

The Unequal Effects of Liberalization: Evidence from Dismantling the License Raj

Philippe Aghion, Robin Burgess, Stephen Redding and Fabrizio Zilibotti

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Estimation Results

To re-create all the estimation results in the paper run the following file:

runalldofiles.do

To re-create the main estimation results in Tables 1 to 5 and Table A3 run the following file:

dofiles\tables1to5andA3.do

To run the counterfactual shown in Figure A3 of the web-based technical appendix, run the following file:

dofiles\counterfactual.do

To create the labor regulation graph shown in Figure A2 of the web-based technical appendix, run the following file:

dofiles\labor_regulation_graph.do

To re-create the estimation results examining the correlation between pre-reform industry growth and the year of delicensing, run the following file:

dofiles\prereformgrowth.do

To re-create the first-stage estimation results for the labor regulation instrumentation, run the following file:

labreginstrumentation\labreginstrumentation_abrz.do

To re-create the first-stage estimation results for the financial development instrumentation, run the following file:

financialdevelopment\financialdevelopment_abrz.do

To re-create the estimation results with the placebo delicensing measures, run the following file:

placebos\runplacebos.do

Note: the regression specification in equation (1) in the paper includes state-industry, industry-year and state-year interactions. As a result the estimation of this specification takes some time on current generations of computers.

Directory Structure

dofiles	contains the dofiles for the main estimation results
data	contains the datasets
logs	contains the log files created by the Stata do files
tables	contains log files with the estimation results for Tables 1-5 in the paper and Table A3 in the Web Appendix
financialdevelopment	contains the code for the first-stage regression used in the instrumentation of financial development
laborregulation	contains the code for the first-stage regression used in the instrumentation of labor regulation
placebos	contains the code for the delicensing placebos
webappendix	contains the web-based technical appendix

Data

“data\ABRZ3dAER.dta.” is the main state-three-digit-industry-year dataset used to generate the estimation results in the paper.

“data\financialdevelopment_abrz.dta” is a state-year dataset from Burgess and Pande (2005) used for the first-stage instrumentation of financial development.

“data\labreginstrumented_abrz.dta” is a state-year dataset from Besley and Burgess (2004) used for the first-stage instrumentation of labor regulation.

“Data\counterfactual_output.dta”, “Data\counterfactual_employ.dta”, and “Data\counterfactual_capital.dta” are state-year datasets created by the dofile counterfactual.do.

The main dataset “ABRZ3dAER.dta” includes information from a number of data sources as specified in the data appendix. The data on output, number of factories, employment and fixed capital by state-three-digit-industry-year are from the Indian Annual Survey of Industries (ASI), Central Statistical Organisation (Industrial Statistics Wing), Ministry of Statistics & Programme Implementation.

Placebos

Within the “Placebos” sub-directory, the sub-directory “randdeldata” contains the raw data on the random delicensing measures assuming the empirical distribution of delicensing years (“empranddel_1.csv”). The raw data for the random delicensing measures are created by the Matlab file “empranddelic_final.m.”

cleanemprandom.do	Loads the random delicensing measures into Stata
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runfiles.do	Runs the do files emprandlicense2.do-emprandlicense5.do
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The Placebos dofiles emprandlicense2.do - emprandlicense5.do estimate the specification in equation (1) for 100 random delicensing measures and therefore take a number of days to run on current generations of computers.

The paper reports the results of placebos assuming the empirical distribution of delicensing years for the specification including state-industry, state-year and industry-year interactions (equation (1) in the paper). As a robustness test, we have also estimated placebos for a less general specification including only state-industry interactions and year dummies. These placebos yield a similar pattern of results to those reported in the paper and we have included the do files for the less general specification for completeness.

emprandlicense2.do	Specification including the random delicensing measures, state-industry interactions and year dummies
emprandlicense3.do	Specification including both the true and random delicensing measures, state-industry interactions and year dummies
emprandlicense4.do	Specification including the random delicensing measures, state-industry, state-year and industry-year interactions
emprandlicense5.do	Specification including both the true and random delicensing measures, state-industry, state-year and industry-year interactions

State Numeric Codes

Andra Pradesh	:	1
Assam	:	2
Bihar	:	3
Gujarat	:	4
Haryana	:	5
Jammu & Kashmir	:	7
Karnataka	:	8

Kerala	:	9
Madhya Pradesh	:	10
Maharashtra	:	11
Orissa	:	14
Punjab	:	15
Rajasthan	:	16
Tamil Nadu	:	18
Uttar Pradesh	:	20
West Bengal	:	21

Industry Numeric Codes

The three-digit-industry numeric codes are based on a mapping of the 1970 and 1987 Indian industry classifications as specified in the web-based technical appendix.