

# Opportunities and Inequality

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# Inequality and selection

- Jobs and (income) inequality.
- Allocation by selection tests as well as price.
- Equality of opportunity: what is it?
- Assignment by tests better than random?
- We can't all have the same.
- How much should with worse jobs and training be compensated?

# Training and education

- Two types of skill hierarchy:
  - Instruction detail
  - Performance facility
- Training can reduce the detail of instructions needed;
- And it can improve ability to perform.
- Longer training achieves more – up to a point.
- So longer courses for less able?

# How many training places?

- What if more are trained than will be used?
- Only medical students with the best performance would become doctors.
- Better quality.
- Lower doctor pay.
- Frustration below the cut-off.
- Consider education in the arts.

# Policies

- Eliminating or seriously reducing the hierarchy does not work.
- But over-training should reduce skill-differences, and increase skilled jobs.
- Paying for education is egalitarian, at least in theory. Requires insurance as well as loans.
- Subsidising low-pay jobs. Otherwise higher wages create unemployment, long-term.