

THE LETTER TO THE DATA EDITOR

Dear AEA Data Editor,

This letter summarizes our response to the second report from you on our revision to the repository (OPENICPSR-112005). We sincerely appreciate the careful investigation of the replication team into our programs again.

In the report, the team reported possible discrepancies between Figures 2 and E.1 with their underlying variable value from the code. However, we have doubled checked on this, and found no discrepancies between the figures and the code output after executing the programs ([Empirical_AEJ.R](#) and [Empirical_Appendix.R](#)) on our computer. We suspect that the reason this happened is because in this revision, we have removed the National Economic Census data of China as requested in the previous revision. As a result, Section 3 of [Empirical_AEJ.R](#) and Section 5 of [Empirical_Appendix.R](#) cannot be run in bulk appropriately without the Chinese data.

To address this issue, we have uploaded a new program [Empirical_Public_Data.R](#) that reproduces the empirical results relying only on the published Statistics of U.S. Businesses data. The file reproduces the U.S. firm distributions, which are exactly the same as those in the paper. Figures 1 to 7 (appended to the end of this report) provide direct comparison of the reproduced results to each panel in Figure 2 and E.1. We have also revised the README file by introducing a new Section I.D (alongside with Tables 1 and 2) explaining which results can be reproduced readily with the data published in the repository and how to do so.

