

Make Your Own Luck: The Wage Gains from Starting College in a Bad Economy*

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Abstract

Using data for nearly 40 cohorts of American college graduates and exploiting regional variation in economic conditions, we show robust evidence of a positive relationship between the unemployment rate at the time of college enrollment and subsequent annual earnings, particularly for women. This positive relationship cannot be explained by selection into employment or by economic conditions at the time of graduation. Changes in major field of study account for only about 10% of the observed earnings gains. The results are consistent with intensified effort exerted by students who experience bad economic times at the beginning of their studies.

JEL Codes: I23, J24, J31, E32

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