PARAMETER VALUES FOR THE SIMULATED MODEL AND THE CALIBRATION TARGETS Mean log ability

Mean log endowment

Std. log endowment

Outcomes observed

True value of nurture

Std. log ability

Prior mean  $\theta$ 

Risk aversion

Utility of leisure

Prior std.  $\theta$ 

3-5

0.04

0.76

0.3

 $\mu_a$ 

 $\sigma_a$ 

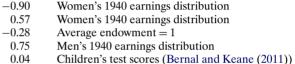
 $\mu_{\omega}$ 

 $\sigma_{\omega}$ 

 $\mu_0$ 

 $\sigma_0$ 

TABLE I



Growth of LFP in 1940s

Average 1940 LFP level

1940 LFP of women without kids

Unbiased beliefs

Commonly used