

README file for “A New Model for Interdependent Durations” by Bo Honore and Aureo de Paula.

There are two folders:

1) Stata

This folder contains the files for the table and figures above and for the quantities reported in the last paragraph of Section 3.

All of them (and those later on) use data in `honoredepaula.dta` which contains data originally obtained from the HRS and processed to eliminate observations with conflicting variables and merge the waves from the HRS. The file `honoredepaula.do` produces the data in `honoredepaula.dta` from the original HRS data.

1. Table 1 is generated in `table_1.do` and uses data in `honoredepaula.dta`. (This file also generates the data later used by the Matlab programs below – see `.do` file header for more details.)
2. Figures 1 and 5 are generated in `figs_1_and_5.do` and uses data in `honoredepaula.dta`.
3. Figure 6 is generated in `fig_6.do` and uses data in `honoredepaula.dta`.
4. The quantities in the last paragraph of Section 3 are obtained in `hptimevariation.do` and uses data in `honoredepaula.dta`, `cpi.dta` and `sp500.dta`.

2) Matlab

This folder contains all the materials for the estimation results that were reported in Tables 2, 3 and 4. The estimation was performed in Matlab (running under Windows)

1. The two excel files, `hpdamata_excel.xls` and `hpdamata_excel_age.xls`, contain the data.
2. `Spec1.m-Spect6.m` and `Spec9.m` estimate the models in Tables 2 and 3. `readresultsTables2and3.m` collects the results. The results from Table 4 are produced by `Spec3.m`.
3. `Spec6counterfactual_as_in_paper.m` generate the counterfactuals as reported in the text.
4. `Spec6CDF.m` generate figures titled “Predicted and Actual Durations”
5. The files `Spec3point*.m` estimate the third specification for various threat-points.

The Matlab programs call a number of subroutines. Those routines have been grouped in five folders:

1. `auxiliary` contains the routines used for estimating the auxiliary models.
2. `Estimation Routines` contains the routines used for estimation our model.

3. `Powell` contains our implementation of Powell's method for minimization.
4. `Prediction Routines` contains the routines that we called when predicting from our model.
5. `Rettimes Routines even faster` contains the routines used to calculate the durations (as a function of the parameters and errors in the model).