Paris School of Economics – Master APE and PPD – 2019-2020

Economics of Education

Syllabus

Luc Behaghel

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Lecture period: Semester 1 (September–December 2019).

Lecturers:

- Luc Behaghel (LB), luc.behaghel(at)psemail.eu
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- Marc Gurgand (MG), marc.gurgand(at)psemail.eu

Language of the course: English.

Practical Information

Course timetable: There will be 36 hours of lectures, split into 12 3-hour sessions, on Friday 13:30–16:30 (room R1-13 by default).

Course website: https://teaching.parisschoolofeconomics.eu/

Description

This course provides and introduction to the economic analysis (both theoretical and empirical) of the investment in and provision of education.

The theoretical background that explains individual and public investment in education is reviewed and linked to empirical evidence. One important application is the analysis of the returns to education both at the micro and macro level. The course will also analyze the production and provision of education. Examples are the importance of inputs such as teachers and class size, the role of incentives, the analysis of peer effects and the role of student assignment mechanisms and of affirmative action policies.

Each course will consist of a general introduction by the instructors, followed by two presentation of papers by students (chosen among starred papers).

Prerequisites

Econometrics 1 & 2, Micro-Economics

Grading

Based on presentations (25%) and an exam (75%).

A webpage to register for presentations will be open at: https://www.wejoinin.com/sheets/XXXXX.

Please register by groups of 2 or 3 (depending on class attendance) and tell us by mail which paper you choose (when the choice is open). At most 4 days before your presentation, send by email the paper you will be presenting to the rest of the class (including the instructor), so that everybody works on the same version.

Course Outline and References

1. Human Capital Theory (MG, September 13)

Core

- Becker G.S, Human Capital: A theoretical and empirical analysis with special reference to education, Columbia University Press, NY, 1964.
- Becker G. and Tomes N. (1986) "Human capital and the rise and fall of families", Journal of Labour Economics 4, S1-S39.
- Ben-Porath, Y. (1967), "The Production of Human Capital and the Life Cycle of Earnings" Journal of Political Economy 67(4): 352-365.
- Spence, M. (1973), "Job Market Signalling" Quarterly Journal of Economics 87(3): 355-74.

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- Kroch E. and Sjoblom K. (1994), "Schooling as Human Capital or a Signal: Some Evidence", Journal of Human Resources 29(1), 156-180.
- Lang, K. and D. Kropp, (1986). "Human Capital versus Sorting: The Effects of Compulsory Attendance Laws" Quarterly Journal of Economics 101, pp. 609-24.
- Lange F. (2007), "The speed of employer learning", Journal of Labor Economics, 25(1), pp. 1-35.
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- Weiss A. "Human Capital vs. Signaling Explanations of Wages" Journal of Economic Perspectives 9 (Fall 1995) pp.133-54.

2. Returns to Schooling, Micro & Macro (MG, September 20)

Core

- Angrist, J. and A. Krueger (1991) "Does compulsory school attendance affect schooling and earnings?", Quarterly Journal of Economics, pp. 979-1015.
- Card D. (2001) "Estimating the return to schooling: progress on some presistent econometric problems", Econometrica, vol. 69, 1127-1160.
- Bhuller M., Mogstad M. and Salvanes K. (2017) "Life Cycle Earnings, Education Premiums and Internal Rates of Return", Journal of Labor Economics 35(4).
- Griliches Z. (1977) "Estimating the return to schooling: some econometric problems", Econometrica, vol. 45, 1-22.
- Hanushek, E. and D. Kimko. (2000) "Schooling, Labor-Force Quality, and the Growth of Nations." American Economic Review 90, pp. 1184-1208.
- Lucas R. (1988) "On the mechanics of economic development", Journal of Monetary Economics, vol. 22, pp. 3-42.
- Mankiw G., Romer D. and Weil D. (1992) "A contribution to the empirics of economic growth", Quarterly Journal of Economics, vol. 107, 407-437.

