Innovation Booms, Easy Financing, and Human Capital Accumulation

Johan Hombert
HEC Paris

Adrien Matray
Princeton University

Carlo Alberto Collegio, March 8 2023

Motivation

– Intense technological change often comes with financial speculation

⇒ Easy financing for innovative firms

    ... can pay high wages and attract talent

⇒ Reallocation of high-skill workers to booming innovative sector

    …exposes their human capital to new technologies

– Examples: current AI boom, late 1990s tech bubble, etc.

Effect of innovation booms and easy financing on human capital?

1. Effect of joining a booming new technology sector on skilled workers' human capital?

2. Role of financial capital flows?
   – Allocative effect: does capital flow to firms whose effect on its workers' human capital is >0 or <0?
   – Direct effect of capital flows on a firm's workers' human capital?

→ Matters for aggregate labor productivity

Effect on human capital ex ante unclear

- Potential upside

  - Exposure to new technologies ⇒ workers acquire valuable skills

    - ≈ Growth-enhancing tech bubbles (Olivier 2000; Caballero Farhi Hammour 2006)

- Potential downside

Effect on human capital ex ante unclear

– Potential upside

  – Exposure to new technologies ⇒ workers acquire valuable skills

    ≈ Growth-enhancing tech bubbles (Olivier 2000; Caballero Farhi Hammour 2006)

– Potential downside

  – Skills rapidly lose value

    – Skills linked to rapidly evolving technology ⇒ "vintage-specific human capital"
       (Chari Hopenhayn 1991; Deming Noray 2020)

    – Easy financing ⇒ lower quality projects

Empirical design

- Episode: Information and Communications Technology (ICT) late 1990s boom

    - Large

    - Plausibly accompanied by speculative capital flows

    - Possible to study long-run effects

- Data: Administrative employer-employee panel data for France (1994–2015)

    - Track workers from when they start in a sector

    - Compare cohorts of workers starting in ICT sector vs. other sectors

This paper

1. Sizeable reallocation of K and skilled L to ICT sector during boom

   – 1/3 of new cohorts of skilled workers start in ICT during boom

This paper

1. Sizeable reallocation of K and skilled L to ICT sector during boom

    – 1/3 of new cohorts of skilled workers start in ICT during boom

2. Wage pattern for these workers fifteen years out:

    – 6% lower

        – Not explained by demand effects

        – Not explained by selection effects

        ⇒ Lower value of human capital

This paper

1. Sizeable reallocation of K and skilled L to ICT sector during boom

   – 1/3 of new cohorts of skilled workers start in ICT during boom

2. Wage pattern for these workers fifteen years out:

   – 6% lower

      – Not explained by demand effects

      – Not explained by selection effects

      ⇒ Lower value of human capital

3. Capital flows amplify the effect

This paper

1. Sizeable reallocation of K and skilled L to ICT sector during boom

    – 1/3 of new cohorts of skilled workers start in ICT during boom

2. Wage pattern for these workers fifteen years out:

    – 6% lower

        – Not explained by demand effects

        – Not explained by selection effects

        ⇒ Lower value of human capital

3. Capital flows amplify the effect

4. Mechanism: accelerated skill obsolescence

Contribution to the Literature

1. **Financing cycles and trajectory of innovation.** Quantity (Kortum and Lerner, 2000; Brown, Fazzari, and Petersen, 2009; Bernstein, 2015) Composition and risk (Nanda and Rhodes-Kropf 2013, 2017; Townsend 2015; Howell, Lerner, Nanda, and Townsend 2021; Bernstein, McQuade, Nanda, and Roth 2019) human capital overvaluation (Fedyk and Hodson, 2022)

2. **Role of financing booms and wage premia across sectors on the talent allocation and long-run productivity growth.** (Baumol, 1990; Philippon, 2010; Gupta and Hacamo, 2022) – Growth enhancing bubbles (Olivier, 2000; Caballero, Farhi, and Hammour, 2006)

3. **Sectoral allocation and human capital accumulation.** Mostly low skill sectors (Charles, Hurst, and Notowidigdo, 2018 Carrillo, 2020; Choi, Lou, and Mukherjee, 2022)

4. **Technological vintages** Chari and Hopenhayn, 1991; Violante, 2002; Deming and Noray, 2020; Kogan, Schmidt, and Seegmiller, 2022; Ma, 2022

The ICT Boom

Wage Dynamics

Role of Financial Capital

Mechanism

Wrap-up

1. Workers: matched employer-employee data for random $1/24^{th}$ of employees

   → High-skill workers: executives and higher intellectual professions

2. Firms: universe of tax files

– ICT sector defined by industry

The Information and Communication Technology (ICT) Sector

ICT industries	Share of total employment (%)	Share of skilled employment (%)
ICT: Services	**1.9**	**7.8**
IT consultancy	0.7	3.4
Software	0.7	3.2
Data processing	0.3	0.8
Maintenance computers	0.1	0.2
Other data/computer-related services	0.1	0.2
ICT: Telecommunications	**1.4**	**2.2**
Telecommunications	1.4	2.2
ICT: Manufacturing	**1.7**	**3.7**
Electronic/communication equipment	0.8	1.8
Measurement/navigation equipment	0.5	1.2
Accounting/computing equipment	0.2	0.7
Insulated wire and cable	0.1	0.1
ICT: Wholesale	**0.5**	**1.2**
Computers, electronics, telecoms	0.5	1.2
ICT: Total	**5.4**	**14.9**

