

The Research Centre of School of Economics and Business,
in cooperation with **the Bank of Slovenia,**
cordially invites you to a free research seminar
on **Wednesday, 29 May 2024, at 13:00 CEST** in room **P-201**
at **School of Economics and Business, University of Ljubljana**

Author

Jan Grobovšek (University of Edinburgh)

will present the article

Occupational Choices, Human Capital, and Cross-Country Income Difference

Abstract

We revisit the role of human capital in explaining the cross-country variation in GDP. We propose a general-equilibrium accounting model in which workers of different human-capital groups (education and age) sort across broad occupational categories.

The occupational assignment is determined by the comparative advantage of workers as well as productivity and distortion parameters that are specific to each human capital and occupation pair. We map the model to a unique harmonized micro dataset that allows to measure average wages by human capital and occupation for 48 countries that span the entire development spectrum. The calibration reveals that rich countries have particularly high productivity in more complex, white-collar occupations. Within occupations, it is low-skilled rather than high-skilled workers that are particularly productive in rich countries. The composition of human capital explains approximately one-fifth of the cross-country non-agricultural GDP per-worker gap relative to the US, and up to one-quarter in the poorest quintile of countries. For these, a shift to the US composition of human capital would increase non-agricultural GDP by 52 percent, white-collar employment by 17 percentage points, and decrease the wage of white-collar relative to blue-collar workers by 28 percent. Occupational distortions are more pronounced in poor countries, depress white-collar employment and sustain a high white-collar wage premium, yet have a minor quantitative effect on aggregate output.

Please sign up for the free seminar <http://raziskave.ef.uni-lj.si/a/1722>.

We look forward to seeing you.

