Do-File Read-Me for "Contractionary Devaluation Risk: Evidence from the Free Silver Movement, 1878-1900"

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This file describes the do-files for "Contractionary Devaluation Risk: Evidence from the Free Silver Movement, 1878-1900." The analysis was performed in Stata 14, and all do-files are written for that version. The do-files run the regressions necessary to recreate Tables 2-6 and Figure 5 in the main text, as well Tables A2-A4 and Figures A4-A6 in the Online Appendix. There are two do-files, corresponding to the frequency of the analysis: **DevaluationRisk_EventStudy.do** for the daily-level event study and **DevaluationRisk_LocalProjections.do** for the monthly impulse response functions (IRFs).

DevaluationRisk_EventStudy.do is set up as follows: it first reads in devaluationrisk_preliminary.dta and computes the bootstrapped 5th and 95th percentiles for the pre-Panic and post-Panic of 1893 non-event dates respectively, while listing events with holding period returns outside of those bounds; it then runs the regressions underlying each of the columns in Table 2 before repeating the analysis for absolute values (computing only the 90th percentile in each set and recreating Table A2). It then reads in devaluationrisk_eventmain.dta and runs the regressions underlying the columns in Table 3 and then repeating with absolute values to capture Table A3. Next, it reads in devaluationrisk_eventcapm.dta and runs the regressions underlying the columns of Table 4 before again repeating for absolute values and Table A4. Finally, the program reads in devaluationrisk_mechanism.dta and runs the regressions for Table 5.

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DevaluationRisk_LocalProjections.do begins by running the Granger causality tests in Table 6 of the main text. It then computes the impulse response functions and the 90% error bands. It does this by running the regression for each forecast horizon for each dependent variable and storing the coefficient on silver events and its resulting confidence interval in a .dta file using the command regsave. The regressions are estimated using the ivreg2 command in Stata, as this allows for the calculation of the optimal lag length for the Newey-West standard errors using the bw(auto) option. Note: in order to match the impulse responses in the paper, all coefficients and error bands except for those of the external instruments impulse response should be multiplied by negative 100. For the external instruments IRF, the coefficients and error band values should be multiplied by 0.17.