

Formal and Informal Risk Sharing in LDCs: Theory and Empirical Evidence Supplementary Material

Pierre Dubois*, Bruno Jullien†, Thierry Magnac‡

March 2008

The raw data used for this paper were provided by the International Food Policy Research Institute (IFPRI) and are publicly available from IFPRI. These data were used to obtain the panel data used for this paper. All the necessary variables used to replicate our results were gathered in the file "b040305bis.dta".

Estimation of the income equation (Table 2 in the original text) and the equation for rented in area (Table A1 in the text) The software which is used is STATA. The data used are in a Stata file called "b040305bis.dta".

The main STATA commands are in "Djm_oct2007_Econometrica.do". This program creates Table 2 and A1 of the paper. After some transformations, "Djm_oct2007_Econometrica.do" creates "b040305bis.dta" used for the Gauss program.

Estimation of the consumption growth equation (Table 3 in the original text and Figure 1) The software which is used is GAUSS. In consequence, the transformed data that are used as derived from the Stata files described above, is under a GAUSS format in the file "b040305.dht".

The main GAUSS program is "DJM-YuRuppert.gau" in an ASCII format albeit with an unusual extension (.GAU). It calls subroutines in "Core-YuRuppert.gau" and "Proc-YuRuppert.gau". An example of the values for initial conditions is provided in the Gauss files, "coef-nnew-tab6-4b.fmt" and "coef-new-tab6-4b.fmt" accessed in the main program with the instruction "loadm".

*Toulouse School of Economics (GREMAQ & IDEI & INRA), (dubois@toulouse.inra.fr).

†Toulouse School of Economics (GREMAQ & IDEI), (bjullien@cict.fr).

‡Toulouse School of Economics (GREMAQ & IDEI), (magnac@cict.fr).

The file, "DJM-YuRuppert.gau", in its details, is specific to the last estimated version of the consumption growth equation.

These files also provide the way of drawing the graph appearing in Figure 1. They also provide a way of choosing the penalization parameter in Section 3.4 of the paper through cross validation, the number of knots etc. They are versatile with respect to the use of linear, quadratic or cubic splines.

Table A2 consists of the regression of the consumption growth residuals (obtained after running "DJM-YuRuppert.gau") on labor supply variables available in "b040305bis.dta".

Table A3 is obtained thanks to the Stata program "Djm040105_Econometrica.do". It uses also the STATA file "rescons0501.dta" which contains the consumption growth equation residuals.