

6. I would argue that, overall, credentialism is not a creature of the state. While it is true that workers in the public sector have usually obtained more credentials than those in the private sector, they are not proportionately compensated for the additional degrees that they receive. Government pay scales are compressed so that the premium for obtaining additional credentials increases at a much lower rate in the public sector than it does in the private sector. As Katz and Krueger conclude in their paper “Changes in the Structure of Wages in the Public and Private Sectors”, the wage structure in the public sector did not mirror the drastic change that took place in the wage structure in the private sector during the 1970s and 80s. Many people throughout the world may continue to obtain positions in the public sector because they hold them in a high regard and believe such jobs come with more security and stature.

From the evidence presented in Kleiner and Krueger’s paper “The Prevalence and Effects of Occupational Licensing”, I would come to the same conclusion as Caplan. Government requirements for occupational licenses are not a credible argument for credentialism as a product of the state. Some might point to the fact that more jobs require licenses than ever before and believe this to be a good thing. If people obtain the necessary level of education, they will be able to step into a high-paying job. However, conflating the role of the education and the license is a mistake, as Kleiner and Krueger find. Education, not licensing, has a much bigger impact on income. In many cases, obtaining a license either involves additional useless education or simply paying a fee. It would be wrong to assume that a person who does this is somehow improving their ability to do a certain job.

7. I would say that the sheepskin effect has greatly influenced the decisions I have made throughout my educational career. The summer before starting 3rd grade, I was visiting my cousin in Leeds, England for two months. During my visit, a scout for the local soccer team saw me playing in a pickup game at the park and offered me a spot in the youth academy. There was very little chance of me making it as a professional soccer player. Not having received a proper education, I would be unemployable once my prospects inevitably didn't pan out. This was not the future that my parents saw for me, but to let me down easy, they agreed that I could explore a career playing soccer if I studied through middle school. Having since graduated from high school, I can say that the payoff of getting a degree has been much higher than that of each additional year of education that I would have completed had I only received an 8th grade education.

In 11th grade, I already had a job as a cashier at a local sporting goods store and as a soccer referee on the weekends. The pressure of classes and the stress caused by the college application process led me consider dropping out and getting a full-time job. After discussing it with my parents, I agreed that I needed to not only complete high school, but also get a bachelor's degree if I wanted to enhance my future career prospects. The sheepskin effect compelled me to finish high school and apply to college. Surely enough, even the paid internships that I held at various times during college paid me a much higher hourly wage than I would have received if I had dropped out after 11th grade. Despite gaining very little human capital in 12th grade, my credential drastically increased my earnings potential.

While in college, I decided that economics, a subject that I had not been exposed to at all in high school, was something that I wanted to pursue further. Upon finding out

that a graduate degree was requisite for many jobs in the field, I applied and was eventually accepted into the program at the University of Wisconsin. Health issues required me to drop out after the first year, but the potential payoff of completing a graduate degree led me to re-apply to master's programs and enroll at George Mason.

The sheepskin effect has been evident based on these three actions that I took and in the various jobs that I have held in my life thus far.

8. I would partially disagree with the argument that malemployment is equally consistent with human capital and signaling. Proponents of the human capital model view malemployment as the result of an individual failing to acquire the right human capital in school. This is moderately true because students do tend to learn few little in school and the human capital that they do gain often does not comport with what is required in their jobs. Few advocates should continue to believe in the significance of human capital on malemployment once they are presented with the evidence from Ch. 4. Which shows that signaling provides much of the explanation for malemployment.

In Fogg and Harrington's paper "Rising Mal-Employment and the Great Recession: The Growing Disconnection between Recent College Graduates and the College Labor Market", they find that malemployment was a common phenomenon. Much of this effect can be attributed to the fact that credentialism forced individuals to take on jobs for which they were "overqualified". However, this implies that the education that they received is superior to the job they were eventually going to get. The problem lies in the fact that many people had to settle for jobs that were substandard due to the short supply of high-quality jobs that matched their education level. With many

qualified candidates available, employers found it easiest screen and hire based off of the signals individuals could convey with their high credentials.