OECD (2002) definition, Universe of matched employer-employee data in France (1994–2008)
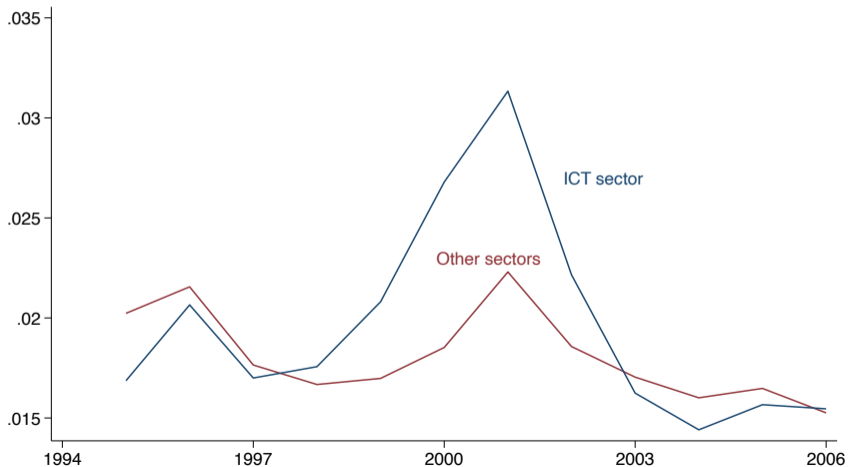
ICT boom: equity valuation

- Cumulative stock return: boom / bust / normalization
- (Similar pattern for stock price/sales)
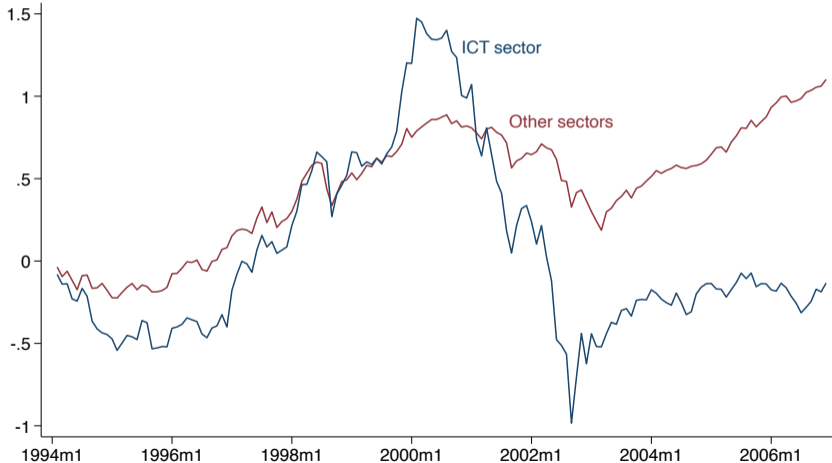
ICT boom: capital reallocation

- Equity issuance/Total assets for universe of listed+private firms
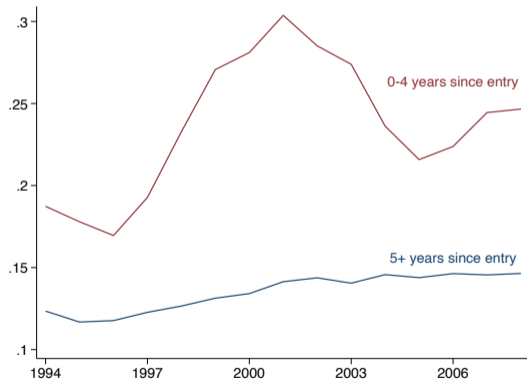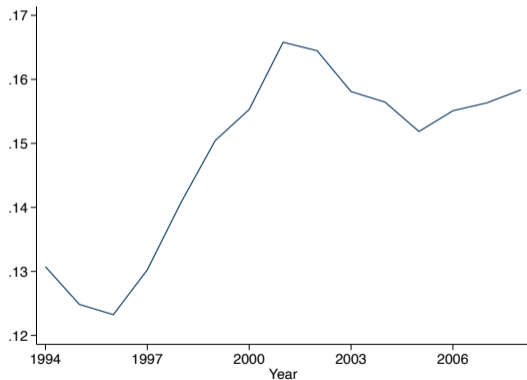- Similar pattern for firm creation rate

Labor reallocation: the role of extensive margin

– Reallocation of skilled workers to ICT sector (% skilled employment in ICT)

Labor reallocation: the role of extensive margin

- Reallocation of skilled workers to ICT sector (% skilled employment in ICT)
- Dynamics driven by workers starting their career (= extensive margin)

ICT boom: taking stock

1. Large reallocation of capital & skilled labor

2. Three distinct cohorts of workers: pre-boom, boom, post-boom

Different exposure to the boom across cohorts

Equity issuance/Total assets
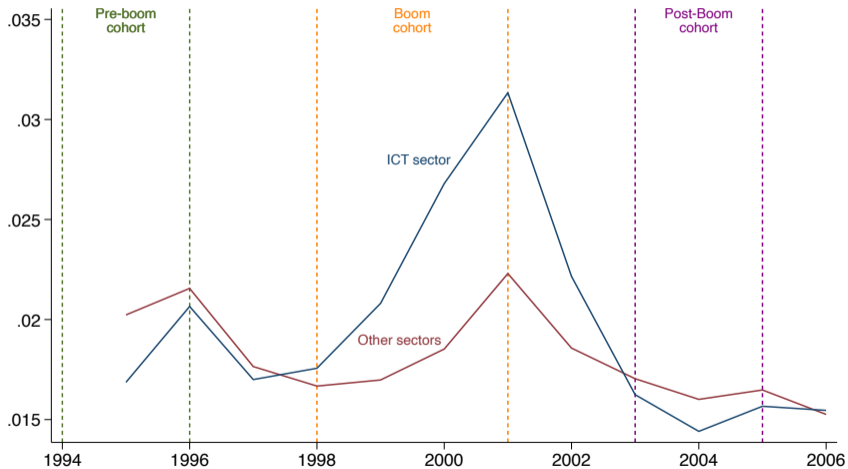
(Labor market entry)

