

**THE UNIVERSITY OF HONG KONG  
FACULTY OF BUSINESS AND ECONOMICS**

**ECON3235 Economics of Education and Human Capital  
Spring Semester 2021/22  
Version: 10 May 2021**

<b>GENERAL INFORMATION</b>	
<p>Instructor: Dr. John Bodian KLOPFER</p> <p>Email: klopf@hku.hk Office: Room 935, 9/F, K. K. Leung Building Phone: 3917 0023 Consultation times: TBA</p> <p>Tutor: TBA</p> <p>Pre-requisite(s): ECON2210 Intermediate Microeconomics and ECON2280 Introductory Econometrics (or mutually exclusive equivalent) Note: prerequisites may be scaled back in future revisions of the syllabus, and pending consultation with other faculties. For example, a more accessible version of the course could alternatively require ECON1210 Introductory Microeconomics, ECON1280 Analysis of Economic Data (or mutually exclusive equivalent), or only ECON1210 Introductory Microeconomics</p> <p>Co-requisite(s): None Mutually exclusive: None</p> <p>Course website: Moodle Other important details: TBA</p>	
<b>COURSE DESCRIPTION</b>	
<p>Human capital accounts for more than half the world's wealth and income. This course will cover some of the following topics: (1) the demand for educational services and investment in human capital by families, students, and governments: risk, returns and skill prices, financing, signaling and certification, market power, externalities; (2) human capital production and inputs: based on program and policy evaluation from early childhood to adulthood with a particular focus on incentives, school and teacher quality, and high-impact evidence from other health and environmental interventions, using frameworks and methods of causal inference including RCT, RDD, DID, and IV; (3) the supply of educational services by teachers, schools, and other institutions: hiring and retention, productivity, management, competition among schools, and public-sector policy and regulation.</p>	
<b>COURSE OBJECTIVES</b>	
<p>1. To introduce theory and evidence on:</p> <ul style="list-style-type: none"> <li>A. demand for educational services, and outcomes of investment in human capital.</li> <li>B. productivity of educational services and other investments in human capital.</li> <li>C. supply of educational services, esp. by teachers; market structure; and regulation of the education sector.</li> </ul> <p>2. To critically assess empirical evidence in economics.</p> <p>3. To present arguments in favor of (and anticipate arguments against) policy interventions in education and training, in writing and in speech.</p>	
<b>FACULTY LEARNING GOALS (FLGs)</b>	
<p><b>FLG1:</b> Acquisition and internalization of knowledge of the programme discipline  <b>FLG2:</b> Application and integration of knowledge  <b>FLG3:</b> Inculcating professionalism  <b>FLG4:</b> Developing global outlook  <b>FLG5:</b> Mastering communication skills  <b>FLG6:</b> Cultivating leadership</p>	
<b>COURSE LEARNING OUTCOMES (CLOs)</b>	
Course Learning Outcomes	Aligned Faculty Learning Goals (FLGs)
CLO1 Explain and predict observed decisions of families, students, schools, and teachers	FLG1, 2, 4
CLO2 Assess evidence from economic research with informed reference to underlying data, methods, and assumptions	FLG1, 2, 3, 4, 6
CLO3 Present fluent arguments for and against policy alternatives	FLG1, 2, 3, 4, 5, 6

<b>COURSE TEACHING AND LEARNING ACTIVITIES</b>			
<b>Course Teaching and Learning Activities</b>		<b>Expected Study Hours</b>	<b>Study Load (% of study)</b>
TLA1 Meetings for lecture, discussion		36 hours	30
TLA2 Tutorials		12 hours	10
TLA3 Consultation via forum, email, and office hours		6 hours	5
TLA4 Group projects		18 hours	15
TLA5 Self study		48 hours	40
Total		120	100%
<b>Assessment Methods</b>	<b>Brief Description (Optional)</b>	<b>Weight</b>	<b>Aligned Course Learning Outcomes</b>
Paper discussions		15	CLO1, 2, 3
Referee report		25	CLO1, 2, 3
Policy debates		30	CLO1, 2, 3
Final examination		30	CLO1, 2
Total		100%	
<b>STANDARDS FOR ASSESSMENT</b>			
<b>Course Grade Descriptors</b>			
A+, A, A-	Consistent evidence of thorough understanding of the concepts and reasoning presented in the course; applied with creativity, analytical rigor, and judgment		
B+, B, B-	Frequent evidence of substantial understanding of the concepts and reasoning presented in the course; applied with sound analysis and judgment		
C+, C, C-	Occasional evidence of accurate understanding of the concepts and reasoning presented in the course; applied with passable analysis		
D+, D	Evidence of partial, possibly inaccurate understanding of the concepts and reasoning presented in the course; applied without analysis or critical thought		
F	Evidence of minimal, generally inaccurate understanding of the concepts and reasoning presented in the course; not applied, or assignments not completed		
<b>Assessment Rubrics for Each Assessment</b> (Please provide us the details in a separate file if the space here is not enough)			
TBA			
<b>COURSE CONTENT AND TENTATIVE TEACHING SCHEDULE</b>			
<p>Note: The following is a list of potential topics. The list will be narrowed down considerably in the final course outline.</p> <p>Introduction and basic facts</p> <ul style="list-style-type: none"> <li>Family and the intergenerational 'inheritance' of earnings</li> <li>Education, experience, and earnings</li> <li>Educational attainment and achievement gaps within and across countries</li> <li>Education, human capital, and economic growth</li> </ul> <p>Human capital</p> <ul style="list-style-type: none"> <li>The investment decision <ul style="list-style-type: none"> <li>Opportunity cost: voluntary and forced educational investment</li> <li>Depreciation and discounting: health, longevity, and the payoff period</li> <li>Portfolio theory, risky returns, and the "beta" of human capital</li> <li>Illiquidity: an inalienable and unpledgeable asset</li> <li>Wealth and borrowing for education: student choices and debt</li> </ul> </li> <li>Productivity: causal effect of education</li> <li>Information: signaling, screening, and employer learning</li> <li>Private versus public returns: market power, discrimination, and externalities</li> <li>Rental rates: supply, demand, and the rising return to (some kinds of) skill <ul style="list-style-type: none"> <li>Example: trends in returns to skill in Hong Kong and Asia</li> </ul> </li> <li>The Roy model: tasks and specialization</li> </ul> <p>The education production function (might need to be coordinated with causal inference, could focus on methods: INUS causality, Rubin causal model, RCT, RDD, DRD, DID, event study, IV, simulated IV; inference: clustering, outliers, sampling or design-based inference)</p> <ul style="list-style-type: none"> <li>Parental inputs</li> <li>Environmental influences: pollution, noise, heat, health, nutrition</li> <li>Student effort and incentives</li> <li>Peer effects</li> <li>Class size</li> </ul>			