Similarly, Vaisey, in “Education and Its Discontents: Overqualification in America”, and Rodriguez, in “Occupational Shifts and Educational Upgrading in the American Labor Force between 1950 and 1970”, find that malemployment is primarily, if not completely, a product of credentialism. Individuals need to acquire more years of school in order to to compete for jobs for which the requirements for skill level remain unchanged. There is no reliable way to curtail malemployment at the individual level, but it is the case that it can be attributed more to credentialism and signaling than overqualification stemming from too much human capital.

9. An example of a workplace that I have been a part of where the employer failed to predict actual performance is Kohl's, the department store. A generous estimate of the fraction of people who would have been hired for their positions, had the employer had perfect foresight of their future performance, is $\frac{1}{3}$. Of the people who were employed there, everyone was a high school graduate and most had some college education. They had been through years of school and had undoubtedly experienced boredom, therefore preparing them for a job where they might be doing something that they didn't necessarily enjoy. However, most of the department associates, whose job it was to be helping customers throughout the store, would instead wander aimlessly. Many would find an excuse to work near their friends so that they could both pretend to be busy and actively avoid helping customers. Associates that worked in the shoes department would hide in the room at the back where additional shoes were kept.

In this instance these employees weren't fired because they had become ingrained in the social group that existed within the store. By the time their true level of productivity became apparent, it was easier to ignore their behavior than to fire them. New hires had to go through a training period for 1-2 weeks depending on the job. Those hired to work as cashiers or in the cash office took much longer to grasp everything. It was easier to keep an employee who was underperforming because they had had acquired enough knowledge on the job to remain valuable. Many people lacked skills in time-management, organization, and overall efficiency. However, since they had formed relationships with their coworkers and acquired on-the-job knowledge, it was much simpler to just retain them or give them fewer hours every week.

11. In the section "Is Credentialism a Creature of the State", Caplan examines the concept of IQ laundering. He also refutes the argument made by some that IQ is not prevalent in the hiring process and a college is used as an adequate stand-in. The paper "Disparate Impact Realism" by Wax finds that it is impossible to prove the "business necessity" of IQ tests. It finds that "banning" IQ tests in the name of a disparate impact creates a separate workplace imbalance where a greater number of individuals with low cognitive ability are hired than would be if the Griggs case were nullified. Caplan uses this paper effectively to state the fact that using college as a form of IQ laundering is also illegal under the ruling of the Griggs case. I believe that Caplan's use of the results is fair. He does admit that the IQ laundering story has merit, but effectively shows why it is ultimately a flawed argument.

In order to illustrate the low number of discrimination that are filed and even taken to court, Caplan cites "Contesting Workplace Discrimination in Court" by Nielsen

et al. Caplan uses this paper to argue that the financial burden on employers of using IQ tests is insignificant. I think that Caplan could have bolstered his argument by using more of the results derived from the paper. One of the most persuasive results from the paper is the fact that many of the cases that were filed involved only one plaintiff. This shows that even within a specific workplace that uses IQ testing, it is not deemed to be rampant enough for multiple individuals to allege discrimination. The other result from the paper that is persuasive is that among the plaintiffs that have their case brought to trial, a large number are representing themselves. I believe that Caplan's argument would benefit from the inclusion of the fact that 40% of such cases are dismissed and are not even heard. The lack of representation illustrates that lawyers were reluctant to take on the case knowing that it would not stand in court and they would have a low probability of winning it. Caplan effectively uses the evidence from this paper, to emphasize the low probability of winning, the low payouts even if a case is successful, as well as the insignificant impact such cases have on employers financially.

Lastly, Caplan uses a combination of Terpstra and Rozell's article "Why Some Potentially Effective Staffing Practices are Seldom Used" and the Ryan et al. article "An International Look at Selection Practices" in order to make that argument that employers' doubts and fears about using IQ testing as a means for hiring would be quelled if they studied the evidence that is available on its potential use in the U.S., in addition to its use in other countries. Caplan's argument could have benefited from the use of evidence from Terpstra and Rozell illustrating the specific reasons why employers hesitate to use IQ tests. Caplan emphasizes the low probability of financial payout for employers but does not put forth an argument for why so few companies have understood this and put IQ

tests to use. In addition, his argument would be stronger if he expanded on the results found in Ryan et al., specifically why employers argue over the efficacy of IQ tests if they are used effectively in other countries. Especially with the prevalence of multinational corporations, it would seem counterintuitive to use different hiring practices in different countries rather than the one that is most effective. Overall, however, Caplan is fair in using the data from both papers without distorting the results to prove his own point.