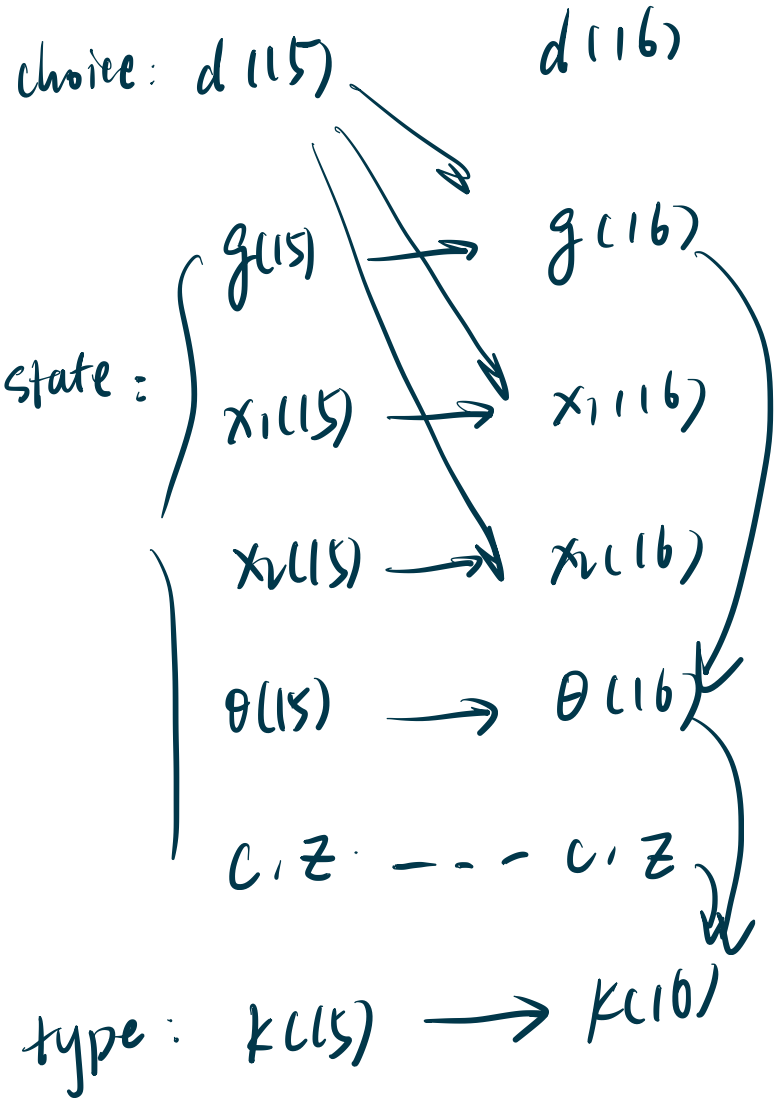


working: $U_m = w_m(a) + r_m(a) + \epsilon_m(a)$

wage: $w_m(a) = p_m e_m(a)^{\alpha \begin{cases} x_1(a) \\ x_2(a) \\ g(a) \end{cases}}$

benefit: $r_m(a) \propto g(a)$

choice: $d(15)$ $d(16)$ $d(17)$ ... $d(49)$

state : $S(15)$ $S(16)$

type : $K(15)$ $S(16)$

schooling

$u(a) \propto c, k$

Q:

1. Information known (ma+1)

2. Identification challenge

Identification

① choice of a $Y(a)$

$$\Pr\left(Y(a) \mid S(a), k(a), S(a-1), k(a-1)\right)$$

② Latent type

$$\Pr\left(k(a) \mid S(a), S(a-1), k(a-1), Y(a-1)\right)$$

$$P(y_3, y_2, y_1) = P(y_3 | x_2^*) D_1 (P(y_2 | x^*)) D_2$$

$$P(y_3, y_1) = P(y_3 | x_2^*) D$$