



## Economics Seminars

Friday 28 March 2025 at 12:00

**Aula Magna Baffi**

Facoltà di Scienze Economiche Giuridiche e Politiche - Viale Sant'Ignazio 74

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### Outcomes, Counterfactuals, and Elicited Beliefs: Evidence from higher education admissions (with L. Kirkebøen e E. Leuven)

**Abstract.** This paper studies the enrollment and completion returns to being admitted to one's first-choice university program, defined as a field-institution pair. It examines and compares two measures of returns: subjective ex ante ones, based on applicants' beliefs about their likelihoods of admission, enrollment, and completion, and objective ex post ones, based on the same applicants' realized admission, enrollment, and completion. Two key features of our study makes it possible to compare subjective and objective returns within a causal design for the first time. First, we survey a large sample of university applicants in Norway to elicit their subjective likelihoods of program admission, enrollment conditional on admission, completion conditional on enrollment, and subsequent program-contingent outcomes, and we link their responses to their actual outcomes in the post-secondary education records and other sources of Norwegian administrative data. Second, the Norwegian centralized application-and-admission system makes use of admission cutoffs whose exact values are unknown to the applicants, effectively randomizing students with scores near the cutoff into different programs. This design provides credible instruments to estimate objective returns locally around the discontinuity threshold and compare them with the subjective ones in relevant subpopulations.