

Labor Economics

Economics 14.661
Fall 2024

Joshua D. Angrist

I. The Economic Returns to Schooling - Theory

Equalizing differences in a homogeneous world

Optimal schooling with heterogeneous ability and opportunity

Human capital vs sorting and signaling

II. Returns-to-schooling 'Metrics

The causal effect of schooling on wages

OVB in OLS estimates of schooling returns; ability bias

Theoretical predictions for ability bias

Econometric solutions to the OVB problem

Estimates of the returns to schooling

Discount rate bias

Evidence on the screening hypothesis

III. Returns to Experience

Specific vs. general human capital

Who pays for your human capital?

Theoretical origins of the Mincer earnings function

Estimating the returns to experience

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