Investment-less Growth: An Empirical Investigation

ReadMe Guide.

Last Updated: 03/7/18

**REPLICATION INSTRUCTIONS**

Results are generated in two sets of folders:

1. **Data:** generates all output except results for the macro-economic simulation
2. **Macro\_Sim**: Generates output for the macro-economic simulation (Section VI)

**Data:**

The majority of results are generated by the do-files in folder Data.

Folder Data\0.raw\_inputs should include all input data. Publicly available data is included already, but in order to replicate results, the user must add the following private datasets (all available through WRDS):

* Compustat Fundamentals Annual
* Compustat Security Monthly
* Compustat Ratings
* Thomson Reuters S34f ownership data
* CRSP stock and CUSIP data.

The additional data sources should be named as shown in the corresponding Do-Files. Please ensure that all variables used are included in your WRDS download.

Following the download of private datasets, all results can be generated by running file 0\_doFile.do, which executes the appropriate programs, in order. [[1]](#footnote-1)

It can take as long as 12 hours to run this code in a private machine.

See 0\_doFile.do for the appropriate order of do-file execution; master\_data\_map for details on the logical structure of dataset construction; and the corresponding do-files for detailed comments and code.

**Macro Sim:**

Output for the Macroeconomic Simulation is analyzed in folder Macro Sim. This folder includes simulated series from the model of Jones and Philippon, 2017 and simply manipulates those.

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**BRIEF DESCRIPTION OF DO-FILES**

The remainder of this Do-File guide provides a brief outline of each doFile.

*DATASET-CONSTRUCTION*

1. **fred\_datawork.** Downloads a variety of monthly, quarterly and annual data series from FRED. Requires freduse program.
2. **fred\_map.do** – Aggregates FRED data series to annual level. For monthly series, we take the average throughout the year. For quarterly series, we take data as of Q4 (because we primarily use stock measures)
3. **censusentry\_datawork.do** – Loads aggregate establishment entry and exit rates used to create Figure 4
4. **censusconc\_datawork.do** – Loads NAICS-based census concentration figures from raw data files.
5. **censusconc\_datawork\_map** – Maps NAICS-based concentration measures to the desired BEA segments
6. **BEA\_datawork** – Loads BEA fixed assets, value added and gross output datasets and computes aggregate investment and profitability measures
7. **regindex\_datawork** – Loads and maps Mercatus RegIndex data to BEA segments
8. **spread\_datawork** –Loadsand mapsindustry-level spreadsto BEA segments. Raw dataprovided by Simon Gilchrist and Egon Zakrajsek
9. **pdii\_datawork** – Loads and maps occupational licensing data from Kleiner-Kreuger’s PDII survey, available at their website.
10. **bushee\_dataload** – Loads S34 ownership data and Brian Bushee’s institutional ownership classification. Aggregates institutional investors that are of same family. Outputs an owner x cusip dataset, which is then used to compute MHHIs as well as the share of each type of owner.
11. **bushee\_firmmap** – Aggregates ownership shares to the firm level and maps to GVKEY using CRSP CUSIP’s and the WRDS CRSP to Compustat Linking Table.
12. **cs\_datawork** – Loads and manipulates Compustat datasets; computes a variety of firm-, industry- and aggregate-level quantities
13. **modHHI\_datawork** – Computes MHHI quantities at the BEA segment level. THIS PROGRAM TAKES SEVERAL HOURS TO RUN. It relies on the owner x cusip dataset from J and the firm-to-BEA industry mapping in L (where we again map to Compustat via CRSP).
14. **mne\_datawork\_wPar** – Loads and maps MNE datasets to standard BEA segments. Data is based on SIC segments before 1998 and NAICS after 1999. Code attempts to map across hierarchies but leaves substantial jumps, so use ONLY aggregate data before 1999.
15. **main\_datawork** – Consolidates all analysis files into main-data file.

*ANALYSIS*

All Figures and Tables are numbered as they appear in the paper.

1. **aggregate.do –** Creates aggregate figures and regressions.
2. **industry.do** – Analyzes industry-level investment
3. **firm.do** – Analyzes firm-level investment
4. **Globalization.do –** Analyzes the effect of globalization on investment. Note that main regressions are based on the MNE-hierarchy, which is DIFFERENT from our core BEA hierarchy. To update, all code must be executed adjusting the levelkey hierarchy in doFile.do to be based on LevelKey\_granular\_MNE.
5. **SafeAssets.do –** Analyzes the effect of safe asset scarcity on investment
6. **ConcTFP.do –** Regresses changes in TFP from NBER-CES database on changes in Census-based concentration.

1. The code creates all output except for Figure 18 which is created in 5. Excel Analyses\20160726 1400 Reconciliation and Table 17 which was created manually. [↑](#footnote-ref-1)