The Global Rise of Asset Prices and the Decline of the Labor Share

Ignacio Gonzalez and Pedro Trivin

Instruction and Explanation:

Replication files are structured in three different parts: 1st_part, 2nd_part, and Appendix. Each part contains the data and do files needed to replicate figures and tables of our paper, along with extra folders to save the figures and tables created by the programs. We include separate do-files for every item of our paper.

1st_part:

- It contains material to replicate Figures 1-5 and Tables 1-5. It represents the core of our analysis.
- Databases included: comparison_pwt_kn.dta and main_database.dta.

  comparison_pwt_kn.dta: It is used for Figure 4. It includes our labor share variable obtained from the Extended Penn World Table 4.0 (EPWT 4.0) and the corporate and total labor share variables from Karabarbounis and Neiman (2014).

  main_database.dta: It includes data on the labor share (obtained from the EPWT 4.0), the relative prices (from Karabarbounis and Neiman, 2014), and Tobin's Q (from the Worldscope database). Country level Q is obtained following Doidge et al. (2013) as it is explained in detail in Section 3.1.

2nd_part:

- It contains material that replicates Section 6, and it is further split as follows:
  - 2nd_part\Tax (Section 6.1)
  - 2nd_part\Market_Power\US (Section 6.2.1)
  - 2nd_part\Market_Power\International (Section 6.2.2)
  - 2nd_part\Governance\Cross_country (Section 6.3.1)
  - 2nd_part\Governance\US (Section 6.3.2)

- Databases included:
    - 2nd_part\Tax: tax_data.dta. This database contains Tobin's Q (from Worldscope), the net top statutory dividend tax rate (from the OECD Tax Database), and the capital-output ratio (from AMECO).
    - 2nd_part\Market_Power\US: sic_concentration_q_02_12.dta and capital_nber.dta. sic_concentration_q_02_12.dta has data on Tobin's Q (from Worldscope) and different measures of market concentration (from the U.S. Economic Census); capital_nber.dta incorporates a capital output measure for the manufacturing industries (from the NBER-CES Manufacturing Industry database).
    - 2nd_part\Market_Power\Interntational: markup_un_ky.dta. This database has data on the mark-up at the international level (following Karabarbounis and Neiman, 2014; the markup is calculated from National Accounts data), the capital output ratio (from AMECO), and the labor share (from the EPWT 4.0).
    - 2nd_part\Governance\Cross_country: final_gov_database.dta amd ky.dta. final_gov_database.dta contains data on the Corporate Governance indicator (from the Asset4 ESG Database), and Tobin's Q (from Worldscope); ky.dta database has data on the capital-output ratio (from AMECO).
    - 2nd_part\Governance\US: final_gov_us.dta. This database has information on Tobin's Q (from Worldscope), Corporate Governance (from the Asset4 ESG Database) and firms' investment share (from Worldscope)

<u>Appendix:</u>

- It contains supplementary material, and it is divided in three different folders:
    - Appendix\Figures: It replicates Appendix B figures. All the databases are already explained.
    - Appendix\robustness: It includes materials to replicate Tables A4-A7. The database robustness.dta includes the labor share (from EPWT 4.0), the replative prices (from Karabarbounis and Neiman, 2014), and Tobin's Q this time is Corporate Wealth Tobin's Q (from the World Wealth & Income database).
    - Appendix\Intangibles: This folder has the materials to replicate figures in Appendix C. The database ipp_us_complete.dta contains information on firms Tobins's Q, and the investment on intangible assets (both from Worldscope).