

Economics of Education

ELTEcon 2013/14 spring semester

Department: ELTE Social Sciences faculty, department of Economics (ELTEcon)

Departmental administration: Lágymányos Northern Block 3.59)

Instructor: Daniel Horn (horndnl@gmail.com), Lágymányos Northern Block 3.50

Office hours: Tuesdays 16-17h and individual agreement via e-mail.

Year of study: 2nd year MA students, spring semester

Number of credits: 4

Type of course: optional

Weekly classes: 0+4 (lecture+seminar)

Prerequisites: microeconomics, econometrics – familiarity with the *Stata* statistical software is not a necessity but students are highly recommended to start familiarizing with it before the course (see *useful links* below).

Time and location: Tuesdays 12-16h, tba

Description: This is an applied microeconomics course that covers topics specifically related to education. The course will be “applied” in the sense that we will use statistical software (*Stata*) and also in the sense that we address real life policy problems in education. It will be a “microeconomics” course in the sense that basic concepts from microeconomics are essential for coping with the course.

Besides the introduction several topics within the economics of education will be covered in this semester. Along the course we will cover parts of the Brewer and McEwan (eds.) 2013 “The Economics of Education” encyclopaedia that guides our way. Additional texts that offer further insights into the given topic will also be assigned occasionally.

At the beginning of the course students are expected to be able to recall the basic concepts of microeconomics, and to be able to apply the statistical tools that they have learnt in econometrics. By the end of the course they will be expected to be able to analyse the policy problems given by the instructor using microeconomic theory and econometrics (and common sense). They will also have to be able to synthesize the theoretical and the empirical literature in writing as well as during class discussions. By the end of the course they are expected to develop their own research plan concerning one of the policy problems discussed in class.

Course content and readings:

List of topics to be covered:

Weekly division of compulsory and recommended readings

- Introduction: what is economics of education, theoretical concepts, empirical methods
 - empirics: educational expansion and social and economic outcomes (Barro Lee dataset)
- Human capital, signalling and individual returns to education

- empirics: individual returns to schooling in Hungary (bértarifa)
- Social returns to education
 - empirics: social returns to schooling (data?)
- Education and inequality
 - empirics: family gap in access to schools (PISA)
- Education production function
 - empirics: production function (PISA)
- Topics in education production
 - peer effects
 - class size
 - teacher effect
 - early childhood intervention
 - cost-benefit analysis
- Accountability
- Financing education
- Teacher labor market
- Choice in education

Student assessment

- **In-class group assignments (max 40 points):**

Approximately 8 in-class group assignments will be distributed during the semester (5 points each), allowing groups to take the assignment home and return it polished by the next meeting. The groups of 2-3 students are expected to hand in 5-10 page written work each time (including tables) along with the *Stata* .do file. The goal is to address puzzles provided by the instructor using a given dataset and the *Stata* software package. The groups will start working on the assignments during class, but additional home-time can be used to polish the results. Each group is given a maximum of $N \cdot 5$ points for each assignment, where N is the number of members in the group. They are free to allocate points between the group members. Students are assigned to groups by the instructor.

- **A 3-5 page summary of a chosen topic and its presentation (20 points):**

Students are expected to present an extended review (2-3 page) of one of the topics of their choice. Literature is assigned by the instructor, but it can be also individually gathered, however in this case you must consult the instructor about the list beforehand. All students must present their review in class (cca 10-15 minutes).

- **Own research plan (max 30 points):**

Students are expected to prepare their own research plan concerning one of the policy problems discussed in class. Deadline is before the last session (*tba.*), which is devoted to the discussion of these research plans, where others are expected to provide useful critique for each plan.

- **Participation in class (max 10 points):**

Active participation in class is rewarded with a maximum of 10 points.

Points -> grades:

- 0-50 Fail (1)
- 51-64 Satisfactory (2)
- 65-74 Average (3)
- 75-84 Good (4)
- 85- Excellent (5)

Useful links:

For Stata:

Stata website: <http://www.stata.com/statalist/>

Stata Blog: <http://blog.stata.com/>

UCLA Academic Technology Services: <http://www.ats.ucla.edu/stat/>

For economics:

Eltecon blog: <http://eltecon.blog.hu>

Freakonomics blog: <http://www.freakonomics.com/blog/>

For education:

Economics of education in Europe: <http://www.education-economics.org>

TED talks: http://www.ted.com/themes/how_we_learn.html