

SUMMER SCHOOL HSE – JUNE 2015

Economics' imperialism and Higher Education Policy

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Economic(s) Imperialisms

Economics imperialism:

- **Expansion of disciplinary boundaries during postwar period;**
- **Different meanings – scope, style, standing;**
- **Economic expansionism vs. imperialism;**
- **Historical process;**
- **Varieties of economics imperialism;**
- **Normative tone (positive vs. negative);**

Economics imperialism:

- **Basic concepts – cost-benefit, incentives, competition and choice, entrepreneurship;**
- **Methods and tools of investigation;**
- **Maximizing, rational, individual behavior;**
- **Stress on efficiency and equilibrium;**
- **Rigour, testing, evidence;**
- **Economics' imperialism has been successful – capacity to influence others, substitution, adoption of tools by others, multiple examples of applications;**

Economics Imperialism as seen by Economists:

- **Economics as the “imperial” science;**
- **A certain inevitability...**
- **Economics not only as the premier social science but as a genuine science;**
- **Identification with Gary Becker and with the Chicago School – visibility and controversy;**
- **Contribution to domestic/social problems;**
- **Debates about controversial issues;**

Economics and Social Sciences:

- A modern issue – professionalization and clarification of boundaries among Social Sciences;
- Competitive intellectual claims – evolving boundaries;
- Advantages of Economics – age, academic institutionalization, formalism, value-free;
- Past attempts of redefining boundaries and object of study (Smith, S. Mill, Marx, Comte, Pareto, Weber, Schumpeter);
- Growing separation between 1930s-1950s – debates in the 1930s about economic imperialism, changes in economics (rising orthodoxy);

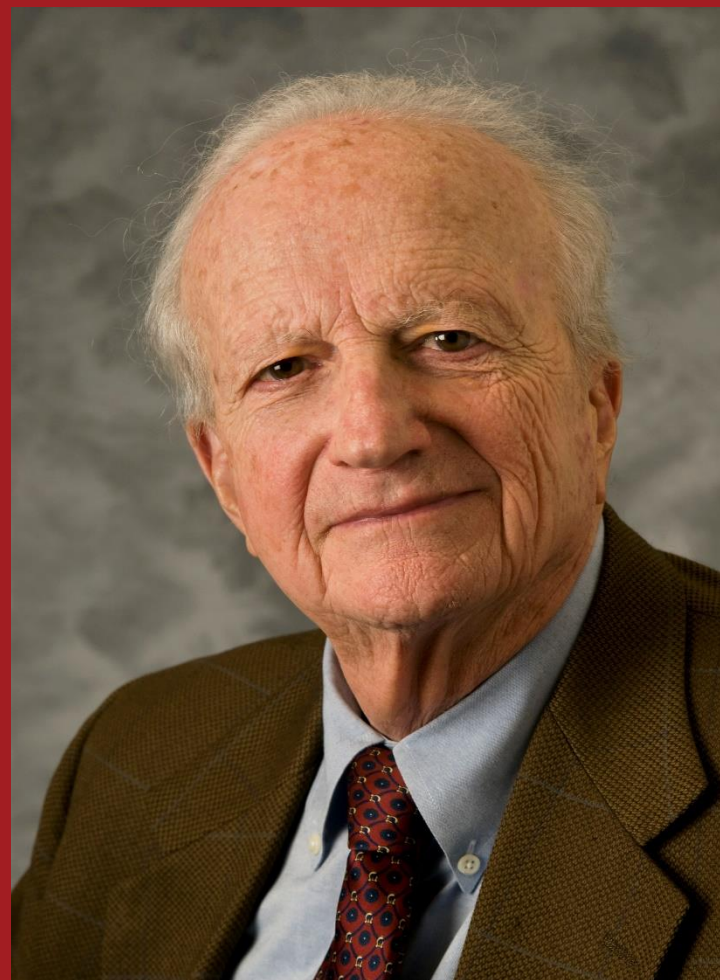
Economics and Social Sciences:

