

README FILE

“On the Principle of Second Best in Labor Markets”

This repository contains the Stata codes used to replicate the results of the article.

File Structure:

- **#0 Master.do**: Defines global paths and runs all codes sequentially.
- **#1 Summary Statistics.do**: Produces Tables 1–3 (number of firms by country, number of firms by year, and summary statistics of the main variables).
- **#2 Main Regressions.do**: Runs the main regressions and outputs the associated tables and figures.
- **#3 Marginal Effects.do**: Computes marginal effects from the main regressions and outputs the corresponding tables.

Replication Instructions:

1. Open **#0 Master.do** in Stata.
2. Set the global paths at the beginning of the file.
3. Run **#0 Master.do** to reproduce all tables and figures in the paper.

Data Availability Statement

I certify that the author(s) of the manuscript have legitimate access to and permission to use the data used in this manuscript.

The only dataset used in this manuscript is the “Harmonized enterprise survey data for Europe and Central Asia”. Data was provided by the data producer (Leonardo Iacovone - liacovone@worldbank.org), at the Trade, Investment and Competitiveness (TIC) Global Practice of the World Bank. Data was accessed on March 19, 2025. Data file: "ECA_database_fullsample_withTFP_compress_reduced.dta". Data access is restricted and the data is not included in the reproducibility package.