## Contents

	List of Tables	xiii
	List of Charts	xvii
	Preface to the Third Edition	xix
	Preface to the First Edition	xxi
I.	Introduction to the Second Edition	3
	Introduction to the First Edition	11
II.	Human Capital Revisited	15
	1. Introduction	15
	2. Education and Training	17
	3. Human Capital and the Family	21
	4. Human Capital and Economic Development	23
	5. Conclusions	25
	6. References	25
Par	t One: Theoretical Analysis	
III.	INVESTMENT IN HUMAN CAPITAL: EFFECTS ON EARNINGS	29
	1. On-the-Job Training	30
	General Training	33
	Specific Training	40
	2. Schooling	51
	3. Other Knowledge	53
	4. Productive Wage Increases	54
IV.	INVESTMENT IN HUMAN CAPITAL: RATES OF RETURN	59
	1. Relation between Earnings, Costs, and Rates of Return	59
	Addendum: The Allocation of Time and Goods over Time	70
	2. The Incentive to Invest	85
	Number of Periods	85
	Wage Differentials and Secular Changes	89

CONTENTS X

	Risk and Liquidity	91
	Capital Markets and Knowledge	92
	3. Some Effects of Human Capital	95
	Examples	95
	Ability and the Distribution of Earnings	97
	Addendum: Education and the Distribution of Earnings:	
	A Statistical Formulation	102
	Addendum: Human Capital and the Personal	
	Distribution of Income: An Analytical Approach	108
	Supplement: Estimating the Effect of Family Background on	
	Earnings	131
Par	t Two: Empirical Analysis	
v.	RATES OF RETURN FROM COLLEGE EDUCATION	161
	1. Money Rates of Return to White Male College	
	Graduates	162
	Returns in 1939	162
	Costs in 1939	166
	Rates of Return in 1939	168
	Rates of Return in 1949	169
	2. Some Conceptual Difficulties	171
	Correlation between "Ability" and Education	171
	Correlation between Education and Other Human Capital	181
	3. Rates of Return to Other College Persons	183
	College Dropouts	183
	Nonwhites	186
	Women	192
	Rural Persons	194
	4. Variation in Rates of Return	195
VI.	Underinvestment in College Education?	205
	1. Private Money Gains	205
	2. Social Productivity Gains	208
	3. Private Real Rates	212
VII.		
	OVER TIME	<b>215</b> 215
	1. The Rate of Return from High School Education	215
	2. Trends in Rates of Return	219
	After 1939	219
	Before 1939	ZZO

хi

VIII.	AGE, EARNINGS, WEALTH, AND HUMAN CAPITAL  1. Age-Earnings Profiles  2. Age-Wealth Profiles	228 230 237
IX.	SUMMARY AND CONCLUSIONS  1. Summary  2. Future Research  3. Concluding Comments	245 245 248 251
Pari	t Three: Economy-Wide Changes	
	Introduction	255
Х.	<ul> <li>Human Capital and the Rise and Fall of Families, by Gary S. Becker and Nigel Tomes</li> <li>Introduction</li> <li>Earnings and Human Capital     Perfect Capital Markets     Imperfect Access to Capital</li> <li>Assets and Consumption</li> <li>Fertility and Marriage</li> <li>Empirical Studies</li> <li>Summary and Discussion     References</li> </ul>	257 257 260 260 274 280 282 290 294
XI.	THE DIVISION OF LABOR, COORDINATION COSTS, AND KNOWLEDGE, BY GARY S. BECKER AND KEVIN M. MURPHY  1. Introduction 2. Division of Labor among Tasks 3. Coordination Costs 4. Knowledge and Specialization 5. Extent of the Market 6. The Growth in Specialization and Knowledge 7. The Division of Labor between Sectors: Teachers and Workers 8. Summary Appendix References	299 300 304 306 311 314 318 319 320
XII.	Human Capital, Fertility, and Economic Growth, by Gary S. Becker, Kevin M. Murphy, and Robert Tamura 1. Introduction 2. Basic Properties of the Model 3. Fertility and Growth	323 323 325 331

xii CONTENTS

	4. Comparative Advantage in the Production of	
	Human Capital	337
	5. Discussion	344
	6. Concluding Remarks	347
	References	348
App	PENDIXES	
A.	Sources and Methods	351
	1. Incomes	351
	a. The Basic Data	351
	b. Under- and Overreporting	354
	c. Unemployment	355
	d. Coverage in 1939	357
	e. Taxes	358
	f. Urban-Rural Distribution	360
	g. Hours of Work	360
	2. Costs	361
	a. Earnings of Students	361
	b. Direct Private Costs	364
	c. Direct Social Costs	367
В.	MATHEMATICAL DISCUSSION OF RELATION BETWE	EN AGE,
	EARNINGS, AND WEALTH	370
	AUTHOR INDEX	377
	SUBJECT INDEX	381