**Read me – replication dataset**

Version: January 2017

Prelims: In the current zip-folder are included the replication datasets (Stata 14 format) and do-files, as well as a new Stata command for estimating spatial HAC errors in 2SLS panel models, for the following article:

König, Michael, Dominic Rohner, Mathias Thoenig, and Fabrizio Zilibotti, ”Networks in Conflict: Theory and Evidence from the Great War of Africa”, forthcoming, *Econometrica*.

Please quote this paper when using the replication data or Stata programs. Note that we are currently developing a more comprehensive version of our spatial HAC 2SLS program (with more options and able to handle large dataset). Future upgrades of this program will be posted on our websites.

Structure: The zip folder has the following four subfolders:

1. “ado”: Contains a new .ado file that is required for running our spatial HAC 2SLS Stata command (for estimating spatially clustered standard errors in IV regressions with panel data). Please save this file in the appropriate ado directory. Make also sure that the following standard .ado files are installed, e.g. ivreg2, esttab, geodist and the ranktest.pkg package.
2. “original\_data”: we provide the user with two kinds of dataset.

* Raw datasets that are the basic inputs to generate the master dataset used in our baseline tables, some robustness tables and all policy simulations.
* Constructed dataset that are variants of the master dataset used in some robustness tables.

1. “progs”: This folder contains our do-files allowing to replicate all results of the main paper and main appendix. Notice that some programs are computation-intensive, particularly those that perform Monte Carlo simulations related to (i) bootstrapping, (ii) policies with endogenous network.
2. “regressions”: This subfolder is initially empty. This is where our do-files save the newly created temporary files and master datasets that are used in the estimations and policy simulations. The user must set the Stata local path into this folder (“cd XXX\ regressions”) before running all programs.
3. “results”: This subfolder is initially empty. This is where our do-files save the replicated output tables with the results.

Replication: Start by extracting the zip-folder. To replicate the results you must let the structure of subfolders unchanged.

* Running the do-file “Replication\_Estimations” constructs the baseline master dataset from raw data and replicates all estimation results using Stata 14.
* Running the do-file “Replication\_Policies” replicates all simulation results using Stata with the exception of the ones on embargoes. All other do-files are just sub-programs that are launched by the two major aforementioned do-files.
* The folder “embargo\_Matlab\_programs” contains Matlab programs for the simulations on embargoes. The file "embargo.m" computes the optimal arming/disarming policy based on the observed adjacency matrix of alliances and conflicts with group specific fixed effects. The adjacency matrix and the fixed effects used as inputs are located in the folder "Data". The output generated by the program is saved in the folder "Figures" and replicates Figure 3 in the paper.