

Problem Set 1

Analysis of Labor Outcomes with PSID

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Outline

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

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?

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Subquestions

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

Data

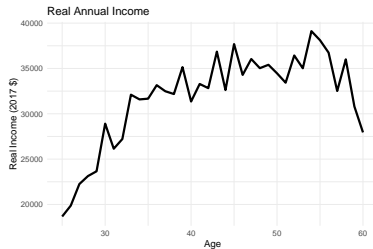
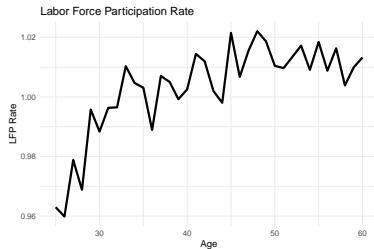
2009	1999
Sample Size	2011
	81283
Sample by Category:	
25-30 31-35 36-40 41-45 46-50 51-55 56-60 Number of Individuals	

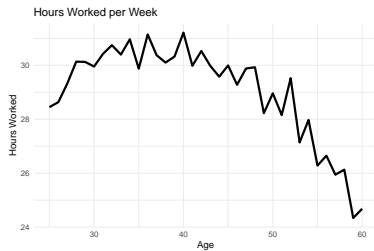
Age Profile Generation

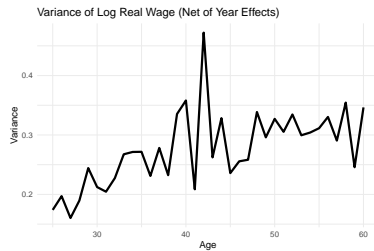
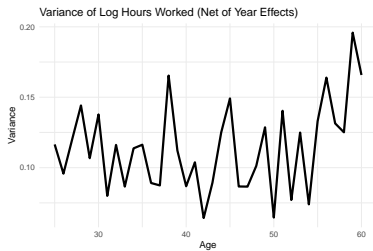
$$Y_{it} = \gamma \cdot Age_{it} + \alpha \cdot Year_{it} + \epsilon_{it} \quad (1)$$

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.

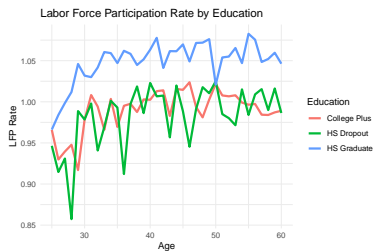
Main Results - Overall



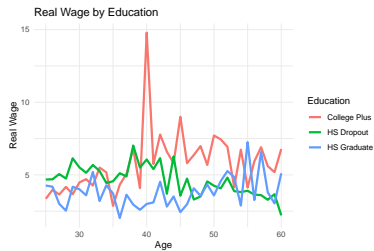
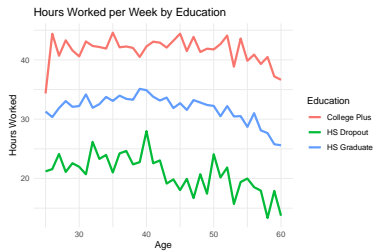


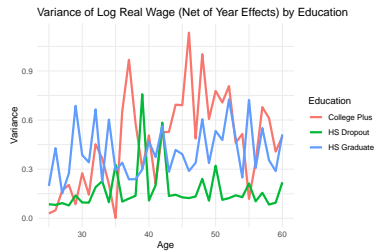
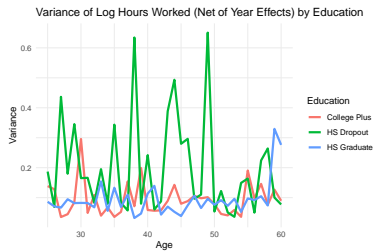


Results - Stratified by Education

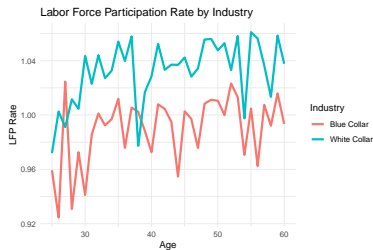


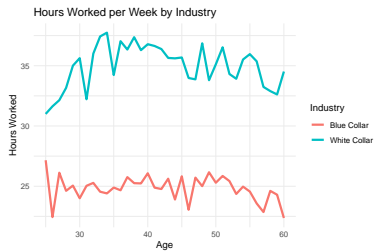
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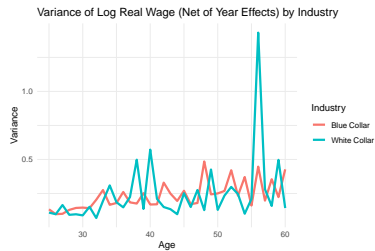




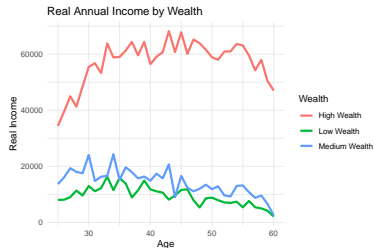
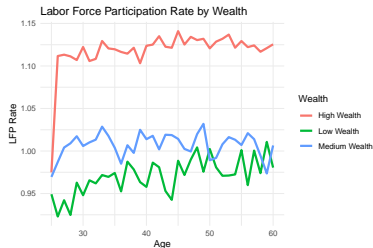
Results - Stratified by Industry

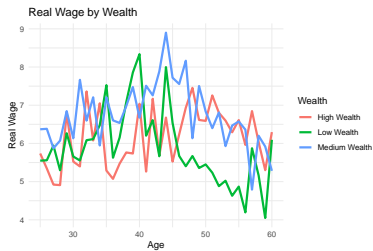
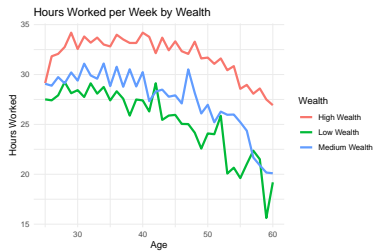


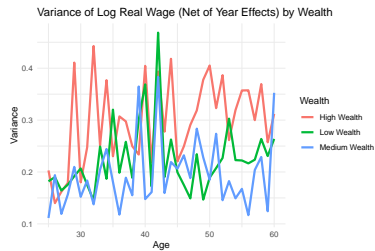
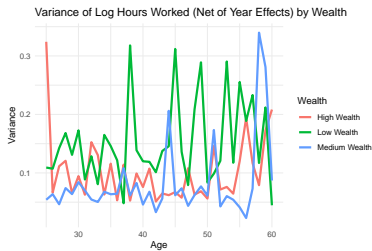




Results - Stratified by Wealth







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