Decomposing Wage Gaps Across the Distribution

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Description: This course will give an introduction to Machado and Mata (2005) and related papers. Machado and Mata (2005) gives a method to decompose the difference between two distributions, e.g., male and female log wage distributions, into a part due to different distributions of explanatory variables and a part due to different distributions of returns to those variables. I will focus in particular on work that I have done with Aico van Vuuren and Susan Vroman to extend the Machado-Mata technique to account for selection.

References:

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Buchinsky, M (1998a), The Dynamics of Changes in the Female Wage Distribution in the USA: A Quantile Regression Approach, *Journal of Applied Econometrics*, 13, 1-30.

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