

The Value of Elite Education in China

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Abstract:

This paper studies the labor market consequences of elite education in China, examines the relative importance of elite education and parental background, and sheds light on the mechanisms underlying the impacts of elite education on labor market outcomes. We overcome challenges of data availability and selection bias by compiling our own large-scale dataset and exploiting a discontinuity in elite university admissions eligibility that exists around college entrance exam cutoff scores. We find that receiving an elite education increases the monthly wages of workers by 30-40%. Elite education affects inter-generational mobility, but it does not change the influence that parental background has on employment outcomes. There is suggestive evidence that the wage premium is more likely to be explained by university-related networks and signaling than human capital. Keywords: education, mobility, human capital, China, college exam, college entrance, elite education.