**Codes for “Heterogeneity and Unemployment Dynamics”**

[Programs]

1\_estimation: Run this program to obtain the results of baseline model (Table 2), and those of other models used for the robustness check (Table 3). This code generates the standard errors of parameter estimates, and the variance decomposition and the associated standard errors.

2\_figures\_5\_6\_7\_8\_14: Run this program to obtain Figures 5,6,7,8, and 14.

3\_variance decomposition: Run this program to obtain Figure 9 (Variance Decomposition)

4\_counterfactual\_GDD: This code calculates the effect of genuine duration dependence on the unemployment level by comparing the unemployment level with and without the genuine duration dependence. The estimate goes to the line 2 of page 18.

5\_figure10\_historicaldecomposition: This code generates the historical decomposition (Figure 10).

6\_table3: This code generates Table 3.

[Folders]

Table1: contains the codes to generate Table 1

Figure1: contains the codes and data to generate Figure 1

Figure3: contains the codes and data to generate Figure 3

Figure4: contains the codes and data to generate Figure 4

[Data]

Data.mat : contains the data file for estimation

indfile.mat: contains the indicator for the period when the unemployment rate is higher than 6.5%.

LF.mat : contains the data for size of labor force.

udata\_rs.mat: contains the estimation result of Ahn (2016).

For questions, please contact hiejoo.ahn@frb.gov.

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