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Introduction

This volume contains eleven papers that were presented at the National Bureau of Economic Research's conference, "Education as an Industry," which was held in Chicago in June 1971. As the name suggests, the focus of the conference was on the internal workings of the educational system—its production functions, cost functions, and productivity. Thus, the conference was a natural sequel to the 1968 NBER Conference on Education and Income,* held at the University of Wisconsin, at which the papers, with one exception, dealt with the effects of education.

Part One of this volume contains four papers dealing with educational production. The papers by Breneman, Dugan, and Perl estimate educational production functions at a number of levels in the education system, using a variety of measures of output. The fourth paper, by Levin, is a detailed critique of the methodology and relevance of educational production-function analysis.

Part Two contains two early attempts to apply the methods of economic analysis to problems of compensatory education for disadvantaged students. Kiesling examines a range of compensatory education programs in California in an attempt to identify features common to the successful ones. Jamison, Fletcher, Suppes, and Atkinson examine in more detail the cost and effectiveness of a single method of compensatory education—computer-assisted instruction.

Part Three contains studies of problems of higher education. In the first paper, Miller examines factors influencing demand for higher education by using newly developed empirical techniques for estimating choice probabilities over discrete sets of options. The next three papers

* The proceedings of the conference were published in *Education, Income, and Human Capital*, Studies in Income and Wealth 35 (New York: NBER, 1970).

deal in one way or another with the costs of higher education. O'Neill examines how productivity (in a sense, unit cost) has varied over the period 1930-67; Oliver and Hopkins examine costs from a much more microanalytic viewpoint, applying techniques of operations research. Finally, Radner examines the determinants of what is itself the most important determinant of per student costs, the faculty-student ratio.

In the concluding paper to this volume, Froomkin discusses policy issues that are illuminated by research that views education as an industry and suggests lines that further research should take.

Discussion at the conference was lively—often sharp—and some of the flavor of that discussion comes through in the comments included in this volume. Yet, since more than the usual amount of time has elapsed between the conference and the publication of this volume, several of the original papers have been revised and updated in ways that make some of the comments partially inapplicable. We have, in these few cases, let the original comments stand; the spirit of the conference is thus preserved in the volume, though the papers have been updated.