

Discussion of

**Inequality of Opportunity in the Labor Market
for Higher Education Graduates in Egypt and
Jordan**

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Summary of the paper

- **Question:** to what extent are labor market outcomes determined by *circumstances*?
- **Idea:** in a frictionless labor market, outcomes differ because of human capital and effort
- **Model:** empirical analysis with survey data from Egypt and Jordan
- **Result:** evidence of inequality of opportunity (gender, location)

Comment I: firm/match heterogeneity matters for labor outcomes

- Null hypothesis: $\omega_{it} = g(h_{it}, e_{it})$
- "Why are similar workers paid differently?" (Mortensen, 2005)
- Job-specific components: occupation, sector, local labor markets
- Contract, social security, vacation days, small vs. large firms, etc.
- Frictional wage dispersion (relate paper to literature)

Comment II: normative statements

”Unequal labor market outcomes related to effort (circumstances) are morally justifiable (unjustifiable)”

Unequal outcomes: choice vs. opportunity

Wage offer distribution

Utility from work, job satisfaction

How I would do it

- **Question** Inequality of opportunity: does it exist and how persistent is it?
- **Outcomes** Wage profile and job mobility
- Categorize covariates and build family classes: *Education-friendly family*: "father university", "mother university", "access to computer at age 15" ... *Education-hostile family*: "father illiterate", "mother illiterate", ...
- Compare rich daddy's son vs. poor daddy's son with same human capital
- Labor market reveals quality of over time \Rightarrow wage profile

Comment III: miscellaneous

- Selected sample, they made it, little variation, don't observe "drop outs"
- Do same analysis for US with data from NLSY
- Multicollinearity; out of 89 covariates, 7 are significant
- Tables 5 and 6? Almost everything is significant
- Inequality of opportunity in education: to what extent do *circumstances* determine human capital accumulation?
- More comments later