PROBLEM SET 2

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1. QUESTION 1

I would like to choose CEX data for its comprehensive record of variables for different cohorts, education levels, income levels, etc.

I would use CEX along with CPS data to do researches. Two of the potential research questions are: How does your education effect your kindness(e.g donation, donation share of income and etc.) Identify normal goods, inferior goods in CEX data and see if their income elasticity change over time.

Paper fo Anderson, Inoue and Rossi (2016) used CEX data to evaluate heterogenuous individual response to fiscal policy shock.

2. QUESTION 2

Panel B in Figure 2 is interesting since it shows that the Gini index of earnings, income and wealth have different patterns. I would like to ask a question: what accounts for the narrowing gap of the wealth Gini and the other two.

Saez and Zucman(2016) used SCF data to analysis the wealth inequality of US.

3. QUESTION 3

TABLE 1. Quantiles of the 2007 Earnings, Income, and Wealth Distributions ($\times 10^3$ 2007 USD)

Quantiles	0%	1%	5%	10%	20%	40%	60%	80%	90%	95%	99%	100%
Earnings	-1576.0	0.0	0.0	0.0	0.0	26.2	51.4	89.1	128.5	183.6	506.4	164599.0
Income	-515.4	4.3	9.1	12.6	20.4	37.0	59.9	100.6	144.7	211.2	693.6	190767.2
Wealth	-482.7	-31.9	-4.70	0.0	7.5	66.2	201.7	506.4	927.6	1936.4	8534.1	1438628.0

TABLE 2. Concentration and Skewness of the Distributions

	Earnings	Income	Wealth
Coefficient of variation	3.60	4.32	6.01
Variance of the logs	1.29	0.99	4.53
Gini index	0.64	0.58	0.82
Top 1% / lowest 40%	1264.51	183.88	3428.76
Location of mean (%)	0.69	0.74	0.82
Mean / median	1.72	1.77	4.60