Course I: Investing in human capital: why, what and how?
Syllabus

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Content

The course will look at human capital investment decisions. We will first consider why this is important before a detailed consideration of what works in schools. We will investigate what evaluation studies have to say about the effectiveness of school expenditure/class size; teachers; pedagogical approaches and school autonomy. We will also look at general versus vocational education and the role of employers. The course aims to give an overview of some important themes within the Economics of Education field of research. There will be an emphasis placed on the methodological design of studies and the strengths and weaknesses of different approaches. The course aims to develop critical awareness of the potential effects of government policies and how they may be evaluated.

Session 1: Why invest in human capital?

In the 1960s, Gary Becker formalised an economic cost-benefit model of why individuals invest in education and training. ‘Human capital’ is seen as an input to the production function and yields a return in the economy [much like physical capital]. In this session, we will review the basic theory and discuss how returns to education have been estimated by economists.

References


https://www.jstor.org/stable/2937954?seq=1#page_scan_tab_contents

http://www.jstor.org/stable/10.1086/522071
Session 2: What works in schools? Part 1 [school resources]

The economic literature on the effects of increasing school expenditure or reducing class size is extremely controversial. For example, Eric Hanushek has argued that accumulated research suggests no clear, systematic relationship between resources and student outcomes, with the implication that conventional input policies are unlikely to improve achievement. However, a critique of this argument would point to a number of high quality studies that suggest otherwise. In this session, we consider possible reasons for why studies find small or negligible effects. We also look at some examples of high quality studies in this literature.

References


There is a high level of consensus in the economic literature that teacher quality is an essential school input to improve pupil attainment. However, it is not necessarily easy to translate this into policies that improve teacher quality, especially since quality does not correlate with qualifications. An alternative to attracting and retaining people with high quality teaching skills is to upgrade the skills of a given stock of teachers. In this session, we look at how economists have evaluated teacher quality, pedagogy and school management.

References


Session 4: Should school leaders have more autonomy?

Given that school leadership is important, one policy that might be implemented is to give head teachers more autonomy than is traditionally the case in publicly funded school systems (e.g. over how to use school resources). There has been increasing interest among policy makers in whether autonomy increases school performance. In England, Sweden and the US, new autonomous school types have been created. In this session, we review evidence on whether school autonomy is effective and why (or why not).

References

http://pubs.aeaweb.org/doi/pdfplus/10.1257/app.5.4.1

http://cep.lse.ac.uk/pubs/download/dp1368.pdf


Session 5: Should there be more vocational education?

There comes a point at which students need to decide whether to invest in academic or vocational education. Countries vary greatly in the scale and structure of vocational education. In this session we consider the economic issues that arise from deciding whether to invest in general versus vocational education. We also consider the role of employers.

References

Brunello, G., and L. Rocco. [2015]. The Labour Market Effects of Academic and Vocational Education over the Life Cycle: Evidence from Two British Cohorts IZA DP No. 9275

http://hanushek.stanford.edu/publications/general-education-vocational-education-and-labor-market-outcomes-over-life-cycle-0