- Aghion, P., L. Boustan, C. Hoxby, and J. Vandenbussche (2009) "The Causal Impact of Education on Economic Growth: Evidence from the United States" Brookings Papers on Economic Activity.
- Azariadis, C. and Drazen A. (1990) "Threshold Externalities in Economic Development" Quarterly Journal of Economics, pp. 501-526.
- Ashenfelter, O., Harmon, C. and H. Oosterbeek (1999) "A review of estimates of the schooling/earnings relationship, with tests for publication bias". Labour Economics 6. pp. 453-470.
- Ashenfelter, O. and Kruger A. (199') "Estimates of the Economic Return to Schooling from a New Sample of Twins". American Economic Review vol 84(5) pp. 1157-1173.
- Barro R. (1991) "Economic growth in a cross-section of countries", Quarterly Journal of Economics, vol. 106, 407-443.
- Barro R. and Lee J. (1993) "International comparaisons of educational attainment" Journal of Monetary Economics 32, 363-394.
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- * Bils M. and Klenow P. (2000) "Does schooling cause growth?", American Economic Review 90, 1160-1183.

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- Cohen D. and Soto M. (2007) "Growth and human capital: good data, good results", Journal of Economic Growth, vol. 12, pp. 51-76.
- De la Fuente A. and Domenech R. (2006) "Human capital in growth regressions: how much difference does data quality make?", Journal of the European Economic Association, vol. 47, 1-36.
- * Duflo E. (2001) "Schooling and labor market consequences of school construction in Indonesia : Evidence from an unusual policy experiment", American Economic Review, vol. 91, september.
- Griliches Z. (1979) "Siblings models and data in economics: beginnings of a survey", Journal of Political Economy, vol 87, S37-S64.
- Griliches Z. and Mason W. (1972) "Education, Income and Ability", Journal of Political Economy, vol 80(3), S74-S103.
- Heckman J., Lochner L. and Todd P. (2006) "Earnings Functions, Rates of Return and Treatment Effects: The Mincer Equation and Beyond" in E. Hanushek and F. Welch (Eds) Handbook of the Economics of Education, vol.1, North-Holland.
- Jones C. (1995) "Time series tests of endogeneous growth models", Quarterly Journal of Economics, vol. 110, 495-525.
- * Kirkeboen L., Leuven E. and Mogstad M. (2017), "Field of Study, Earnings, and Self-Selection", Quarterly Journal of Economics, forthcoming.
- Krueger, A.B. and M. Lindahl (2001) "Education for Growth: Why and for Whom?," Journal of Economic Literature 39(4), pp. 1101-1136.
- * Maurin E. and Xenogiani T. (2007) "Demand for Education and Labor Market Outcomes: Lessons from the Abolition of Compulsory Conscription in France", Journal of Human Resources, vol. 42(4).
- Maurin E. and McNally S. (2008), "Vive la Révolution ! Long Term Returns of 1968 to the Angry Students", Journal of Labor Economics, 26(1), 1-35.
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- Moretti E. (2004) "Workers' Education, Spillovers and Productivity: Evidence from Plant-Level Production Functions" American Economic Review 94(3), pp. 656-690.
- * Oreopoulos Ph. (2006), "Estimating Average and Local Average Treatment Effects of Education When Compulsory Schooling Laws Really Matter", The American Economic Review, Vol. 96, No. 1, pp. 152-175.

- Nelson R. and Phelps E. (1966) "Investment in Humans, technological diffusion and economic growth" American Economic Review, vol. 56, 69-75.
- Oreopoulos Ph. (2007) "Do dropouts drop out too soon? Wealth, health and happiness from compulsory schooling", Journal of Public Economics, vol. 91(11-12), pp 2213-29.
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- Willis, R.J and S. Rosen. (1979) "Education and self-selection," Journal of Political Economy, vol. 87, no. 5, pp. S7 - 36.

