

FERNANDO GALINDO-RUEDA

CONTACT DETAILS

Address (1) Centre for Economic Performance (CEP), London School of Economics,
Houghton Street, London WC2A 2AE
(2) Centre for Research into Business Activity (CeRiBA), Zone D4 - 18
Office for National Statistics, 1 Drummond Gate, London SW1V 2QQ

Phone CEP: Phone ++44(0) 20 7955 6646 Fax ++44(0) 20 7955 7595
CeRiBA: Phone ++44(0) 20 7533 5893 Fax ++44(0) 20 7533 5903

e-mail f.galindo-rueda@lse.ac.uk; Fernando.Galindo-Rueda@ons.gsi.gov.uk

web <http://cep.lse.ac.uk/~galindor>

FIELDS OF INTEREST

Economics of Education, Labour Economics, Productivity and Skills, Applied Microeconometric Methods.

CURRENT POSITION

2001- Research Officer. Centre for the Economics of Education. Centre for Economic Performance. London School of Economics.

2003- Research Fellow. Centre for Research into Business Activity. Queen Mary, University of London and Office of National Statistics.

2001- Research Affiliate. Institute for the Study of Labor (IZA), Bonn.

EDUCATION

1998-2002 Ph.D./M.Phil Economics, University College London.
Dissertation title: 'Essays on Education and Wage Inequality'. Supervisors: David Ulph and Stephen Machin.

1997-1998 M.Sc. Environmental and Natural Resource Economics, University College London.
Awarded distinction.

1992-1997 B.Sc. Economics, University of Murcia, Spain.

CONTRACTS, GRANTS, AWARDS AND DISTINCTIONS

2003- Low Pay Commission. "The Impact of the National Minimum Wage on Firms Decisions". Principal researcher.

2003- British Academy. "Schooling decisions and female labour market participation". Principal researcher.

1998-2001 Postgraduate Training Scheme Scholarship, Economic and Social Research Council (ESRC).

1998 UCL Department of Economics *Arun Khumar Memorial Prize* for best MSc performance.

1997	Postgraduate Training Scholarship, <i>Fundación Séneca</i> , Regional Government of Murcia, Spain.
1996	Undergraduate research scholarship, Spanish Ministry of Education, Department of Economic Analysis, University of Murcia, Spain.

ADVICE AND PRESENTATIONS TO PUBLIC BODIES

2002-	Department for Education and Skills
2003-	Low Pay Commission
2002	Qualifications and Curriculum Authority
2002	Learning and Skills Development Agency

PAST POSITIONS HELD

1998-2001	Research Fellow, ESRC Centre for Learning and Social Evolution (ELSE).
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TEACHING

1998-2002	UCL Economics Department Teaching Assistant. Teaching was assessed as part of the sample of Teaching Assistants evaluated by the Quality Assurance Agency team that awarded the Department a top grade 24/24 in its subject review
Courses	Undergraduate: 1st-year Introductory Statistics. 2nd-year Intermediate Microeconomics. 3rd-year Industrial Organization. Postgraduate: Techniques of Environmental Valuation. Microeconomics for Public Policy.

PUBLICATIONS AND RESEARCH

Research and work in progress:

“The Intergenerational Effect of Parental Schooling: Evidence from the 1947 School Leaving Age Reform”.

“Education inequality and ability in Britain”, with Anna Vignoles.

“Human capital productivity spill-overs”, with Jonathan Haskel.

“The supply of female skilled labour”, with Emilia del Bono.

“Productivity and the minimum wage”, with Sonia Pereira.

“Progression Routes, Life Trajectories, Educational Transmission and Intergenerational Inequality”. Evidence Based Policy Fund Project.

“Returns to schooling and ability in a British cohort: control functions with multiple educational outcomes”.

“Overeducation in Europe”.

Research reports and working papers:

“Class Ridden or Meritocratic?: An Economic Analysis of Recent Changes in Britain” (2003), with A. Vignoles, CEE Discussion Paper.

“Sectoral and Area Analysis of the Economic Effects of Qualifications and Basic Skills” (2003), with S. Machin and A. Vignoles, DfES Research Report.

“Employer Learning and Schooling-Related Statistical Discrimination in Britain” (2003), CEE DP 31 and IZA Discussion Paper No. 778.

“Endogenous Wage and Capital Dispersion, On-the-Job Search and the Matching Technology”, IZA Discussion Paper No. 625.

“The Returns to Higher Education Teaching” (2002), with G. Conlon, A. Chevalier and S. McNally, DfES Research Report.

Refereed Publications:

“The Declining Relative Importance of Ability in Predicting Educational Attainment”, with Anna Vignoles. Accepted, *Journal of Human Resources*.

“The Wage Effects of Work Related Training”, with A. Vignoles and L. Feinstein, CEE Discussion Paper, forthcoming in *The Scottish Journal of Political Economy*.

