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Abstract

This article examines the determinants of the salaries that Spanish university graduates earn on the labor market. Different earnings equations are estimated that allow us to measure the economic returns to investment in human capital at the university level, demonstrating that: on the one hand, considering schooling to be an exogenous variable gives a downward bias to the estimations of the private rates of return to an university education; on the other hand, not taking into account the aspects of the demand-side of the labor market in the traditional Mincerian earnings function, even though schooling is considered as an endogenous variable, the rates of return estimated for an university education would be given an upward bias. The problem concerning the endogeneity of schooling has been corrected in this article by using the instrumental variables technique. (HRK / Abstract übernommen), Salas-Velasco, Manuel, E-Mail: salas-velasco@tc.columbia.edu