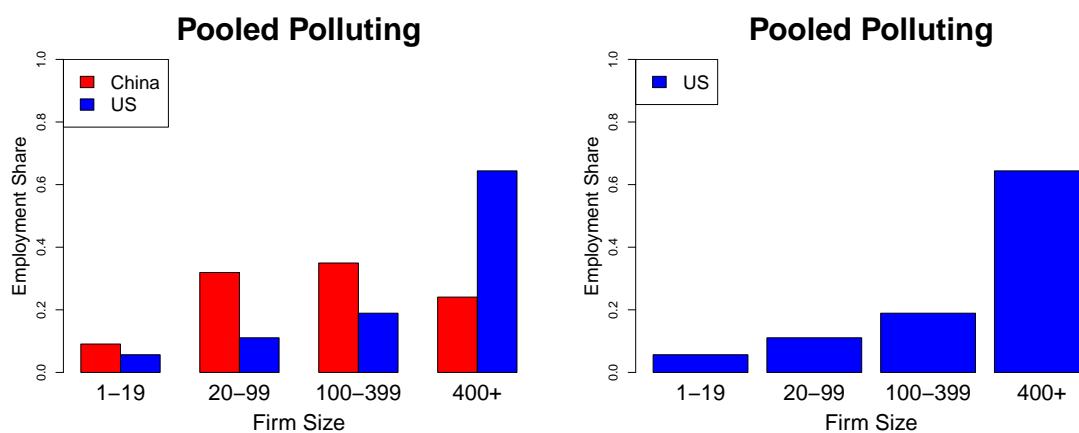


FIGURE 1: MAIN TEXT FIGURE 2 LEFT PANEL

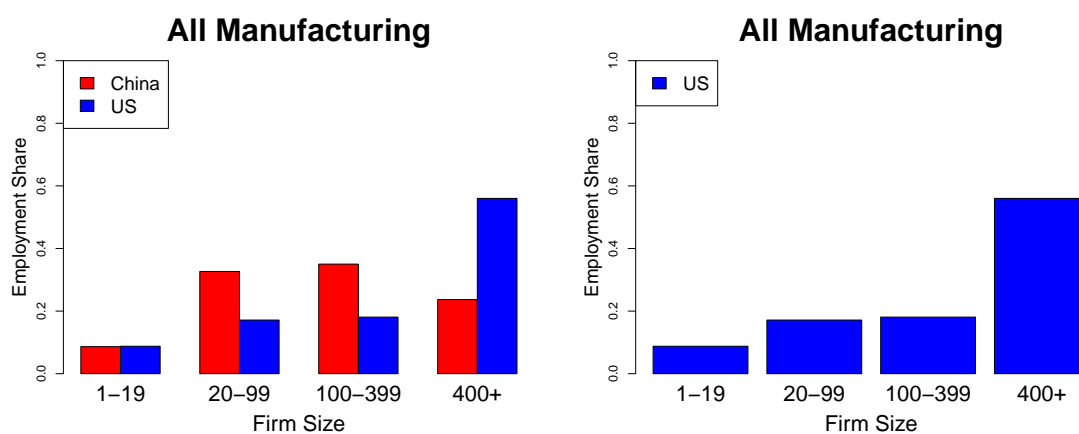


FIGURE 2: MAIN TEXT FIGURE 2 RIGHT PANEL

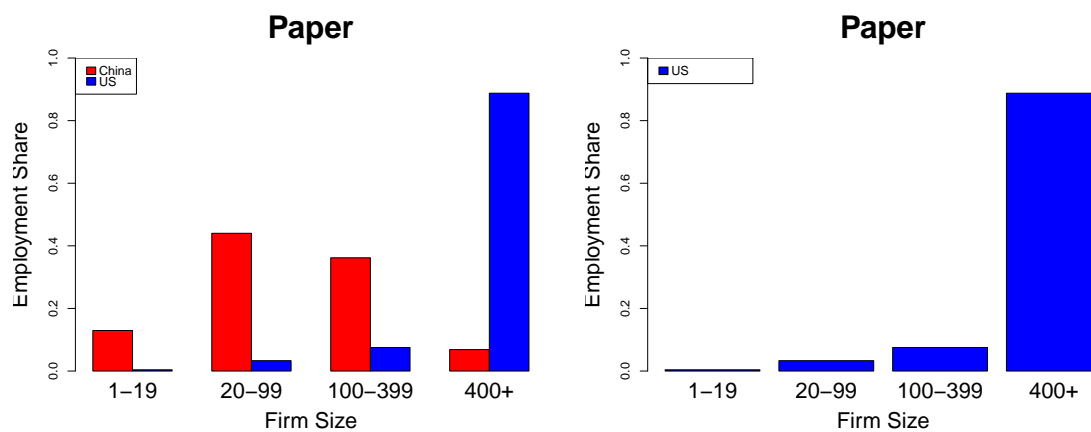


FIGURE 3: APPENDIX FIGURE E.1 TOP LEFT PANEL

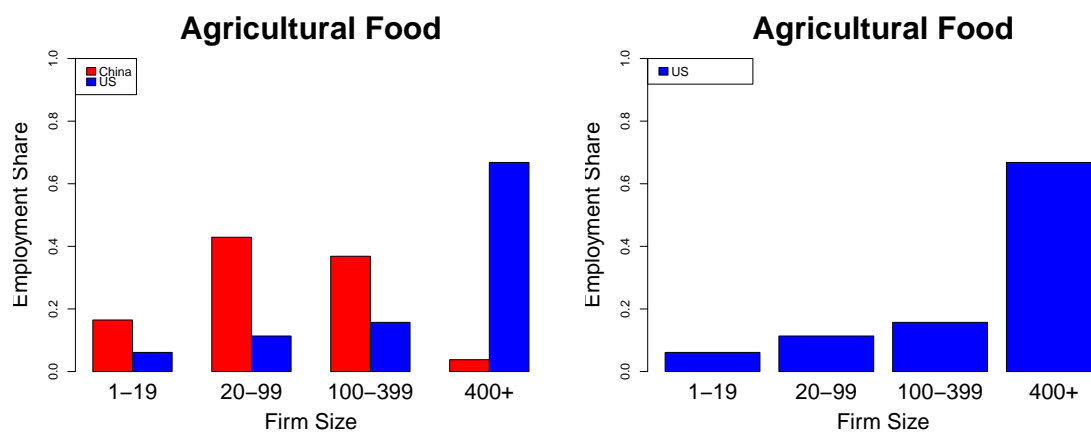


