

# **Earning More by Doing Less: Human Capital Specialization and the College Wage Premium**

This paper builds a model of human capital accumulation driven by increasing specialization of the workforce. Individuals increase the efficiency of time dedicated to human capital acquisition by focusing investments on narrower sets of skills. The evolution of secondary and post-secondary curricula in the United States from 1870-2000 confirms the presence of these changes in the scope of specialization. Quantitative exercises show that specialization can account for roughly 29% of the rise in the skill premium, and 25-30% of the rise in relative educational attainment from 1965-2005. The effect on the skill premium is largely due to a decline in specialization in high school, where vocational training was replaced with academic graduation requirements. The model's predictions are also consistent with international variation in the skill premium, attainment levels, and the organization of educational institutions. An important policy implication of the analysis is that making room for specialized occupational training in secondary schools could be an effective tool to tackle income