

Problem Set #9

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Labor supply, consumption and saving based on OG model with endogenous labor supply

Figures Explanation

Based on results for overlapping generation model which are illustrated in the Figures 1-3, individuals work and consume more when they are young but less when they get older. In addition, as we can see in the Figure 3, individuals' saving increases sharply until early middle age and then they start to save less as they get older.

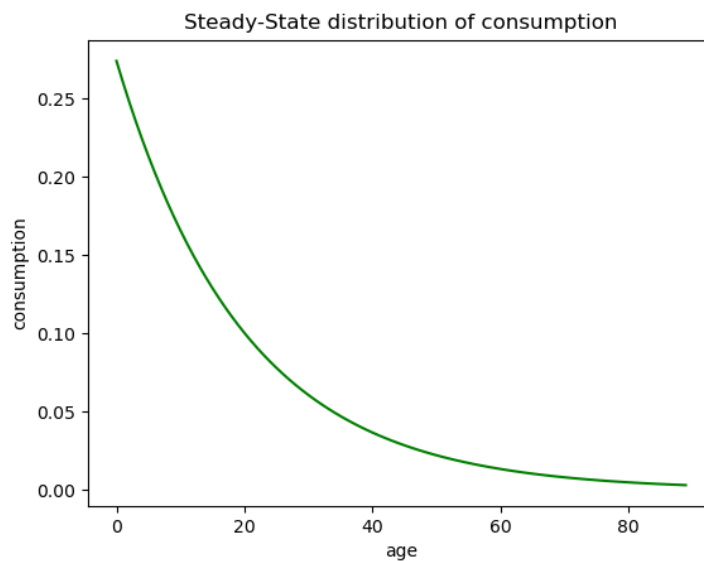


Figure 1: Consumption path



Figure 2: Labor supply path

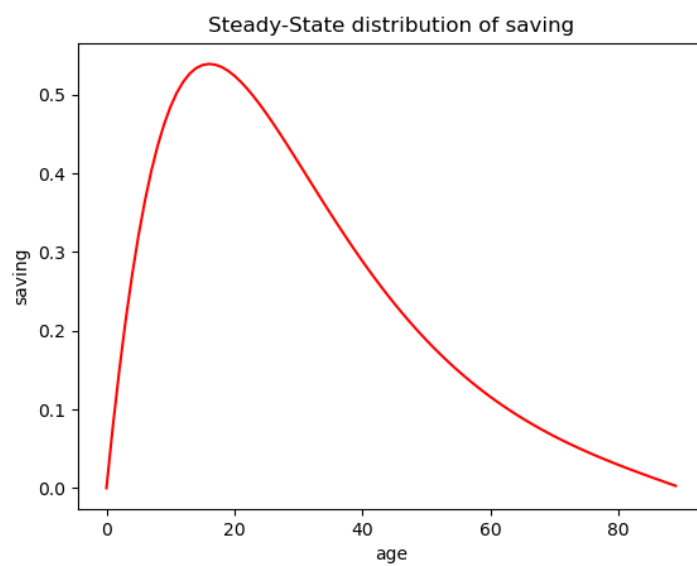


Figure 3: saving path