

# **DYNAMIC COMPLEMENTARITIES VERY EARLY IN LIFE: FAMILY PLANNING, EARLY CHILDHOOD EDUCATION, AND LIFETIME HUMAN CAPITAL**

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November 26, 2018

## **Abstract**

This paper examines the long-run effects of individual's early childhood family environment on human capital and the complementarities between family environment and education. Using data from the PSID Childbirth and Adoption History File and a restricted-use version that links individual to their county of birth, I document evidence of better-planned childhood environment induced by abortion legalization, and its interaction effects with improved public pre-school access. Variation in the timing of abortion legalization creates natural experiments but also sample selections that might cause confounding compositional changes. To avoid selection biases, I focus on the older siblings from a quantity-quality perspective instead of the cohorts born after the policy change. The results indicate substantial human capital gains over the life cycle for individuals born immediately before abortion was legalized, who are less likely to have unexpected younger siblings thanks to the policy change. The estimates on the interaction with Head Start then provide novel evidence of dynamic complementarities between two different stages of human capital formation very early in life.

**JEL codes:** J13, J24, I2

## Acknowledgements

This project is generously supported by the James N. Morgan Innovation in the Analysis of Economic Behavior Fund. I am grateful to Martha Bailey, Valentina Duque, and the PSID staff for assistance with the restricted-use geocode data. Ariel Binder, Dorian Carloni, and Bryan Stuart also contributed substantially to the cleaning of the restricted census data. I am also grateful for comments from Martha Bailey, David Lam, Ana Reynoso, Charlie Brown, Sara Heller, Mike Muller-Smith, Mel Stephens, Ach Adhvaryu, Brenden Timpe, Xinwei Ma, and seminar participants at the University of Michigan.