Abstract
This paper concentrates on the role of job matching frictions in influencing the interactions between fertility choice and wage offers and show that job market frictions are a crucial factor in wage differentials among female workers. Additionally, we examine the role of home-stay alternative and the negative correlation between fertility choice and female earnings in the face of life-cycle choices. In a search-theoretic model incorporating fertility and job decisions, with endogenous fertility and home-stay decisions, a tighter market will enhance the fertility rate and the home-stay rate and a better job matching technology would not only increase the home-stay rate but decrease the fertility rate. In general equilibrium, the effects of both market tightness and the matching technology on the wage differential are indeterminate. Moreover, a higher fertility rate enlarges the wage differential also implies a negative relationship between the fertility rate and the earnings of workers with children. This result is consistent with standard empirical findings.

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