

# Returns to education in Central European countries: a transitory effect of transition

*discussion comments by*

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# Summary

- **Goal:** new estimates of RTE for CEE + explorations of trends and differences
- **Method:** OLS and extensions
- **Data:** Cross sectional, individual SILC 2005 ...
- **Findings:** stabile results after 2005, differences across countries
- **Obstacles:** different samples, specifications, estimations → different results

# Human capital

- EDU\_YEARS not a proxy of HC but model implication: during schooling

$$Y_t = 0; \quad E_t = rY_{t-1} + E_{t-1} \dots \rightarrow \log Y_t = r * S$$

- ISCED differences in the CR (3 A,B C)
- Annual rates from attainment returns:  
 $(1+r)^{\text{YEARS}}$

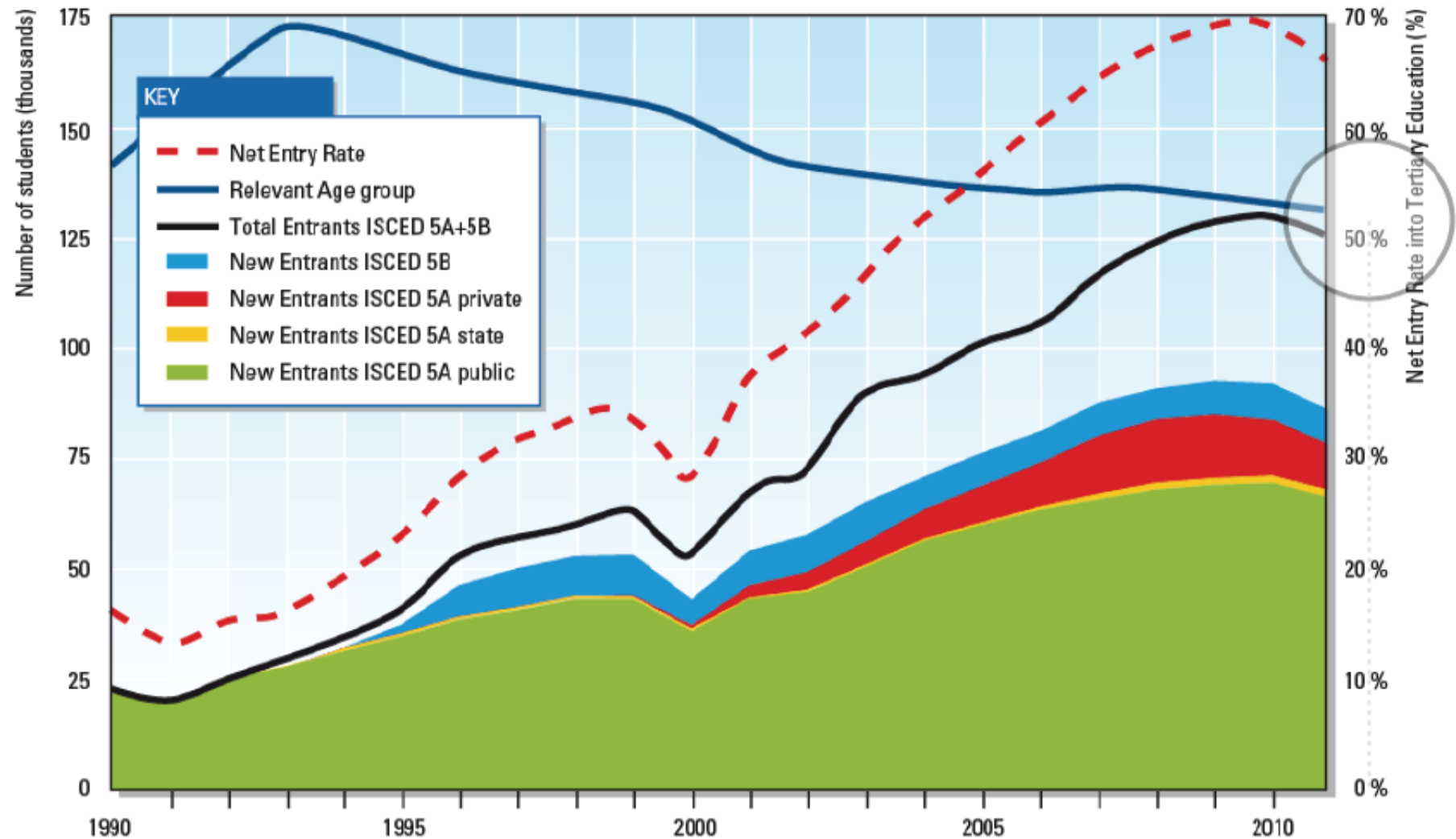
# Human capital

- LM experience
  - $b \cdot \text{EXP} + c \cdot \text{EXP}^2$ : cross-section of different cohorts
  - Alternative specification  $\ln(1+X)$

