Economics of Education

Academic Year: 2015/2016
Semester: 3rd Trimester
Instructor(s): Hugo Reis

Course Description: Economics is a powerful framework for thinking about education policy. Economics focuses us on the incentives created by a policy, allowing us to predict its intended and unintended consequences. This course investigates current economic issues related to education combining economic theory and empirical literature.

Course Content:
The course begins with an overview of the education sector (based on statistical data) and of the economics of education. The first topic is the decision to invest in education (human capital investment) and how this decision is affected by ability, family background, and other factors. In this part we will address questions like: Why do people acquire education?, The rate of return to schooling?, Is education a good investment? Then we try to understand why do we have publicly provided education or why do we subsidize education, looking at the market failures in education analyzing the role of externalities, credit constraints and imperfect information. The next step is to look at the supply side, understanding how the education is produced, and how it is affected by school quality and other factors. Further we look at the costs and benefits of different education policies, addressing topics like teacher quality, early childhood education, school choice and competition, accountability and incentive measures in the production of education. At the same time we will discuss if more money lead to better educational outcomes. Finally, the course investigates how education affects economic growth. Overall, the course balances theory with empirical results, applying economics from several fields (i.e. public and labor economics and macroeconomics) to questions related to education. In addition, this course will have 3 hours of training in STATA, aiming to make you familiar with using an econometric software and real datasets.

Course Objectives:
This course is an introduction to the economics of education. The central aim of the course is to assist students in viewing the education sector and its educational processes through the perspective of economics, providing students with an understanding and analytical tools that help them undertake careers in the academia or in policy-oriented institutions (such as World Bank or Governmental agencies).

Grading:
- Final Exam: 60%
- Problem Sets: 40%
Bibliography:

- OECD Education at a Glance (2014) provides international comparisons that help in understanding different education systems.
- Other topic-specific readings will be made available in class.

Biography:

Hugo Reis is a Research Economist at the Economic Research Department (Structural Research Studies Unit) at the Portuguese Central Bank. He completed his PhD in Economics at University College London under the supervision of Pedro Carneiro and Orazio Attanasio. His main research interests are in Economics of Education, Program Evaluation, Labour Economics, Microeconometrics and Development Economics.

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