**AIU Exam – Human Capital: Education & Health in Economic Development**

**School**: Business & Economics

**Major**: Economics

**Course title**: **Human Capital:** **Education & Health in Economic Development**

**Credits for course**: 3 credits

**Description of course**:

**Chapter 8**

* 8.1 The Central Roles of Education and Health 382
* 8.2 Investing in Education and Health: The Human Capital Approach 388
* 8.3 Child Labor 391
* 8.4 The Gender Gap: Discrimination in Education and Health 396
* 8.5 Educational Systems and Development 401
* 8.6 Health Measurement and Disease Burden 406
* 8.7 Health, Productivity, and Policy 420
* Case Study 8: Pathways Out of Poverty: Progresa/Oportunidades in Mexico

**Book & chapter**: Economic Development by Michael Todaro, **Chapter 8**

**Link to book:**

<http://aiustudev.aiu.edu/submissions/profiles/resources/onlineBook/J9u3Z8_economic%20development%20growth.pdf>

**Bibliography of book**:

Todaro, Michael, *Economic Development*, Pearson, 12th Edition(2015).

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**Format of the assignment**: Assignment must have an AIU cover page, introduction to the topics of the chapter, answers to the questions below, conclusion about the exam and the bibliography of book at end of assignment.

**Instructions for Adding Course & Submitting Exam:** Go to the top of your student platform. On the left you will see a link to add a course called “Add Courses into Curriculum”. Click there. Then you will see a button to add a new course. It will then ask you to give the specific name of the course, which is given above on this exam.

Then you submit the assignment through another link at the top of the platform called “Submit an assignment”. You choose the course name from the drop-down list. Then you choose to send the assignment “offline”. Then you upload the file(s) for the course.

Please include questions with your answers, so that we can see the question being answered.

Questions to answer… page 429

Chapter 8… (Selected questions) answer each question with 2 to 8 paragraphs. Give examples from life and your community in your answers.

1. What reasons would you give for the rather sizable school dropout rates in developing countries? What might be done to lower these rates?

Ans: The major reason for sizable school dropout rates in developing countries is unemployment, poverty and lack of white-collar jobs. In majority of the cases, parents himself takes out their children from the schools because the children in the poor family are sent to work at an early age to support the family income rather than sending them for studies.

1. What are the differences between formal and nonformal education? Give some examples of each.

Ans:(a) Formal education is expected to provide the basis for an individual’s whole future life.

Ans: (b) Non formal education meets short term learning needs of individuals and communities.

1. It is often asserted that educational systems in developing countries, especially in rural areas, are unsuited to the real social and economic needs of development. Do you agree or disagree with this statement? Explain your reasoning.

Ans: We know that rural areas are mainly composed of farm and non-farm poor population. Such families like to send their children to work to support the economic activities rather than sending them to school. Thus, the result is chronic early dropout rate.

1. How would you explain the fact that relative costs of and returns to higher education are so much higher in developing than in developed countries?

Ans: The cost of education involves the tuitional fee that is paid by the children throughout their formal education years. This tuition fee is higher education level.

1. What is the supposed rationale for subsidizing higher education in many developing countries? Do you think that it is a legitimate rationale from an economic viewpoint? Explain your answer.

Ans: It’s difficult to identified a “supposed rationale” without knowing the specific countries involved. Subsidizing higher education may be a way for a country to increase its supply of native skills necessary to economic development, especially if care is taken to give incentives for potential students to go into fields that can use indigenous resources most efficiently.

1. Early-childhood environmental factors are said to be important determinants of school performance. What are some of these factors, how important do you think they are, and what might be done to ensure that these factors are not negative?

Ans: Primary education is the foremost and early education of a child; where basic morals and values have been taught so that through positive socialization the child become a responsible citizen of a country. It includes inculcating good behavior from beginning of the pre - school.

1. What do we mean by the economics of education? To what extent do you think educational planning and policy decisions ought to be guided by economic considerations? Explain, giving hypothetical or actual examples.

