

Three Essays in Labor Market Entry

Chapter 1 (Job Market Paper): “Worker Signals Among New College Graduates: The Role of Selectivity and GPA”

Recent studies have found a large earnings premium to attending a more selective college, but the mechanisms underlying this premium have received little attention and remain unclear. In order to shed light on this question, I develop a multi-dimensional signaling model that rationalizes student and firm behavior and produces predictions of how the interaction of the signals should be related to wages. Because some of these predictions are different than those implied by standard human capital models, separation of the primary mechanism driving the selective college earnings premium is possible. Using five data sets that span the early 1960s through the late 2000s, I show that the data support the signaling model, with support growing stronger over time. I also discuss alternative explanations, provide robustness checks, and relate the findings to both the returns-to-college-quality and employer learning literatures.

Chapter 2: “Graduating High School in a Recession: Work, Education, and Home Production”

This paper explores how high school graduate men and women vary in their behavioral responses to beginning labor market entry during a recession. In contrast with previous related literature that found a substantial negative wage impact but minimal employment impact in samples of highly educated men, the empirical evidence presented here suggests a different outcome for the less well educated, and between the sexes. Women, but not men, who graduate high school in an adverse labor market are less likely to be in the workforce for the next four years, but longer-term effects are minimal. Further, while men increase their enrollment as a short-run response to weak labor demand, women do not; instead, they appear to temporarily substitute into home production. Women's wages are less affected than men's, and both groups' wages are less affected than the college graduates previously studied.

Chapter 3: “The Opt-In Revolution? Contraception and the Gender Gap in Wages” (with Martha J. Bailey and Amalia R. Miller)

Decades of research on the U.S. gender gap in wages describe its correlates, but little is known about why women changed their career investments in the 1960s and 1970s. This paper explores the role of “the Pill” in altering women's human capital investments, selection, and marital outcomes and its ultimate implications for their wages. Using state-by-birth cohort variation in laws granting access to the Pill by age 21, we show that early access to the Pill conferred an 8-percent hourly wage premium by age fifty. Roughly two thirds of this premium is explained by the Pill's effect on accumulated labor-force experience and a remaining third by changes in women's education and occupations. Stratifying women on IQ measured in high school shows that the Pill's effect on wages is driven by the interaction of selection and skill investments. Assuming the Pill had never been available to younger, unmarried women, our estimates imply that the convergence in the gender gap among 25 to 49 year olds would have been 10 percent smaller in the 1980s and 30 percent smaller in the 1990s.