Tax Incidence with Exogenous Assignment

The file ces_incidence.m contains the code for the tax incidence analysis in the model with exogenous assignment. It produces Figures 2, 5, and 6 of the paper.

Tax Incidence with Endogenous Assignment

The code for the tax incidence analysis in the model with endogenous assignment consists of three files. The file calibration.m calibrates the underlying assignment model. The file obtain_gamma.m generates the cross-wage elasticities. The file solive_integral_equation.m conducts the tax incidence analysis and produces Figures 1 and 3 of the paper.

Optimal Taxes

The file optimum.m simulates optimal marginal tax rates and produces the left panel of Figure 4 of the paper. The file incidence_ex_opt.m simulates the tax incidence analysis around the "exogenous wage optimum" and produces the right panel of Figure 4 of the paper.