

B Initial condition equation estimation

Table B.1 **Coefficient estimates of the initial condition equation in the reduced form specification**

	<i>Model II: RE</i>		<i>Model III: Cor. RE</i>		<i>Model IV: AR. Cor. RE</i>	
	<i>Coef.</i>	<i>s.e.</i>	<i>Coef.</i>	<i>s.e.</i>	<i>Coef.</i>	<i>s.e.</i>
Non-labour income: deviation	-0.1914	0.0951	-0.1782	0.0953	-0.124	0.0966
Non-labour income: mean	-0.3541	0.1134	-0.3639	0.1121	-0.3543	0.1139
Aged 18-25	-1.7494	2.0618	-1.9025	2.1227	-1.9688	2.0971
Aged 36-45	-3.6249	1.0398	-3.9428	1.1231	-3.1692	1.1072
Aged 46-55	-1.5964	1.3572	-2.5801	1.5249	-1.8823	1.4684
Aged 56 plus	-4.9603	2.0893	-6.1894	2.2344	-5.2325	2.1267
Degree	16.1513	1.5445	15.8835	1.5264	15.5419	1.4831
Diploma	11.4967	2.0143	11.0916	2.0002	10.8226	1.957
Certificate	6.6051	1.4714	6.1116	1.4453	5.9173	1.4262
Year 12	5.2922	1.4989	4.8785	1.5012	5.1655	1.4915
Health	-1.3058	0.996	-0.6086	1.3795	0.1286	1.383
Child 0-2	-16.8487	0.9732	-9.9918	1.6613	-10.8552	1.5497
Child 3-5	-6.4527	0.8397	-0.3724	1.5168	-2.0045	1.4648
Child 6-17	-2.0637	0.4973	-1.522	1.0823	-1.8146	1.0542
Capital city	-1.884	1.0691	1.5995	2.4374	0.1831	2.3047
ESC	-1.3181	1.9294	-1.6318	1.8838	-1.872	1.857
NESC	-3.3731	1.5987	-3.5506	1.576	-3.3413	1.5682
Unem rate	0.1363	0.3891	0.1019	0.3921	0.2522	0.3911
Health: mean			-11.9606	2.133	-13.3365	2.1543
Child 0-2: mean			5.2957	3.2458	4.1802	3.1993
Child 3-5: mean			-27.0014	4.6227	-22.4303	4.4513
Child 6-17: mean			-1.3053	1.2227	-0.6995	1.1894
Capital city: mean			-3.8213	2.6198	-1.7579	2.502
Mother white collar	-0.222	1.1073	-0.0624	1.1356	0.1004	1.1159
Mother blue collar	-0.4982	1.2307	-0.386	1.2514	-0.181	1.2238
Mother's occupation unknown	1.2791	1.2017	1.5049	1.2437	1.2485	1.2011
Proportion of life employed	15.435	1.7865	15.4235	1.7777	11.7882	1.7571
Proportion of life unemployed	-15.4928	5.9341	-14.3904	5.9566	-16.3167	5.3557
Constant	10.917	4.0379	15.7999	4.2169	16.3327	4.2511
Coefficient on random effects	1.1743	0.0442	1.1615	0.0445	0.8696	0.0358

Table B.2 Coefficient estimates of the initial condition equations in the structural specification

	<i>Model II: RE</i>		<i>Model III: Cor. RE</i>		<i>Model IV: AR. Cor. RE</i>	
	<i>Coef.</i>	<i>s.e.</i>	<i>Coef.</i>	<i>s.e.</i>	<i>Coef.</i>	<i>s.e.</i>
Own wages: deviation	0.0473	0.025	0.0509	0.0246	0.0509	0.027
Own wages: mean	0.4803	0.0517	0.4509	0.0534	0.4551	0.053
Family non-labour income: deviation	-0.1318	0.2527	-0.112	0.2516	-0.1192	0.2461
Family non-labour income: mean	-0.3562	0.2026	-0.3554	0.1979	-0.3804	0.189
Spouse wages: deviation	-0.1014	0.0482	-0.1023	0.0479	-0.0764	0.0484
Spouse wages: mean	-0.1909	0.0227	-0.1888	0.023	-0.1983	0.0236
Spouse working hours	0.2975	0.5605	0.2529	0.5635	0.242	0.5584
Spouse working hours squared	0.1817	0.0646	0.1833	0.0643	0.1638	0.064
Aged 18-25	-2.4883	2.003	-2.6843	2.0562	-2.6687	2.0382
Aged 36-45	-3.8772	1.0401	-4.4641	1.1256	-3.5706	1.1102
Aged 46-55	-1.9877	1.3748	-3.5649	1.5503	-2.6564	1.4921
Aged 56 plus	-5.2296	2.0988	-7.333	2.2455	-6.0655	2.1559
Degree	11.0943	1.5224	11.0134	1.5336	10.902	1.52
Diploma	8.7586	1.8933	8.1371	1.8714	8.0352	1.8578
Certificate	6.0619	1.4951	5.809	1.4667	5.8118	1.4493
Year 12	3.9443	1.5438	3.6956	1.5406	4.0782	1.5462
Health	-1.3251	0.9971	-1.0239	1.383	-0.2306	1.391
Child 0-2	-17.2859	0.965	-10.0247	1.6579	-10.7966	1.571
Child 3-5	-6.8976	0.8409	-0.5583	1.5128	-1.9258	1.4712
Child 6-17	-2.3058	0.4934	-1.4212	1.0899	-1.6767	1.0716
Capital city	-1.7877	1.0679	2.9158	2.5774	1.3243	2.4294
ESC	-0.7383	1.9573	-0.8952	1.9265	-1.151	1.9103
NESC	-1.7591	1.5765	-1.7345	1.554	-1.68	1.56
Unem rate	0.1805	0.3885	0.1066	0.394	0.2756	0.3914
Health: mean			-8.7381	2.1425	-10.1032	2.1652
Child 0-2: mean			4.128	3.1876	3.7211	3.1526
Child 3-5: mean			-26.002	4.5766	-22.096	4.4392
Child 6-17: mean			-1.984	1.222	-1.4137	1.1988
Capital city: mean			-5.2408	2.7016	-3.0429	2.5887

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Table B.2 (continued)

	<i>Model II: RE</i>		<i>Model III: Cor. RE</i>		<i>Model IV: AR. Cor. RE</i>	
	<i>Coef.</i>	<i>s.e.</i>	<i>Coef.</i>	<i>s.e.</i>	<i>Coef.</i>	<i>s.e.</i>
Mother white collar	-0.4252	1.1203	-0.2352	1.1535	-0.0591	1.1333
Mother blue collar	-0.937	1.2381	-0.8331	1.2554	-0.5958	1.2317
Mother's occupation unknown	0.8125	1.2113	1.0643	1.2561	0.9183	1.2208
Proportion of life employed	15.5895	1.8071	15.5442	1.7985	12.344	1.7812
Proportion of life unemployed	-11.1743	6.0392	-10.8919	6.0886	-13.1993	5.5243
Constant	2.3348	4.147	7.9861	4.3589	8.4277	4.3968
Coefficient on random effects	1.1603	0.0474	1.1449	0.0475	0.8785	0.0378