Figure 1: Solution to problem 4

In this file, I plot some figures related to the solutions of Problem 1. The first figure extends many of the main results of the Heathcote et al. paper to 2013. From this figure, we see that the 90-50 ratio, but not so much the 50-10 ratio, of different income measures increased beyond the end of the Heathcote et al. sample.

The second figure indicates that the variance of labor+asset earnings relates mainly to labor income, not so much asset income, nor the covariance between asset and labor income.

Finally, I plot the (smoothed) relationship between occupations’ 1976 skill requirements (proxied 1976 by wages), and the growth rates of the occupations hourly wages (top panels) and total hours (bottom panels). In the left two panels, we see (more or less) the same U-shaped relationships emphasized by Autor and Dorn. Within the 2007-2013 period, wages grew fastest (and hours grew least) in low-skill occupations.
Figure 2: Solution to problem 5

Figure 3: Solution to problem 6