_economicoutlook¥FDI_4thedition.xlsx

Codes for simulation (Figures 6 to 10 and Tables 2 and 3)

This code is based on Gourio's (2013).

For simulation, run prograrunfinal.m, which calculates the model solution and computes some simulations.

- ✓ parameters_EZbenchmarkBKBTFPRAND.m and listparam_tables_final.m define various parameter setting.
- ✓ drawgraph.m draws figures.
- ✓ summary_SS.txt shows results on key moments and welfare.
  - ➤ summary_SS.xls summarizes the results, which are used for Tables 2 and 3.