Class activities EE471 Jan 24th, 2024
Name:_____Last 4 digits student ID_____

1. Suppose the skills acquired in school depreciate over time, perhaps because technological change makes the things learned in school obsolete. What happens to a worker 's optimal amount of schooling if the rate of depreciation increases?

2. Describe the basic self-selection issue involved whenever discussing the returns to education.

   Does the fact that some high school or college dropouts go on to earn vast amounts of money (e.g. Bill Gates dropped out of Harvard without ever graduating) contradict the self- selection theory?

   Most government-provided job training programs are optional to the worker. Describe how the self-selection issue might be used to call into question empirical results suggesting there are large economic benefits to be gained by requiring all workers to receive government- provided job training.