

A Additional figures

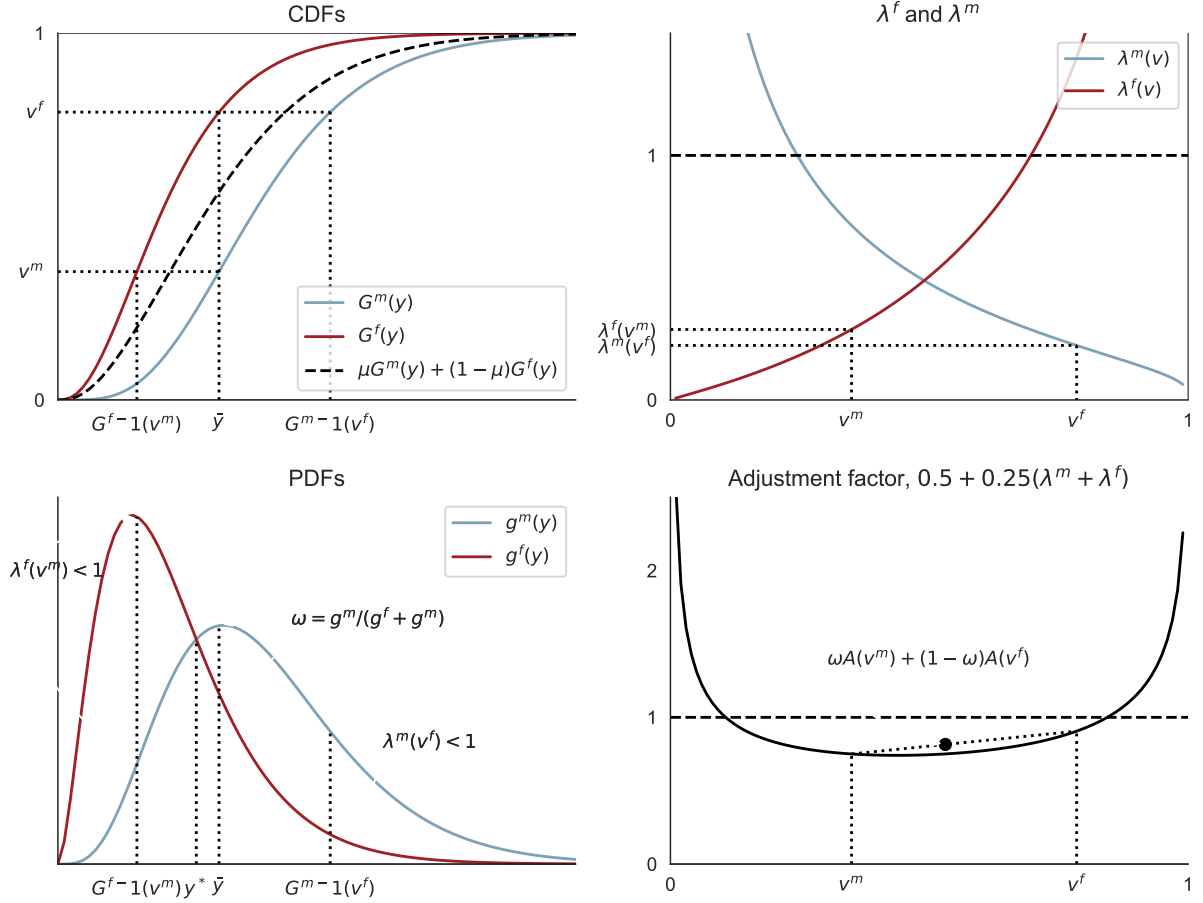
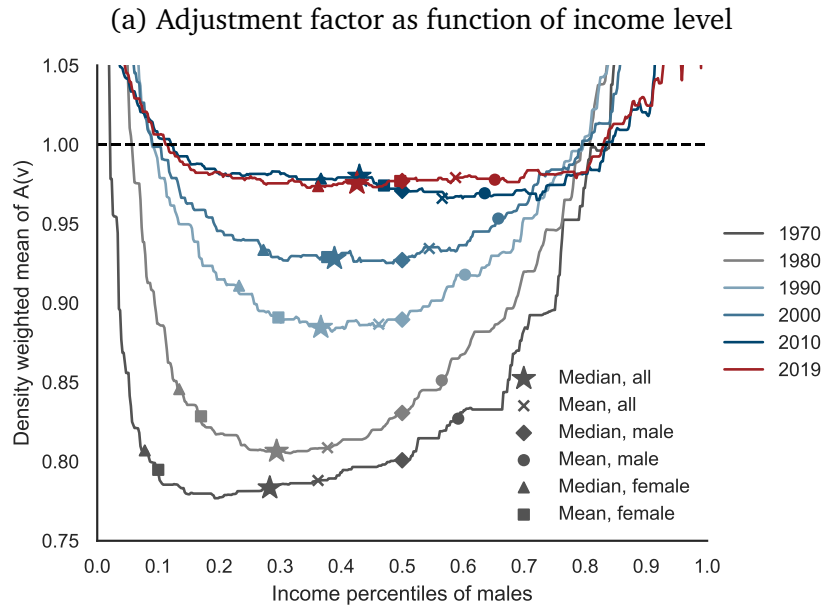


