

Using micro data on women in the Czech Republic, we compare returns to various measures of human capital at three points in time, namely, the end of Communism (1989), in mid-transition (1996), and in late-transition (2002). We find dramatic increases in returns to education from 1989 to 1996 but no change from 1996 to 2002 and no differences in returns to education in state vs. privately-owned firms. We demonstrate that sheepskin or diploma effects exist in both regimes and rise over time; moreover, they are similar across firm ownership types. We find no difference between the returns to education obtained during Communism and the returns to schooling obtained during the transition. Wage experience profiles do not change over time. The pattern and rates of increase in the returns to education over these three points in time are similar for women and men. In sum, markets pay women and men equally more for their human capital than did the planners; all of the adjustment occurred early in the transition and it was driven by market forces rather than private ownership.