



**B.E. International Program**  
Faculty of Economics, Thammasat University



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**Course Syllabus**

**EE473 Economics of Education**

**Semester 1/2016**

**Lecture Time:** Tuesdays & Thursdays, 8:00-9:30 hrs.

**Lecture Venue:** Room 303

**Instructors:** Assistant Professor Dr. Kaewkwan Tangtipongkul

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Office hours: TR 12:30-13:30 hrs. or by appointment

**Course Descriptions (and Prerequisite)**

The principles of investment in education, Measurement of return on education, Theory of human capital, Choice theory explaining educational investment, Principles of investment on on-the-job training, The analysis of the relationship between education and its impact on important economic variables such as wage throughout all working period, growth in wage rate, job switching and the expansion of the economy as a whole; The evaluations on efficiency and equality in government's budget allocation within education system.

**PREREQUISITES:** a) EE 311 or b) EE 312

**Course Objectives**

The objective of this course is to introduce you to economic analysis of education. The concepts include theory of human capital, investment in education, measuring return on education, principles of investment in school and on-the-job training, education production function, education as signaling. We will also learn about efficiency and equality in governmental budget allocation within the educational system.

The topics include teachers and teacher labor markets, education and economic growth, development and inequality, education finance, problems of education in Thailand and other countries, accountability in education, effectiveness of investment in different levels of education (early childhood, basic education, higher education), the linkage between university and industry, education and innovation. Students will have an opportunity to apply these understanding and interest on specific economics of education topic on their research paper.

### Teaching Materials and Resources

Brewer, Dominic and Patrick J. McEwan (2010). *Economics of Education*. New York: Elsevier

- This is an excellence volume which has gathered articles from authors who are considered to be experts on their subjects. Each chapter is concise and provides the key theories and findings on a topic. The book will serve as the main text in this course.

Borjas, G.J. (2013). *Labor Economics*. New York: McGraw Hill.

Belfield, C.R. (2000). *Economic Principles for Education: Theory and Evidence*. Edward Elgar Publishing, Inc.

Carnoy, M., Luschei, T., and Miller, L. (2005) *The Economics of Education* (Module 1 – Module 5)

Several readings will be posted on BE Moodle website.

### Teaching Plans

Week	Date	Topic
1	16,18 Aug	Introduction and Overview: <ul style="list-style-type: none"> <li>• Theoretical Concepts in the Economics of Education</li> <li>• Empirical Research Methods in the Economics of Education</li> <li>• Data in the Economics of Education</li> </ul>
2	23,25 Aug	The Private and Social Returns to Human Capital Investments: <ul style="list-style-type: none"> <li>• Human Capital</li> </ul>
3	30 Aug, 1 Sep	The Private and Social Returns to Human Capital Investments: <ul style="list-style-type: none"> <li>• Signaling in the Labor Market</li> </ul>
4	6, 8 Sep	<b>No class on 6<sup>th</sup> September 2016 (Make up: TBA)</b> The Private and Social Returns to Human Capital Investments:

		<ul style="list-style-type: none"> <li>• Returns to Education in Developed and Developing Countries</li> </ul>
5	13,15 Sep	<p>The Private and Social Returns to Human Capital Investments:</p> <ul style="list-style-type: none"> <li>• Education and Economic Growth</li> <li>• Education and Inequality</li> </ul>
6	20,22 Sep	<p>The Production Costs and Financing of Education:</p> <ul style="list-style-type: none"> <li>• Education Production Functions</li> </ul>
7	27,29 Sep	<p>The Production Costs and Financing of Education:</p> <ul style="list-style-type: none"> <li>• Neighborhoods and Peers in the Production of Schooling</li> <li>• Teacher Quality in Education Production</li> <li>• The Economics of Class Size</li> <li>• The Economics of Early Childhood Interventions</li> </ul>
<b>Midterm Exam: 4<sup>th</sup> October, 2016</b>		
8	11,13 Oct	<p>The Production Costs and Financing of Education:</p> <ul style="list-style-type: none"> <li>• Cost Benefit Analysis and Cost Effective Analysis</li> </ul>
9	18,20 Oct	<p>The Production Costs and Financing of Education:</p> <ul style="list-style-type: none"> <li>• School Finance</li> </ul>
10	25,27 Oct	<p>The Production Costs and Financing of Education:</p> <ul style="list-style-type: none"> <li>• School Finance Reform</li> </ul>
11	1,3 Nov	<p>Teachers and Teacher Labor Markets:</p> <ul style="list-style-type: none"> <li>• Teacher Labor Markets</li> <li>• Teachers in Developing Countries</li> <li>• Teacher Supply</li> </ul>
12	8,10 Nov	<p>Teachers and Teacher Labor Markets:</p> <ul style="list-style-type: none"> <li>• Economic Approaches to Teacher Recruitment</li> <li>• Retention Teacher Incentives</li> </ul>
13	15, 17 Nov	<p>Education Markets, Choice and Incentives:</p> <ul style="list-style-type: none"> <li>• The Efficacy of Educational Vouchers</li> <li>• The Economics of School Accountability</li> </ul> <p>Guest Lecturer</p>
14	22,24 Nov	<p>Guest Lecturer Class presentation</p>
15	29Nov,1Dec	<p>Class presentation</p>
<b>Final Exam: 20<sup>th</sup> December, 2016</b>		

## **Evaluation Methods**

**GRADING** The final grade of the course will be based on the following items:

1. Mid-term exam	30
2. Paper and presentation	15
3. Reaction paper and presentation and class participation	10
4. Final exam	45

**Note:** The mid-term and final exams are closed books and closed notes. Midterm and final exam dates are not changed due to the official schedule from BE program. Only physical condition with approval medical document is allowed for postponing the exam.

### **Class policies (if any)**

(Such as rule for assignment submission, class attendance or make up exam etc.)

### **Academic Honesty**

You are expected to be honest in all of your academic work. Copying is plagiarism and will be treated as an honor code violation. Potential sanctions include failure in the course and suspension from the university.

### **Conduct and Manner**

Ethics is all above everything, far more valuable than merely subject knowledge. Accordingly, plagiarism and cheating, including any possible plagiarism and cheating, will be subject to penalties as stated in the University Regulations. More importantly, to achieve overall objectives of learning, it is strongly advised that all students of EE473 classes behave in proper manner with socially acceptable and right conduct.

Below is advised code of conduct to be performed in EE473 class. Achieving and maintaining the code of conduct throughout the course will surely be awarded.

1. No mobile phones used. This includes silent mode, message sending, LINE, and all social network communication that would interfere teaching and learning.

2. Be punctual. Yet it is understood that students may have continuing classes that cause delay. It is acceptable if it is a few minutes late. But unnecessary delay should be avoided. Even if students are on time, they are advised not to leave the room without unnecessary purposes.

3. Behave. Other socially acceptable manner should be practiced here. For example, this is a classroom whereby food and drink is not allowed. This is the university whereby students wear proper dress.

## **Other details**

## **OVERVIEW**

### **Week 1 Introduction to Economics of Education**

#### Reading Lists:

- Brewer, Dominic and Patrick J. McEwan (2010) page 3-15
- Carnoy, M., Luschei, T., and Miller, L. (2005) (Module 1)
- Carnoy, Martin. Policy Research in Education: The Economic View. Stanford University, 2007 (mimeo) (E).
- Levin, Henry M. Mapping the Economics of Education: An Introductory Essay, Educational Researcher, May, 1989.

## **THE PRIVATE AND SOCIAL RETURNS TO HUMAN CAPITAL INVESTMENTS**

### **Week 2 & 3 Human Capital & Signaling in the labor market**

#### Reading Lists:

- Brewer, Dominic and Patrick J. McEwan (2010) page 27-36
- Borjas, G.J. (2013). Chapter 6.
- Carnoy, M., Luschei, T., and Miller, L. (2005) (Module 2)
- Schultz, T.W. 1961. Investment in Human Capital. The American Economic Review, 51.
- Becker, Gary S. 1993. Human Capital: a theoretical and empirical analysis, with special reference to education. The University of Chicago Press.
- Murphy, K. & Welch, F. 1989. Wage Premiums for College Graduates: Recent Growth and Possible Explanations. Educational Researcher. May, 17-26.

- Murnane, R.J., Tyler, J.H., & Willet, J.B. 2000. Estimating the Impact of the GED on the Earnings of Young Dropouts Using a Series of Natural Experiments. Quarterly Journal of Economics. 115(2), 431-468.

**No class on Sept 6, 2016 (Make up :TBA)**

**Week 4 & 5          Returns to Education in Developed and Developing Countries**

**Education and Economic Growth  
Education and Inequality**

Reading Lists:

- Brewer, Dominic and Patrick J. McEwan (2010) page 37-60 & 99-108
- Goldin, C. 2001. The Human Capital Century and American Leadership: Virtues of the Past. Journal of Economic History.
- Hanushek, E.A. & Woessmann, L. 2007. The role of School Improvement on Economic Development. NBER Working Paper.
- Psacharopoulos, G. 1994. Returns to Investment in Education: A Global Update. World Development. 22(9), 1325-1343.
- Tangtipongkul, K. 2015. Rates of Return to Schooling in Thailand. Asian Development Review. 32(2), 38-64.

**THE PRODUCTION COSTS AND FINANCING OF EDUCATION**

**Week 6 & 7 Education Production Functions**

**Neighborhoods and Peers in the Production of Schooling  
Teacher Quality in Education Production  
The Economics of Class Size**

**The Economics of Early Childhood Interventions**

Reading Lists:

- Brewer, Dominic and Patrick J. McEwan (2010) page 127-196
- Carnoy, M., Luschei, T., and Miller, L. (2005) (Module 3)
- Glewwe, P. and Kremer, M. 2005. Schools, Teachers, and Education Outcomes in Developing Countries. Harvard University working paper.
- Hanushek, E. 1998. Conclusions and Controversies about the Effectiveness of School Resources. Economic Policy Review, March, 11-27.

- Banerjee, A., Cole, S., Duflo, E., & Linden, L. 2005. Remedying Education: Evidence from Two Randomized Experiments in India. MIT working paper.
- Malamum, O. & Wozniak, A. 2012. The impact of College on Migration Evidence from the Vietnam Generation. *Journal of Human Resources*, 47(4), 913-950.
- Akerlof, G. & Kranton R. 2002. Identity and schooling: Some lessons for the economics of education. *Journal of Economic Literature*. 40(4), 1167-1200.
- Hoxby, C. & Weingarth, G. 2006. Taking Race Out of the Equation: School Reassignment and the Structure of Peer Effects.
- Krueger, A. 2003. Economic Considerations and Class Size. *The Economic Journal*. 113(485), 34-63.

## **Week 8 -10 Cost Benefit Analysis and Cost Effective Analysis**

### **School Finance**

### **School Finance Reform**

#### Reading Lists:

- Brewer, Dominic and Patrick J. McEwan (2010) page 197-201
- Carnoy, M., Luschei, T., and Miller, L. (2005) (Module 5)
- Friedman, M. 1962. The Role of Government in Education in Capitalism and Freedom. 85-107.
- Poterba, J. 1996. Government Intervention in the Markets for Education and Health Care in Individual and Social Responsibility Victor Fuchs, editor (Cambridge, MA: National Bureau of Economic Research), 277-307.
- Tangkitvanich, S. & Manasboonphempool, A. 2010. Evaluating the Student Loan Fund of Thailand. *Economics of Education Review*. 29(5), 710-721.
- Armstrong & Chapman, B. Financing Higher Education and Economic Development in East Asia. Australian National University.
- Chapman, B. et al. 2009. Thailand's Student Loan Fund: An Analysis of Interest Rate Subsidies and Repayment Hardships. CEFR Discussion Paper 592, Centre for Economic Policy Research, Research School of Economics, Australian National University.

## **TEACHERS AND TEACHER LABOR MARKETS**

### **Week 11&12 Teacher Labor Markets**

## **Teachers in Developing Countries**

### **Teacher Supply**

### **Economic Approaches to Teacher Recruitment**

### **Retention Teacher Incentives**

#### Reading Lists:

- Brewer, Dominic and Patrick J. McEwan (2010) page 235-276
- Carnoy, M., Luschei, T., and Miller, L. (2005) (Module 4)
- Murnane, R. & Steele J. 2006. What is the Problem? The Challenge of Providing Effective Teachers for All Children. Harvard University working paper.
- Duflo, E. 2005. Monitoring Works: Getting Teachers to Come to School. MIT working paper.
- Dubner, S. & Levitt, S. 2005. What do School teachers and Sumo Wrestlers have in Common. Freakonomics, 19-51.

## **EDUCATION MARKETS, CHOICE AND INCENTIVES**

### **Week 13            The Efficacy of Educational Vouchers**

#### **The Economics of School Accountability Class presentation**

#### **Guest Lecturer**

#### Reading Lists:

- Brewer, Dominic and Patrick J. McEwan (2010) page 343 - 355

### **Week 14    Guest Lecturer**

#### **Class Presentation**

### **Week 15    Class Presentation**