“The Determinants and Effects of Lifelong Learning” (2002), with A. Jenkins, A. Vignoles and A. Wolf, CEE Discussion Paper and forthcoming, *Applied Economics*.

Book chapters:

“From School to the Labour Market” (2003), with G. Makepeace, P. Dolton, L. Woods and H. Joshi, in *Changing Britain, Changing Lives*, E. Ferri, J. Bynner and M. Wadsworth (eds.). Institute of Education, London.

“Qualification Attainment in Britain”, with D. Clark and G. Conlon, in *The Economics of Education in the United Kingdom*, G. Conlon, S. Machin and A. Vignoles (eds), forthcoming.

PRESENTATIONS

Presentations (seminars and conferences) in 2003:

December 2003: University of Malaga (Spain). November 2003: Centre for the Economics of Education Policy Session. July 2003: IZA. Bonn. July 2003: Madrid. Spain. Universidad Complutense Summer School. July 2003. Bristol. June 2003: CEP. June 2003: New York ESPE Conference. May 2003: Paris. CEPR Economics of Education and Inequality Conference. April 2003: Warwick. RES conference 2003. January 2003: Department for Education and Skills.

Previous presentations: CEP, FEEM (Milan), Maison des Sciences Economiques (Paris), Chania (Crete), Universitat Autònoma, Barcelona, INSEE-CREST (Paris), UCL (London), IZA Summer School, Buch (Munich), CEP Stoke Rochford Conference, CEE Seminar Series.

OTHER PROFESSIONAL ACTIVITIES

Journal refereeing: *Economica*, *British Journal of Industrial Relations*, *Journal of Population Economics*, *Bulletin of Economic Research*.

Member of the Royal Economic Society and the European Society of Population Economics.

Co-founder. UCL Department of Economics Student Seminar Series.

PERSONAL

Born 21st March 1974. Spanish citizen. Married.

Languages: Spanish (native), English (fluent), Italian (middle-fluent). French, German (basic).

REFEREES

Prof. Stephen Machin, Department of Economics, University College London, Gower Street, WC1E 6BT London. e-mail: s.machin@ucl.ac.uk. Phone: +44(0)20-7955 7284 Fax: +44(0)20-7955 7595

Prof. David T. Ulph, Director of Analysis and Research, Inland Revenue, Somerset House, Strand, WC2R 1LB, London e-mail: david.ulph@ir.gsi.gov.uk

Professor Jonathan Haskel, Department of Economics, Queen Mary, University of London, Mile End Road, London E1 4NS, e-mail: j.e.haskel@qmw.ac.uk. Phone: ++44(0)20-7882 5365 Fax: ++44(0)20-8983 3580

“The Intergenerational Effect of Parental Schooling: Evidence from the 1947 School Leaving Age Reform in Britain”

This paper studies the causal impact of an additional year of parental schooling on children’s educational and labour market outcomes. This study combines detailed longitudinal information from a cohort of British children and their parents, exploiting the natural experiment that stems from the 1947 school leaving age (SLA) reform, in the form of a fuzzy regression discontinuity design. Although there are strong intra-generational impacts on parents’ earnings, the evidence on intergenerational effects is less robust, suggesting that in many cases OLS estimates are upward biased due to the intergenerational transmission of other unobserved characteristics. However, there are instances of positive effects of father’s schooling on the attainment by sons and mother’s schooling influencing child bearing decisions by daughters. Besides, the impacts are shown not to be even across the distribution of outcomes. A model is constructed to explain how policies such as SLAs can improve intergenerational outcomes even in the absence of credit constraints and spillovers outside the family.

“The Heterogeneous Effect of Selection in Secondary Schools: Understanding the changing role of ability”, with Anna Vignoles

Previous work by the authors suggested that during the 1970s and 1980s, a person’s early cognitive ability became a less important determinant of his or her eventual educational achievement than was the case previously. In other words, ability started to play a lesser role in determining educational achievement during this period. Furthermore, over the same time frame, family background started to have a greater impact on a person’s achievement. Given that this period coincided with the gradual demise of the British selective grammar school system, it would seem that the role of selection in the school system merits further investigation. This paper explores the inter-relationship between school selection, ability and educational achievement. Our regression and matching results indicate that the most able pupils in the selective school system did do better than those of similar ability in the mixed ability school system. This result holds even when a novel IV strategy is adopted.

“The Declining Relative Importance of Ability in Predicting Educational Attainment”, with Anna Vignoles. Accepted, *Journal of Human Resources*.

Most countries seek to improve children’s educational levels and standards. Commonly, this has taken the form of striving for greater educational attainment by able individuals from poor backgrounds. Britain has certainly experienced a substantial rise in education levels. For example, in 1960, just 12% of all British students stayed past compulsory school leaving age (15); this has since risen to 70%. In this study, we use two unique British panel datasets to test whether this rise in enrolment has been associated with an increased reliance on cognitive ability in determining educational achievement or whether parental income and other measures of socioeconomic status have become better predictors of school attainment. We find that early cognitive ability became a less important predictor of subsequent educational performance. This is partly because the average performance of low ability children increased during the time period.

