



The Great Polarization
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Labor Market Segmentation and the Distribution of Income: New Evidence from Internal Census Bureau Data.

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Abstract

This paper presents new findings on the functional distribution of individuals' income in the US economy using Census Bureau's CPS ASEC internal data. We extend previous research characterizing the income distribution as a mixture of frequency distributions with finite components using internal Census data made available through the Census Bureau's Research Data Center (RDC). We present new evidence on the functional form of the income distribution corresponding to multiple distinct labor market segments with qualitatively different generating mechanisms. Initial estimates of the model parameters suggest increasing inequality within one component of the mixture as well as between components.