- **Changes in postwar economics: formalism; abstraction; deductive reasoning; diminishing methodological and analytical pluralism;**
- **1950s-1980s: little interaction, caricature, few exceptions (Harvard in the 1950s, Becker, Hirschman, Arrow, Schelling), Rational choice sociology;**
- **The development of applied fields: Education, Health, etc**
- **Generations of economics imperialism:**
- **Old-style economics imperialism (Becker) regarded with skepticism by economists up to late 1980s;**

Economics and Social Science:

- **New-style economics imperialism: informational asymmetries, transaction costs, and other market imperfections, introduction of some historical and institutional elements (New institutional economics);**
- **Varieties of economics imperialism (e.g. Freakonomics, etc);**
 - **confrontation vs. integration;**
- **The “superiority” of Economics – intellectual practices and networks;**
- **Blurring of boundaries: Economics turning inwards and isolating itself OR beginning of a dialogue between Economics and other Social Sciences;**

Gary Becker and the Expansion of Economics' Domain



Gary Becker – 1930-2014

- **1951 - BA Economics – Princeton**
- **1953/1955 – MA and PhD in Economics – Chicago**
- **1954 – Starts academic career at Chicago**
- **1957 – Moves to Columbia/NBER**
- **1969/70 – Return to Chicago**
- **1983 – Joint appointment with Sociology**
- **1985 – Starts collaboration with Business Week**

Gary Becker – Main Publications

- **1957 – The Economics of Discrimination**
- **1964 – Human Capital**
- **1971 – Economic Theory**
- **1976 - The Economic Approach to Human Behaviour**
- **1981 – A Treatise on the Family**
- **1996 - Accounting for Tastes**
- **1997 – The Economics of Life : From Baseball to Affirmative Action to Immigration, How real world issues affect our everyday life (with wife Nashat Becker)**
- **2000 – Social Economics (with Kevin Murphy)**
- **2009 – Uncommon Sense – Economic Insights, from Marriage to Terrorism (with Richard Posner)**

Gary Becker – Selected Honours and Awards

- **1967 – John Bates Clark Medal /AEA**
- **1992 – Nobel Memorial Prize in Economics**
- **2000 – National Medal of Science**
- **2004 – Jacob Mincer Prize**
- **2007 - President Medal of Freedom**
- **16 Honorary Degrees :**
 - **5 before the NP, 11 after;**
 - **8 (4) American, 8 (1) Foreign;**

Gary Becker – A few highlights:

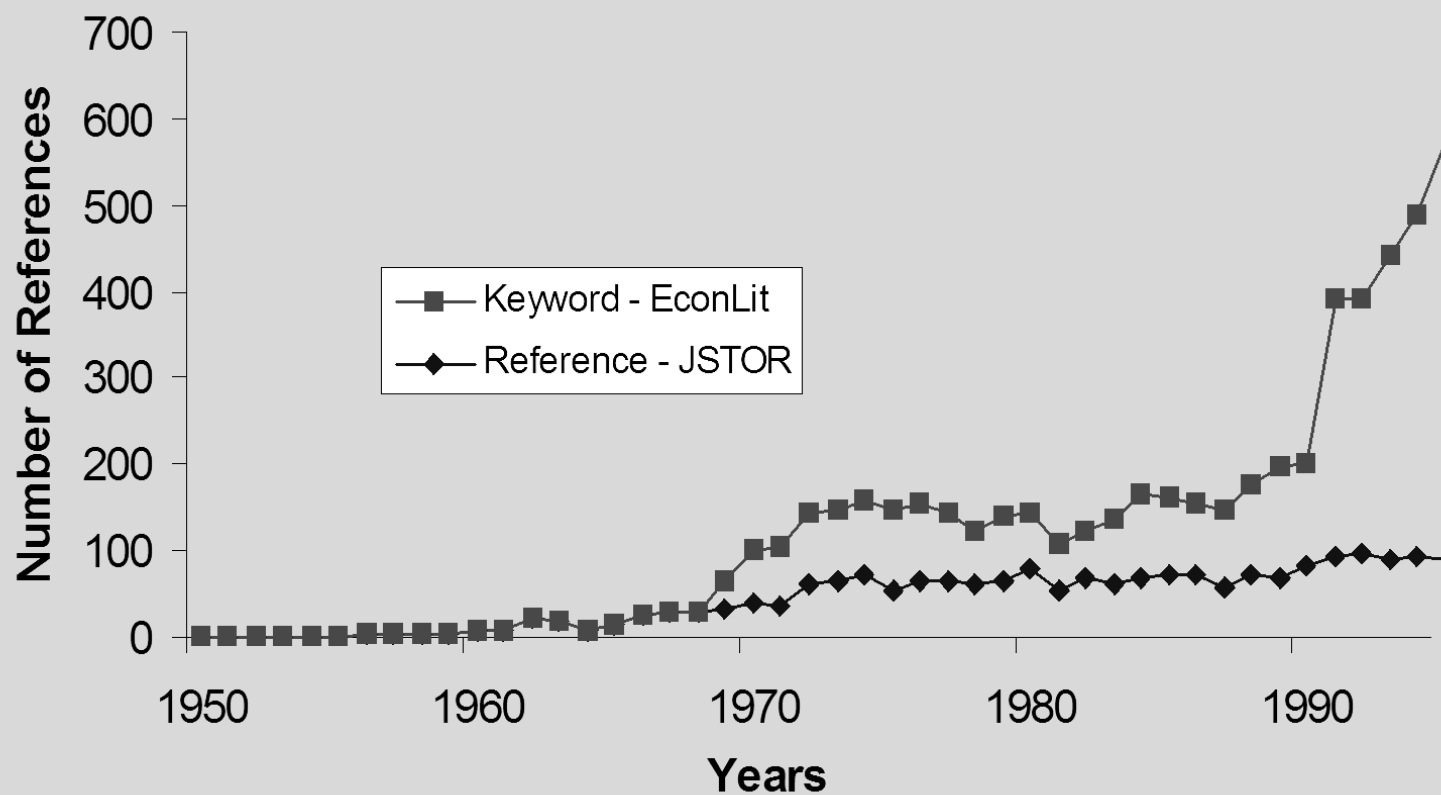
- **Common trends, but also changes;**
- **First phase dominated by Education, Population, Family issues;**
- **Move towards multiple social applications mainly after 1980s;**
- **Starts individually, increasingly collaborative;**
- **Collaborations mainly with close colleagues/students;**
- **Limited institutional involvement;**
- **Significant, but late recognition in the discipline and beyond (post 1980s);**
- **Late/reluctant involvement as Public Intellectual;**
- **Communicates primarily with Economists and in Economic publications;**

Becker and Economics Imperialism – Education as Human Capital

Becker's Works on Human Capital:

- 1960 - "Underinvestment in College Education?"; American Economic Review, 50(2), pp. 346-54.
- 1962 - "Investment in Human Capital: A Theoretical Analysis."; Journal of Political Economy, 70(5), pp. 9-49.
- 1964 - Human Capital, Columbia University Press, 2nd Ed. 1975 and 3rd 1994
- 1966 - "Education and the Distribution of Earnings." (with Barry R. Chiswick); AER, 56(1/2), pp. 358-69.
- 1967 - Human Capital and the Personal Distribution of Income: An Analytical Approach,
- 1973 - "On the Interaction between the Quantity and Quality of Children." (with H.G. Lewis); JPE, 81(2), pp. S279-88.
- 1976 - "Child Endowments and the Quantity and Quality of Children." (with N. Tomes); JPE, 84(4), pp. S143-62.
- 1985 - "Human Capital, Effort, and the Sexual Division of Labor."; J. of Labor Economics, 3(1), pp. S33-S58
- 1986 - "Human Capital and the Rise and Fall of Families." (with Nigel Tomes); JOLE, 4(3), pp. S1-S39.
- 2006 - "Health and Human Capital: The Inaugural T.W. Schultz Lecture."; Review of Agricultural Economics,, 28(3), pp. 323-25
- 2007 - "Health as Human Capital: Synthesis and Extensions."; Oxford Economic Papers,, 59(3), pp. 379-410
- 2010 - Explaining the Worldwide Boom in Higher Education of Women. Journal of Human Capital, 4 (3), pp. 203-241 (with W. Hubbard and K. Murphy);
- 2010 - "The Market for College Graduates and the Worldwide Boom in Higher Education of Women." (with, William H. J. Hubbard and Kevin M. Murphy; AER, 100(2), pp. 229-33
- 2012 - "Growing Human Capital Investment in China Compared to Falling Investment in the United States."; Journal of Policy Modeling, 2012, 34(4), pp. 517-24

