

Economics 4372
M/W 2:30-4
AH-204

Spring 2014
Dr. Juhn
Office: McElhinney 201-A
<http://www.uh.edu/~cjuhn>

Economics of Education

Introduction: This course is an upper level reading course on the economics of education. The course is in 5 parts. Part I will examine how technology and globalization has created the need for educated workers. We will examine rising wage inequality and assess competing explanations such as globalization, international trade, technological change, and computers. Part II will review two basic economic models of education: human capital and signaling. Part III will cover the education production function literature which examines different “inputs” into student achievement such as teachers, peers, and other school resources. Part IV will examine the effectiveness of government subsidies to education at different ages. We will end the course by examining current issues in higher education such as rising tuition, student debt, introduction of technology, for-profit colleges, and vocational education.

Readings: There is no official textbook for this course. Chapters from the following books will be assigned and made available through Blackboard Learn.

Inequality in America: What Role for Human Capital Policies?, Benjamin Friedman, editor.

Labor Economics by George Borjas (6TH EDITION).

Most of the readings are available on-line. Click on the appropriate URL to access them on-line. Many of the readings that are printed in economic journals such as the American Economic Review and Journal of Economic Perspectives are available through JSTOR (journal archive) available through UH library. Go to the UH library site and click electronic resources and click JSTOR. You need login access to the UH library. Students are expected to read readings marked with (*) *before* lecture. Readings marked with (+) are optional, more in-depth readings.

Students are encouraged to collect and bring into class articles that are relevant to the issues covered in class. Good sources are The Wall Street Journal, New York Times, The Economist, and Business Week. Check out <http://www.educationnext.org> for timely articles on all sorts of education-related issues. I will also post articles that are relevant for the class on Blackboard Learn.

Prerequisites: Students are expected to have completed Introduction to Statistics and Data Analysis (ECON2370) and have either completed or are currently enrolled in Intermediate Microeconomics (ECON 3332).

Requirements: There will be five quizzes on readings (worth a total of 20% of the final grade), one midterm (worth 20% of the final grade), and a final exam (worth 40% of the final grade). Groups of students will be assigned to “policy recommendation” teams. The teams will make a presentation of their policy recommendations towards the end of the semester. Presentation and class participation will count for 20% of the final grade. There will be no make-ups for the tests. With valid excuses, the grade on the final will be re-weighted.

Office Hours: It is best to email me (cjuhn@uh.edu) to make an appointment. I am generally on campus most days.

Course Outline

I. Wage Inequality and the Demand for Skill

1/13,1/15 Inequality: What are the Facts?

* Inequality in America, chapter 1, p.1-20.

* Autor, D. “The Polarization of Job Opportunities in the U.S. Labor Market,” The Hamilton Project, Center for American Progress, April 2010.
<http://econ-www.mit.edu/files/5554>

1/22 Globalization and Computers

1/22 Reading Quiz 1

* Krugman, Paul. “Trade and Inequality, Revisited.”
<http://www.voxeu.org/index.php?q=node/261> (short piece)

* Hanson, Gordon. “Twin Storms for US Workers: Chinese Imports and Technological Change.” Christian Science Monitor, June 13, 2013.
http://www.csmonitor.com/Business/new-economy/2013/0613/Twin-storms-for-US-workers-Chinese-imports-technological-change?nav=91-csm_category-leadStory

* Autor, D., F. Levy, and R. Murnane, “Upstairs Downstairs: How Introducing Computer Technology Changed Skills and Pay on Two Floors of Cabot Bank,” Federal Reserve Bank of Boston Regional Review, 2002.
<http://ideas.repec.org/a/fip/fedbrr/y2002iq2p22-30nv.12no.2.html>

II. Economic Models of Education

1/27, 1/29 Human Capital Investment Model

* Borjas, chapter 6

2/3 Education as Signaling

Borjas, chapter 6

2/5, 2/10 Estimates of the Returns to Schooling

2/5 Reading Quiz 2

* Borjas, chapter 6

* Borjas, chapter 1 appendix on regression analysis

III. Education Production and School Resources

2/12, 2/17 School Resources – Overview

* Ehrenberg, R., et.al. “Class Size and Student Achievement.” Psychological Science in the Public Interest, Vol.2, No.1, May 2001. (available through UH E-Journals—type in journal title in UH catalogue search)

2/19 School Resources – Alternative View

2/19 Reading Quiz 3

- * Card, D. and A. Krueger, “School Resources and Student Outcomes: An Overview of the Literature and New Evidence from North and South Carolina,” *The Journal of Economic Perspectives*, Fall 1996. (JSTOR)

2/24,2/26 Teacher Quality and Market for Teachers

- * Corcoran, S. “Long-Run Trends in the Quality of Teachers: Evidence and Implications for Policy.” *Education Finance and Policy*, Fall 2007.
<http://www.mitpressjournals.org/doi/pdf/10.1162/edfp.2007.2.4.395>
- * Hoxby, C. and A Leigh, “Pulled Away or Pushed Out? Explaining the Decline of Teacher Aptitude in the United States,” *American Economic Review*, May 2004. (JSTOR)
- * Staiger, D. and J. Rockoff. “Searching for Effective Teachers with Imperfect Information.” *Journal of Economic Perspectives*, Summer 2010. (JSTOR)