Figure A.1: Example of evaluation of the adjustment factor at the mean income

The figure depicts artificial distributions which exhibit monotonic likelihood ratios. In this example the adjustment factor is evaluated at the mean of the aggregate distribution, $\bar{y}$. The top left figure displays the cumulative distribution functions (CDFs). From these functions one can identify $v^m = G^m(\bar{y})$ and $v^f = G^f(E(y))$ where the likelihood ratios are evaluated. In this example $G^{f-1}(v^m) < y^* < G^{f-1}(v^f)$, where y^* is the crossing of densities. This implies that both $\lambda^f(v^m)$ and $\lambda^m(v^f)$ are below one. This can be read off the top right figure, which plots the values for λ^f and λ^m for all values of the rank, v . The adjustment factor for all values of v is shown in the bottom right figure, where the density weighted mean between the two adjustment factors are shown as a black circle.



(b) Adjustment factor over time for different income levels

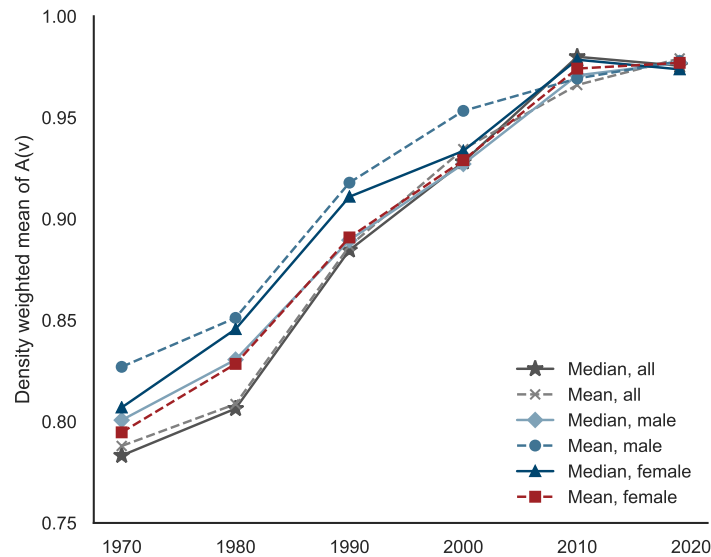


Figure A.2: Evaluation of the adjustment factor at different levels of income

The figure shows the importance of the choice of evaluation point. For each year I calculate the density weighted adjustment factor at an income corresponding to the rank on the x-axis for males. The ranks serve as a normalisation of the income distributions, such that one can compare across years. The very flat lines indicate that it matters little where the adjustment factor is approximated, less it not be in the tails. The figure also displays the adjustment factors for means and medians for the two genders and for the total income distribution. These are represented by the symbols on the line placed at the corresponding ranks in the male income distribution. By definition, the median of males are always located at 0.5 on the x-axis.