

Problem Set 1

Analysis of Labor Outcomes with PSID

Tate Mason
Tate.Mason@uga.edu

Munro Godfrey Sr. Department of Economics
University of Georgia

August 26, 2025

Outline

- 1 Introduction
- 2 Methodology
- 3 Results
- 4 Conclusion

Background of PSID

- The PSID is a longitudinal study of household and individual income dynamics
- Grants users an in depth look at long term labor and wealth outcomes
- Maintained by University of Michigan

Research Question

Main Question

What are labor and wealth outcomes for men aged 25-60 between 1999-2017?

Research Question

Main Question

What are labor and wealth outcomes for men aged 25-60 between 1999-2017?

Subquestions

How do these outcomes when stratifying by wealth, educational, and labor characteristics?

Data

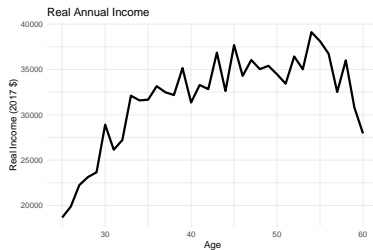
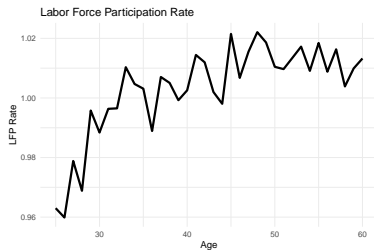
Year	Group	Category	N	Observations	College (%)
1999	All	All	1847	3795	22.6
2001	All	All	1855	4078	24.1
2003	All	All	1844	4209	24.1
2005	All	All	1814	4231	22.1
2007	All	All	1799	4349	21.2
2009	All	All	1767	4421	29.3
2011	All	All	1713	4441	28.0
2013	All	All	1701	4475	27.8
2015	All	All	1650	4365	27.3
2017	All	All	1908	4684	49.3

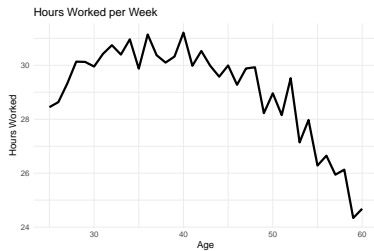
Age Profile Generation

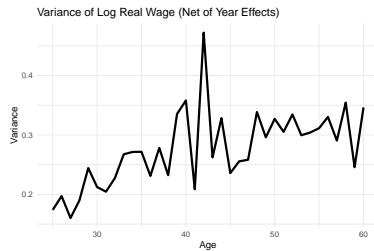
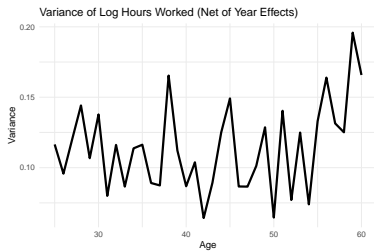
$$y_{it} = \alpha + \sum_a \beta_a \cdot \mathbf{1}(Age_{it} = a) + \sum_t \gamma_t \cdot \mathbf{1}(Year_{it} = t) + \epsilon_{it} \quad (1)$$

In which Y_{it} is the outcome variable for individual i at time t , Age_{it} is the age of individual i at time t , $Year_{it}$ is a set of year fixed effects, and ϵ_{it} is the error term.

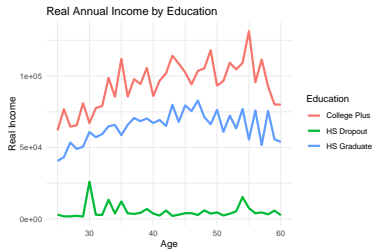
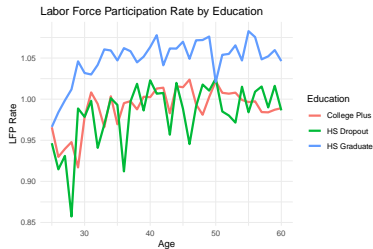
Main Results - Overall

