

Ability bias in the returns to schooling:

How large it is and why it matters

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Outline

1 Summary

2 Contribution

Mincer Equation

Hello

Mincer Equation Enhanced

What about ability?

What Is the Theory?

- Human Capital Theory (Becker, 1962)
- Mincer equation (Mincer, 1974)
- g factor (Ree et al., 1994)
- Ability bias (Griliches, 1977)

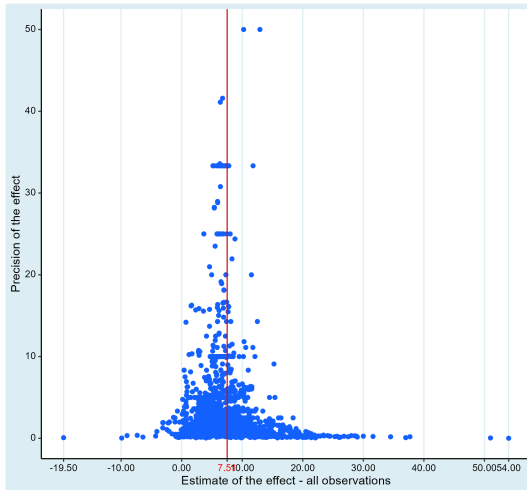
Data Collection

- Google Scholar search
- 574 records identified through query
- 200 of them screened and evaluated for eligibility
- 74 fulfilled selection criteria
- 41 more studies added through snowballing
- 115 final studies yielded a total of 1754 estimates

Schooling in Years vs. Levels

$$S_i = (1 + \beta_{i,higher} - \beta_{i,lower})^{\frac{1}{Y_{i,higher} - Y_{i,lower}}} - 1$$

Graphical Test Using a Funnel Plot



Individual Variables in Returns to Education

Six categories of variables:

- Estimates and their descriptive statistics
- Estimate characteristics
- Data characteristics
- Spatial/structural variation
- Estimation method
- Publication characteristics

Different Approach to Ability

Four ways to address ability:

- Directly
- Indirectly
- Verbally
- Not at all

Model Inclusion in Bayesian Model Averaging

