PEERS WITH SPECIAL NEEDS: EFFECTS AND POLICIES

Referent

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In light of the debate over inclusive education, this paper evaluates the impact of exposure to special needs (SN) peers. More classroom peers with SN lower performance, the probability of entering postcompulsory education, and earnings at ages 17-25. SN students and students at the lower end of the achievement distribution suffer most from higher inclusion. We analyze reallocation policies and government interventions to alleviate negative externalities. We demonstrate that inclusion is preferable to segregation in terms of maximizing average test scores and that teacher quality is key to alleviating negative classroom externalities, while financial resources are not.