Roadmap

The ICT Boom

Wage Dynamics

Role of Financial Capital

Mechanism

Wrap-up

Roadmap

The ICT Boom

Wage Dynamics
    Graphical evidence
    Regressions & robustness

Role of Financial Capital

Mechanism

Wrap-up

– Sample: Skilled workers starting between 1998 and 2001

– Baseline regression:

$$\log(wage_{i,t}) = \beta_t \cdot ICT_{i,0} + \delta_t + \delta_t \times X_i + \epsilon_{i,t}$$
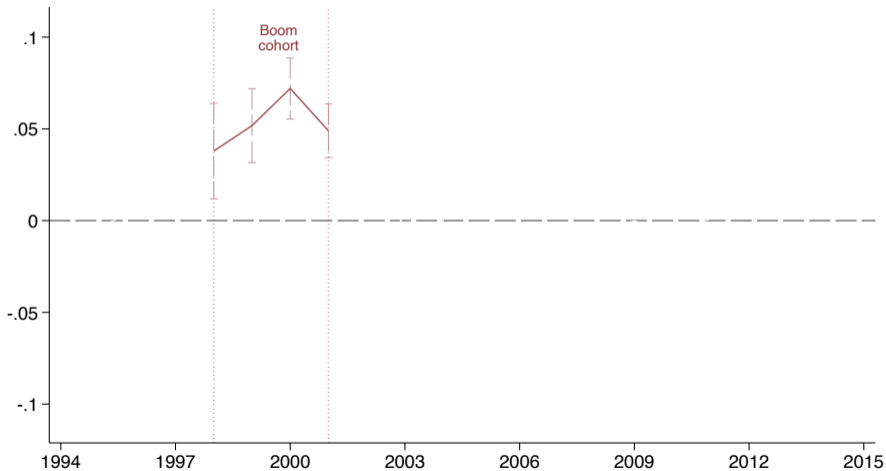
$ICT_{i,0} = 1$ if worker i starts career in ICT sector

→ wage premium can reflect sector reallocation post entry

X_i = entry year, sex, age, age squared, two-digit occupation at entry

Wage dynamics of boom cohort

– 5% higher entry wage

Wage dynamics of boom cohort

– No premium after boom → standard boom-bust
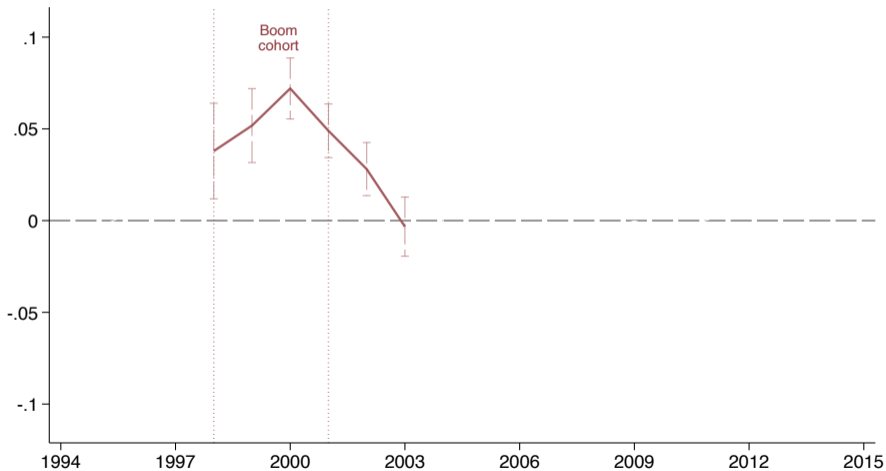
Wage dynamics of boom cohort

– **6% lower** wage fifteen years out
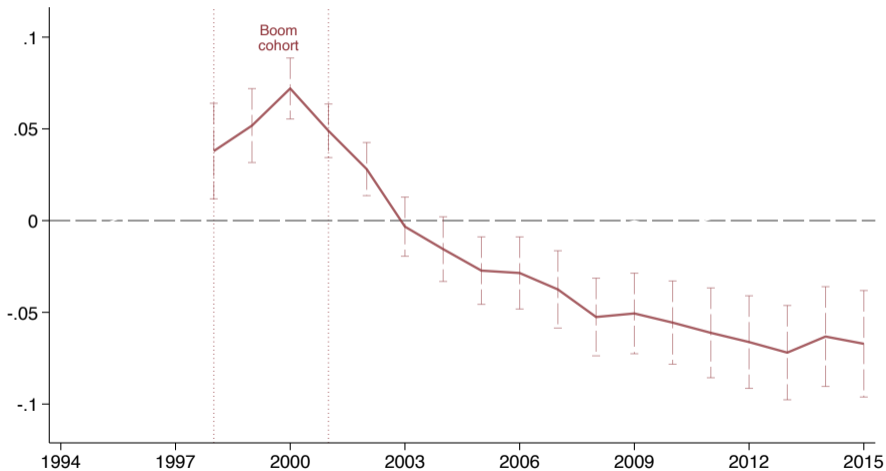
Candidate explanations

Key ingredients of the model

- **Heterogeneous** workers (productivity and preferences) choose sector **at entry**

- **Human capital** has **two** components:
    - **Fixed** component ($\approx$ education, ability)
    - **On-the-job** accumulation / depreciation (sector specific)

- Two types of **sectoral shocks**:
    - **Demand** shocks $\Rightarrow$ *sector* specific (*all* cohorts)
    - **Technological** shocks $\Rightarrow$ *sector-**cohort*** specific

Δ wage between two sectors for cohort *c* at time *t* has three components:

$$\Delta\overline{w}_{c,t} \;=\; \sum_{\tau=c+1}^{t} \Delta dh_{c,\tau} \;+\; \Delta w_t \;+\; \Delta\overline{\theta}_c$$

<div>

accumulated human capital   demand / supply shock   worker quality (selection)

