

# **Skill-Biased Technical Change and Labor Market Polarization: The Role of Skill Heterogeneity Within Occupations**

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## **Abstract**

I document that employment share change and wage growth of occupations tend to increase monotonically with various measures of skill intensity since 1980 in the US, in contrast to the existing interpretation of labor market polarization along occupational wages. The observation is not particularly driven by a specific decade, gender, age group, or occupation classification. The evidence suggests that polarization by wages does not imply polarization of skills that have cross-occupation comparability. Skill-biased and polarizing occupation demand coexist as a result of the weak connection of wage and observable skill structure particularly among the low-wage jobs in the 1980. The empirical findings of the paper can be reconciled in an extended version of the canonical skill-biased technical change model which incorporates many occupations and within-occupation heterogeneity of skill types.