



Freie Universität Berlin
School of Business & Economics
Summer Term 2025

Education, Labor Markets and Inequality

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Description: This course is divided into two parts. First, we cover a number of papers related to education choices, especially but not exclusively related to college decisions. Here, we explore additional aspects such as geographic differences, family background and pre-college family decisions, and demographic changes. We overview recent work on cross- and within-country differences in intergenerational mobility in education. Second, we cover a number of quantitative papers on how labor markets and the assignment and formation of workers' human capital shape inequality. We review some mathematical tools (extreme value distributions) that allow for clean analytical solutions for individual decisions and their aggregation. Then, we analyze a number of papers that use Roy static models to quantitatively explore inequality and the contribution of human capital to aggregate income. Next, we explore a number of more recent –and still ongoing—research that extends those models to dynamic settings and explore the life-cycle dynamics of workers.

Dates: *June 16-June 26, 2024*

Grading: The grade will be based on as follows: Masters students will get a grade based on a take-home test. For PhD students, the grade will be based (50%) on the take home exam and short proposal of the student's own research project (50%).

I. Education: Choices, Geography and Outcomes

- Athreya, Kartik, and Janice Eberly. 2021. "Risk, the College Premium, and Aggregate Human Capital Investment." *American Economic Journal: Macroeconomics*, 13 (2): 168-213. Working Paper version:
https://www.richmondfed.org/media/RichmondFedOrg/publications/research/working_papers/2013/pdf/wp13-02r.pdf

- Capelle, Damien. "The Great Gatsby Goes to College: Tuition, Inequality and Intergenerational Mobility in the U.S." https://damiencapelle.com/wp-content/uploads/2020/06/Capelle_GreatGatsby_submitted.pdf
- Raj Chetty, John Friedman, Emmanuel Saez, Nicholas Turner, Danny Yagan. "Income Segregation and Intergenerational Mobility Across Colleges in the United States." Quarterly Journal Of Economics, Volume 135, Issue 3, August 2020, Pages 1567–1633, | February 2020
- Raj Chetty, Nathaniel Hendren "The Impacts of Neighborhoods on Intergenerational Mobility II: County-Level Estimates" Quarterly Journal Of Economics, 133(3): 1163-1228, 2018
- Raj Chetty, Nathaniel Hendren "The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects" Quarterly Journal Of Economics, 133(3): 1163-1228, 2018.
- Deming, David J. And Kadeem Noray. "Earnings Dynamics, Changing Job Skills, And Stem Careers" The Quarterly Journal of Economics (2020), 1965–2005. doi:10.1093/qje/qjaa021
- Lochner, Lance and Alexander Monge-Naranjo. "Student Loans and Repayment: Theory, Evidence, and Policy" 2016. Handbook of the Economics of Education 5, 397-478 https://economics.uwo.ca/people/lochner_docs/StudentLoansRepayment.pdf
- Lochner, Lance and Alexander Monge-Naranjo. "Credit Constraints in Education." Annual Review of Economics. Vol. 4:225-256 <https://www.annualreviews.org/doi/abs/10.1146/annurev-economics-080511-110920>
- Anstreicher, Garrett. "Spatial Influences in Upward Mobility" Forthcoming, Journal of Political Economy <https://drive.google.com/file/d/1TRG3b7egg05ttXmd-NhoALpEI9i-liCM/view>
- Blanden, Jo, Matthias Doepke, Matthias and Jan Stuhler, "Educational Inequality" Handbook of the Economics of Education, Vol. 6, 405-497, February 2023. https://faculty.wcas.northwestern.edu/mdo738/research/Blanden_Doepke_Stuhler_Handbook_23.pdf
- Diaz, Antonia, Álvaro Jáñez and Felix Wellschmied. "Geographical Mobility Over the Life Cycle" <https://econpapers.repec.org/paper/ucmdoicae/2301.htm>

II. Models of Human Capital Assignment & Inequality

- Burstein, A., Morales, E. and Vogel, J. (2019) "Changes in between-group inequality: computers, occupations, and international trade." *AEJ Macro*.
- Costinot, A. and Vogel, J. (2010) "Matching and Inequality in the World Economy." *Journal of Political Economy*, vol. 118, no. 4.
- Costinot, A. and Vogel, J. "Beyond Ricardo: Assignment Models in International Trade" *Annual Review of Economics*, 2015, vol. 7, pp. 31-62
- Dvorkin, M., Monge-Naranjo, A., (2019) "Occupation Mobility, Human Capital and the Aggregate Consequences of Task-Biased Innovations."
- Hsieh, C., Hurst, E., Jones, C., and Klenow, P. (2019) "The Allocation of Talent and U.S. Economic Growth" *Econometrica*, 2019
- Lagakos, D., Waugh, M. (2013). "Selection, Agriculture, and Cross-Country Productivity Differences." *American Economic Review*, 103 (2): 948-80.

III. Other References: Background and Related Literature

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- Acemoglu, D., & Restrepo, P. (2018). The race between man and machine: Implications of technology for growth, factor shares, and employment. *American Economic Review*, 108 (6), 1488{1542.
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- Galle, S., Rodriguez-Clare, A., & Yi, M. (2017). Slicing the pie: Quantifying the aggregate and distributional effects of trade. NBER Working Paper.
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