



Labor Supply Decisions

Female vs. Male

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January 13, 2014

- 1 Two Models of Labor Supply
- 2 Motivation of the Papers
- 3 Research Question and Approach
- 4 Models
- 5 Results
- 6 Comments

- ① Objective: compare two models of life-cycle decisions
 - ▶ One model for females one model for males
 - ▶ “Females Model”: Keane and Wolpin (2010)
 - ▶ “Males Model”: Keane and Wolpin (1997)
- ② Learn about modeling decisions
- ③ Understand the main features of female and male life-cycle or career decisions

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- ❶ Large differences in economic and demographic characteristics of majority (white) compared to minority (black and Hispanic) women
- ❷ NLSY79 in 1990 (Ages 25 to 33):
 - ▶ Mean schooling years: white 13.4; black 12.8; Hispanic 12.1
 - ▶ Marriage percentages: white 65%; black 32%; Hispanic 55%.
 - ▶ Children: white 1.2; black and Hispanic 1.7
 - ▶ Employment: white 74%, black 66%, Hispanic 67%
 - ▶ AFDC previous year: white 4%, black 20%, Hispanic, 11%

- ➊ Analyze the “life-cycle” or career decisions of a core sample of white men

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- ▶ Model labor supply, marriage markets, preference heterogeneity, and the welfare system to answer:
 - ❶ How much observed of observed minority-majority differences in behavior can attributed to differences in labor market and marriage opportunities, and preferences?
 - ❷ How does to welfare system affects augment the differences minority-majority differences?
 - ❸ How will the new cohorts that grow up under the new welfare system (TANF) behaves compared to older cohorts?

- ▶ Combine the extensions to the basic Roy (1951) model in Heckman and Sedlaeck (1985) and Willis (1986) to assess self-selection in three dimensions, schooling, work, and occupational choice, and understand
 - ① Human capital investment
 - ② School attendance
 - ③ Work
 - ④ Occupational choices
 - ⑤ Future work decisions
 - ⑥ Wage patterns

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