

Chapter Seven: Education (132 - 150)

Some empirics on spending for public schools (U.S)

1980	5,762
1985	6,461
1990	7,995
1995	7,917
2000	8,752
2005	9,838
2010	10,615

524 Billion dollars in spending (Thailand's total GDP in 2015 (world bank)

https://www.bot.or.th/Thai/Segmentation/Student/setthatat/DocLib_Settha_Paper_2558/B_Doc_Prize4_2558.pdf

Thailand spent (2010) 485 million baht on public education

Justifying Government Intervention in Education

Is Education a Public Good?

No, it is excludable, and it is Rival at fairly low rates of use
(it congests easily)

Recall The Theory of the Club

Schools VERY much conform to that model, absent government

Does Education Generate Positive Externalities

Two broad positive externality arguments

Education as a source of Socialization

Education creates a "shared" environment, a commonality

This in turn ends a great many "coordination problems"

As everybody learns the same expectations, social norms, etc.

Also, if the public is selecting the government,

an informed Public is Probably better than in uninformed one

Does more education lead to more democracy?

A broad consensus that it does, but not a lot of data to actually suggest that.

Years of education are correlated with Democracy

But they are also correlated with wealth,

(Fukuyama, "The End of History")

And indeed, so much about countries are different, who knows?

Acemoglu (2005) looked at changes in years of schooling...

And found no effect

All of this assumes education, but never addresses "mis-education"

Assuming declining marginal benefits to socialization, the above argument seems to only apply to primary school... (warehousing delinquents)

Does more education lead to higher earnings

Note, it must be earnings that are NOT captured by the student

The tax argument is that the higher earnings are taxed,

So students will under-educate, since they don't get all the benefits

The government should thus subsidize higher education, ie college

College loans are government guaranteed, to solve market problem

How to collateralize human capital?

Does college really increase human capital?

And does college do so, or do some parts of college

(college as a signaling device)

The current education "bubble", and the 1 trillion in student debt

Is the Education Market Inequitable?

Another argument is that everybody has a right to an education

And at the primary level of education, this argument has carried the day

Note, a right to an education and to a degree ARE different things

In practice, a right to an education often becomes a right to a degree

What about secondary, (college), should that be a right?

Or to restate it, should the Gov. subsidize college degrees for the poor?

Again, it does, through various scholarships, public universities

In-state vs. out-state tuition, etc.

Or at Thammasat Econ, English/non-English econ classes

In general, it does not seem that aid to colleges is very progressive,

And it may be regressive

What Can Government Intervention in Education Accomplish? (140)

All of the above implies government subsidizing schools

But what we see is Government funding, and running, (and mandating) schools

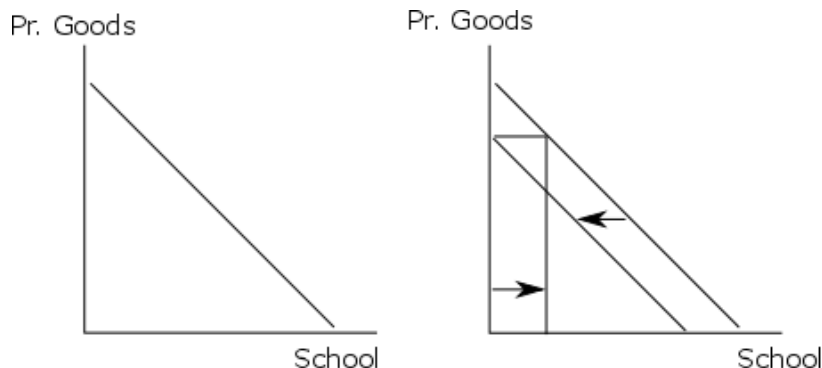
Because subsidizing private schools would NOT create citizenship

Private schools would concentrate solely on private benefits

Plus, by running the schools, Government can transfer wealth

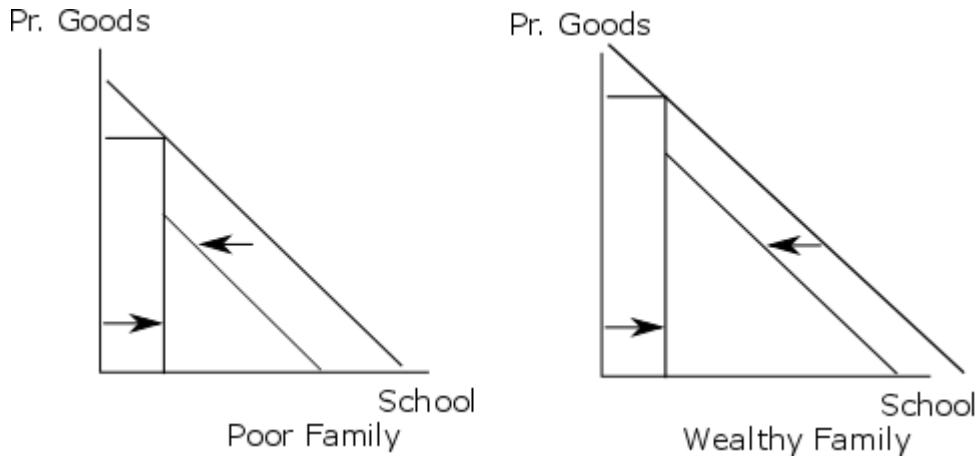
Public schools are a way to redistribute commodities to the poor

Does Government Education Crowd out Private Education?

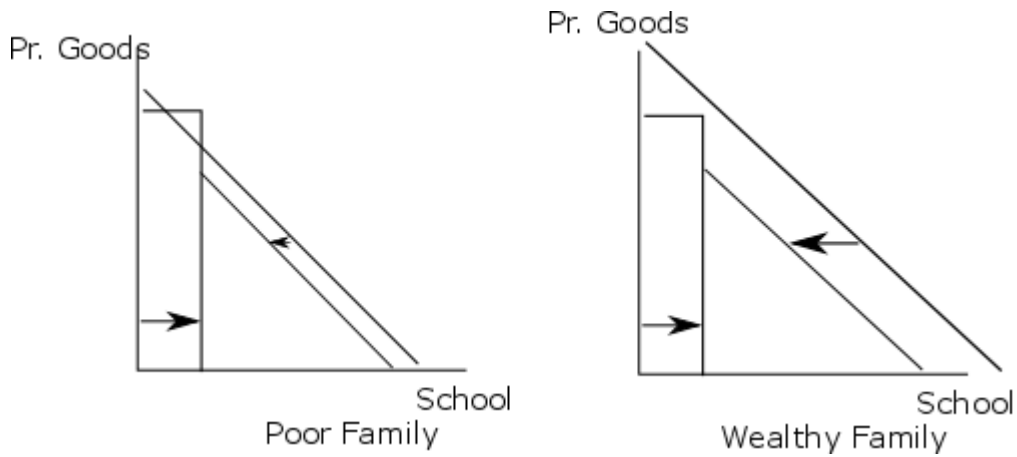


The above graphs out the budget constraint of a family, who is forced to pay a lump sum tax for public schooling, but then gets a free-to-use public school in return.

Public Schooling with Lump-sum taxation

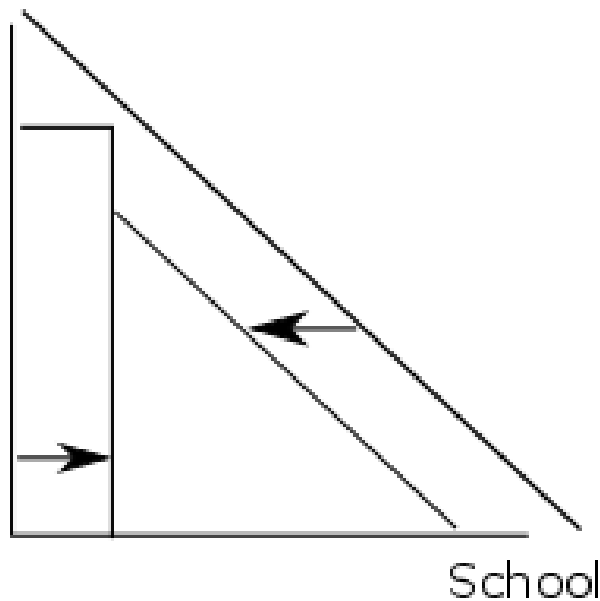


Public Schooling funded through a progressive income tax



Does Government Education Crowd out Private Education?

