

Replication Files for Figures
“Optimal Development Policies with Financial Friction”
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fig1.m :: creates **Figure 1** in the draft and saves to **graphs/fig1.eps**

- requires **arrow.m** to plot arrows in the phase diagram
- to run the file need to create the nested folder “graphs”

fig2_3.m :: creates **Figure 2 and 3** in the draft and saves to **graphs/fig2_levels.eps** and **graphs/fig2_deviations.eps**

- also creates an extra figure for slides **draft/extras/fig2_deviations_slides.eps**
- saves data in **data/fig2_3_save.mat** to be used in **handtomouth.m**
- to run the file need to create the nested folder “graphs/extras” and “data”

fig_numerical.m :: creates **Figure 4** and **Appendix Figure A9** and saves them in **graphs/fig_numerical.eps** and **graphs/appendix/fig_numerical_credit.eps**, respectively

- requires data from the following data files:
 - **data/Section4/LaborTax0/plotting_vectors.mat**
 - **data/Section4/LaborTax05/plotting_vectors.mat**
 - **data/Section4/LaborTax1/plotting_vectors.mat**
 - **data/Section4/MyopicLaborUnion/plotting_vectors.mat**
 - **data/Section4/CreditSubsidy0/plotting_vectors.mat**
 - **data/Section4/CreditSubsidy05/plotting_vectors.mat**
 - **data/Section4/CreditSubsidy1/plotting_vectors.mat**
- data files are obtained from the code for Section 4 (see **ReadMeSection4.pdf**)
- to run the file need to create the nested folders “graphs” and “graphs/appendix”

two_sector.m :: creates **Figure 5** in the draft and saves to **graphs/two_sector.eps**

- to run the file need to create the nested folder “graphs”

fig4.m :: creates **Figure A6** in Appendix A and saves to **graphs/appendix/fig4.eps**

- to run the file need to create the nested folder “graphs/appendix”

fig5_6.m :: creates **Figure A7** in Appendix A and saves to **graphs/appendix/fig5.eps**

- also creates an extra figure and saves to **draft/extras/fig6.eps**
- to run need to create the nested folders “graphs/appendix” and “graphs/extras”

handtomouth.m :: creates **Figure A8** in Appendix A and saves to **graphs/appendix/fig2_deviations_comparison_htm.eps**

- also creates extra figures and saves to **draft/extras/handtomouth_levels.eps** and **draft/extras/handtomouth_deviations.eps** and **draft/extras/fig2_levels_comparison_htm.eps**

- requires **labor_supply.m** to run the code
- requires data saved in **data/fig2_3_save.mat** when running **fig2_3.m**
- to run need to create the nested folders “graphs/appendix” and “graphs/extras”

Auxiliary m files:

- **arrow.m** for **fig1.m**
- **labor_supply.m** for **handtomouth.m**

Extra m files:

- **figA1.m** :: creates an extra figure **graphs/extras/figA1.eps** and requires nested folder “graphs/extras”