

Abstract for Jesse Bruhn's paper, "Path Dependence in the Labor Market: The Long-run Effects of Early Career Occupational Experience."

We study the causal effect of early career occupational experiences on labor market outcomes. To do so, we pair over two decades of administrative tax data with internal personnel records from the largest employer of young adults in the United States: the US Army. Soldiers work in a diverse and varied set of military occupations, including non-combat roles like mechanics, legal services, financial specialists, cooks, dental hygienists, police officers, and network/computer specialists. Eligibility is determined by test score cutoffs which we leverage in a series of 37 regression discontinuity designs. We find that early career occupational experiences generate a substantial amount of path dependence, with point estimates that suggest a 19p.p. increase in the likelihood of being observed in an identical or closely related occupation as much as 20 years later. We also find highly heterogeneous, yet predictable, effects on long-run wages. Implied changes in occupational earnings premia explain over 60% of the causal variation in earnings, with slope estimates that suggest improvements in average occupational wage rates translate essentially dollar-for-dollar into actual causal effects on earnings. Changes in non-routine task intensity and post-secondary degree attainment also explain long-run improvements in economic well-being. Taken together, our results highlight the importance of early career occupational experience as a key channel for promoting long-run economic success among young adults who are not college bound.