

README for replication of “A Comment on: Low Interest Rates, Market Power, and Productivity Growth,” by Craig A. Chikis, Jonathan Goldberg, and David López-Salido.

This replication package accompanies Chikis, Goldberg, and López-Salido, “A Comment on: Low Interest Rates, Market Power, and Productivity Growth.”

How to run code

Save all files in the replication package in your working directory and then run `main.m`.

Computational requirements

The code was last run on a Linux server with four CPU cores and 32GB of RAM using MATLAB release 2022a (9.12.0.1884302). The runtime is de minimis (less than 5 minutes).

Output

In the working directory, the code will create a subdirectory `figures_comment` where three EPS files will be saved.

Our Figures 1 and 2 are generated by `transition_figs.m`.

Figure 1 is `corrected_LMS_Fig8.eps`. Figure 2 is `corrected_LMS_Fig8_800qtr.eps`.

Our Figure 3 is generated by `bgp_figs.m`.

Figure 3 is `inv_cost_profit_share.eps`.

A txt file, `Add1.txt`, in the `figures_comment` folder provides output from a replication of in-text numbers.

`transition_figs.m` and `bgp_figs.m` are called by `main.m` and do not need to be called independently by the user.

| Figure | Program | Output file |
|----------|--------------------------------|--------------------------------------------|
| Figure 1 | <code>transition_figs.m</code> | <code>corrected_LMS_Fig8.eps</code> |
| Figure 2 | <code>transition_figs.m</code> | <code>corrected_LMS_Fig8_800qtr.eps</code> |
| Figure 3 | <code>bgp_figs.m</code> | <code>inv_cost_profit_share.eps</code> |

Data availability

Our comment does not involve analysis of external data.

License

This code is licensed under the modified BSD license. See `license.txt` for details.

Acknowledgements and reference

Our code builds in part on the Liu, Mian, and Sufi (2022) replication code, downloaded from the Econometrica website on January 24, 2022, so that a reader can see clearly how we deviate from their code. Comments (%) in our scripts indicate where code is obtained directly from LMS's code without modification. Where the LMS code is modified, comments explain the modifications.

Reference:

Liu, Ernest, Atif Mian, and Amir Sufi (2022): "Low interest rates, market power, and productivity growth," *Econometrica*, 90 (1), 193-221.

Code and replication package contributors

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