Pr. Goods



What will the private school market look like, when there are public schools

Public Schools as the Floor

Public schools are worse, because they have become the floor

It is very hard for private schools to compete at the low and mid

Range of the market

Very Good private schools, or religious schools

Homeschooling

Take it or leave it schooling, vs. topping up schooling

Does Government Education Spending Improve Educational outcomes?

What is a "better" education?

Better informed citizens, better adjusted, how to measure

Empirics....

Cross country comparisons show little evidence

That spending is correlated with success

Within country evidence: The U.S.

Catholic vs. Public Schools

Suburban vs. Urban/Rural schools

Size of school district

Teacher qualifications, Unions, Black/White/Asian

How to Make public Schools Better

- More teacher training
 - Educational Schools and Degrees
- Better administration
- Computers
- Smaller classrooms
 - Empirical Results - not much

Does education increase earnings?

New Directions for Public Education (schools) (142)

- Charter Schools
 - Create competition
 - Increase options for quality, but also
 - Increased diversity (within limits) for the schools
 - Triam Udon as a charter school

Vouchers

- Let students choose from a variety of schools
- Using vouchers, or topping up the vouchers for other stuff as well

Problems with vouchers

Are consumers well informed about schools?

Removing the Good students hurts the positive externalities
Private schools will compete via PRIVATE benefits

Removing the Good students hurts the remaining students
Students learn from their peers

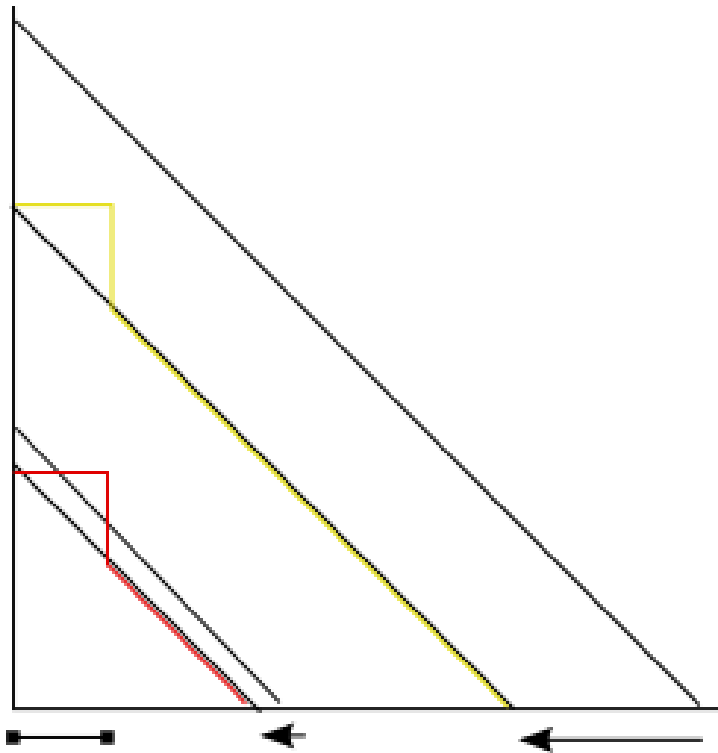
Vouchers may be inequitable
Some of those who get the vouchers
would have gone to private schools anyway...

School Accountability

- “No child left behind” legislation in 2001
- It did lead to modest increases in test scores for schools that did it
 - For math only, not for English (4th and 8th Grades)
- Some changes in curricula, but less in management

Teaching to the test
And manipulating the test takers....

“people do what their bosses care about”.



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