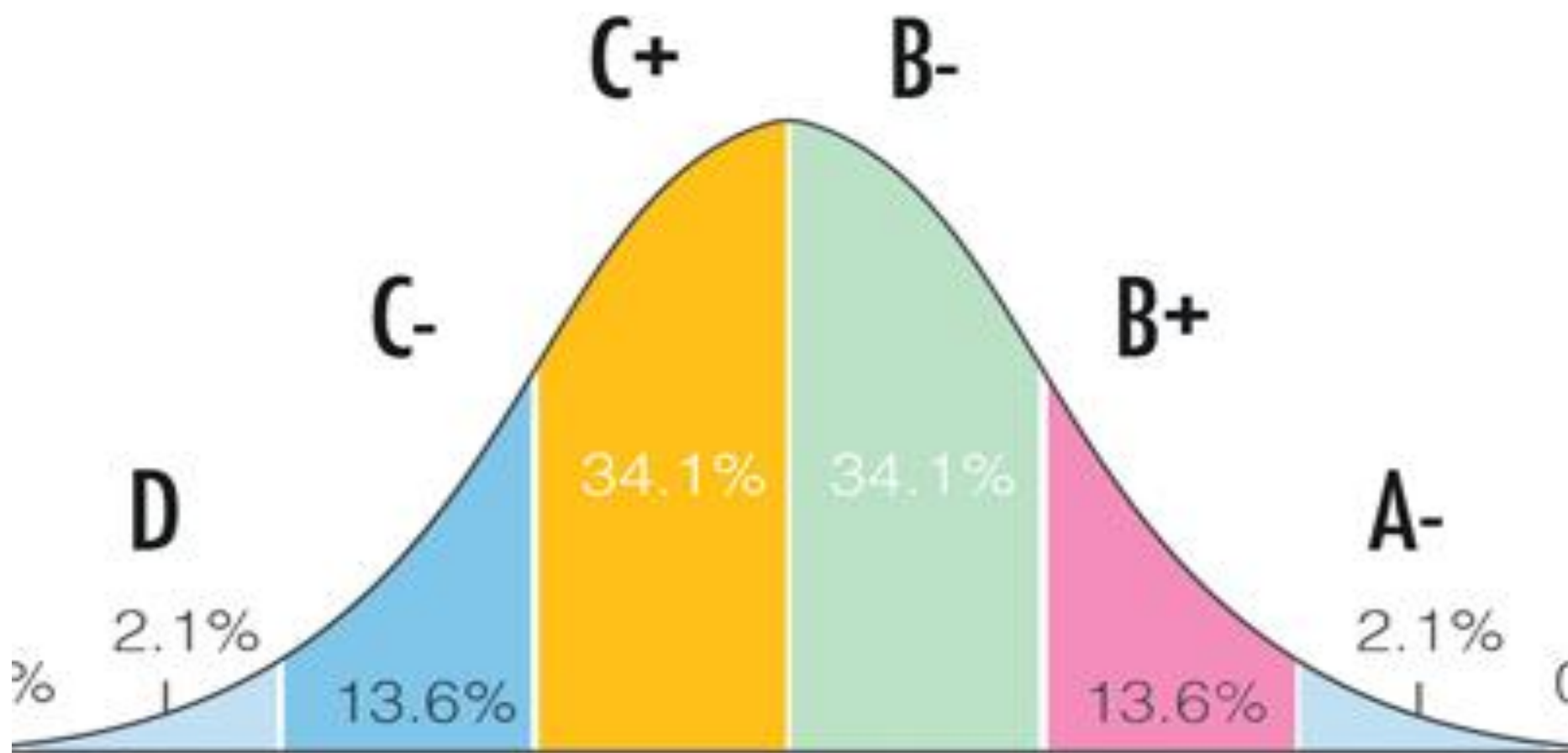
# Ability bias

- Expansion of tertiary education
- Different timing and lags
- Lower ability population attains tertiary edu

# New Entrants into Tertiary Education and Net Entry Rate Czech Republic, 1990–2011



**Zdroj:** Jan Koucký, SVP UK, prezentace *From Incremental Funding to Quality & Performance Indicators*



# Ability bias

- → Decreasing upward bias of OLS estimates



# Ability effects (bias?)

- “Obsession by degrees”: ex large share of certified professions in the CR, what others?
- Educational drift
- Public administration:
  - growing and poorly operating
  - wage grids based on formal indices (diplomas)

# Different results

- Different:
  - data
  - subsamples
  - functional forms
  - variables specifications
- Subsample used by study to estimate RTE
  - age, employees, FT, working in both years,...
- Suggestions
  - Explore the role of differences
  - Gender specific patterns
  - Role of secondary jobs
  - w/o occupational and regional dummies
  - Entrepreneurs: LHS variable
  - use cross-sectional data on population to inform about growing access of cohorts to education in the past decades
  - utilize information about teen ages of surveyed individuals in SILC2005 & 2011

# Different results

- Subsample used to estimate RTE
- Different:
  - data
  - subsamples
  - functional forms
  - variables specifications
- Worth of explorations
- Gender specific patterns
- Role of secondary jobs
- Entrepreneurs: LHS variable