

README Replication Files

Investigating the American Dream: The Role of Neighborhoods

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1 Overview

This document describes the instructions to replicate the results in “Investigating the American Dream: The Role of Neighborhoods” for the Handbook of Intergenerational Mobility.

2 Computational Requirements

Software requirement: Matlab (code was run with Matlab R2022b).

3 Programs Description

This section describes the programs to replicate the analysis and produce the figures in the paper.

- Main Analysis. The program “master” runs all the main exercises by calling the relative functions.

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- Static Model. The program "hand_fixS" solves the equilibrium of the static model with exogenous spillovers.
The program "find_rA_redistr" finds the equilibrium rent for given spillovers.
The program "excess_demand" finds the excess demand at a given value of the rental rate.
- Utilitarian Planner. The program "hand_fixS_planner" solves the allocation of the planner.
- Policy. The program "hand_fixS_policy_stat" solves the equilibrium with the transfer policy. The program "find_rA_redistr_tax" finds the equilibrium rent for given spillovers, taxes, and subsidies.
- Dynamic model with endogenous spillovers.
The program "hand_endS_n_llprof" solves the steady state equilibrium of the dynamic model with endogenous spillovers.
- Skill premium shock. The program "hand_endS_n_llprof_eta" solves the dynamics after a skill premium shock for the model with endogenous spillovers.
The program "hand_fixS_n_llprof_eta" solves the steady state equilibrium and the dynamics after a skill premium shock for the model with fixed spillovers. This program first finds the steady states of the model with endogenous spillovers, then solves the dynamics after a skill premium shock keeping the spillovers fixed at the steady state level.
The program "find_rA_base_eta_redistr" finds the equilibrium rent for given spillovers after the skill premium shock.