

## *The Hebrew University of Jerusalem*

### *Syllabus*

## *INTRODUCTION TO EDUCATIONAL ECONOMICS - 37824*

*Last update 18-10-2015*

*HU Credits: 2*

*Degree/Cycle: 2nd degree (Master)*

*Responsible Department: education*

*Academic year: 0*

*Semester: 1st Semester*

*Teaching Languages: Hebrew*

*Campus: Mt. Scopus*

*Course/Module Coordinator: Hanna Bar-Yishay, Ph.D*

*Coordinator Email: [Hanna.Bar-Yishay@mail.huji.ac.il](mailto:Hanna.Bar-Yishay@mail.huji.ac.il)*

*Coordinator Office Hours: 12:00-13:00*

*Teaching Staff:*

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Dr. Hanna Bar-Yishay

Course/Module description:

The course will focus on the acquisition of key concepts , theories and models in micro and macro economics that will enable students to understand, analyze and evaluate current trends in the educational system in Israel and abroad. The students will be introduced to the transformation curve and the production function in education, will understand why education is of such great importance to the individual and the public using the human capital theory and will acquaint themselves with demand and supply in education and the education budget and its impact on education output.

Course/Module aims:

The aims are:

Enable students to acquire economic analytical tools and acquaint themselves with the way economists think so that they will be able to understand, analyze and criticize the pedagogic-social-moral and economic factor guiding decision making in education.

Acquaint students with the academic literature relevant to current topics such as class size, differential budgeting, teachers' salary and equity in education

Learning outcomes - On successful completion of this module, students should be able to:

- Identify key economic concepts relevant to education
- Explain theories and models in micro and macro economics relevant to education
- Analyze with the help of theories and models various issues in education such as class size, teachers' salary and differential budgeting.

Attendance requirements(%):

80%

Teaching arrangement and method of instruction: Lectures, discussions and exercises

Course/Module Content:

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*Introduction: education and economic growth, GNP/GDP and growth international comparison, HDI & GCI index, education and the information society, education and globalization.*

*Input and output in education: the black hole theory, national, public and private expenditures on education vs. outcome international comparison. Equality and equity – Lorenz curve and Gini index.*

*Principles of economics: rationalism, scarcity, choice, alternative cost, cost vs. benefit, marginality and incentives. The neo-liberal approach and the third way and its implication for education.*

*Key concepts in education: free and economic goods, education as an economic good, factors of production, human capital, social capital and learning capital. Education as an experience good and a positional good.*

*The transformation curve and its application to education: choice, calculation of opportunity costs (general, average, marginal), efficiency and inefficiency and Pareto's optimum. Specialization and comparative advantage, economic growth, technological improvements, diminishing marginal product.*

*Educational production function: Inputs, outputs and process, measuring added value in education. Factors influencing quantity and quality in education. The impact of class size and teachers wages on educational output.*

*How does the educational system work- "government" vs markets and competition: the invisible hand vs. central planning. Markets failure in education: public goods and merit goods, externalities and economies of scale.*

*The supply curve, demand curve and the equilibrium point and elasticity in education. Demand for and supply of teachers in the educational system. Teachers wages.*

*Investment in education- human capital theory. The screening theory. Input-output analysis in education: cost benefit, cost effectiveness and cost utility.*

*Resource allocation in education- issues in macro economics: national accounts, fiscal and monetary policy, GDP and national income. Government budget and the education budget- structure and trends.*

*Issues in financing education- criteria and principles, financing formulas, public finance and equity.*

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Required Reading:

AEU (2014). *The Class Size Research*. July

[http://www.aeuvic.asn.au/class\\_size\\_research\\_summary.pdf](http://www.aeuvic.asn.au/class_size_research_summary.pdf)

Checchi, D. (2006). *The economics of education*. Cambridge: Cambridge University Press, ch. 2.

