

Female Labor Force Participation and Intergenerational Mobilit

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Abstract

This paper explores the connection between intergenerational economic mobility and the entry of women into the labour force. We propose a simple statistical model of intergenerational transmission, in which children's human capital is a function of parental money and time inputs. We derive the father-son (and father-daughter) intergenerational elasticities (IGEs) under two regimes: one in which mothers devote all their time to childrearing, and one in which mothers split their time between market work and childrearing. We find that the impact of mothers' entry into the labour force on the father-child IGE depends on three key factors: (i) the nature of sorting in the marriage market; (ii) the relative importance of parental time and money in the determination of child's earnings; and (iii) selection of mothers into labour force participation. We discuss the circumstances under which the entry of mothers into the labour force may have contributed to a decline in the father-son and father-daughter IGEs in Norway.