

# Human capital formation and investment

Dr. Andrew Proctor

LS (Seminar)

Sommersemester/summer semester 2026

## Description:

This course offers a high level examination into the process of human capital formation and the determinants of human capital investment. The broad topics of the course are as follows:

1. Foundational human capital models and the empirical returns to education
2. Financial and nonfinancial resource determinants of investment
3. Institutional and labor market determinants
4. Stochastic environment effects
5. Intra-household dynamics and social interaction effects
6. Behavioral determinants

Course instruction is primarily based on the structured reading of published research, with a focus on exemplary recent work. Readings comprise a methodologically diverse array of scholarship, including work from the reduced form applied micro, experimental, macroeconomic, and structural literatures. In order to successfully complete the course, students will be expected to present and discuss these papers, in addition to the completion of a research proposal (8 – 15 pages), to be presented at the end of the course.

<b>Studiengang:</b> <i>Program:</i>	MSc
<b>Termin Vorbesprechung (tt.mm.jjjj):</b> <i>Date of preliminary meeting (dd.mm.yyyy):</i>	Wednesday, March 25 <sup>th</sup> : 11.15 – 12.00 (tentative)
<b>*Bearbeitungszeitraum für die Hausarbeit:</b> <i>*Working period for term paper:</i>	
<b>*Seminartermin:</b> <i>*Seminar date:</i>	
<b>Veranstaltungsort:</b> <i>Venue:</i>	Seminar room tbd
<b>falls außerhalb: Kostenschätzung:</b> <i>if out of Munich: estimated costs:</i>	€
<b>Sprache:</b> <i>Language:</i>	English
<b>Empfohlene Vorkenntnisse:</b> <i>Recommended courses:</i>	Students should have completed graduate coursework in microeconomics, macroeconomics, and econometrics. Prior coursework in labor economics may be useful but is not required.
<b>Methodischer Schwerpunkt:</b> <i>Methodological background:</i>	Draws on work from across fields in economics.
<b>*Grundlagenliteratur:</b> <i>*Basic references:</i>	See attached reference list.
<b>*Kontakt:</b> <i>Contact:</i>	andrew.proctor@econ.lmu.de

\* Optional (falls schon bekannt) / optionally (if already known)

*Human Capital Formation and Investment (M12 Seminar)*  
**Indicative Reference List**

**Human Capital Basics**

- Björklund, Lindahl, and Plug, "The Origins of Intergenerational Associations: Lessons from Swedish Adoption Data". *The Quarterly Journal of Economics*, 2006.
- Adda, Jérôme and Christian Dustmann, "Sources of Wage Growth". *Journal of Political Economy*, 2023.

**Financial and non-financial resources determinants**

- Manoli, Day and Nicholas Turner, "Cash-on-Hand and College Enrollment: Evidence from Population Tax Data and the Earned Income Tax Credit". *American Economic Journal: Economic Policy*, 2018.
- Cornelissen, Thomas, Christian Dustmann, Anna Raute and Uta Schönberg, "Who benefits from universal child care? Estimating Marginal Returns to Early Child Care Attendance". *Journal of Political Economy*, 2018.

**Institutional and labor market determinants**

- Matthewes, Sönke Hendrik, "Better Together? Heterogeneous Effects of Tracking on Student Achievement". *The Economic Journal*, 2020.
- Fan, Xiaodong, Ananth Seshadri and Christopher R. Taber. "Estimation of a Life-Cycle Model with Human Capital, Labor Supply and Retirement". *Journal of Political Economy*, 2024.

**Stochastic environment effects**

- Rege, Mari, Kjetil Telle, and Mark Votruba, "Parental Job Loss and Children's School Performance". *Review of Economic Studies*, 2011.
- Silos, Pedro and Eric Smith, "Human capital portfolios". *Review of Economic Dynamics*, 2015.

**Intra-household dynamics and social interaction effects**

- Adda, Jerome, Christian Dustmann, and Katrien Stevens, "The Career Costs of Children". *Journal of Political Economy*, 2017.
- Altmejd, Adam et al, "O Brother, Where Start Thou? Sibling Spillovers on College and Major Choice in Four Countries". *The Quarterly Journal of Economics*, 2021.
- Battisti, Michele, Giovanni Peri and Agnese Romiti, "Dynamic Effects of Co-Ethnic Networks on Immigrants' Economic Success". *The Economic Journal*, 2021.

**Behavioral determinants**

- Wiswall, Matthew and Basit Zafar, "Preference for the Workplace, Investment in Human Capital, and Gender". *The Quarterly Journal of Economics*, 2018.
- Falk, Armin, Fabian Kosse, Pia Pinger, Hannah Schildberg-Hörisch, and Thomas Deckers, "Socioeconomic Status and Inequality in Children's IQ and Economic Preferences". *Journal of Political Economy*, 2021.