



On the Principle of Second Best in Labor Markets

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Luis Eduardo San Martin

reproducibility@worldbank.org

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This review verifies the reproducibility of the exhibits included in the paper “*On the Principle of Second Best in Labor Markets*”.

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Main findings

- **Every exhibit has been reproduced accurately.**
- The code was successfully executed on a new computer after:
 1. Changing the main folder directory in “*#o Master.do*”
- The output demonstrates consistent stability across multiple runs. Specifically, executing the code two times consecutively yielded identical results.
- The code takes approximately 3 hours to run.
- We conducted our reproducibility analysis based on the paper shared by the author by email on September 18, 2025.
- **Verification Process and Data Handling:**
 - The reproducibility package relies on 1 types of data: restricted data (available only to the author).
 - Reviewers used restricted data provided directly by the authors to conduct the reproducibility verification, and this is not included in the public reproducibility package.
 - *data_hash_report.csv* lists the SHA256 hashes of all files in the Data folder to support data integrity checks. Users who acquire the restricted data can use this file to verify that the data has not been altered.
- **Reproducibility Summary:**
 - **Data:** All data is restricted and has not been included in the reproducibility package.
 - **Code:** All code files (from cleaning to analysis) are included in the reproducibility package.
 - **Outputs:** All outputs are generated by code included in the reproducibility package.
 - **Dependencies environment:** The reviewers created a new environment using the latest versions of dependencies available at the moment of the review.

List of exhibits and reproducibility status

Results in the Main Section of the Paper

- **Table 1 Reproduced.** The exhibit was compared against *table_nfirms_by_country.tex*.
- **Table 2 Reproduced.** The exhibit was compared against *table_nfirms_by_year.tex*.
- **Table 3 Reproduced.** The exhibit was compared against *table_main_stats_all_sample.tex*.
- **Table 4 Reproduced.** The exhibit was compared against *table_lhs_lemp_allregressors.tex*.
- **Table 5 Reproduced.** The exhibit was compared against *table_lhs_lemp_allregressors_margins.tex*.
- **Table 6 Reproduced.** The exhibit was compared against *table_lhs_lnavwage_allregressors.tex*.
- **Table 7 Reproduced.** The exhibit was compared against *table_lhs_lnavwage_allregressors_margins.tex*.
- **Table 8 Reproduced.** The exhibit was compared against *table_lhs_SD_lnavwage_allregressors.tex*.
- **Table 9 Reproduced.** The exhibit was compared against *table_lhs_SD_lnavwage_allregressors_margins.tex*.
- **Table 10 Reproduced.** The exhibit was compared against *table_lhs_lemp_by_servsector.tex*.
- **Table 11 Reproduced.** The exhibit was compared against *table_lhs_lemp_by_servsector_margins.tex*.
- **Table 12 Reproduced.** The exhibit was compared against *table_lhs_lnavwage_by_servsector.tex*.
- **Table 13 Reproduced.** The exhibit was compared against *table_lhs_lnavwage_by_servsector_margins.tex*.
- **Table 14 Reproduced.** The exhibit was compared against *table_lhs_lemp_by_cluster.tex*.
- **Table 15 Reproduced.** The exhibit was compared against *table_lhs_lemp_by_cluster_margins.tex*.
- **Table 16 Reproduced.** The exhibit was compared against *table_lhs_lnavwage_by_cluster.tex*.
- **Table 17 Reproduced.** The exhibit was compared against *table_lhs_lnavwage_by_cluster_margins.tex*.

Reproduction Environment

Paper exhibits were reproduced on a computer with the following specifications:

- OS: Windows 11 Enterprise, version 24H2
- Processor: Intel(R) Core(TM) Ultra 7 165U (2.10 GHz)
- Memory available: 32 GB
- Software version: Stata 18.5 MP-Parallel Edition