</div>

Δ wage between two sectors for cohort c at time t has three components:

$$\Delta \overline{w}_{c,t} \;=\; \sum_{\tau=c+1}^{t} \Delta dh_{c,\tau} \;+\; \Delta w_t \;+\; \Delta \overline{\theta}_c$$

accumulated human capital   demand / supply shock   worker quality (selection)

Δ wage between two sectors for cohort c at time t has three components:

$$\Delta \overline{w}_{c,t} = \sum_{\tau=c+1}^{t} \Delta dh_{c,\tau} + \Delta w_t + \Delta \overline{\theta}_c$$

accumulated human capital   **demand / supply shock**   worker quality (selection)

Δ wage between two sectors for cohort *c* at time *t* has three components:

$$\Delta\overline{w}_{c,t} \;=\; \sum_{\tau=c+1}^{t} \Delta dh_{c,\tau} \;+\; \Delta w_t \;+\; \Delta\overline{\theta}_c$$

accumulated human capital   demand / supply shock   worker quality (selection)

Wage Dynamics Differential

Δ wage between two sectors for cohort c at time t has three components:

$$\Delta\overline{w}_{c,t} \;=\; \sum_{\tau=c+1}^{t} \Delta dh_{c,\tau} \;+\; \Delta w_t \;+\; \Delta\overline{\theta}_c$$

$$\text{accumulated} \qquad \text{demand /} \qquad \text{worker quality}$$
$$\text{human capital} \qquad \text{supply shock} \qquad \text{(selection)}$$

– Tighter identification (across cohorts) rules out demand and selection

Ruling out labor market demand / supply shocks

$$\Delta \overline{w}_{c,t} \;=\; \sum_{\tau=c+1}^{t} \Delta dh_{c,\tau} \;+\; \boldsymbol{\Delta w_t} \;+\; \Delta \overline{\theta}_c$$

accumulated human capital   demand / supply shock   worker quality (selection)

– Hypothesis: low labor demand/high labor supply in ICT after the boom

– Implication: post-boom cohort should also experience wage decline

Wage dynamics of **post-boom** cohort (2003–2005)

– Inconsistent with labor supply / demand shock   Test statistical difference
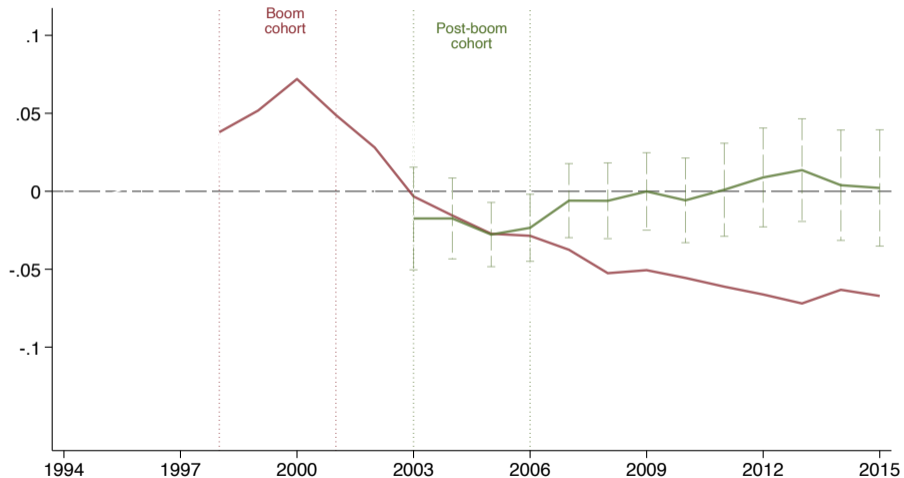
$$\Delta \overline{w}_{c,t} \;=\; \sum_{\tau=c+1}^{t} \Delta dh_{c,\tau} \;+\; \cancel{\Delta w_t} \;+\; \boldsymbol{\Delta \overline{\theta}_c}$$

accumulated
human capital

demand /
supply shock

worker quality
(selection)

– Hypothesis: boom attracts less able workers

– Implication: pre-boom cohort should <u>not</u> display wage decline

Wage dynamics of **pre-boom** cohort (1994–1996)

- – **Inconsistent** with selection   Test statistical difference
- – Consistent with HK depreciation for all cohorts experiencing the boom
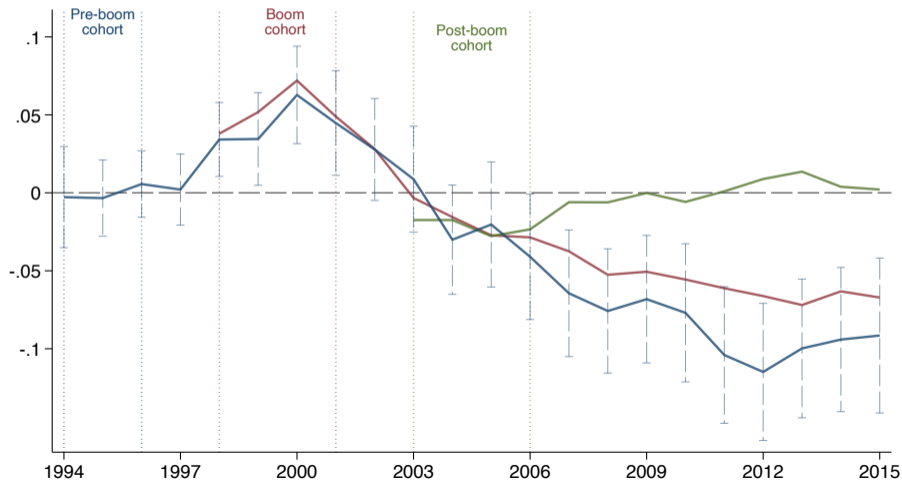
What explains the wage discount?

