

Problem Set 9

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Model

In this document, I have included several figures. Sadly, given Kaleigh, Angela, and I were not able to produce working code, these figures are blank. However, I still can describe what they *should* look like, which I address beneath each figure.

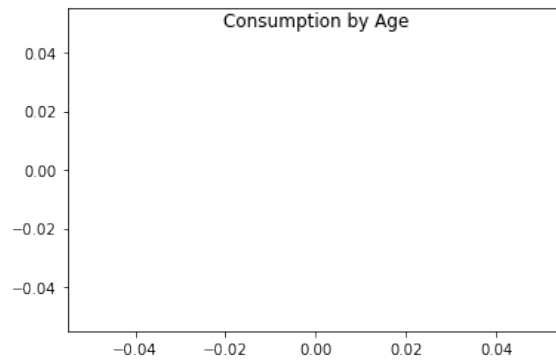


FIGURE 1: In principle, the consumption function should be steadily increasing over the life cycle of the individual.

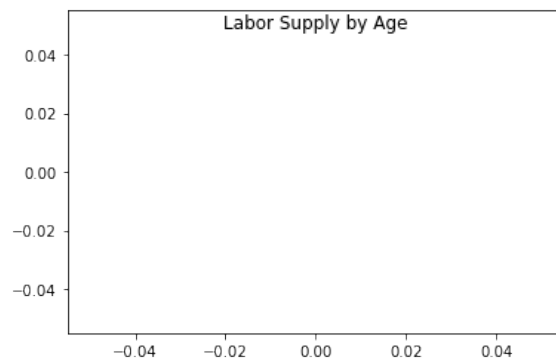


FIGURE 2: Labor supply should be steadily decreasing over time as leisure increases, due to the incorporation of the disutility of labor, with labor as endogenous.

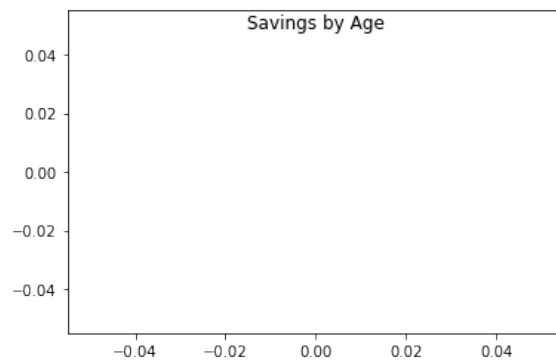


FIGURE 3: Savings increase over time, but the stock of savings rapidly decrease as the lifetime of the individual comes to an end.

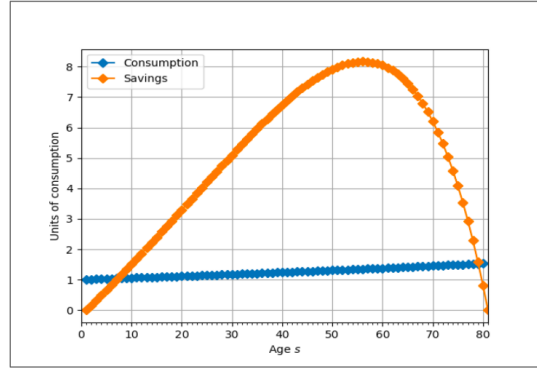


FIGURE 4: The true version of what consumption and savings should look like.

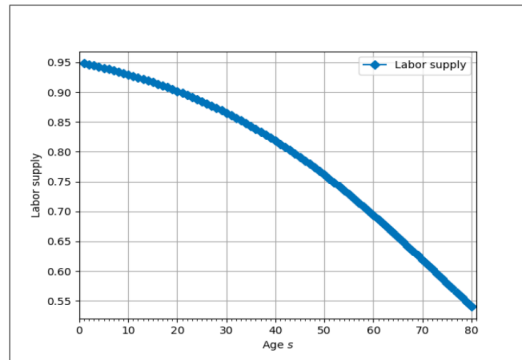


FIGURE 5: The true version of what labor supply should look like.