Human capital acquisition and occupational choice: Implications for economic development

Martí Mestieri, Johanna Schauer, Robert M. Townsend

PII: S1094-2025(17)30020-0
DOI: http://dx.doi.org/10.1016/j.red.2017.02.001
Reference: YREDY 801

To appear in: Review of Economic Dynamics

Received date: 17 April 2016
Revised date: 1 February 2017


This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.
Human Capital Acquisition and Occupational Choice: Implications for Economic Development*

Martí Mestieri  Johanna Schauer  Robert M. Townsend
Northwestern and CEPR  IMF  MIT
January 31, 2017

Abstract

Using household-level data from Mexico we document patterns among schooling, entrepreneurial decisions and household characteristics such as assets, talent of household members and age of the household head. Motivated by our findings, we develop a heterogeneous-agent, incomplete-markets, overlapping-generations dynasty model. Households jointly decide over their life cycle on (i) kids’ human capital investments (schooling) and (ii) parents’ entry, exit and investment into alternative entrepreneurial modes (subsistence and modern). With financial constraints all of these are co-determined. A calibrated version of our model can account for the broad correlation patterns uncovered in the data within and across generations, e.g., a non-monotonic relationship between educational choices and assets across occupations, growth in profits and employment for modern firms only, and dynastic persistence across generations in education and wealth. Endogenous human capital acquisition is a key driver of inequality and intergenerational persistence. Eliminating this channel would decrease the top 10% income share by 47%. Eliminating within-period borrowing constraints would increase average household expenditure by 7.1% and benefit the middle class, reducing top and bottom expenditure shares. It would also reduce by 28% the correlation between household assets and kids’ schooling levels.

*We thank Paco Buera for his discussion of a previous draft. We are also grateful to Jordi Caballé, Rui Castro, Nezih Guner, Cynthia Kinman, Erzo Luttmer, Ben Moll, Franck Portier, Michael Reiter, Yongs Shin, Victor Zhorin and seminar participants in UAB, UWO, HCEO conference on Human Capital and Inequality, Tiger Forum and TSE for useful comments and suggestions. We thank CALMIP for hosting all computations under the project grant P1433. We are especially grateful to Nicolas Renon at CALMIP for his help. We thank Michael Wooley for his excellent research assistance. Mestieri is grateful to the ANR for their financial support through the JCJC-Projet Grate (2012-2015). Townsend gratefully acknowledges financial support from the NICHD and PEDL. The views expressed in this paper are those of the authors and do not necessarily represent the views of the IMF, its Executive Board, or IMF management. All errors are our own.
دریافت فوری متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات