

# Differential Human Capital Accumulation in Urban and Rural China

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# Outline

- 1 Research Question
  - Research Question
  - Hypothesis
- 2 Literature and Background
- 3 Model Proposed
- 4 data

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# Research Question

Question Defined

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What factors determine the human capital accumulation process in Urban and Rural China?

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# Research Question

Question Defined

## Hypothesis

1. Credit constraint is the predominant factor affecting human capital accumulation in rural China.
2. Intergenerational human capital transfer is the predominant factor affecting human capital accumulation in urban China.

- China GINI coefficient is around 0.465; Urban rural income annual income ratio is around 2.72 : 1 (NBS, 2014)
- Evidence shows human capital is a significant contributor to this difference (Zhang et al. , 2007; Gao et al. , 2008; Guo, 2017).
- Research has been focusing on the effect of income on human capital accumulation(Zhang, 2006; Zhao, et al., 2010). But the effect of intergenerational human capital transfer is under researched. .
- Qin, et al.(2014) used overlapping generations model to study the interaction between human capital and intergenerational mobility.

- Overlapping Generations Model
- Simultaneous Equation and 2SLS
- Principal Component Analysis?



- China Health and Nutrition Survey (CHNS)
- China Family Panel Studies (CFPS)
- Chinese Household Income Project Series (CHIPS)

# Challenges and Contribution

- Heterogeneity in Parents
- Urban Rural Difference
- Quality of Education
- Endogeneity Problem
- Identification of Constraints