Robert Archibald and David Feldman's book deals with a complex topic of great significance: the cost and price of education. Its first part begins with a classic enigma with no obvious explanation: why has the cost of college education in the United States increased so rapidly? The authors quickly distance themselves from the political view that the increased cost is a simple matter of waste and maladministration, and an internal university perspective from which rising costs seem unavoidable. Instead, they apply the viewpoint of the discipline of economics, with the intention of providing the reader with a detailed explanation of the rising costs of college education. As a result of this approach, higher education is perceived as one industry among others. Yet, the authors are careful to point out that they do not aim to reduce higher education to something it is not. For example, they do not claim that students are only customers. Still, they do show that it is possible to compare the costs of higher education with those of other types of services.

This insight results in a clear perception of the societal context of higher education. Instead of trying to find the explanation for increased costs within the field of higher education, Archibald and Feldman claim that the main causes behind this phenomenon can be identified in the development of the U.S. economy, and primarily in the production of goods and services. In this way, they succeed in transforming an otherwise excessively abstract issue into a manageable problem. In doing so, they raise two questions: Why are college costs rising faster than other costs? or inversely, Why did the cost of other goods and services rise more slowly than the costs of higher education?

In the second part of the book, Archibald and Feldman describe how technological developments in the U.S. affected the production of goods and services, and hence the cost of higher education. Studying the developments in these areas, it is evident that the cost of higher education has risen significantly faster than, for example, the cost of furniture, new cars, china and glassware. Still, it is striking that the cost of higher education has followed a similar pattern to the costs of the services of dentists, physicians and lawyers. In this respect, Archibald and Feldman conclude that the rising costs of higher education are not all that remarkable. Instead, they are portrayed as a consequence of the technological developments that in general keep costs down for companies that manufacture goods, often through making it possible to produce more goods with lower labour input. However, this does not apply to the services of dentists, physicians and higher education, where technical developments affect the quality of the service rather than the need for labour input. Consequently, the cost of higher education will increase more quickly than the cost of a car, for example.

In addition, technological progress has created a demand for highly educated workers that the colleges have not been able to meet during the last thirty years. This raised demand has affected the salaries of educated workers, and has increased the costs for hiring not only college professors but also physicians and dentists. Technological developments have also affected the service sector, albeit in a different way. As the authors note, technological development can either imply that the same product can be manufactured at a lower price, or with a higher quality. In the context of higher education, which aims to provide students with an up-to-date service, the onus is on higher quality, which requires greater costs.

In the third part of the book, Archibald and Feldman consider the price that parents pay for their children’s college education. Here, they make an important distinction between the cost and the price of higher education. They find that, despite the rapid increase in the cost of producing higher education, this has not necessarily implied an increase in the price that the consumer—students and their parents—has to pay through college tuition and fees. Instead of dealing with the conditions that affect the production of higher education, as in part two, this part of the book consequently deals with the affordability of college education. As in previous chapters, the authors claim that this is not a question that can be answered in reference to higher education only. Instead, its affordability can only be
estimated by relating the price of college education with household income, and the prices of the goods and services that households consume.

In reference to this argument, the authors conclude that the price of college education has come to take up an increasingly large part of families’ budgets. However, since the development of the U.S. economy has increased the household income, and made many goods more affordable, even after children’s education has been paid, a larger proportion of household income is left for other expenditures. College has thus become more affordable for a large part of the middle class. The only exception is the segment of the U.S. population that is stuck in the bottom of the widening income distribution gap.

In summary, this book tackles a very complex subject in a way that should be appealing to a broad audience. The authors’ analysis is sufficiently simple to be powerful, and complex enough to be convincing. In addition, the book deals with an important topic that also touches on the subject of the increasing cost of the public sector, which is a crucial political issue in many European countries. Demonstrating that the costs of service production are affected by technological development, and not primarily by developments within the public sector, Archibald and Feldman’s analysis offers a refreshing perspective on this discussion, where a lack of efficiency and incentive are often presented as an explanation for the rising costs of health care, elementary education, and so on.

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Gabriele Cappelli
The Uneven Development of Italy’s Regions, 1861–1936: a New Analysis Based on Human Capital, Institutional and Social Indicators
European University Institute, Florence (PhD diss.) 2014

In his dissertation, Gabriele Cappelli deals with education from the perspective of an economic historian. Far away from traditional studies in educational history, and its focus on individual educators, school policy and the content and form of education, Cappelli’s work sheds light on the relationship between human capital—i.e. such resources as knowledge, skills and training possessed by individuals and populations—economic growth, and the rise of mass schooling during the nineteenth and twentieth century. In other words, it is a dissertation that connects GDP estimates and analyses of the regional variations of industrialisation to extant studies into the history of primary schooling in Italy.

Cappelli’s dissertation consists of three papers. The first paper, “The Italian regional divide in the Liberal Age (1861–1914): New measures of social capital”, deals, as the title suggests, with the issue of social capital, which have been used to explain the apparent economic differences between the North and the South of Italy. Among other issues, Cappelli discusses Robert Putnam’s widely known hypothesis that the economic inequalities among Italy’s regions may be explained in terms of social capital, i.e. trust, norms and networks that, for a variety of reasons, are in deficit in some Italian regions.

Contributing to the line of research that has acknowledged the different types and dimensions of social capital, highlighted by e.g. Pierre Bourdieu and James S. Coleman, Cappelli presents new estimates of social capital for Italy’s 20 regions, based on data regarding donations to charity institutions (opere pie), members of mutual aid societies and crime reports. Thereafter, using an econometric model of conditional convergence, he assesses the significance of these varying levels of social capital. Thus, Cappelli is able to show that social capital does not appear as a major determinant of economic growth. Instead, he argues that his results