Discussion of

More Necessary and Less Sufficient: An Age-Period-Cohort Approach to Overeducation in Comparative Perspective

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Three issues:
① theoretical framework – variable choice
② life cycle
③ additional shocks
two labour markets: educated and not educated

absolute effect

relative effect
Figure 1: Cohort Change in the Proportion Tertiary Education Holders

Figure 4: Returns to Tertiary Education (Logit rank DPI)

Less sufficient
More necessary
Four variables are involved
⇒ supply of educated (controlled for with EXPANSION)
⇒ supply of uneducated (controlled for with TIME TREND ?)
⇒ demand for educated (controlled for with SBTC – fully endogenous)
⇒ demand for uneducated (uncontrolled)

The problem remains undetermined.
Potential factors which could be involved:
⇒ inward/outward migration (change in skill composition)
⇒ international trade (offshoring of productions)
⇒ wage bargaining systems
⇒ ....
wages change over life cycle in different ways according to their cohort and entry age

Figure 2: Weekly wage profile of subsequent cohorts


Source: Social security records.
Note: The chart displays the real weekly wage profile of cohorts of males entered in the labor market at specific ages.
If I understand correctly, the model implicitly assumes constant wage growth (actually no growth) over the life cycle for all cohorts in all countries? Isn’t it too stringent?

Can we replace with more flexible assumptions like
⇒ hump-shaped life-earning profiles
⇒ gender differences in life-earning profiles
⇒ country differences in entry-exit ages
There are cyclical components involved in the analysis
- demographic factors (baby-boom)
- educational reforms (change of curricula, de-tracking, opening of university access, …)
- contractual cycles affecting the wage policies of employers (1968: equal pay for equal work)

Should these be controlled by common (world-wide) shocks or hidiosyncratic (country-specific) shocks?

How robust are the results wrt to this assumption?