Differential effects of graduating during a recession

across race and gender

Ayako Kondo

Columbia University

ak2258@columbia.edu

This paper examines the differential effects of the unemployment rate at entry to the labor market, defined as completion of education, on subsequent wages across race and gender. Economic theories about search frictions, human capital accumulation and the internal labor markets all predict less persistence for low skilled or disadvantaged workers and weaker effects on those with weak attachment to the labor force. Consistent with these predictions, I find that the effect fades faster for blacks, although the initial impact of a recession at entry is stronger for them. I also find weaker effects for women.

1I would like to thank Janet Currie and Till von Wachter for their suggestions on earlier draft. I also appreciate helpful comments from Brendan O'Flaherty, Claudia Olivetti and participants of Applied Micro Lunch Seminar at Columbia University and RGS Doctoral Conference at University of Dortmund.

Full paper is downloadable at: http://www.columbia.edu/~ak2258/index.html