Readme

Dataset and variables description

The data consist of a maximum of 34 years and a cross-section of 75 countries[1].

The main dataset is **dataset_Martineuetal_2015_JES** (comma delimited file) and contains the following variables needed for the gravity model estimations (in brackets is the name of the corresponding variable in the data set in levels (trade), in natural logs (variables starting with "l"):

Exports (*trade, lx, dlx*): Sectoral export data (at the 2-digit level) are from the UN-COMTRADE database using the Standard International Trade Classification (SITC Rev. 2). The 99-SITC sectors are then merged into 16 sectors according to the International Standard Industrial Classification (ISIC)[2] used in the German input-output tables. They contain export as well as employment data (see concordances in Table 3).

Income variables: GDP for recipient and donor (l*yr, lyd*): from the World Bank (World Development Indicators Database, 2011. GDP per capita for recipient and donor (*lyhr, lyhd):* from the World Bank (World Development Indicators Database, 2011.

Aid (*loda*): Official Development Aid data are from the OECD Development Database on Aid from DAC Members[3]. We consider net ODA disbursements in current US$.

FTA variable *(rta)*: constructed using data from the World Trade Organization and programs provided by De Sousa (2012).

Bilateral exchange rates *(lexrn)*: bilateral nominal exchange rates from IMF statistics.

Distances *(ldist)* between capitals have been computed as great-circle distances using data from CEPII.

Colonial relationship data (*colony*): are also from CEPII.

The dataset also contains the time-variant variables in first-differences, which are needed to run the model (same names starting with "d").

Information needed for replication

The tests (unit roots, cointegration) as well as estimations of the gravity model were done with Eviews 8.1.

EViews was used in the interactive mode. Estimation equations show up in Eviews with "=". The unit root tests were performed with the Augmented Dickey Fuller trst (ADF test), cointegration tests were done with Kao's cointegration test. Panel DOLS and panel DFGLS estimations procedures had to be written by the authors and can be found in the respective "=" fields, as =eq_dols_or =eq_dfgls_.

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[1] Due to missing values, the regressions are run with 67 countries (cross-sections).
[2] Since there are no exports in the mining and quarrying sector, only computations for 15 sectors are shown.
[3] www.oecd.org/dac/stats/idsonline.

Single estimations for each of the 15 sectors were done to obtain the results in Table 1, the command used can be traced from   =eq-dfgls_

Results in Table 2 were calculated using the aid coefficients from Table 1, the exports values from the dataset described above and the labour input coefficients were kindly provided by Bart Los, who also provided us with the calculation of the gross output and related employment effects.