

The equations to be log linearized in Dynare:

$$\varphi_d(d) = 1 + 2\kappa(d - \bar{d}) \quad (1)$$

$$\tilde{m} = \beta \frac{c}{c'} \frac{\varphi_d(d)}{\varphi_d(d')} \quad (2)$$

$$z' = \rho_z z + \sigma_z \varepsilon'_z \quad (3)$$

$$\xi' = \rho_\xi \xi + \sigma_\xi \varepsilon'_\xi \quad (4)$$

$$y = zk^\theta n^{1-\theta} \quad (5)$$

$$\frac{w}{c} = \frac{\alpha}{1-n} \quad (6)$$

$$\frac{1}{c} = \beta \left( \frac{R-\tau}{1-\tau} \right) \frac{1}{c'} \quad (7)$$

$$wn + b - \frac{b'}{R} + d - c = 0 \quad (8)$$

$$(1-\theta)zk^\theta n^{-\theta} = \frac{w}{1-\mu\varphi_d(d)} \quad (9)$$

$$\tilde{m} \left[ 1 - \delta + (1 - \mu' \varphi_d(d')) \theta z' k'^{\theta-1} n'^{1-\theta} \right] + \xi \mu \varphi_d(d) = 1 \quad (10)$$

$$R\tilde{m} + \xi \mu \varphi_d(d) \left( \frac{R(1-\tau)}{R-\tau} \right) = 1 \quad (11)$$

$$(1-\delta)k + y - wn - b + \frac{b'}{R} - k' - \left[ d + \kappa(d - \bar{d})^2 \right] = 0 \quad (12)$$

$$\xi \left( k' - b' \frac{1-\tau}{R-\tau} \right) = y \quad (13)$$