3. Early Interventions (LB, September 27)

Core

- Almond D., J. Currie and V. Duque (2018). "Childhood Circumstances and Adult Outcomes: Act II," Journal of Economic Literature," vol 56(4), pages 1360-144.
- Almond D. and J. Currie (2011). "Human Capital Development before Age Five" in Ashenfelter O. and D. Card (eds.), Handbook of Labor Economics, vol. 4B, ch. 15, Elsevier, North Holland, 2011.
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- * Anderson, M. (2008). "Multiple Inference and Gender Differences in the Effects of Early Intervention: A Reevaluation of the Abecedarian, Perry Preschool, and Early Training Projects," *Journal of the American Statistical Association*, Vol. 103, No. 484 (Dec., 2008), pp.1481-1495.
- Attanasio, O., Cattan, S., Fitzsimons, E., Meghir, C., and Rubio-Codina, M. (2015, revised 2019) "Estimating the Production Function for Human Capital: Results from a Randomized Control Trial in Colombia," NBER Working Paper No. 20965.
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- Cornelissen, T., and C. Dustmann (2019). "Early School Exposure, Test Scores, and Noncognitive Outcomes." American Economic Journal: Economic Policy, 11 (2): 35-63.
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- Cunha F. and J. Heckman (2009). "The Economics and Psychology of Inequality and Human Development" Journal of the European Economic Association, 7(2-3): 320-364.
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- Currie, J. E. Garces and D. Thomas (2002)."Longer Term Effects of Head Start," American Economic Review 92(4), pp. 999-1012
- Dahl, G., and L. Lochner (2012). "The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit" American Economic Review, 102(5): 1927-56.
- Dhuey, E., D. Figlio, K. Karbownik, and J. Roth (2017). "School Starting Age and Cognitive Development," *Journal of Policy Analysis and Management*, vol 38(3), pages 538-578.
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- Garces, E. and Thomas, D. and Currie, J. (2002) "Longer-term effects of Head Start" American Economic Review 92(4), pp. 999–1012
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- Havnes, T. and M. Mogstad (2011) "No Child Left Behind: Universal Child Care and Children's Long-Run Outcomes", American Economic Journal: Economic Policy, 3(2): 97-129.

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4. Incentives (LB, October 4)

Core

- Bénabou, R. and J. Tirole (2003), "Intrinsic and Extrinsic Motivation" Review of Economic Studies 70: 489-520.
- Neal, D. (2011) "The Design of Performance Pay in Education," in Handbook of the Economics of Education, vol. 4, chap. 6, 495-550.

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- Bettinger, E. (2012) "Paying to Learn: The Effect of Financial Incentives on Elementary School Test Scores,", *The Review of Economics and Statistics*, 94(3), pages 686-698 (also NBER Working Paper No. 16333).
- Bettinger, E. and R. Slonim (2007) "Patience among children" Journal of Public Economics 91(1-2), pp. 343-363
- Biasi, B. (2018). "The Labor Market for Teachers Under Different Pay Schemes," NBER Working Paper No. 24813
- * Bond T. and K. Mumford (2018) "Teacher Performance Pay in the United States: Incidence and Adult Outcomes," IZA discussion paper 11432.
- de Ree, K. Muralidharan, M. Pradhan and H. Rogers (2018). "Double for Nothing? Experimental Evidence on an Unconditional Teacher Salary Increase in Indonesia," *The Quarterly Journal of Economics*, Volume 133, Issue 2, Pages 993-1039.
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- Hanushek, E. and M. Raymond. (2005) "Does School Accountability Lead to Improved Student Performance?" Journal of Policy Analysis and Management, 24(2), 297-327 (also NBER Working Paper 10591).
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- Lavy, V. (2009) "Performance Pay and Teachers' Effort, Productivity, and Grading Ethics." American Economic Review, 99 (5): 1979-2011.

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- * Mbiti, I., K. Muralidharan, M. Romero, Y. Schipper, C. Manda, and R. Rajani (2019). "Inputs, Incentives, and Complementarities in Education: Experimental Evidence from Tanzania," *The Quarterly Journal of Economics*, vol 134(3), pages 1627-1673 (also NBER Working Paper No. 24876).
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5. Class Size and Resources (LB, October 11)

Core

- Angrist, J. and Lavy, V. (1999). 'Using Maimonides' rule to estimate the effect of class size on student achievement', *Quarterly Journal of Economics* 114 (May), pp. 535–575.
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- Urquiola, M. and E. Verhoogen. (2009) "Class size caps, sorting, and the regression discontinuity design." American Economic Review, 99(1), 179-215

6. Peer Effects (LB, October 18)

Core

- E. Duflo, P. Dupas, and M. Kremer (2011), "Peer Effects, Teacher Incentives, and the Impact of Tracking: Evidence from a Randomized Evaluation in Kenya" *American Economic Review* 101 (5): 1739-1774.
- Hoxby, C. and G. Weingarth, "Taking Race Out of the Equation: School Reassignment and the Structure of Peer Effects", Mimeo, Harvard University, 2005.
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- * Imberman, S., A. Kugler, and B. Sacerdote (2012). "Katrina's Children: Evidence on the Structure of Peer Effects from Hurricane Evacuees," American Economic Review, vol. 102(5), pages 2048-82
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