“The Productivity Effects of Qualifications: A Sectoral and Area Analysis”, with Stephen Machin and Anna Vignoles.

The purpose of this project is to estimate the impact of changes in the stock of educational qualifications (particularly vocational qualifications) on sector productivity. We estimate industry level production functions which incorporate measures of educational achievement, in a panel/longitudinal framework. We analyse this at two levels, looking at an industry level panel and at a region by industry panel. The data for these production functions have been assembled from various sources, including the Labour Force Survey, the New Earnings Survey, the Census of Production and the Annual Business Inquiry. The data provide an adequate panel containing key measures, such as gross value added and qualifications stock, dating back to 1992. Our key findings are as follows: (1) Over the period 1992-2001, the variation in the stock of human capital (as measured by academic and vocational qualifications) has increased across industries. During the 1990s, different sectors have experienced very different growth rates in their use of skilled workers. The stock of human capital also varies by region and again there has been substantial variation in the growth of the stock of human capital across regions. (2) We found strong productivity effects from higher level academic qualifications, i.e. degrees and above. This is extremely robust to the most stringent specification, allowing for all sorts of fixed effects.

“Returns to schooling and ability in a British cohort: control functions with multiple educational outcomes”

This paper extends Garen’s control function method to estimate the returns to educational outcomes when two education choices, cognitive development and schooling, are jointly considered. Estimates based on data from men in a British cohort born in 1970 find evidence of self selection based on idiosyncratic gains. In particular, cognitive development -not schooling- appears to be the human capital variable that needs to be controlled for endogeneity: Children with unusually large ability for their observed characteristics tend to have lower baseline earnings but higher returns to schooling. The results also suggest that there is a significant divergence between expected and actual marginal benefits of human capital. Most of the variation in the rate of return to ability and schooling that is due to observable attributes is driven by differences in the marginal costs. These findings justify further research on the returns to different types of educational outcomes, their timing and the intra-household decision making process, as opposed to the more standard, narrow focus on schooling.

“Endogenous Wage and Capital Dispersion, On-the-Job-Search and the Matching Technology”

This paper presents a new model of endogenous wage and capital dispersion where heterogeneity is driven by entrepreneurial incentives to pay higher wages in order to attract and retain workers. The main contribution of this model is to provide a framework with microeconomic foundations that give rise to matching frictions, which can be used to understand the dynamic features of job-worker flows, wage dispersion and mobility as well as search on the job. The basic model is also extended to endogenise firms’ optimal investment in job-specific capital and search efforts undertaken by both employed and unemployed individuals. The empirical implications of this model are compared to those of the apparently more tractable and indeed, more frequently used aggregate matching technology. Existing differences turn out to be crucial for the empirical identification of the wage offer distribution and may also bias subsequent inferences about underlying search cost parameters.

“The Labour Market Impact of Adult Education and Training: a cohort analysis”, with Anna Vignoles and Leon Feinstein. Forthcoming *Scottish Journal of Political Economy*

Education is an investment that boosts individuals’ productivity and hence their wages. The wage gain from additional schooling is substantial (5-10% per year of education). However, many individuals leave school with minimal qualifications. One way for these workers to try to catch up with their more educated colleagues is by undertaking adult education or training. Yet previous research has suggested that acquiring formal qualifications later in life has no impact on individuals’ wages. In this paper we investigate the impact of another form of lifelong learning, namely work related training, and find that it does have a positive impact on earnings for some workers. This might suggest that policymakers should encourage more employer-provided training, rather than other types of lifelong learning. However, we found evidence of “cherry picking”, i.e. firms train the workers who will gain most from the training. Thus training does benefit those chosen by firms to receive it but if training were to be given to all other workers, the average impact on wages would be low. Thus adult education and training (lifelong learning) is not necessarily an effective alternative (in terms of improving wages) to providing all British workers with good skills during their initial schooling.

“The Determinants and Labour Market Effects of Lifelong Learning”, with Andrew Jenkins, Anna Vignoles and Alison Wolf. *Applied Economics*

Despite the policy importance of lifelong learning, there is very little hard evidence from the UK on a) who undertakes lifelong learning and why, and b) the economic benefits of lifelong learning. This paper uses a rich longitudinal panel data set to look at key factors that determine whether someone undertakes lifelong learning and then models the effect of the different qualifications acquired via lifelong learning on individuals’ economic outcomes, namely wages and the likelihood of being employed. Those who left school with O level qualifications or above were much more likely to undertake lifelong learning. Undertaking one episode of lifelong learning also increased the probability of undertaking more lifelong learning. We found little evidence of positive wage effects from lifelong learning. However, males who left school with only low-level qualifications do earn substantially more if they undertake a degree via lifelong learning. We also found important positive employment effects from lifelong learning.