Dolton, P. & Marcenaro-Gutierrez, O.D. (2011). If you pay peanuts do you get monkeys? A cross country analysis of teacher pay and pupil performance. *Economic Policy*, January 2011, pp. 5-55.

<http://onlinelibrary.wiley.com/doi/10.1111/j.1468-0327.2010.00257.x/pdf>

Hanushek, E. & Wossman, L. (2007). *Education quality and economic growth*. World Bank. 1-22

[http://edpro.stanford.edu/hanushek/admin/pages/files/uploads/Edu\\_Quality\\_Economic\\_Growth-1.pdf](http://edpro.stanford.edu/hanushek/admin/pages/files/uploads/Edu_Quality_Economic_Growth-1.pdf)

Hattie, J. (2005). What is the nature of evidence that makes a difference to learning? Australian Council for Educational Research. [http://research.acer.edu.au/cgi/viewcontent.cgi?article&eq;1008&context&eq;research\\_conference\\_2005](http://research.acer.edu.au/cgi/viewcontent.cgi?article&eq;1008&context&eq;research_conference_2005)

Hattie, J.A.C. (2006). The paradox of reducing class size and improved learning outcomes. *International Journal of Education*, 42, 387-435 <http://wewe2025292.wikispaces.com/file/view/The+paradox+of+reducing+class+size+and+improving.pdf>

Hoxby, C. M. (ed) (2003). *Economics of school choice*. Chicago: University of Chicago Press. Ch. 1: Introduction to the Economic Analysis of School Choice and ch. 3: School choice and school productivity (or could school choice be a tide that lifts all boats?) <http://post.economics.harvard.edu/faculty/hoxby/>

Hummel-Rossi, B. & Ashdown, J. (2002). The state of cost benefit and cost effectiveness analyses in education. *Review of Educational Research*, 72:1,1-30.

Kahneman, D. (2003). A psychological perspective on economics. *American Economic Review*, 93:2, 162-169.

Mankiw, G. (1998). *Principles of Economics*. The Dryden Press. Ch.1, 3-16, ch 2 17-33, Ch. 3, 45-57, 59-89,

Oecd (2012). *How class size vary around the world. Education indicators in focus*. [http://www.vanleer.org.il/sites/files/product-pdf/niir\\_emda\\_bti\\_spr\\_prtiim.pdf](http://www.vanleer.org.il/sites/files/product-pdf/niir_emda_bti_spr_prtiim.pdf)

Tienken, C.H. (2008). Rankings of international achievement test performance and economics strength: correlation or conjecture? *International Journal of Education Policy & Leadership*, 3:4, pp. 1-15.

Oron, Y.,Mark, N., Ofer, G. (1995). *Introduction to economics-micro economics*. TA: Amichai, Pp. 11-22, 26-52, 235-250, 262-264. (Hebrew)

Oron, Y.,Mark, N., Ofer, G. (1995). *Introduction to economics-macro economics*. TA: Amichai, Pp. 23-32, 44-60,74-79. (Hebrew)

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Blas, N. (2013). Trends in the development of the educational system. In D. Ben David (Ed.). Report on the state of Nation. Taub center. (Hebrew)  
<http://taubcenter.org.il/tauborgilwp/wp-content/uploads/C2-Education-teachers-and-students-Blass.pdf>

Ben David, D. (2010). The educational system-an international view and a suggestion for reform. In D. Ben David (Ed.). Report on the state of Nation. Taub center, pp. 103-135. (Hebrew)

Svirski, S. & Konor-Atias, A. (2012). State of Society 2012. Adva center.

Klinov, R. (2014). Economics of education. Open University, ch. 1,2,3,4,9

Additional Reading Material:

Belfield, C. R. (2000). Economic principles for education. UK: Edward Elgar, 6-12.

Bifulco, C. & Bulkley, K. (2008). Charter schools. In H.F. Ladd & E.B. Fiske (Eds), Handbook of research in education finance and Policy, NY: Routledge, pp. 425-447.

