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EDUCATION

B.A. (Vordiplom) in Economics, University of Cologne (Germany), 1997-1999 (Summa cum Laude).

M.A. (Diplom) in Economics, University of Cologne (Germany), 1999-2002 (Summa cum Laude).

Ph.D. in Economics, Stanford University, 2003-2008 (expected).

Thesis Title: *Essays on the Use of Subjective Expectations in the Analysis of Educational and Consumption Decisions.*

TEACHING AND RESEARCH FIELDS

Primary field: Development Economics.

Secondary fields: Labor Economics, Applied Econometrics, Economics of Education.

TEACHING EXPERIENCE

2007 Teaching Assistant for Prof. A. Mahajan, Stanford University, Econometrics 102B (Undergraduate level), Winter quarter.

2005 Teaching Assistant for Prof. M. Tertilt, Stanford University, Macroeconomics 210 (Graduate level, first year Ph.D. course), Fall quarter.

1998-2000 Teaching Assistant for Prof. F. Schmid, Dep. of Statistics, University of Cologne, Statistics.

RESEARCH EXPERIENCE

2006-07 Research Assistant for Prof. L. Pistaferri, Stanford University, Winter, Spring and Fall quarter 2006, Spring 2007.

2002 Research Assistant for Prof. A. Kempf, Dep. of Finance, University of Cologne.

SCHOLARSHIPS, HONORS AND AWARDS

2007-08 Taube Scholarship Fund Fellowship (SIEPR).

2007-08 Sawyer Seminar Fellowship (Center for the Study of Poverty and Inequality).

2007 Outstanding Teaching Assistant Award, Stanford University.

2006-07 Shultz Graduate Student Fellowship in Economic Policy (SIEPR).

2003-05 Stanford Economics Department Fellowship.

2000-03 Fellowship of the German National Academic Foundation.

PROFESSIONAL ACTIVITIES

Referee for *Review of Economics and Statistics*.

NEUDC 2007 - Northeast Universities Development Consortium Conference, Harvard University.

Presentation at the Economic Applications Seminar, Stanford University, October 22, 2007.

Presentation at the Economics and Statistics Seminar, University of Padua (Italy), June 7, 2007.

Presentation at the Public Economics Seminar, University of Cologne (Germany), June 4, 2007.

European Science Days – Economics of Education and Science 2006, Organizer: Philippe Aghion

RESEARCH PAPERS

Understanding the Income Gradient in College Attendance in Mexico: The Role of Heterogeneity in Expected Returns to College (Job Market Paper)

Abstract: This paper studies the determinants of college attendance in Mexico. I use subjective quantitative expectations of future earnings to analyze both the causes and the implications of the steep income gradient in higher education enrollment. In particular, I examine how expected returns to college as well as perceived earnings risk affect college attendance. I find that while expected returns to college and perceived risk of future earnings are important determinants of college attendance decisions, lower returns and/or higher risk are not sufficient, alone, to explain the poor's low college attendance rates. I also find that poor individuals require significantly higher expected returns to be induced to attend college, implying that they face significantly higher costs than individuals with wealthy parents. I then test predictions of a simple model of college attendance choice in the presence of credit constraints, using parental income and wealth as a proxy for the household's (unobserved) interest rate. I find that poor individuals with high expected returns are particularly responsive to changes in direct costs such as tuition, which is consistent with credit constraints playing an important role. To evaluate potential welfare implications of introducing a means-tested student loan program, I apply the Local Instrumental Variables approach of Heckman and Vytlacil (2005) to my model of college attendance choice using subjective expectations of earnings. I find that a sizeable fraction of poor individuals would change their decision in response to a reduction in the interest rate, and that the individuals at the margin have higher expected returns than the individuals already attending college. This suggests that policies such as governmental student loan programs could lead to large welfare gains.

Educational Choices, Subjective Expectations, and Credit Constraints (joint with Orazio Attanasio)

Abstract: Subjective expectations of earnings constitute an important tool for improving our understanding of educational choices. Conventional approaches, which derive expected returns to schooling from earnings realizations, need strong and debatable assumptions about individuals' information sets and the way individuals form expectations. Information on subjective expectations of earnings allows relaxing these assumptions. A second substantial advantage is the possibility to derive measures of idiosyncratic earnings risk without confounding unobserved heterogeneity and risk as is the case when using earnings realizations. In this paper we perform a detailed descriptive analysis of elicited earnings expectations and perceived employment probabilities for different scenarios of completed schooling degrees of a sample of 15 to 25 year old adolescents in urban Mexico. In terms of internal validity, we compare earnings expectations, returns to schooling and employment probabilities for different groups. The findings are mostly as expected, such as more able individuals expecting higher college earnings and returns to college. This also holds true for within family comparisons: siblings with higher than average ability expect higher earnings and higher returns to college. We perform external validity tests comparing cross-sections of expected earnings with those of earnings realizations using the Mexican Census (2000) and the MxFLS (2003) and find small differences, except for junior high school earnings which are slightly underestimated with a larger divergence for younger respondents. In a simple reduced-form analysis we find that expected returns, perceived employment probabilities and earnings risks are significant predictors of college and high school attendance choices, but only for richer individuals. This is consistent with the existence of important credit constraints for poor families as credit constraints break the link between expected returns and educational decisions.

WORK IN PROGRESS

Disentangling Insurance and Information in Excess Smoothness Tests (joint with Luigi Pistaferri)

Financial and Economic Development in Mexico: the Case of Niche Mortgage Lenders SOFOLES (joint with Sriniketh Nagavarapu and Alejandro Ponce-Rodriguez)

Intra-Household Allocation of Human Capital Investments in Mexico and Parents' Subjective Expectations of the Returns to Schooling of their Children

Liquidity Constraints in Consumption and Subjective Income Expectations: How Durable Consumption Responds to Anticipated Income Shocks in Colombia (joint with Alejandrina Salcedo)

OTHER INFORMATION

Citizenship: German

Languages: German (mother tongue), English (fluent), French (good), Spanish (fair)

PH.D. THESIS COMMITTEE

Prof. Luigi Pistaferri (Primary Advisor)
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University College London, Economics Department,
Gower Street, London WC1E 6BT, U.K.
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Email: o.attanasio@ucl.ac.uk

Prof. Aprajit Mahajan (Advisor)
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Prof. John Pencavel (Advisor)
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