$$\Delta \overline{w}_{c,t} \;\; = \;\; \sum_{\tau=c+1}^{t} \Delta dh_{c,\tau} \;\; + \;\; \cancel{\Delta w_t} \;\; + \;\; \cancel{\Delta \overline{\theta}_c}$$

accumulated human capital   demand / supply shock   worker quality (selection)

Roadmap

The ICT Boom

Wage Dynamics
  Graphical evidence
  Regressions & robustness

Role of Financial Capital

Mechanism

Wrap-up

Main specification: across sectors + across cohorts

– Sample: boom cohort (1998–2001) + post-boom cohort (2003–2005)

– Estimating equation

$$\log(wage_{i,c,t}) = \beta_t \cdot ICT_{i,0} \times BoomCohort_c + \delta_t \times ICT_{i,0}$$
$$+ \alpha_i + \gamma_c \times \delta_t \times X_{i,0} + \epsilon_{i,t}$$

– β_t = wage premium in year t

...of workers starting in ICT sector vs. in other sectors (first difference)

...of workers starting during the boom vs. after boom ends (second difference)

Main specification: across sectors + across cohorts

– Sample: boom cohort (1998–2001) + post-boom cohort (2003–2005)

– Estimating equation

$$\log(wage_{i,c,t}) = \beta_t \,.\, ICT_{i,0} \times BoomCohort_c + \delta_t \times ICT_{i,0}$$
$$+ \alpha_i + \delta_t \times \gamma_c \times X_{i,0} + \epsilon_{i,t}$$

– $\delta_t \times ICT_{i,0}$ = ICT specific shocks (labor supply/demand)

– $\delta_t \times \gamma_c \times X_{i,0}$ = Cohort & worker characteristics time-varying shocks

Long-term wage decline

– Starting in ICT during boom (98–01) $\Rightarrow$ **7% slower** long-term wage growth from 2003 to 2015

	log(wage)
$ICT_0 \times$ BoomCohort $\times$ 2003-05	0.001
	(0.013)
$ICT_0 \times$ BoomCohort $\times$ 2006-10	-0.035**
	(0.014)
$ICT_0 \times$ BoomCohort $\times$ 2011-15	-0.073***
	(0.019)
Worker controls	$\checkmark$
$ICT_0 \times$ Year FE	$\checkmark$
Cohort $\times$ Year FE	$\checkmark$
Worker FE	–
Observations	93,304

Long-term wage decline

– Starting in ICT during boom (98–01) $\Rightarrow$ **7% slower** long-term wage growth from 2003 to 2015

– Worker FE $\to$ control for non-random attrition + selection on levels

	log(wage)	
$ICT_0 \times$ BoomCohort $\times$ 2003-05	0.001 (0.013)	ref.
$ICT_0 \times$ BoomCohort $\times$ 2006-10	-0.035** (0.014)	-0.048*** (0.010)
$ICT_0 \times$ BoomCohort $\times$ 2011-15	-0.073*** (0.019)	-0.077*** (0.015)
Worker controls	✓	✓
$ICT_0 \times$ Year FE	✓	✓
Cohort $\times$ Year FE	✓	✓
Worker FE	—	✓
Observations	93,304	92,901

Robustness to possible confounding factors

- Robust to:

    - Controlling for workers' characteristics: city, education

    - Controlling for job termination

    - Controlling for firm characteristics: productivity, age, size, future growth

    - Measurement of earnings: account for participation in firm profit

    - Excluding finance from the control group

    - Restricting the sample to US firms (e.g., Microsoft France) → not a French firm phenomenon

First take-away of the paper

- 1/3 of high-skill labor market entrants go to ICT sector during the boom

- …and experience long-term human capital depreciation

$\Rightarrow$ Labor reallocation during the boom weighs on aggregate HK accumulation

Roadmap

Do capital flows amplify the negative effect on aggregate HK?

1. Allocative effect: depends on which ICT firms receive the most capital

    – Firms whose workers' HK depreciate the most? The least?

    → Cov[Capital flow, HK accumulation]?

    (K flow versus L flow)

2. Direct effect: easy financing may worsen average project quality

    – Reduces individual-level HK accumulation?

Allocative effect: capital flows to firms with largest HK depreciation

– Wage discount only in firms with above-median capital availability

– Cov[Capital flow, HK accumulation]$< 0 \Rightarrow$ aggregate labor productivity $\downarrow$

	log(Wage)		
Proxy of capital availability:	1999 return (Industry level)	1999 P/S (Industry level)	Equity issuance (Industry×geo ×entry year level)
	(1)	(2)	(3)
ICT_0 × Boom cohort × 2011-15	0.022 (0.044)	0.007 (0.042)	-0.029 (0.025)
ICT_0 × Capital availability × Boom cohort × 2011-15	-0.129*** (0.049)	-0.113** (0.047)	-0.081*** (0.031)
ICT_0× Year FE	✓	✓	✓
Worker controls×Cohort×Year FE	✓	✓	✓
Worker FE	✓	✓	✓
Observations	60,420	60,420	85,128

Direct effect: does capital flow **cause** faster HK depreciation?

- Cov[Capital flow, HK depreciation] may reflect causal relation

- ... or both are driven by omitted factor: technology change $\Rightarrow$ capital flow and HK depreciation

- Test: re-estimate correlation holding technology fixed (within narrow sectors)

Direct effect: capital flow **causes** faster HK depreciation?

– Industry×Cohort×Year FE = within industry, across geography → control for technology shocks

	log(Wage)	
Proxy of capital availability:	Equity issuance (Industry×geo×entry year level)	
	(3)	(4)
ICT_0 × Boom cohort × 2011-15	-0.029 (0.025)	— —
ICT_0 × Capital availability × Boom cohort × 2011-15	-0.081*** (0.031)	-0.083** (0.035)
ICT_0× Year FE	✓	✓
Worker controls×Cohort×Year FE	✓	✓
Worker FE	✓	✓
Industry×Cohort×Year FE	—	✓
Observations	85,128	85,128

Roadmap

What drives human capital depreciation?