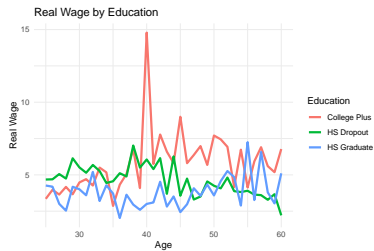
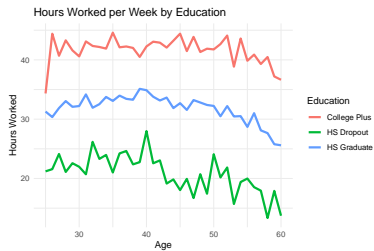


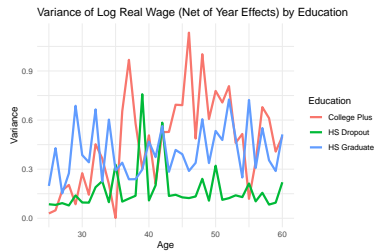
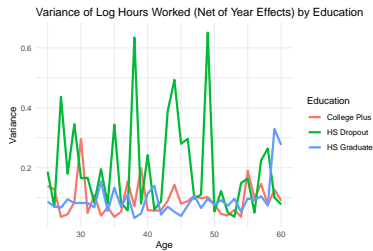




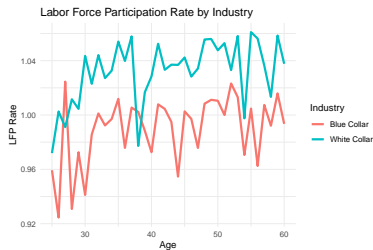
Results - Stratified by Education

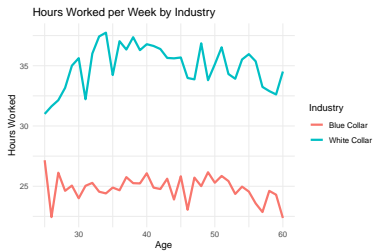


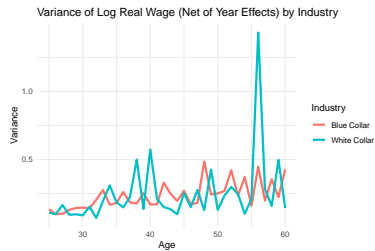




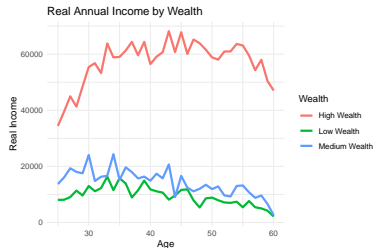
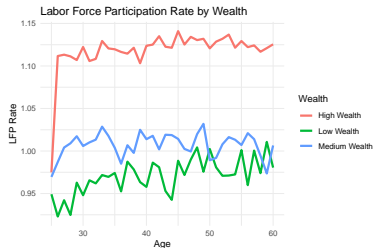
Results - Stratified by Industry

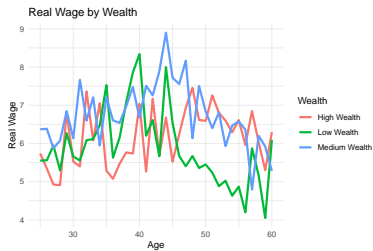
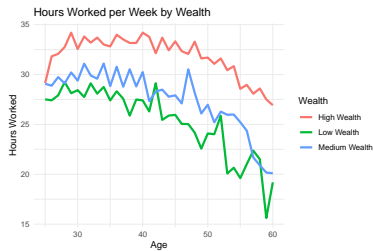




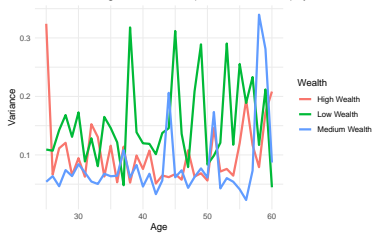


Results - Stratified by Wealth

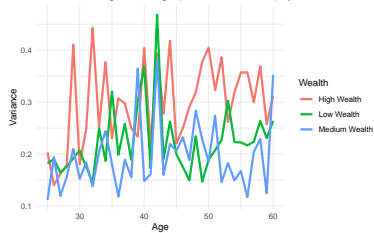




Variance of Log Hours Worked (Net of Year Effects) by Wealth



Variance of Log Real Wage (Net of Year Effects) by Wealth



Conclusion

- We see much of what we would expect in the data
- Hourly wage is not what I would expect
- Variance is massive, especially in wages