Carnoy, M. (2009). Policy Research in Education: The Economic View. In G. Sykes, B. Schneider & D.N. Plank (Eds.), Handbook of Educational Policy Research. AERA: Routledge. Chapter 2.

Deming, David J.; Goldin, Claudia & Katz Lawrence (2011) The for-profit postsecondary school sector: Nimble critters or agile predators? NBER Working Paper No. 17710, December 2011.  
[http://www.nber.org/papers/w17710.pdf?new\\_window&eq;1](http://www.nber.org/papers/w17710.pdf?new_window&eq;1)

Figlio, D.N., & Hart, C. (2010). Competitive effects of means-tested school vouchers. Institute for Policy Research, Northwestern University, 2010.  
<http://www.ipr.northwestern.edu/publications/workingpapers/2010/IPR-WP-10-03.pdf>

Friedman, M. (1997). Public schools: make them private. Education Economics, 5:3, 341-344.

Hanushek. E. (2007). Education production functions. In S.N. Durlauf & L. E. Blume,(eds.). The New Palgrave Dictionary of Economics (Basingstok: Palgrave Macmillan).  
[http://edpro.stanford.edu/hanushek/admin/pages/files/uploads/Palgrave\\_ed\\_prod.pdf](http://edpro.stanford.edu/hanushek/admin/pages/files/uploads/Palgrave_ed_prod.pdf)

[http://129.110.10.36/research/tsp-erc/pdf/jrnl\\_hanushek\\_2007\\_education\\_production\\_functions.pdf.pdf](http://129.110.10.36/research/tsp-erc/pdf/jrnl_hanushek_2007_education_production_functions.pdf.pdf)

Hanushek, E. & Wossman, L. (2010). Education and economic growth. International Encyclopedia of Education. Vol. 2, pp. 245-252 <http://hanushek.stanford.edu/sites/default/files/publications/Hanushek%2BWossman%202010%20IntEncEduc%202.pdf>

Hattie, J., & Timperley, H. (2007). The power of feedback. Review of Educational

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Research, 77(1), 81-112

Hoxby, C. M. (ed) (2003). *Economics of school choice*. Chicago: University of Chicago Press Ch. 1: Introduction to the Economic Analysis of School Choice and ch. 3: School choice and school productivity (or could school choice be a tide that lifts all boats?)

Labaree, D.F (1997). *Public goods, private goods: the American struggle over educational goals*. *Educational Research Journal*, 34:1, 39-81.

Levin, H.M. (1991). *The economics of educational choice*. *The Economics of Education Review*, 10:2, pp. 137-158.

Levin H.& M. & McEwan, J. (2001). *Cost effectiveness analysis*. 2nd Edition CA: Beverly Hills Sage. Ch 3, 4, 5

Levitt, S.D. & Dubner, S.J. (2005). *Freakonomics*. NY: HarperTorch. Ch. 5: What makes a perfect parent?

Mark, N. (1996). *The contribution of education to income differentials among ethnic groups in Israel*. *Israel Social Science Research*, 2:1

Psacharopoulos, G. & Patrinos, H. A. (2004). *Human capital and rates of return*, in Johnes, G. & Johnes, J. (Eds.). *International handbook on the economics of education*. Edward Elgar Publishing Ltd, pp. 1-58..

Stiglitz, J.E. (2000). *Economics of the public sector*. NY: W.W. Norton & Company, pp. 420-442.

Walford, W. (1996). *School, choice and the quasi market*. *Oxford Studies in Comparative Education*, 6:1, 7-14.

Whitty, G. (1998). *Creating quasi markets in education: A review of recent research on parental choice and school autonomy in 3 countries*. *Review of Research in Education*, 22, 3-47.

#### Course/Module evaluation:

End of year written/oral examination 60 %

Presentation 0 %

Participation in Tutorials 0 %

Project work 0 %

Assignments 40 %

Reports 0 %

Research project 0 %

Quizzes 0 %

Other 0 %

#### Additional information:

None