- Skill obsolescence
    - Skills are vintage specific → made obsolete by technological change
    - Worsened by easy financing if lower quality technologies are funded
    - Test: compare jobs with different level of technological content

What drives human capital depreciation?

- Skill obsolescence

    - Skills are vintage specific → made obsolete by technological change

    - Worsened by easy financing if lower quality technologies are funded

    - Test: compare jobs with different level of technological content

- Winner-take-all

    - VC/tech-specialized investors prefer projects with small probability of large success ⇒ right-skewed outcomes

    - Test: quantile regressions

- ~~Job loss~~

Skill obsolescence

– Universe of workers by occupation level: high / middle / low skill
– Wage decline largest in high-skill occupations

	log(Wage)					
	High-skill		Middle-skill		Low-skill	
	(1)	(2)	(3)	(4)	(5)	(6)
$ICT_0 \times$ Boom cohort $\times$ 2011-15	-0.077***	-0.029	-0.068***	-0.039*	-0.022	-0.027
	(0.015)	(0.025)	(0.014)	(0.023)	(0.020)	(0.040)
$ICT_0 \times$ Capital availability $\times$ Boom cohort $\times$ 2011-15		-0.081***		-0.033		-0.004
		(0.031)		(0.029)		(0.041)
Worker controls×Cohort×Year FE	✓	✓	✓	✓	✓	✓
Worker FE	✓	✓	✓	✓	✓	✓
Observations	92,901	85,128	206,918	186,477	250,620	218,927

Skill obsolescence

- Universe of workers by occupation level: high / middle / low skill
- Wage decline largest in high-skill occupations
- ... particularly so if large inflow of capital

| | log(Wage) | | | | | |
| | High-skill | | Middle-skill | | Low-skill | |
	(1)	(2)	(3)	(4)	(5)	(6)
$ICT_0 \times$ Boom cohort $\times$ 2011-15	-0.077***	-0.029	-0.068***	-0.039*	-0.022	-0.027
	(0.015)	(0.025)	(0.014)	(0.023)	(0.020)	(0.040)
$ICT_0 \times$ Capital availability $\times$ Boom cohort $\times$ 2011-15		-0.081***		-0.033		-0.004
		(0.031)		(0.029)		(0.041)
Worker controls×Cohort×Year FE	✓	✓	✓	✓	✓	✓
Worker FE	✓	✓	✓	✓	✓	✓
Observations	92,901	85,128	206,918	186,477	250,620	218,927

Winner-take-all?

- Quantile regressions
- Entire wage distribution shifts to the left

|	Wage quantiles				
	P10	P25	P50	P75	P90
ICT_0 × Capital availability × Boom cohort × 2011-15	-0.056	-0.065**	-0.077***	-0.089***	-0.098***
	(0.036)	(0.026)	(0.018)	(0.023)	(0.032)
Worker controls	✓	✓	✓	✓	✓
Cohort × Year FE	✓	✓	✓	✓	✓
Worker FE	✓	✓	✓	✓	✓
Observations	93,306	93,306	93,306	93,306	93,306

Roadmap

Two main results:

1. Skilled workers starting in booming tech sector eventually lose human capital
   - Wage 6%–8% lower fifteen years out
   - Not explained by labor market imbalance and selection

2. Aggregate skill obsolescence amplified by easy financing

Wrap-up

Implications:

– Skill-biased technological change?

  – Our paper: *within* skilled workers, those who develop and implement new technologies (who represent one-third of the boom cohort) lose out

– Growth enhancing financial speculation?

  – Maybe positive externalities, but

  – Capital allocated to firms that do not enhance their workers' human capital → lower aggregate labor productivity

