Abstract
We study how class size and class composition affect the academic and labor market performance of college students, two crucial policy questions given the secular increase in college enrollment. Our identification strategy relies on the random assignment of students to teaching classes. We find that a one standard deviation increase in class-size results in a 0.1 standard deviation deterioration of the average grade. Further, the effect is heterogeneous as it is stronger for males and lower income students. Also, the effects of class composition in terms of gender and ability appear to be inverse U-shaped. Finally, a reduction of 20 students (one standard deviation) in one’s class size has a positive effect on monthly wages of about €80 ($115) or 6% over the average. (JEL: A22, I23, J30)