Ans: Economic of education is the study of economic issues relating to education, including the demand for education, the financing and provision of education, and the comparative efficiency of various educational programs and policies.

1. What are the links among educational systems, labor markets, and employment determination in many developing countries? Describe the process of educational job displacement.

Ans: There is a very close relationship between educational system, labor markets and employment determination in developing nations.

The educational system that is able to make it accessible to all and is need based education; it will be producing productive labor force in the market. However, the more the labor force, the developing nations will have to create job opportunities to absorb the productive skilled labor force that too at deserving age rates.

The productive labor force can help in the development of the nations by bringing about technological changes happening around the world into their nation and develop faster.

1. Distinguish carefully between private and social benefits and costs of education. What economic factors give rise to the wide divergence between private and social benefit-to-cost valuations in most developing countries? Should governments attempt through their educational and economic policies to narrow the gap between private and social valuations? Explain.

Ans: The benefits of education are that it creates an educated group of people who can critically think and evaluate. These skills are necessary for career development and sustaining jobs.

The social benefits of education for parents include childcare for there children while they work.

Private schools require tuition to pay teacher salaries and school expenses. Public schools are paid for with tax revenue. The economic factors that contribute to the divergence between private and social benefit to cost valuations in most developing countries is a lack of resources and schools.

Governmental grants are used to address gaps in education due to inequality.

1. Governments can influence the character, quality, and content of their educational systems by manipulating important economic and noneconomic factors or variables both outside of and within educational systems. What are some of these external and internal factors, and how can government policies make education more relevant to the real meaning of development?

Ans: The external factors are those that characterize a particular learning situation. The internal factors are defined as those that the student brings with him or her to a particular learning situation, including attitude, perception, and motivation. Education increase the propensity for better employment opportunities. Not only education makes a smart, informed population, but it boost economic growth and increases the GDP of a country. It allows people to live a healthy and quality lifestyle with a high standard of iving.

1. Why are health and education so closely linked in the development challenge?

Ans: Because education, it self produced benefits that later predispose the recipient to the better health, to the better health outcomes, as higher earnings, as the subsequent downstream benefits of that education.

1. What are the most pressing health and education challenges today? What makes them so difficult to solve?

Ans: For many reasons, the task of health education, which is normally difficult enough, is made much more difficult by the lack of specific procedures for Preventing today’s ill, as well as by the absence of completely effective curative measures.

1. What makes for (a) a good and fair health system and (b) a good and fair education system?

Ans: The issue of fairness is also critically important. It is not fair to force everybody to pay the same and get the same thing. What is fair is for people to get the consequences of their actions. Buy some great insurance and you get great medical care. Skimp and you will get what you deserve. That’s fair. Stealing from your neighbors to pay your bills is quite unfair.

For those who cannot accountable (orphans, the disable, etc.) charitable contributions of time and money can make up the difference without coercion. That’s good and fair too, and someone with an interest in good results will be in charge, not corrupt government officials.

1. What are the consequences of gender bias in health and education? Can a large gap between male and female literacy affect development? Why?

Ans: Studies from around the world the developing world consistently show that expansion of basic education of girls earns among the very highest rates of return of any investment much higher, for example, than most public infrastructure projects.

The educational gender gap is especially great in the least developed countries in Africa, where female literacy rates can be less than half that of men in countries such as Niger, Mali etc..

1. What is the human capital approach to health and education? What do you think are its most important strengths and weaknesses?

Ans: In economics, the term human capital is used to define increase in productivity levels and human capacities due to education and health.

According to this approach, it is believed that investment in education and health brings about an indirect increase in the well-being of the humans through increase in incomes.

However, the increase in income is quicker for those who start later in life after completion of their education because they are more skilled and intelligent to understand and adapt to the changes taking place in the work culture than the ones who are less educated.

1. What can government do to make health systems more equitable?

Ans: Governments may intervene in the health care markets in a number of ways. Among these are spending on particular health care programs or health care services, funding a national health care services system of universal coverage, organizing and funding mandatory universal social health-insurance schemes.