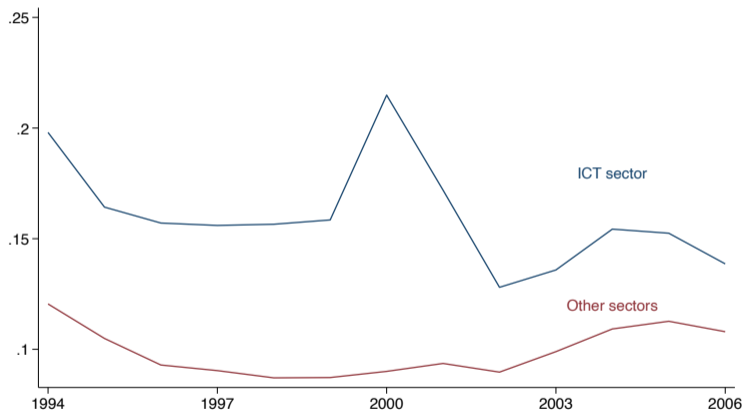# ICT boom: stock price/sales per share
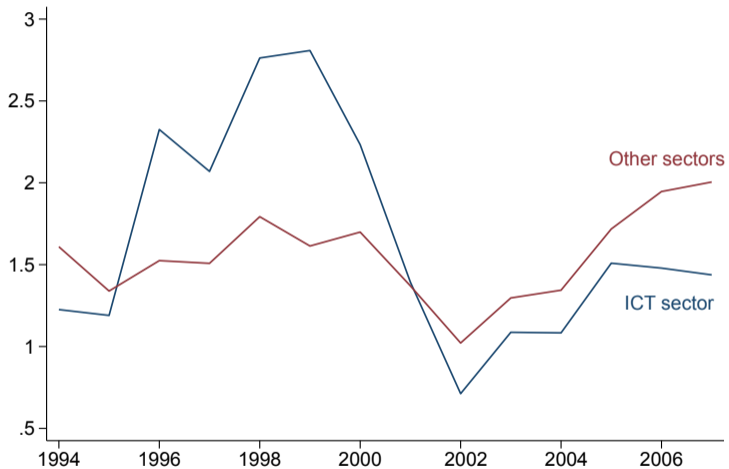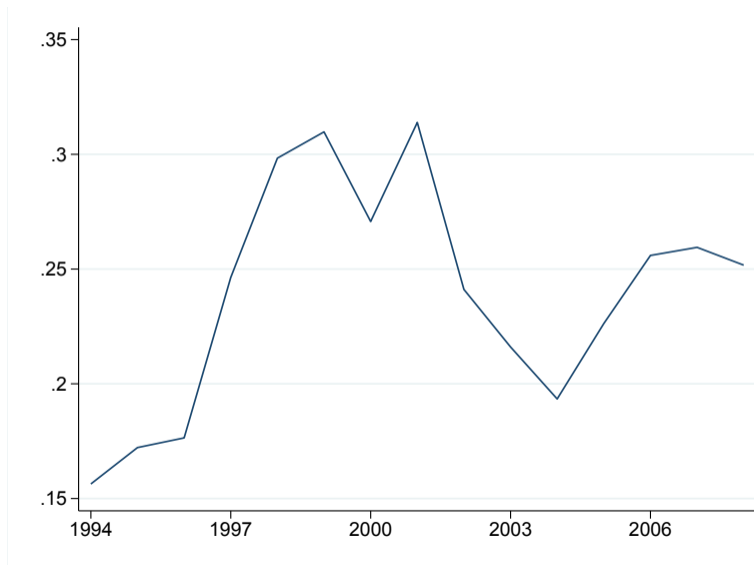
ICT boom: firm entry/stock of firms
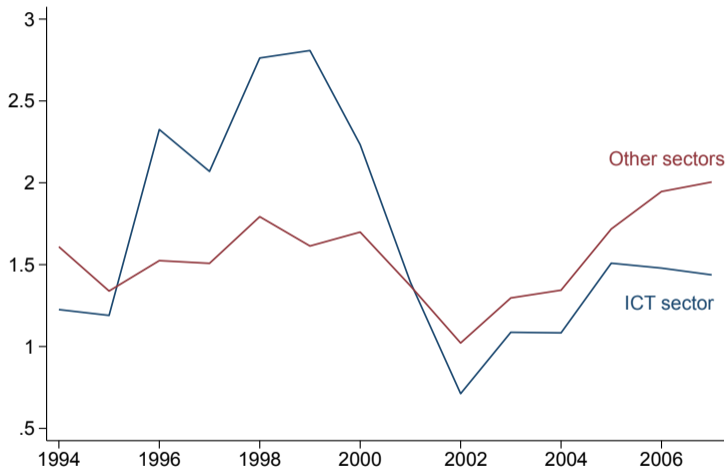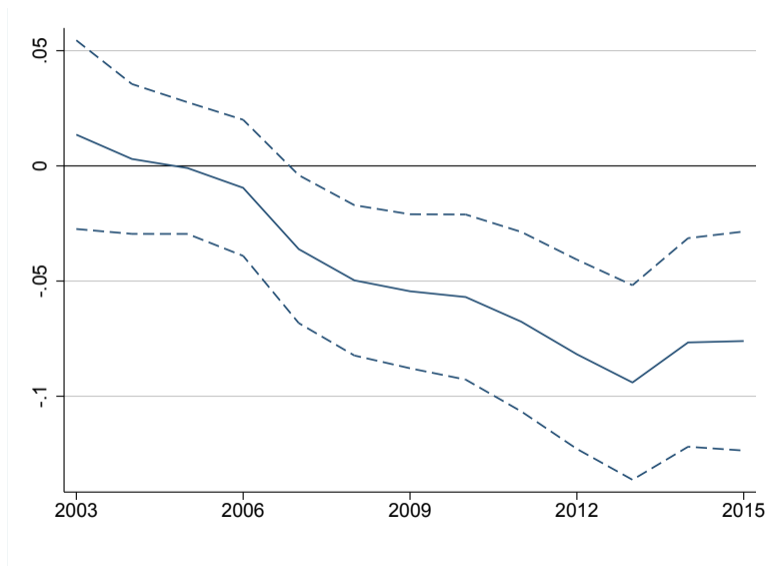
ICT boom: capital reallocation

ICT boom: skilled labor market entrants

Wage premium: boom cohort vs. post boom cohort

Wage premium: boom cohort vs. pre boom cohort
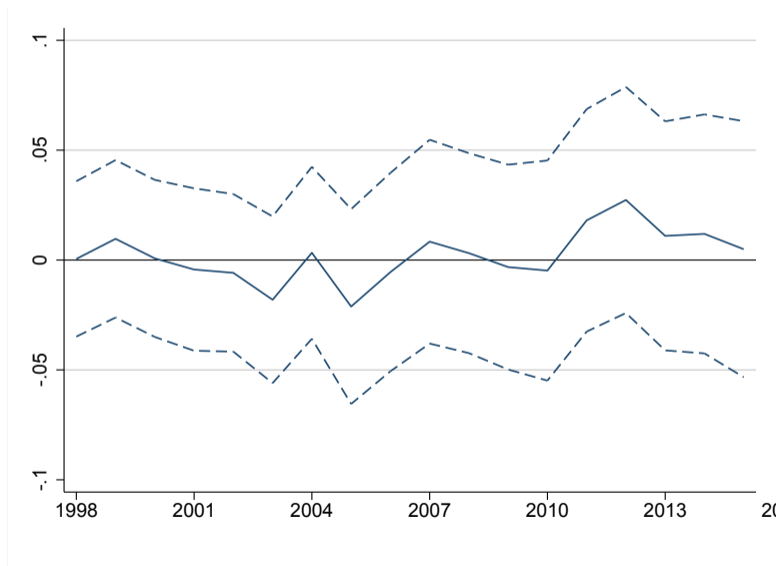
Worker controls

	log(Wage)				
	(1)	(2)	(3)	(4)	(5)
ICT_0 × Boom cohort × 2006-10	-0.035**	-0.048***	-0.043***	-0.041***	-0.045***
	(0.014)	(0.010)	(0.010)	(0.011)	(0.013)
ICT_0 × Boom cohort × 2011-15	-0.073***	-0.077***	-0.075***	-0.067***	-0.078***
	(0.019)	(0.015)	(0.015)	(0.016)	(0.019)
Worker controls×Cohort×Year FE	✓	✓	✓	✓	✓
Worker FE	—	✓	✓	✓	✓
Entry wage quintile×Cohort×Year FE	—	—	✓	—	—
Commuting zone×Cohort×Year FE	—	—	—	✓	—
Four-digit sector×Year FE	—	—	—	—	✓
Observations	93,304	92,901	92,901	92,719	91,343

