Economists have long understood the importance of physical capital in explaining the development process, but more recently we have also studied the role of a society’s human capital, as embodied by its people’s education, skills, and health. We now know that increasing human capital is one of the most effective ways to stimulate economic growth and reduce poverty in the long term. In this class we will examine the determinants of human capital, the costs and benefits of policies designed to increase human capital, and the function of human capital in a variety of economic contexts including the labor market, immigration, child investment, intra-household bargaining, foreign direct investment, and even the drug trade. We will focus our analysis on Latin America, a diverse and growing region that has been at the forefront of implementing policies to improve human capital. These range from programs that pay parents to keep their children in school to universal health care and school vouchers. The course will emphasize reading articles from the empirical economics literature and in depth discussion of their theories, methods, and results.

Grades:

Your grade will be composed of seven parts:

1. Class participation: (10%)
   This is a seminar; you are required to attend each class prepared to discuss the assigned readings. As part of this, you will fill in a worksheet for each of the week’s papers noting the paper’s contribution, empirical approach, and limitations. These worksheets are required, but not graded. They are due on Tuesday night before Wednesday classes.

2. Lead discussion of one or two of the assigned papers: (10%)
   Each student (or pair of students, depending on size of class) will prepare a 15–20 minute presentation of one or two of the papers assigned and will lead a discussion of the paper(s). Discussion should center on the contribution of the paper(s), issues with the analysis, relationship with other course readings, and any questions that are left open. These student-led discussions will be graded by the following class.
3. Identify a Research Question (1 page) (10%)
Each student will identify a research question related to human capital in Latin America. These one page papers will motivate your question’s importance and provide some intuition for a possible answer. You should find and discuss two or three related academic papers when making your case. I recommend perusing the entire syllabus for ideas.
Due: February 10, in class

4. Short (20m) quiz on empirical methods (5%)
You will be reading papers that use a variety of empirical methods including plain vanilla regression, instrumental variables, regression discontinuity, and difference-in-differences. You will learn how to interpret results and critique application of these methods.
Date: February 17, in class

5. Mid-term draft of a proposal of an empirical project (5–7 pages) (25%)
Each student will turn their research question into the first half of a research proposal. This should contain a literature review that places the project in context, a fleshed out hypothesis, and an economic model that formalizes your intuition. We will discuss my expectations in detail during class.
Due: Friday, March 11, 5pm

6. Research proposal poster presentation (10%)
During the last week of classes (but not during class time), we will have a poster session where you will show what you’ve been working on to the rest of the class. Participation is required, but not graded.
Date: Evening of Wednesday, April 27

7. Final research proposal (15–20 pages) (30%)
The final paper will incorporate any feedback you receive on your midterm draft and your poster. You will identify a primary data source and specify a detailed empirical approach to answering your research question. Students are encouraged to do some preliminary data description and analysis, but this is not required.
Due: Thursday, May 5, 5pm
Readings

IMPORTANT: The titles of the articles are clickable links to the online pdf’s.

Week 1 (1/20): Introduction


PART I: SCHOOLING

Week 2 (1/27): School Quality

Watch How to Interpret Regression Tables


Week 3 (2/3): School Choice


PART II: HEALTH

Week 4 (2/10): Policies for Improving Child Health

Watch An Intuitive Introduction to Difference-in-Differences

Watch An Intuitive Introduction to Regression Discontinuity


Week 5 (2/17): Health Insurance


PART III: OTHER ASPECTS OF HUMAN CAPITAL

Week 6 (2/24): Parental Investment in Human Capital of Children


Thomas, Duncan (1994) “Like Father, Like Son; Like Mother, Like Daughter: Parental resources and child height,” Journal of Human Resources, Vol. 29, No. 4, pp. 950–988. (OPTIONAL)


Week 7 (3/2): Human Capital and Migration

Watch An Intuitive Introduction to Instrumental Variables


Week 8 (3/9): Conditional Cash Transfer Programs


Week 9 (3/30): Wage Returns to Human Capital


Week 10 (4/6): Effectiveness of Infrastructure Investment

Watch An Intuitive Introduction to Propensity Score Matching


Week 11 (4/13): Foreign Direct Investment and Trade


Week 12 (4/20): Human Capital and the Informal Sector


Week 13 (4/27): Human Capital and the Drug Trade


