

- `checkvalue_adjlabor_drts.mod`: This code is a Dynare code for the model presented in sections 2-3. It uses the built in linearization in Dynare. By setting the parameters in the code as in the paper all the Impulse-response-functions and tables can be replicated. Note that this code also allows to use adjustment cost to labor – this can be done by setting the parameter  $\gamma_n > 0$ . Also, this code allows to use decreasing returns to scale in the production function – this can be done by setting  $DRTS < 1$ .
- `checkvalue_drts_linear.mod`: This code is a Dynare code for the model presented in sections 2-3. Here the linearization is done manually. By setting the parameters in the code as in the paper all the Impulse-response-functions and tables can be replicated.
- `hptrend.m`: This code does the hp-filtering. It can be obtained online and it was generated by Ellen R. McGrattan.
- `Two_Sector_Model_Cont_I_nolabadjst_linear_util_b.mod`: This code is a the code for the 2-sector model of section 4. Here the linearization is done manually. By setting the parameters in the code as in the paper all the Impulse-response-functions and tables can be replicated.
- `DYNcheck2linutilb2.m`: This code is the first part of the code that needs to be run for Section 5. It is based on the King-Plosser-Rebelo (KPR) method. In this part of the code all the parameters are set. Also, in this part of the code all the equations of the model are manually log-linearized.
- `ss_JMCB.m`: This code is read by `DYNcheck2linutilb2.m`. The reader should not alter this code.
- `PATH.m`: This code is read when running the full simulation. The reader should not alter this code.
- `runsimul2_1.m`: This code generates the actual simulation for section 5. It should be run after `DYNcheck2linutilb2` has been run. The reader should not alter this code.
- `simul2.m`: This code is read by `runsimul2_1`. It generates expectations when perfect signals are present. The reader should not alter this code.
- `simul2cont.m`: This code is read by `runsimul2_1`. It generates the expectations when no signals are present. The reader should not alter this code.
- `simul2exp2f_2_signaly.m`: This code is read by `runsimul2_1`. It generates the expectations when noisy signals are present and when the precision for high/low signals is different. The reader should not alter this code.
- `simul2exp2f_signaly.m`: This code is read by `runsimul2_1`. It generates the expectations when noisy signals are present and when the precision for high/low signals is the same. The reader should not alter this code.