Firm controls

- 250 pseudo firms: quintiles of employment, firm age, labor productivity, and whether the firm belongs to a conglomerate ($5 \times 5 \times 5 \times 2 = 250$)
- 5-year growth rate = $[S_{t+5} - S_t]/[(S_{t+5} + S_t) \times 0.5]$

	log(Wage)		
	(1)	(2)	(3)
$ICT_0 \times$ Boom cohort $\times$ 2011-15	-0.065***	-0.070***	-0.074***
	(0.016)	(0.018)	(0.024)
Worker controls×Cohort×Year FE	✓	✓	✓
Worker FE	✓	✓	✓
Commuting zone×Cohort×Year FE	—	—	✓
Entry wage quintile×Cohort×Year FE	—	—	✓
Four-digit sector×Year FE	—	—	✓
Pseudo firm FE×Year FE	✓	✓	✓
Sales growth ($t \to t+5$) Quintile FE×Year FE	—	✓	✓
Observations	92,714	90,473	88,586

Job losses explain a tiny part of the wage decline

– Control for forced job loss within first four years after entry → wage discount constant

  (i) ↓ employment at initial employer > 10% — (ii) transition to next job → wage cut

Control for:	log(Wage)	
	—	Job loss
	(1)	(2)
ICT_0 × Boom cohort × 2011-15	-0.029	-0.026
	(0.025)	(0.025)
ICT_0 × Capital availability × Boom cohort × 2011-15	-0.081***	-0.082***
	(0.031)	(0.031)
Worker controls×Cohort×Year FE	✓	✓
Job loss×Year FE	—	✓
Job loss×Cohort×Year FE	—	—
Worker FE	✓	✓
Observations	85,128	85,128

Job losses explain a tiny part of the wage decline

– Control for **forced job loss** within first four years after entry → **wage discount constant**

  (i) ↓ employment at initial employer > 10% — (ii) transition to next job → wage cut

– Same if job loss during a **sectoral bust**

Control for:	log(Wage)		
	—	Job loss	Job loss $\times ICT_0$ $\times$ BoomCoh.
	(1)	(2)	(3)
$ICT_0 \times$ Boom cohort $\times$ 2011-15	-0.029 (0.025)	-0.026 (0.025)	-0.019 (0.028)
$ICT_0 \times$ Capital availability $\times$ Boom cohort $\times$ 2011-15	-0.081*** (0.031)	-0.082*** (0.031)	-0.083** (0.035)
Worker controls$\times$Cohort$\times$Year FE	✓	✓	✓
Job loss$\times$Year FE	—	✓	—
Job loss$\times$Cohort$\times$Year FE	—	—	✓
Worker FE	✓	✓	✓
Observations	85,128	85,128	85,128

Robustness: account for "stock options"

– Use net income from tax file, merge with matched employer-employee

	log(Wage)		log(Wage+Cap.income)	
	Excl. finance	US firms	Capital income assigned to CEOs	Skilled workers
	(1)	(2)	(3)	(4)
$ICT_0 \times$ Boom cohort $\times$ 2006-10	-0.049***	-0.033	-0.051***	-0.052***
	(0.010)	(0.032)	(0.011)	(0.011)
$ICT_0 \times$ Boom cohort $\times$ 2011-15	-0.079***	-0.074*	-0.076***	-0.081***
	(0.015)	(0.044)	(0.015)	(0.016)
Worker controls×Cohort×Year FE	✓	✓	✓	✓
Worker FE	✓	✓	✓	✓
Observations	87,522	11,359	92,901	92,901

Robustness: focus on US firms

– Use firm ownership structure → identify US firms

	log(Wage)		log(Wage+Cap.income)	
	Excl. finance	US firms	Capital income assigned to CEOs	Skilled workers
	(1)	(2)	(3)	(4)
$ICT_0 \times$ Boom cohort $\times$ 2006-10	-0.049***	-0.033	-0.051***	-0.052***
	(0.010)	(0.032)	(0.011)	(0.011)
$ICT_0 \times$ Boom cohort $\times$ 2011-15	-0.079***	-0.074*	-0.076***	-0.081***
	(0.015)	(0.044)	(0.015)	(0.016)
Worker controls×Cohort×Year FE	✓	✓	✓	✓
Worker FE	✓	✓	✓	✓

Robustness: remove workers starting in finance

	log(Wage)		log(Wage+Cap.income)	
	Excl. finance	US firms	Capital income assigned to	
			CEOs	Skilled workers
	(1)	(2)	(3)	(4)
$ICT_0 \times$ Boom cohort $\times$ 2006-10	-0.049***	-0.033	-0.051***	-0.052***
	(0.010)	(0.032)	(0.011)	(0.011)
$ICT_0 \times$ Boom cohort $\times$ 2011-15	-0.079***	-0.074*	-0.076***	-0.081***
	(0.015)	(0.044)	(0.015)	(0.016)
Worker controls×Cohort×Year FE	✓	✓	✓	✓
Worker FE	✓	✓	✓	✓

Capital flow versus labor flow