

# Comments on: “Superstar ZIP Codes” by Acosta, Eckert and Liang

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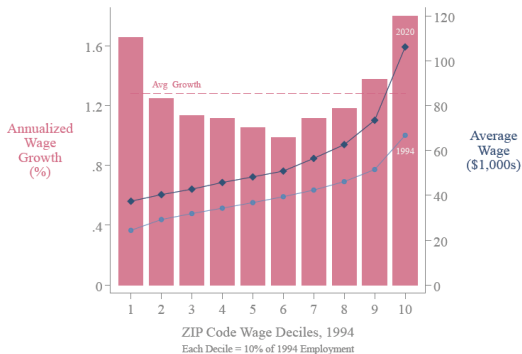
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# Summary I

- ▶ Use new zipcode level county business patterns data to track wage convergence across zipcodes from 1994-2020.
- ▶ This has previously been done with coarser data.

# Punchline #1

FIGURE 1: WAGE GROWTH ACROSS ZIP CODES, 1994-2020



Using the zipcode level data, we see wage convergence for zipcodes that were poor in 1994, and divergence for zipcodes that were rich in 1994.

## Punchline #2

FIGURE 5: THE ROLE OF AGGREGATION



Left panel repeats figure from previous slide. Right is aggregated to commuting zones. We can only see the convergence of poor zipcodes in the more granular data. Tell me the zipcode data matters quicker.

## Comment #1

What does “wage growth” mean?

- ▶ Increased factor productivity of labor?
- ▶ Agglomeration economies?
- ▶ Sorting of high wage people?

I don't think you have much to say about this, but the welfare implications are different. At a minimum, be clear that all three are possible and you can't tell them apart.

## Comment #2

What would randomness look like? Can we reject it as an explanation?

- If every firm has one employee, then your imputation regression reduces to

$$L_{it+1} = L_{it} + \varepsilon_{it}$$

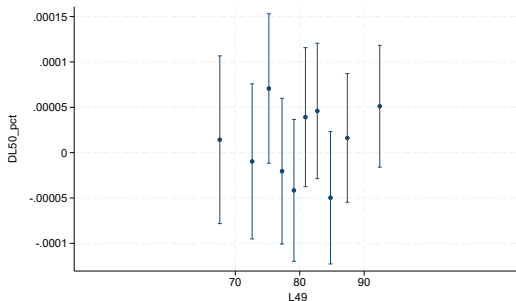
This is an AR1.

- If I let this run for 50 periods, and then make a histogram of

$$\frac{L_{i50} - L_{i49}}{L_{i49}}$$

against  $L_{i49}$ , I simulate your picture and (almost) your DGP.

## Comment #2 (cont'.)



This is 100000 trials with  $L_0 = 80$  (to rule out division by zero) for all 1,000,000 tracts. This looks good for you, but these figures are sensitive to parameters and randomness.

If you did a careful job of this, and showed me that the observed histogram was outside the CIs for the simulated data, I would be much more inclined to believe this.