

**Human Capital Accumulation, Search Frictions and the Gender Wage Gap
in Labor Market Equilibrium**

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Abstract: We document the widening gender wage gap and the gender differences in transition rates into and out of employment and human capital dynamics over the life-cycle in the National Longitudinal Survey of Youth from 1979 (NLSY79). We then develop an equilibrium search model to assess the extent to which labor market frictions, human capital accumulation, and motherhood contribute to the expanding wage gap. In our framework, men and women have different transition probabilities and diverging human capital processes. Furthermore, women's careers can be impacted by maternity leave coverage policies. Firms respond to these gender differences when posting wages in market equilibrium. We estimate the model by the method of simulated moments; results are in progress.