Readme replication files for:

"The Aggregate Costs of Political Connections"

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The replication files have two main parts:

1) Folder "R": The data analysis & model estimation in R
2) Folder "Julia": The model computation & counterfactuals in Julia

I discuss each in turn. **Make sure to use the "Tree view" on Dataverse, otherwise one cannot see the correct folder structure.**

1. Data analysis and model estimation in R

Within the folder "R", there are two main analysis scripts.

- *main_results_final.R* replicates all results in the paper and produces all output used subsequently for the model computation in Julia. However, the underlying data to run this entire script is, unfortunately, sensitive micro data, for which access needs to be obtained from BPS, the Indonesian statistics agency.
- *main_results_replication.R* instead is a slightly abridged version that draws on a de-identified version of the micro data, which allows to directly replicate most analyses in the paper (and generate the relevant input for the model computation). Specifically, I directly computed residualized TFPQ and other variables without providing full access to all (sensitive) control variables. Data used in main_results_*replication.R* is saved in "R/data/firm_replication_data.csv"

For easy replication, ensure that (1) all packages are installed and (2) you open the R project "Replication files.Rproj" in the base folder directly in RStudio. This ensures that all paths are automatically specified correctly.

2. The model computation in Julia (Folder "Julia"):

Open the folder "Julia". This part of the code replicates the main computational results in the paper. The main relevant script is "main.jl", which calls other relevant scripts and data. For easy replication of all computational results, make sure to simply open the folder "Julia" in VS Studio or similar software so that all paths are relative to the "Julia" folder. In this case (after installing all relevant packages), you can directly run "main.jl" and produce all results without further changes.

The folder includes Julia scripts and two subfolders: "data" (which provides all the relevant input data that script "main.jl" calls) and "output" (which saves the main results produced in "main.jl").

The Julia scripts are:

- “main.jl” (main script that runs everything and calls all other scripts
- “get_data.jl” (script that calls the data)
- “function_main_helper.jl” (script that contains all helper functions needed)
- “function_get_VF.jl” (script with functions needed to solve for value functions)
- “function_get_distribution.jl” (script with functions needed to solve for distribution)
- “wedge_extension.jl” (script with all functions needed for main wedge extension)
- “network_extension.jl” (script with all functions needed for main network extension)