

1. Use the "Human Capital and Social Capital" article from Goldin & Katz (1999) to answer the following questions:

a. Goldin & Katz discuss the following marginal benefit-marginal cost comparison in the article for the private/family decision to attend high school:

$$\frac{E_2 - w_2}{1 + r} > \frac{C + w_1}{w_2}$$

describe what each of these variables is trying to capture.

b. Now looking at Table 1 in the article, which of the variables used in the regression relate back to the framework shown above? Are there any factors missing from Table 1?

c. Are there any factors that don't come from this private return framework in Table 1? Why do Goldin & Katz include them?

d. Referring back to the group exercise in lecture on Thursday, can you think of two reasons why the 1929 funding of higher education is a good and relevant historical analogy for today's public policy issue of public college and university funding? Can you think of two reasons why it might not make for a good analogy?