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

Itinerary

- Background of PSID
- Research Question
- Methodology
- Results
- 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?
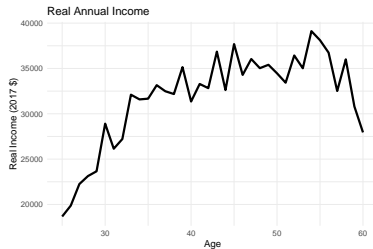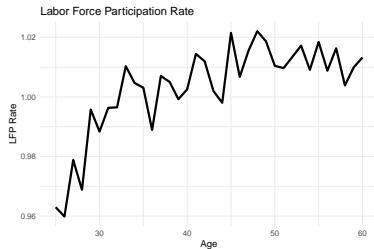
Data

	1999
2009	2011
Sample Size	81283

Sample by Category:

25-30 31-35 36-40 41-45 46-50 51-55 56-60 Number of Individuals
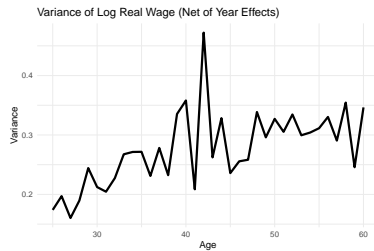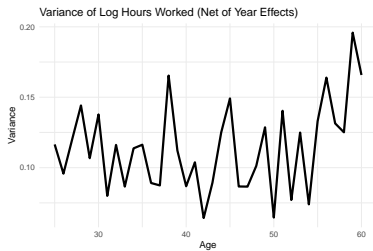
Age Profile Generation

$$Y_{it} = \gamma \cdot Age_{it} + \alpha \cdot Year_{it} + \epsilon_{it} \tag{1}$$

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.
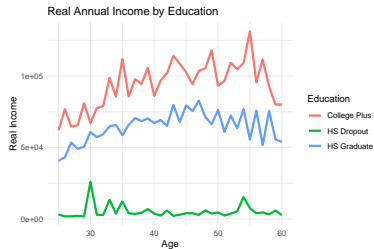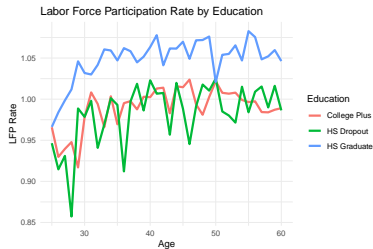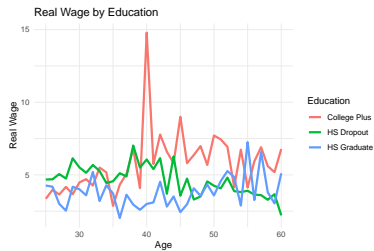
Main Results - Overall

Hours Worked per Week

Real Wage
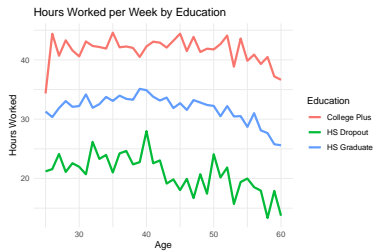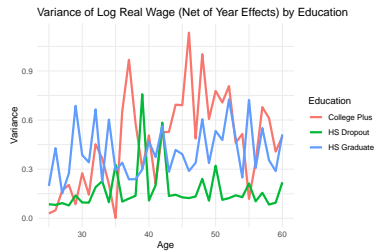
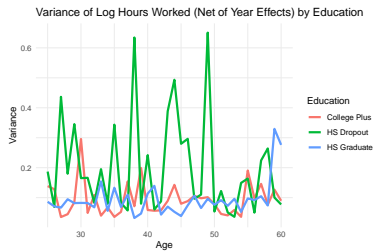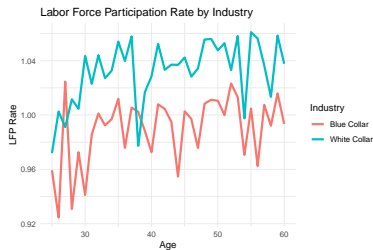Variance of Log Hours Worked (Net of Year Effects)

Variance of Log Real Wage (Net of Year Effects)
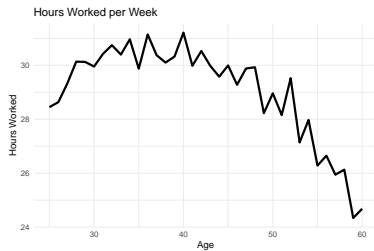
Results – Stratified by Education

Hours Worked per Week by Education

Real Wage by Education

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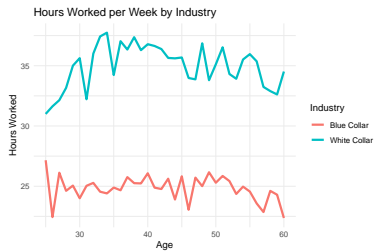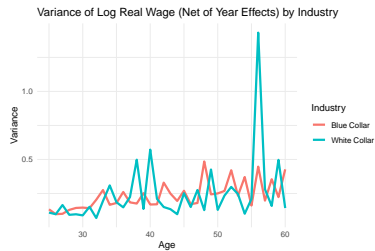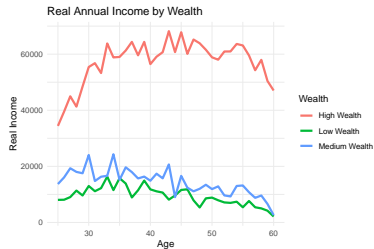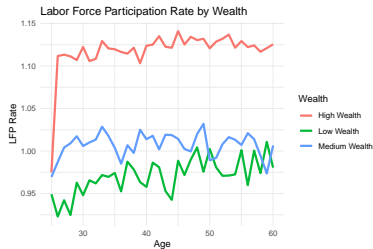

Variance of Log Real Wage (Net of Year Effects) by Education

Results - Stratified by Industry

Hours Worked per Week by Industry

Real Wage by Industry

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

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

Results - Stratified by Wealth

Hours Worked per Week by Wealth

Real Wage by Wealth

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

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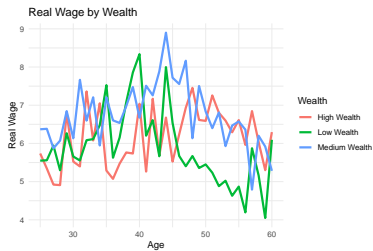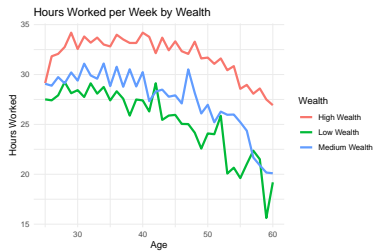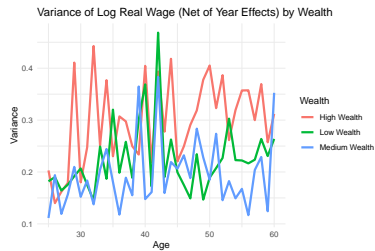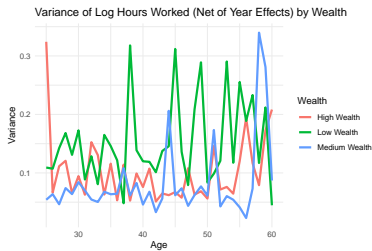
Conclusion

- 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