Econ 494 - Homework #2

Due

September, 10 2019

Background

Read the following articles, "Millennials Earn 20% less than Boomers Did", USA Today. 13 Jan. 2017, link, and "The Rising Cost of Not Going to College", New York Times. 11 Feb. 2014, link. Consider whether you agree or disagree with the following rather disparate claims.

1. Young adult workers today earn $10,000 less than young adults in 1989, a decline of 20%.
2. Median, inflation-adjusted income of 25 to 32-year-olds has changed very little since 1965.

Assignment

Use data and summary statistics from the 1989 & 2016 SCFs to investigate claims 1 & 2, above.

Data Source

The Survey of Consumer Finances (SCF) is a triennial cross-sectional survey of U.S. families, & includes information on families balance sheets, pensions, income, and demographics, see link.

Methodology

1. Download the Stata files for the "Summary Extract Public Data", first for the 2016 SCF.
   (a) Zip-file is approx. 4 MB in size.
   (b) Unzipped file should be named rscfp2016.dta.
   (c) For published tables, see "Changes in U.S. Family Finances from 2013 to 2016: Evidence from the Survey of Consumer Finances (PDF)".
2. Import the rscfp2016.dta file into Stata, and write a do-file to accomplish the following:
   (a) **Keep** only relevant variables; $income, networth, debt, agecl, edcl, racecl, wgt, age$.
   (b) **Generate** a new variable containing the *year* of the survey.
   (c) Definitions for all relevant variables can be found here.
   (d) **Save** a new copy of the selected 2016 SCF data as temp2016.dta.

3. Replicate the basic results of the following sections of Tables 1 & 2 of the 2016 Report.
    - Table 1. Before-tax median and mean family income.
    - Table 2. Family median and mean net worth.
    - Sections. 'By Age of head (years)' and 'Education of head'.

    (a) Use either the **summarize** or **tabulate** commands; *agecl*, *edcl*, and *racecl* variables.

    (b) You do NOT need to include the 2013 data, percent changes, or match the published numbers in Tables 1 and 2 exactly. See example Table A, made in LaTeX, below.

    (c) **Save** an updated copy of the 2016 SCF data as needed, again as temp2016.dta.

4. Next, download the data for the 1989 SCF, and repeat steps 1–3 with the 1989 data.

5. **Append** the 1989 and 2016 data files into a single dataset, named scfinal.dta.

    (a) Final dataset should consist of 8-10 variables and approx. 45k observations.

    (b) Check Tables 1 & 2 in the published 1989 SCF report against your data.

    (c) Confirm that the data for 1989 is in 2016 dollars.

6. Modify existing do-file to create tables **comparing** the 1989 data to the 2016 data.

    (a) Try using the **table** or **tabout** commands, see link and link, to organize your output.

    (b) Divide *income* and *networth* by 1000, use the *format* option to display one decimal.

    (c) Use the *weight* option to get the tables (mostly) correct, for example *[aweight=wgt]*.

    (d) Add *labels* to the **keep** variables listed above to make your tables more legible.

7. Submit a .zip folder containing the following to the online Homework folder.

    (a) Do-file containing all relevant code and comments.

    (b) Log-file of all Stata output.

    (c) A summary of your findings, including any relevant tables or charts.

Table A: Median Income

	1989	**2013**
Age of head (years)		
Less than 35	37.7	35.5
35-44	66.0	60.9
45-54	69.8	60.9
55-64	47.1	54.8
65-74	30.2	45.7
75 or more	24.5	28.4
Total	47.1	46.7