

ABSTRACT:

RETURNS TO ICT SKILLS

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How important is mastering information and communication technology (ICT) in modern labor markets? We answer this question with unique data on ICT skills tested in 19 countries. Our two instrumental-variable models exploit technologically induced variation in broadband Internet availability that gives rise to variation in ICT skills across countries and German municipalities. We find that a one-standard-deviation increase in ICT skills raises earnings by around 25 percent. Exogenous broadband availability cannot explain numeracy or literacy skills, suggesting that estimated returns are unaffected by general ability. One mechanism driving positive returns is selection into occupations with high abstract task content.

With Alexandra Heimisch and Simon Wiederhold