Number of Articles analysing Human Capital issues in Economic Journals



Human capital in the first half of the XXth century:

- **Scarce impact of the early attempts of use ‘human capital’**
- **Use in different contexts largely unconnected**
- **Education and human capital analysis largely unrelated**
- **The lack of stabilisation of ‘human capital’**
- **Limited connection with scientific/academic circles**

Growing interest of Economists on Education in the Postwar Decades:

- **Economic growth and development;**
- **Income distribution and inequality;**
- **Analysis of the labour markets;**
- **Expansion of the economics discipline;**

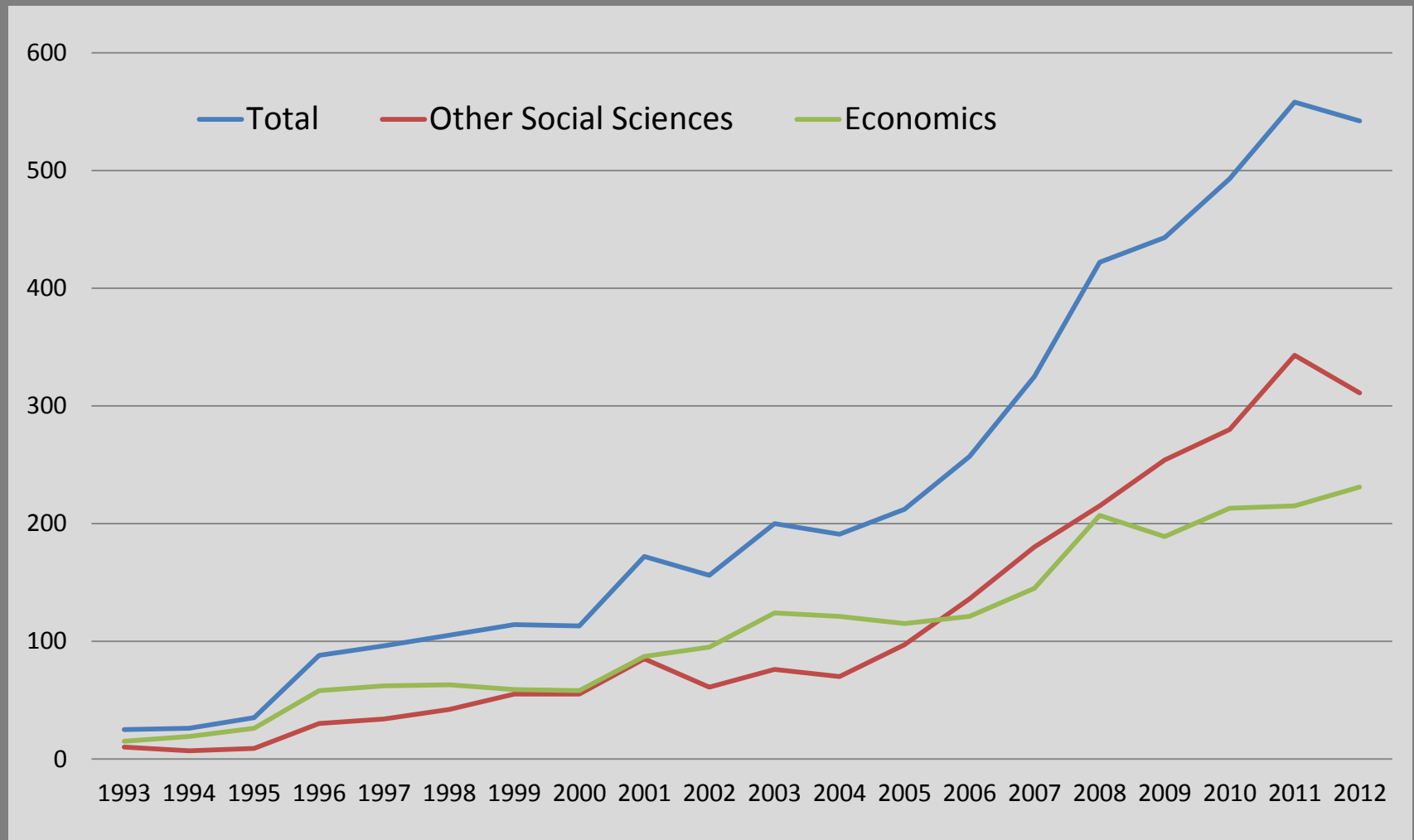
Some key-dates in early development of Human capital theory:

- **1957 – Jacob Mincer’s PhD Thesis at Columbia**
- **1960 – T.W. Schultz’ AEA Presidential Address**
- **1960-64 – Gary Becker’s book on Human Capital**
- **1961-2 – JPE Special Conference on Human Capital**
- **1960s – Labour Workshop at Columbia**
- **1960s – NBER Labour Research Programme**

Citations of Major Works on Human Capital – 1972-1991

	T. W. Schultz - citations - SSCI				Gary Becker - citations - SSCI			Jacob Mincer - citations - SSCI				
	JPE	AER	Ec Val Ed	Inv H Cap	JPE - S	Hum Cap	HC - W	Thesis	JPE	JPE - S	JEL	SchExpEr
	1960	1961a	1963	1971	1962	1964/75	1967	1957	1958	1962	1970	1974
Total	70	222	123	102	194	1389	120	3	90	132	220	815
Average	3,5	11,1	6,15	5,1	9,7	69,45	6	0,15	4,5	6,6	11	45,27778
1972	8	13	11	11	9	51	11	0	3	6	10	
1973	8	7	12	9	9	54	8	1	3	11	11	
1974	4	7	7	10	5	47	9	0	6	16	16	14
1975	4	15	10	4	10	58	7	0	5	14	17	19
1976	3	11	9	9	7	83	8	0	9	13	25	45
1977	4	7	8	3	9	63	10	1	6	7	16	46
1978	4	16	9	3	8	77	11	0	9	6	19	38
1979	2	4	5	3	10	63	8	0	1	4	19	52
1980	7	10	5	11	11	64	9	0	4	6	7	57
1981	5	10	5	12	9	83	7	0	12	11	18	47
1982	3	13	8	5	10	96	4	0	4	6	9	56
1983	0	12	5	2	10	69	2	0	7	5	6	46
1984	2	11	3	3	9	68	2	0	4	5	7	49
1985	4	15	4	3	12	77	1	0	2	5	7	55
1986	5	14	5	1	7	60	4	0	2	2	6	42
1987	1	12	1	2	11	75	2	1	2	2	6	51
1988	2	16	4	6	12	68	8	0	5	1	6	47
1989	1	12	5	1	15	69	4	0	4	3	7	50
1990	3	9	4	3	10	67	2	0	1	2	3	49
1991	0	8	3	1	11	97	3	0	1	7	5	52

Number of Publications in the Human Capital – (title or keywords)



Human Capital and Other Social Sciences:

- **Inadequacy - preeminence given to economic motives, rationality, optimizing behavior;**
- **Debasing the purposes of Education - Weakening or Strengthening the political and social support for education?**
- **Mass Education (especially Higher Education);**
- **The social and political roles of Education (inequalities, reproduction, elites, values, conformity);**

Human Capital and its influence in Policy-making

- **The postwar expansion of educational systems;**
- **Education also becoming a major area of interest also for Int. Org. (WB, OECD, UNESCO, etc);**
- **The controversies about the economic analysis and purposes of education;**
- **Cost-benefit analysis, rationality, incentives, efficiency;**
- **Main changes post-1980s - Everything becomes an investment, Education as part of Economic arguments;**

Economics Imperialism and its Impacts on Views about Higher Education - Concluding Remarks

Higher Education as Human Capital:

- Higher Education becomes an individual and social Investment
- Motivations for HE's expansion - Individuals and societies spend resources in higher education not only due to consumption but also to investment motivations;
- Rational Economic Decisions - Individual and Social Decisions based on Cost-benefit analysis;
- Funding Sources and Mechanisms - Who benefits and who should pay?
- Reconceptualization of HEIs – Types of Relevance: effects, behaviour, objectives,...