FIGURE 4: APPENDIX FIGURE E.1 TOP RIGHT PANEL

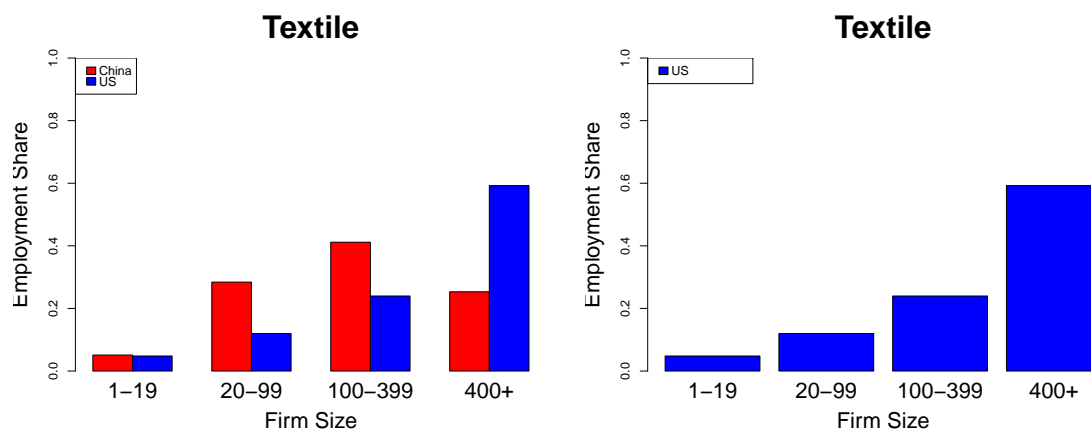


FIGURE 5: APPENDIX FIGURE E.1 MID LEFT PANEL

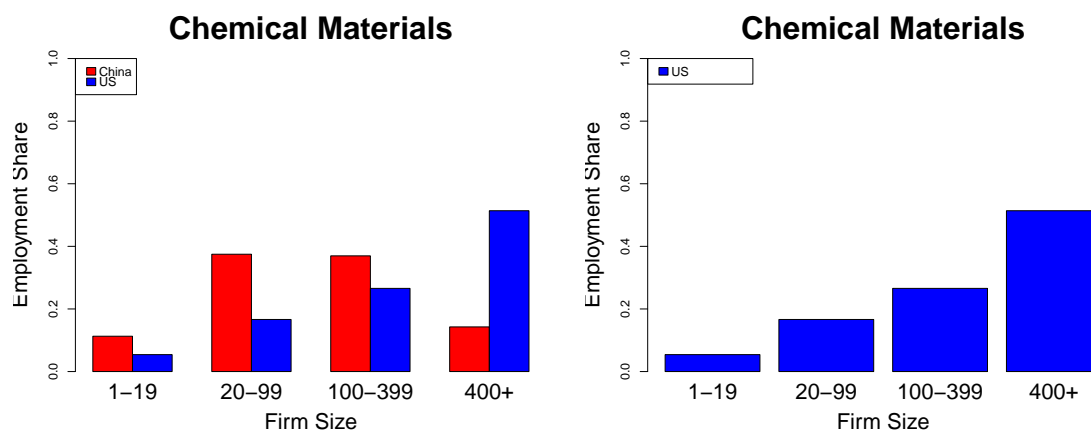


FIGURE 6: APPENDIX FIGURE E.1 MID RIGHT PANEL

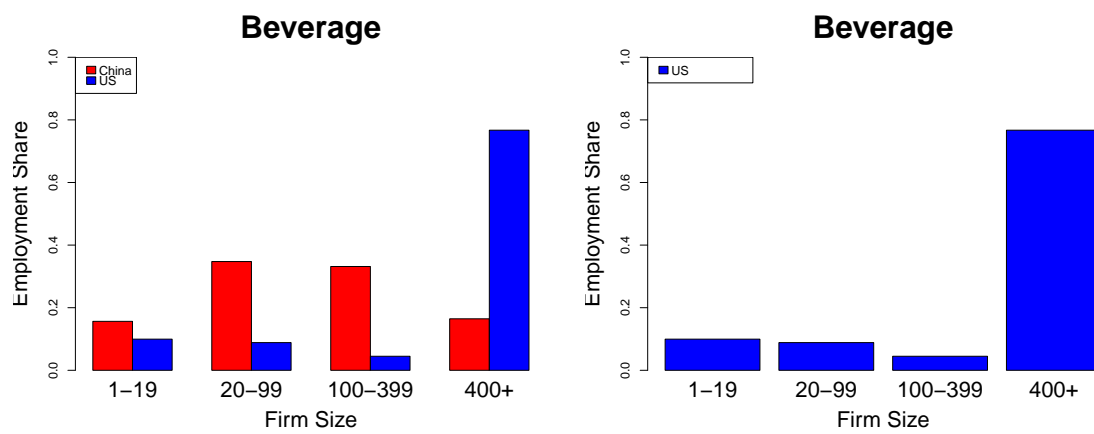


FIGURE 7: APPENDIX FIGURE E.1 BOTTOM LEFT PANEL