Sept 1, 2015:

This file set contains the materials to replicate the empirical section of “Networks and the Macroeconomy: An Empirical Exploration” by Acemoglu, Akcigit and Kerr.

To execute, please take the following steps:

* We recommend running the empirical exercises on a UNIX server that includes STATA-MP or similar environment.
* Update the initial “cd” command on the third line of each of the three programs to be the root directory of the new environment.
* Place in the root directory the “raw” folder and its contents.
  + This folder contains base data (e.g., BEA I-O matrices, CBP data, NBER mfg productivity database, etc.) that are called upon by our programs.
  + Almost all of the raw data for this project was developed through the Acemoglu, Autor, Dorn, Hanson, and Price project “Import Competition and the Great US Employment Sag of the 2000” (JOLE 2015). We began by replicating the AADHP project, and we thank Brendan Price for his great replication dataset. We have not repeated these early steps in this transfer, as we have not otherwise modified the original AADHP data files.
  + The trade shocks data are from AADHP, and the TFP shocks data are from the NBER mfg database. The raw patenting data for foreign technology shocks come from William Kerr’s work. The raw federal spending series are entered directly in the nw-macro-2a.do program and are from the federal budget reports.
  + We have also included in this folder one file of higher-order geographic terms that is very computationally intensive. The code for that creates this file in nw-macro-1a.do has been “commented out” to allow faster processing/replication.
* Create a “temp” folder. The programs will populate this folder with working files. You will need about 500 mb of memory space.
* Execute the programs in the following sequence:
  + nw-macro-1a.do: set-up file that prepares interlinkages
  + nw-macro-2a.do: core file that builds and analyzes regression datasets
  + nw-macro-2b.do: extension file for resource-constraint work
* The core output file is nw-macro.xls.
  + We have provided the linked tables that draw from this file. Almost all of the empirical work is directly linked to the corresponding final table. It is important to note that the p-values in many tables are linked to separate sub-files to provide theoretically precise tests of equality.
  + The following exceptions are manually entered from log files:
    - Table 1a and 1b: correlation coefficients are in the 2a log file
    - Resource constraint estimations: Column 8 from Tables 2b and 3b and App. Tables 2a and 3a are contained in the 2b log file.
    - Appendix Table 1: IV first-stages are reported in 2a log file
    - Appendix Table 7: Summed lags are calculated in 2a log file