

# Economics of Education WS2019/2020

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## Aim of the Lecture

In this course you will learn to apply both microeconomic and macroeconomic theory as well as econometric methods to analyse fundamental questions regarding education and human capital. What are the long-term gains from education for the society and the individual? Why do people invest time, money and other resources in education? How can we measure human capital? How can education be efficiently provided? Can education help to create a more equal society?

The course relies heavily on economic methods. The prerequisites for the course are

- Microeconomics I & II
- Macroeconomics I & II
- Econometrics I & II (Empirische Ökonomie I & II)

## Time Schedule (Preliminary)

The first lecture will take place on 16<sup>th</sup> October 2019 at 8:30 am in room B106. We will briefly discuss the structure of the lecture and organizational details. All lecture and tutorials take place in lecture room B106. Table 1 provides the preliminary time schedule

TABLE 1—PRELIMINARY TIME SCHEDULE

Date	Time	Topic
16.10.2019	8:30 am - 10:00 am	Lecture 1: Introduction
	10:15 am - 11:45 am	—
23.10.2019	8:30 am - 10:00 am	Lecture 2: Human Capital & Economic Growth Models
	10:15 am - 11:45 am	Tutorial 1
30.10.2019	8:30 am - 10:00 am	Lecture 3: Growth Accounting & Development Accounting
	10:15 am - 11:45 am	Tutorial 2
06.11.2019	8:30 am - 10:00 am	Tutorial 3: Empirical Methods Refresher I
	10:15 am - 11:45 am	Tutorial 4: Empirical Methods Refresher II
13.11.2019	8:30 am - 10:00 am	Lecture 4: Macro-Empirical Evidence
	10:15 am - 11:45 am	Tutorial 5
20.11.2019	8:30 am - 10:00 am	Lecture 5: An Introduction to the Human Capital Model
	10:15 am - 11:45 am	Tutorial 6
27.11.2019	8:30 am - 10:00 am	Lecture 6: The Signaling Model: An Alternative to the Human Capital Framework
	10:15 am - 11:45 am	Tutorial 7
04.12.2019	8:30 am - 10:00 am	Lecture 7: The Returns to Education – Empirical Evidence
	10:15 am - 11:45 am	Tutorial 8
11.12.2019	8:30 am - 10:00 am	No lecture
	10:15 am - 11:45 am	No tutorial
18.12.2019	8:30 am - 10:00 am	Lecture 8: How Knowledge is Produced - The Education Production Function I
	10:15 am - 11:45 am	Lecture 9: How Knowledge is Produced - The Education Production Function II
08.01.2020	8:30 am - 10:00 am	Lecture 10: The Role of Individual Preferences, Beliefs, & Expectations
	10:15 am - 11:45 am	Tutorial 9
15.01.2020	8:30 am - 10:00 am	Lecture 11: The Individual Perspective - The Skill Production Function
	10:15 am - 11:45 am	Tutorial 10
22.01.2020	8:30 am - 10:00 am	Lecture 12: Behavioral Economics Perspective on Education
	10:15 am - 11:45 am	Tutorial 11
29.01.2020	8:30 am - 10:00 am	Summary / Questions
	10:15 am - 11:45 am	(if necessary)
05.02.2020	tba	Exam

## Grading

There will be a written exam, closed book, on February 5 2020.

## Organizational Details (Tutorials, Course Materials...)

Lectures and tutorials will be taught in English. Slides related to lectures and tutorials, exercise sheets, literature, and further information will be made available on the moodle platform (<https://moodle.lmu.de/>). The moodle page is restricted to LMU members. We will announce details on moodle in the first lecture.

There will be no regular office hours. Questions related to lectures and tutorials should first be asked in the discussion boards provided on the moodle course website.

## Literature & Textbooks

We rely on different textbooks in the lecture and the tutorials. Chapter 7 in Weil (2016) is strongly related to the first (macro-related) lectures of the course. The book of Lovenheim and Turner (2018) is extensively used in lectures 5–9. It is currently out of stock and not available in the library. We provide copies of relevant chapters on moodle. For the empirical refresher Angrist and Pischke (2009) is a very good text to start with.

Though not directly relevant for the class, Mincer (1974) and Becker (1993) are classical texts related to the economics of education and human capital. More advanced texts for your further career as researcher in related fields are: (Checchi 2006; Borjas 2016; Weil 2016; Angrist and Pischke 2009; Söderbom and Teal 2015).

Further references to relevant papers will be introduced in the lecture.

## References

- Angrist, Joshua D. and Jörn-Steffen Pischke.** 2009. *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton: Princeton University Press.
- Angrist, Joshua D. and Jörn-Steffen Pischke.** 2014. *Mastering "metrics". The path from cause to effect*. Princeton University Press.
- Becker, Gary S.** 1993. *Human capital. A theoretical and empirical analysis, with special reference to education*. 3rd ed. Chicago: The University of Chicago Press.
- Borjas, George J.** 2016. *The McGraw-Hill series in economics, Labor economics*. 7th ed. New York, NY: McGraw-Hill Education.
- Checchi, Daniele.** 2006. *The economics of education. Human capital, family background and inequality*. Cambridge: Cambridge University Press.
- Lovenheim, Michael and Sarah E. Turner.** 2018. *Economics of education*. New York: Worth Publishers.
- Mincer, Jacob.** 1974. *Human behavior and social institutions*. Vol. 2, *Schooling, experience, and earnings*. New York NY: National Bureau of Economic Research.
- Söderbom, Mans and Francis Teal.** 2015. *Empirical development economics*. London: Routledge.
- Weil, David.** 2016. *Economic Growth. International Edition*. 3rd ed. Old Tappan, Old Tappan: Taylor and Francis.