

## THESIS ABSTRACT

“*Essays on the Economics of Human Capital*” by Anastasiia Suvorova

### **(Mis)perceptions about children** (Job Market Paper)

Policymakers, schools, and parents rely on teachers’ assessments of child development to inform decisions about investments in children. I show that teachers’ perceptions of children’s developmental delays are biased and depend systematically on the average development level of other children in the neighbourhood. I quantify the magnitude of the reference bias in teachers’ assessments of non-cognitive and cognitive skills using objective measures of socio-emotional skills and language development, evaluated by psychologist-trained interviewers in the Longitudinal Study of Australian Children. I estimate a measurement system of teachers’ recognition of children’s deficits as a function of children’s measured development and neighbourhood average development levels, and I show that teachers in neighbourhoods with lower average levels of socio-emotional development are less likely to accurately recognize deficits across both cognitive and non-cognitive dimensions of child development. Further, maternal perceptions of their children’s socio-emotional development are influenced by the information about deficits that teachers convey. Teachers’ misperceptions affect investment in remedial services including children’s learning and behavioural therapy, and tutoring, as well as parental attitudes toward their children. Finally, I show that teachers’ education improves the ability of teachers to identify children with deficits.

### **Parental investment, child’s gender and skill gaps**

Female-favourable gender gaps in multiple measures of academic achievement among children and young adults have increased over recent years. These disparities have been linked to deficits in boys’ literacy and behavioural skills, which manifest early in childhood and accumulate over time. I investigate the impact of parental investment decisions on the widening skill gaps between boys and girls. I estimate a model of parental investment and child skill accumulation, allowing for gender differences in the skill production function, initial endowments, and parental preferences for children’s human capital and outcomes. My analysis centers on the development of skills in children aged 6 to 15 as observed in the Longitudinal Study of Australian Children. I document that mothers tend to allocate more time to their daughters, and the differences in maternal time investment in children are explained by differences in the production function of skills between boys and girls. While mothers’ time investment is more productive for girls than it is for boys, the role of parental investments in the expansion of the gender gap in literacy is limited. Skill deficit expansion is driven by productivity differences unrelated to investment.

### **The evolution of prices and quantities of occupational human capital**

I estimate the evolution of prices and quantities of human capital in occupational groups specializing in abstract, routine, and manual tasks to examine the explanations for rising U.S. wage inequality. To quantify changes in prices and quantities of occupation-specific human capital, I use a *flat spot* price identification method which exploits the wage changes for workers approaching retirement to infer the shifts in the prices of skills. Importantly, this method accommodates cohort quality changes over time, capturing the effects of shifts in the educational composition of workers in occupations as well as changes in the quality of education across generations. My results show that the price increased for the abstract group relative to manual and routine groups between 1970 and 2017. Conversely, the prices of human capital in manual and routine groups declined and were highly correlated. This evidence favours the hypothesis of skill-biased technical change (SBTC), which predicts the increase in the relative price of high-skill human capital. Furthermore, even within the abstract group, postgraduate workers have disproportionately benefited from the changing relative demand for high-skill workers compared to workers with bachelor’s degrees, supporting the implications of the SBTC theory. My findings do not align with the predictions of the routine-biased technical change (RBTC) hypothesis regarding the fall in the price of skill in routine relative to manual occupations.