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# Studies of Supply and Demand in Higher Education

Edited by  
**Charles T. Clotfelter**  
and  
**Michael Rothschild**

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# Studies of Supply and Demand in Higher Education



A National Bureau  
of Economic Research  
Project Report

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# Studies of Supply and Demand in Higher Education

Edited by

Charles T. Clotfelter and  
Michael Rothschild



The University of Chicago Press

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*(Resolution adopted October 25, 1926, as revised through September 30, 1974)*

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# Preface

In 1989 the National Bureau of Economic Research launched a program on the economics of higher education. Although numerous NBER studies have touched on economic aspects of education, previous to this effort the National Bureau had sponsored only a limited number of studies focused solely on education.<sup>1</sup> Similar to those operating in other areas of applied economic analysis, such as labor and public economics, the NBER program in higher education has sponsored research projects and periodic meetings at which scholars discuss ongoing and completed research. The program's first research project focused on three topics of current policy significance: the demand for undergraduate education, the supply of faculty, and the rise in the cost of higher education. This investigation culminated in the publication of *Economic Challenges in Higher Education* (1991, University of Chicago Press), by Charles T. Clotfelter, Ronald G. Ehrenberg, Malcolm Getz, and John J. Siegfried. The aim of this volume was to frame each of these questions in economic terms and to discuss data and empirical research that would be useful in answering them.

The program's working group on higher education met three times in 1989 and 1990 in Cambridge, Massachusetts, with some 35 NBER research associates and other economists participating. Unlike most groups of economists who study an industry, all of the participants had first-hand experience with "firms" in this industry, and a few were current or past administrators, includ-

1. Among these sponsored studies are *Education, Income, and Human Capital* (1970), edited by W. Lee Hansen; *Schooling, Experience, and Earnings* (1974), by Jacob Mincer; *Higher Education and Earnings: College as an Investment and Screening Device* (1974), by Paul J. Taubman and Terence Wales; *The Effect of School Quality on Achievement, Attainment Levels, and Lifetime Earnings* (1975), by Paul Wachtel; *The Definition of College Quality and Its Impact on Earnings* (1975), by Lewis C. Solomon; and *Education as an Industry* (1976), edited by Joseph T. Froomkin, Dean T. Jamison, and Roy Radner.

ing several deans and provosts and one former president. While some of the participants brought with them considerable experience in research on higher education, others were experts in fields such as labor economics and industrial organization who were applying economic models to higher education for the first time. It became clear from the meetings of this group that higher education offered numerous questions to which economic analysis might be fruitfully applied.

In light of these possibilities for applying economic approaches, the editors in 1990 invited a number of scholars to write papers for a conference devoted specifically to research on the economics of higher education. Authors were encouraged to present new empirical findings and to discuss issues of methodology that arise in the study of higher education. The authors could also consider the effects of public policy, but in accordance with the practice followed in Bureau studies, published papers can offer no policy recommendations. In commissioning these studies, we did not attempt to achieve comprehensive coverage of all aspects of the economics of higher education. Rather we sought to have solid research done on important topics, particularly topics that had previously not received a great deal of careful analysis by economists. The conference was held in May 1991 in Williamsburg, Virginia, with drafts presented and discussed that corresponded to the chapters in the current volume. Following the conference, the authors revised their papers, and the assigned discussants put their comments into written form.

The objective of a conference such as this one is to foster research on an important topic of study in two ways—directly, through the published papers themselves, and indirectly, through the subsequent research that this work will stimulate. We believe not only that the first objective has been achieved but that there is every prospect for success on the second as well. The chapters contained here provide new insights on important issues and raise a host of questions that should motivate future research.

We are grateful to the Andrew W. Mellon Foundation for its support of this project.

*Charles T. Clotfelter and Michael Rothschild*