Figure 7:

```
\begin{figure}
\caption{Location of Plants of a High and a Low Productivity Firm}
\label{fig: Sorting}
\centering
\begin{tikzpicture}
   \draw [ultra thick, <-] (-3,5) -- (-3, -1);
   \draw [ultra thick, <-] (5,-1) -- (-3, -1);
   \draw [gray, thick] (-2.5,-1) to [curve through ={(0,1.377) (1,1.5) (2, 1.377) }] (4.5,-1);
   \draw [gray, ultra thick] (-1,-1) to [curve through ={(1,1.5)}] (4.5,3);
   \draw [dotted] (1,-1) -- (1, 5);
   \node (R*) at (1, -1.25) {\small R*};
   \node (low) at (-1.15,1.75) {\small Low productivity firm};
   \node (high) at (5,3.25) {\small High productivity firm};
   \node (R) at (5.25,-1) {\small R};
   \node (measure) at (-2.95,5.35) {\small Measure of plants};
\end{tikzpicture}
\end{figure}
```