3/3 Peer Effects

- + Hoxby, C. “Peer Effects in the Classroom: Learning from Gender and Race Variation,” National Bureau of Economic Research Working Paper No. 7867, 2000.
<http://ideas.repec.org/p/nbr/nberwo/7867.html>
- * Hoxby, C. “The Power of Peers,” *Education Next*, Summer 2002.
http://media.hoover.org/sites/default/files/documents/ednext20022_56.pdf (non-technical summary)
- * Goethals, G., G. Winston, D. Zimmerman, “Students Educating Students: The Emerging Role of Peer Effects in Higher Education,” *Forum Futures* 1999.
<https://www.educause.edu/ir/library/pdf/ffp9902.pdf>

3/5 Midterm Exam

3/10,3/12 Spring Break

3/17,3/19 School Accountability and No Child Left Behind

- + Kane, T. and D. Staiger. “The Promise and Pitfalls of Using Imprecise School Accountability Measure.” *Journal of Economic Perspectives*, Autumn 2002. (JSTOR)
- * Neal, Derek “Aiming for Efficiency Rather than Proficiency,” *Journal of Economic Perspectives*, Summer 2010. (JSTOR)

3/24 Catholic Schools and Charter Schools

- * Neal, Derek, “What Have We Learned about the Benefits of Private Schooling?” *Federal Reserve Bank of New York Economic Policy Review*, March 1998.
(available on-line <http://www.ny.frb.org/research/epr/98v04n1/9803neal.pdf>)
- * Angrist, J. et. al “Inputs and Impacts in Charter Schools: KIPP Lynn.” *American Economic Review*, May 2010.
<http://econ-www.mit.edu/files/5465>

IV. Human Capital Policy: At What Age Should Government Intervene?

3/26 Reading Quiz 4

3/26 Headstart and Early Childhood Education

- * “Interview with James J. Heckman,” The Region , Federal Reserve Bank of Minneapolis, June 2005.
<http://minneapolisfed.org/pubs/region/05-06/heckman.cfm>
- * Currie, Janet, “Early Childhood Education Programs,” Journal of Economic Perspectives, Spring 2001 (JSTOR)
- + Inequality in America, chapter 1, p.21-63, chapter 2, p.163-182.
- + Duncan, G. and K Magnuson. “Investing in Preschool Programs.” Journal of Economic Perspectives. Spring, 2013. (JSTOR)

3/31,4/2 Higher Education: Impact of Tuition Subsidies and Financial Aid

- * Dynarski, S. and J. Scott-Clayton. “Financial Aid Policy: Lessons from Research” Future of Children.
http://futureofchildren.org/futureofchildren/publications/docs/23_01_04.pdf
- * Avery, C. and S Turner. “Student Loans: Do Students Borrow Too Much or Not Enough?” Journal of Economic Perspectives, Winter 2012 (JSTOR)
- * Dynarski, S. and D. Kreisman. “Loans for Educational Opportunity: Making Borrowing Work for Today’s Students.” Hamilton Project Discussion Paper.
http://users.nber.org/~dynarski/THP_DynarskiDiscPaper_Final.pdf
- + Dynarski, S. “Hope for Whom? Financial Aid for the Middle Class and Its Impact on College Attendance.” National Tax Journal, September 2000. (available through UH E-Journals—type in journal title in UH catalogue search)
- + Inequality in America, chapter 2, p.96-141.

V. Issues in Higher Education: College Costs, For-Profits, MOOCS, Vocational Education

4/7 What Explains the Rise in Tuition?

- * Ehrenberg, Ron. “American Higher Education in Transition.” Journal of Economics Perspectives, Winter 2012. (JSTOR)
- + Winston, Gordon. “Subsidies, Hierarchy and Peers: The Awkward Economics of Higher Education.” Journal of Economic Perspectives, Winter 1999. (JSTOR)
- + Bowen, William. “Costs and Productivity in Higher Education” The Tanner Lectures I.
<http://www.ithaka.org/sites/default/files/files/ITHAKA-TheCostDiseaseinHigherEducation.pdf>

4/9 MOOCs and Technology in Education

- * Bowen, William. “Prospects for an Online Fix: Can We Harness Technology in the Service of Our Aspirations?” The Tanner Lectures I.
<http://www.ithaka.org/sites/default/files/files/ITHAKA-TheCostDiseaseinHigherEducation.pdf>

- * Figlio, D., with M. Rush and L. Yin. "Is it Live or is it Internet? Experimental Estimates of the Effects of Online Instruction on Student Learnings."
<http://www.nber.org/papers/w16089>

4/14 For-Profit Colleges

4/14 Reading Quiz 5

- * Deming, D., Goldin, C., and L. Katz. "The For-Profit Postsecondary School Sector: Nimble Critters or Agile Predators." Journal of Economic Perspectives, Winter 2012. (JSTOR)
- + Lang, K. and R. Weinstein. "The Wage Effects of Not-for-Profit and For-Profit Certifications: Better Data, Somewhat Different Results."
<http://people.bu.edu/lang/w19135.pdf>

4/16,4/21 Vocational Education

- * Cullen, J., Levitt, S., Robertson, E., and S. Sadoff. "What can be Done to Improve Struggling High Schools?" Journal of Economic Perspectives." Spring, 2013.
- * Rosenbaum, J. and J. Rosenbaum. "Beyond BA Blinders: Lessons from Occupational Colleges and Certificate Programs for Nontraditional Students." Journal of Economic Perspectives, Spring 2013. (JSTOR)

4/23, 4/28, 4/30 Presentations by Policy Recommendation Teams and Review

Final Exam – Monday, May 5, 2-5 p.m.