General versus Specific Human Capital

G. Becker’s Question: Who finances human capital investment (HI≡training on the job)?

\[ W_1 \]: Marginal product without training
\[ W_0 \]: Marginal product during training phase
\[ W_2 \]: Marginal product after training

\[ W_3 \] and \[ W_4 \] represent other wage levels or thresholds during different phases of training.
Screening-Hypothesis: Education signals higher productivity

"Return to S* years of education" \( \bar{W} - W \)

Costs of education for \( W \)-types:
\[
\text{Cost} < \bar{W} - W \rightarrow \text{choose S* years of education}
\]

Costs of education for \( \bar{W} \)-types:
\[
\text{Cost} > W - W \rightarrow \text{do not get S* years of education (zero instead)}
\]