Abstract

In the first chapter, we study financial aid policies in developing countries that support students' education abroad. We collect a unique data-set on government-funded scholarship and loan programs and establish stylized facts for developing countries. We find that scholarship programs select students based on merit criteria, target graduate and postgraduate studies, and require recipients to return after graduation more frequently than loan programs do. We build a two-country student migration model that qualitatively accounts for the observed patterns. In the model, government intervention is justified for two reasons. First, students from a developing country are assumed to be financially constrained and cannot afford education abroad. Second, the government values the productivity of "returnees" more highly than the market does. We argue that when students are uncertain about their future productivity and may fail in their studies, scholarship programs can insure them against potential default. Consequently, if students differ in their expected ability, under certain conditions, a government with a tight budget will prioritize ex-ante high-ability students and support them with scholarships with return requirement, and support ex-ante low-ability students with loans without return requirement.

In the second chapter, we focus on host developed country policies tailored to international students arriving from developing countries. Using the data on the EU countries, we find that a higher university ranking is associated with a higher GDP per capita and higher tuition fees. However, six countries with highly ranked universities (Austria, Belgium, France, Germany, Italy, Luxembourg) are exceptions to this rule and charge one of the lowest tuition fees in Europe. We also find that there is no strong association between university rankings and immigration policies. We build a model with two developed countries, in which international students are heterogeneous in their ability, wealth, and preferences towards studying in one country or another. The model suggests two equally plausible socio-political explanations for the existence of these high-ranking-low-fee countries. First, historically, tuition fees in these countries may be institutionally set at a low level. Second, the universities in these countries could be more selective due to unfavorable views towards international students.

In the third chapter, we study the effects of information provision on student's intended and actual college major choices. We conduct an experiment on secondary school students in Georgia and find that students systematically overestimated the earnings and unemployment rates of college graduates. We also find that 10 percent more students who received information on actual earnings and unemployment changed their college majors than those with no information. The changes in their majors are partly driven by differences in the perceived and actual unemployment rates, whereas the earning differences do not appear to play a role. We also estimate spillover effects on students who do not receive information directly, and show that they matter, but only for older students who are closer to high school graduation. Importantly, we find that the immediate changes in the intended choices are not linked to the final major choices, suggesting that measuring the effects of information on immediately expressed intentions may not be sufficient to understand how information affects actual real-life decisions. We find that both direct and indirect information provision have sizable effects on student college major choices.