Lecture 4: Education for the Masses

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What we know so far

- In the 20th century, the United states experienced both long, sustained economic growth and growth in educational attainment
- Changes in wage inequality were highly correlated with changes in the education premium
- Wage premiums are driven by both the supply of skilled workers and demand for skilled workers
- Demand for skilled workers grew throughout the 20th century ("skill-biased technological change")
- Periods of decreasing inequality coincide with periods when the supply of skilled workers increased rapidly

Three major transformations:

- Free, universal primary schooling

 Flementary Movement In 1970s
- Free, universal secondary schooling
 HS Movement in 1910 1940
- Universal college education (stalled)

 College movement in 1940

 Golden Slowdown in Educ. attainment by 1970s

Why did these transformations happen earlier in the United States according to G-K?

- · Public funding Govt. support, increased taxes
- Public provision
 Available to every one
- Separation of the church and state

No descrimination by religion

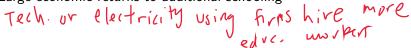
- · Decentralization

 Pon't reed to convince median Us voter
- Open and forgiving structure (relative to Europe)

 Student of all ability can go to HS

High demand for secondary schooling was driven by:

• Large economic returns to additional schooling



- High demand for skilled workers
 - Secondary schools are an expensive, semi-private good
 - Large fractions of the population had to benefit from these returns to make it worthwhile to build them

• In contrast, the effect of compulsory schooling laws was small

proport age

Demand for secondary school driven due to increasing demand for skilled workers in many sectors of the economy

- In 1870, only 10 percent of the population in jobs that required greater than primary schooling
- By 1925, 25 percent of the population were in jobs that required secondary schooling or college
 Office jobs Such as managers
- Share of the economy of office and sales work sectors quadrupled from 1870-1925
- Higher technology fields of manufacturing grew faster than lower technology fields over the same period

Education was key to occupational mobility

About Soy, of managers were HS grad.

Table 5.2. Education a				irly:	20th		tury
Occupational Groupings	Native-Born Males, 25–34 Years			Native-Born Males, 35–44 Years			v
	Highest Grade (years)	% with High School	% High School Grad.	Highest Grade (years)	% with High School	% High School Grad.	
Professional and managerial	12.1	71.6	50.0	11.5	59.5	41.8	Tarri da
Ordinary white-collar	10.7	62.5	39.2	10.6	57.9	38.9	office jobs
Blue-collar	8.4	20.2	8.3	8.2	17.5	9.2	1011 -
Farmer	8.8	18.1	6.9	8.7	16.4	7.6	I ve gaine
Farm laborer and servant	8.2	17.9	6.6	7.8	9.5	5.2	11.00.11
Total for all	9.2	30.2	16.3	9.2	28.1	17.1	Morc

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educ.

Highest % with % High Occupational Grade High School Groupings (years) School Grad. Professional and 12.9 67.6 88.1 managerial Ordinary white-collar 10.8 67.4 474 Blue-collar 0.0 33.0 13.5 8 5 Farm laborer and 21.0 9.7 servant Total for all 10.3 48.5 36.1 occupations

Native-Born Females, 25-44 Yrs

 $\approx 3/02$

Schooling laws explained about 5 percent of enrolment growth

HSEnvolst= Bo

Table 6.2. Impact of State Compulsory Schooling and Child Labor Laws on Secondary School Enrollment Rates, 1910 to 1938

Continuation school law Child labor school yearsa + Lst

Dependent variable: Fraction of state's (1) (2) 14- to 17-year-olds enrolled in public and private secondary schools Coefficient (mean = 0.441: s.d. = 0.204)

Compulsory school years^b

Mean (s.e.) (s.d.) 0.0249 0.530 (0.00940)(0.499)0.00777 6.51

3.06

(1.39)

720

No child labor law No compulsory schooling law

Autos per capita

per capita

Standard error Number of observations (0.00265)(2.00)0.00453 6.91 (0.00209)(2.67)0.0217 0.299 (0.0185)(0.170)0.0563 0.102 (0.303)(0.0167)0.865 0.136 (0.187)(0.093)0.134 0.0662 (0.409)(0.0389)

0.0511

(0.0128)

0.305

(0.0474)

720

Fraction ≥ 65 years Fraction ≥ 14 years

Manufacturing employment

-2.10(0.583)Other state demographic controlsc Yes State dummies Yes Year dummies Yes Census division trends Yes 0.978

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states had

Min age drapart

Sum. stats for each X

8/8

The next great transformation was the college movement:

 High returns to college education led to increasing demand for colleges

 Competition of public and private colleges produced many high quality institutions, available to large numbers of students

 But in recent decades, college graduation rates have stagnated or declined