



# Directed Search over the Life Cycle

## Ludo Visschers

Universidad Carlos III, Madrid



### Abstract:

How much of a worker's lifetime experience in the labor market is due to human capital accumulation versus luck? We build a life-cycle model of directed search in the labor market, in which workers move between the states of unemployment, employment and across employers because of differences in labor market experience and in idiosyncratic productivity of different firm-worker matches. We calibrate the model to age-independent facts based on the SIPP, and find that it is able to match key life-cycle facts in the labor market, including the rates of transition between labor market states by age and the average age-earnings profile. Using the model, we then decompose the life-cycle profiles of wages and transitions into human capital effects, age-related horizon effects and search effects. We find that search frictions play a very important role in the workers' life-cycle experience.

**Mittwoch, 16. November 2011, 16.15 Uhr**  
**Raum 2330, Kollegiengebäude II**