

## Things to do

1. Fill in the gaps in the model. Check if the model calibrates with  $FTAX.F=0$
2. Run the following simulations:
  - (a) CD model: 15 percent tax increase on capital in good 1
  - (b) CES model: 15 percent tax increase on capital in on good 1 with  $GAMMA = 0.2$  in all sectors.
  - (c) CES model: 15 percent tax increase on capital in on good 1 with  $GAMMA = 3.0$  in all sectors
  - (d) CES model: 15 percent tax increase on capital in on good 1 with  $GAMMA = 0.2$  in sectors 1 and 2 and  $GAMMA=3.0$  in sectors 3 and 4
3. Compare the results in the points a-d in terms of relative price changes, outputs, welfare and factor wages