

ECONOMICS OF EDUCATION



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Economics of Education
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Preface

Economics of Education one of the youngest branches of economics probes the various sources of educational finance, cost-effectiveness, direction of development and similar issues. The phrase first coined by Prof. Theodore W. Schultz, noted economist of the University of Chicago in 1960 while addressing the American Economic Association. In 1965, 'The world Year book on Education' carried an article on economics of education giving the subject legitimacy and recognition. Adam Smith, the father of economics and the author of 'Enquiry into the nature and causes of the Wealth of Nations' (1776) was the first to recognize the relationship between economics and education. Pleading for raising the quality of education, he said, "The money of the parents, the time and talents of children are not lost or injured from the inexperience and ignorance of those to whose care they are entrusted". John Stuart Mill, advocating public education.... "Education is one of those things which a government should provide for the people". Alfred Marshall treating education as a national investment, "Education is the most valuable of all capital that is invested in human beings". Karl Marx asserted, "When the working class come into power, as invariably it must, technical instruction both theoretical and practical will take its proper place in the working class schools".

Education seeks the help of economics to achieve national development in all fields of national life and all spheres of national development including, economic prosperity and national security. Because of an intimate relationship between education and economics, the economy of a particular country influences its education, while the return on education affects the planning of education of that society. Thus education and economics are integrally correlated as two sides of the same coin. The Universalization of Elementary Education (UEE)

teacher at Govt. Higher Secondary School, Cheryamundam, Tirur, Kerala and later worked at Farook Group of Educational Institutions Kottakkal, Kerala at various positions.

Chapter-1

Introduction to Economics of Education

Rafi Mohamad*

Concept of Economics of Education

In modern times almost all countries are forced to spend huge sums of money on their educational planning, efforts and achievement. Thus, educationalists now think of economic welfare by educational planning on the other hand economists also think expenditure on education is a sound investment for economic uplift and welfare by increasing the productive efficiency of the workers in all fields of production. The relation between education and economics planning is increasing day-by-day as though the two are vitally and integrally correlated. Economics integrally connected with education which guides and modifies the activities of human beings in various ways and in diverse areas of activity. Education discharges its important function by establishing schools, colleges, libraries providing required aids and appointing teaching personnel. For this, vast sums of recurring and increasing amounts of money are needed. Thus, education seeks help of economics to achieve its aims of national development in all fields including economic prosperity and national security.

Because of the intimate relationship between 'Economics' and 'Education' a new field of study was developed by the name of 'Economics of Education'. Special attention towards this discipline began to be paid after the Second World War because of more and more demand of technical and industrial education.

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Chapter-2

Economic Aspects of Education

P. Joy Solomon Raju*

Abstract

Education economists analyze both what determines or creates education and what impact education has on individuals and the societies and economies in which they live. Historically and the World Bank a great deal of emphasis has been placed on determining outcomes to educational investment and the creation of human capital. The primary mission of the economics of education group is to identify opportunities for improved efficiency, equity and quality of education and promote effective education reform processes; to help improve, among both World Bank staff and clients, knowledge of what drives education outcomes and results; to better understanding how to strengthen the links of education systems with the labour market; and to build and support a network of education economists and build bridges to all those who are interested in their work.

The World Bank addresses key themes of Economics of Education through work in these six topic areas:

- Economic Analysis of Education Interventions
- Finance and Expenditures in Education
- Public-Private Partnerships in the Education Sector
- School-Based Management
- Impact Evaluation
- Quality of Education

The World Bank's Ten Dimensions of Economic Analysis are used as an organizing framework to represent categories necessary for sound economic analysis for education projects. Information on these ten dimensions is available from "Key Issues".

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