

Abstract for Stephane Bonhomme's and Thibaut Lamadon's paper:

"Deconvolution in Networks: Estimating Distributions of Firm and Worker Effects", joint with Adam Drozynski.

"We propose an estimator of the density of random coefficients in linear models with correlated heterogeneity. The setup covers network settings, a leading example being the estimation of the densities of worker and firm effects using matched employer-employee data. We show nonparametric identification of densities, and propose practical estimators based on a novel noise augmentation technique. Importantly, our approach does not restrict the dependence between the worker and firm effects and the network of worker-firm connections. We apply the method to Italian data on workers and firms from the Veneto region, and estimate marginal densities of worker and firm effects as well as joint densities. "