<p>Learning time and curriculum</p> <p>Teacher quality: value-added models</p> <p>Teacher quality: predicting value added by skills, training, and experience</p> <p>Supply of education: teachers and institutions</p> <p>Teacher hiring and retention</p> <p>    What do teachers want: preferences and compensating differentials</p> <p>    Who wants teachers for what:</p> <p>        Subject specialists, outside options, and cost differentials</p> <p>        Productivity and Baumol's cost disease</p> <p>    Market power: school districts and teacher unions</p> <p>Teacher effort and incentives</p> <p>    Administrators and management practices</p> <p>    Absenteeism and monitoring</p> <p>    Accountability and standards: teaching to the test, cheating, and fade-out</p> <p>The market for schools: competition and regulation</p> <p>    Public systems: residential zones, finance, and mobility</p> <p>    Quasi-competitive systems: charters, busing, and vouchers</p> <p>    Private and religious schools, cram schools, and tutoring</p> <p>    Wasteful competition: marketing, kickbacks, and amenities</p> <p>    Cost-benefit analysis: what's worth paying for, for whom, and who should pay?</p> <p>Supply of education: job training</p> <p>    Public job training programs and retraining</p> <p>    On-the-job training</p> <p>        Training as screening, and the adverse selection problem</p> <p>        General and employer-specific skills, and the hold-up problem</p> <p>        Learning by doing and the returns to experience</p>
<p><b>REQUIRED/RECOMMENDED READINGS &amp; ONLINE MATERIALS</b> (e.g. journals, textbooks, website addresses etc.)</p>
<p><b>Readings:</b> Articles to be assigned, accessible through HKU Libraries</p> <p><b>Reference books:</b> Lovenheim, M. and Turner, S. <i>Economics of Education</i>; Angrist, J. and Pischke, J.S. 2008. <i>Mostly Harmless Econometrics: An Empiricist's Companion</i></p>
<p><b>MEANS/PROCESSES FOR STUDENT FEEDBACK ON COURSE</b></p>
<p><input checked="" type="checkbox"/> Conducting a mid-term survey in addition to SETL around the end of the semester</p> <p><input type="checkbox"/> Online response via Moodle site</p> <p><input checked="" type="checkbox"/> Others: Students are encouraged to offer anonymous feedback, comments, and questions on the course on a regular basis using a standard Google Form.</p>
<p><b>COURSE POLICY</b> (e.g. plagiarism, academic honesty, attendance, etc.)</p>
<p><b>Academic conduct:</b> The University regulations on academic dishonesty will be strictly enforced. You should not need to cheat to succeed.</p> <p>It is your responsibility to know the University regulations, and it is your responsibility to request clarification about the course-specific policies for each assignment – which I will gladly give! Please review the University regulations on academic conduct concerning assessment at: <a href="https://www4.hku.hk/pubunit/calendar/2020-2021/1599-regulations-governing-students-academic-conduct-concerning-assessment">https://www4.hku.hk/pubunit/calendar/2020-2021/1599-regulations-governing-students-academic-conduct-concerning-assessment</a> Please review the University regulations and statement on plagiarism at: <a href="https://intraweb.hku.hk/reserved_1/learn/plagiarism/Policy-on-Student-Plagiarism-in-UG-and-TPG.pdf">https://intraweb.hku.hk/reserved_1/learn/plagiarism/Policy-on-Student-Plagiarism-in-UG-and-TPG.pdf</a> and in more depth at <a href="http://www.hku.hk/plagiarism">http://www.hku.hk/plagiarism</a></p> <p>In addition to these guardrails, please use common sense and good manners. Your classmates will say many smart, interesting things. Please acknowledge your classmates' contributions as you refer to them. If you have a hard time remembering who said what, take notes!</p>
<p><b>ADDITIONAL COURSE INFORMATION</b> (e.g. e-learning platforms &amp; materials, penalty for late assignments, etc.)</p>
<p>TBA</p>