ECONOMICS OF EDUCATION

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For thousands of years, men lived as nomadic tribes who gathered their basic needs from one place to another. Education as manifested in the tradition, culture, and beliefs were passed from one generation to another through oral means. As mentioned by Buhungiro (2018), parents educated their children with skills and knowledge that were necessary for survival during those times.

But as the years passed by, historians found it difficult to transfer learning through the word of mouth thus ancient civilizations devised ways to preserve their tradition, culture, and beliefs. The Cuneiform Writing System of Ancient Mesopotamia and the Hieroglyphs of Ancient Egypt proved that Formal Education had started during the ancient civilization era. But the teaching career was developed in the early 1800s when teaching-training institutions were opened in Europe. During that time the planning and financing aspects of education were not taken into consideration.

At the advent of Human Capital Theory in 1963, Theodore Schultz proposed that education served as an investment with high economic returns (Gillies, 2011). He mentioned that those who pursued higher education became more productive. So, he deduced that the increase in the productivity of graduates yielded a progressive economy. Along with the progress of the Human Capital Theory, the Economics of Education was born.

In line with this, the Economics of Education is defined as the study of educational blights related to Economics. Though economists had various standpoints about the
the Economics of Education is vital in the following aspects:

Cost of Education. Economists relate the subsidies given by the government with the return of investments as measured by the internal and external efficiency in education. When we say internal efficiency, we talk about the degree of the mastery of the knowledge and skills obtained by the students from the educational institutions while External efficiency deals with the longstanding effect of school to the graduates and the community (Morgan, 2006).

Secondary Industries. As the person’s societal level increases, the allocated amount for necessities decreases but the amount spent on health, education, and other luxuries increases (Pettinger, 2019).

Technological Transformation. Since the Economic of Education is anchored with the Human Capital Theory, knowledge, skills and attitude can be learned from formal schooling. Thus, technological advancement will only be possible through quality education and research.

Health and Productivity. The productivity of workers in many countries is also related to their health status, lower productivity is caused by poor health. Moreover, the level of education is also related to a worker’s productivity. Richer family can buy nutritious foods to become healthy while those families from the marginalized sector of the government have struggled to put food on their tables.

Shortage of Skills. Mismatched skills of graduates produced a shortage of manpower needed in the different industries in the country. In the Economics of Education, strategic planning aids in developing the knowledge and skills of graduates suited for the available industries in the locality or even in the global market.
The demand for Scarce Resources. The Economics of Education expounds on the role of resources like human, material, and financial resources in delivering quality education to learners that in return will be assets of the country is becoming a progressive nation in terms of economic liberty.

From my point of view, the economics of education should not be taken lightly since it is related to human growth, economic investment, and human development. People from different walks of life should internalize the importance of the economics of education in shaping their lives.

References:


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