

Abstract: There is growing interest in how conditions during early childhood influence the productivity of later human capital investments. We examine whether the educational benefits of going to a better school are larger for children who experienced better family environments because they were born after the liberalization of a restrictive abortion policy in Romania. We use an empirical strategy that combines a regression discontinuity (RD) design and a differences-in-differences (DD) framework to estimate impacts on a high stakes school-leaving (Baccalaureate) exam. Although we find positive and significant effects of both going to a better school and being born under a less restrictive abortion regime, we do not find evidence of positive interactions between these shocks to family and school environments. We also use survey data to show that parents and students may respond to these shocks in ways that potentially undo dynamic complementarities between these inputs. Taken together, these results suggest that, at least in this setting, dynamic complementarities in the production of human capital are either not substantial or are undone by behavioral responses.