



How information affects support for education spending: Evidence from survey experiments in Germany and the United States[☆]



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ABSTRACT

To study whether current spending levels and public knowledge of them contribute to transatlantic differences in policy preferences, we implement parallel survey experiments in Germany and the United States. In both countries, support for increased education spending and teacher salaries falls when respondents receive information about existing levels. Treatment effects vary by prior knowledge in a manner consistent with information effects rather than priming. Support for salary increases is inversely related to salary levels across American states, suggesting that higher salaries could explain much of Germans' lower support for increases. Information about the tradeoffs between specific spending categories shifts preferences from class-size reduction towards alternative purposes. Additional German experiments indicate that information effects extend to specific reform proposals and to other areas of public spending.

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1. Introduction

Citizens in Europe and the United States differ widely in their views on various policies. Such transatlantic differences in policy preferences have been attributed to differences in culture, social beliefs, and political regulations and institutions (e.g., Alesina and Angeletos, 2005; Alesina et al., 2006). In this paper, we focus on another potential source of differing preferences for government spending reforms: differences in current spending levels across countries and the extent to which citizens are informed about these spending levels. To shed light on how information on spending levels affects policy preferences, we conduct the first parallel randomized experiments within representative surveys of public opinion in the two largest industrialized nations in the western world, Germany and the United States.

We focus on government spending on education, which comprises a large share of public sector budgets around the world. On average across developed countries, more than one in eight dollars that governments spend goes to education—more than on defense, public order and safety,

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and environmental protection combined (OECD, 2014).¹ The quality of education systems is a cornerstone for future national prosperity (Hanushek and Woessmann, 2015), and citizens' support for education spending is a critical factor in shaping public budgets (irrespective of whether higher spending levels are in fact essential to improve school quality; e.g., Hanushek, 2003; Jackson et al., 2016).

Education finance in Germany and the U.S. differs in a number of ways that might be expected to give rise to differences in public support for higher education spending. Among others, the U.S. has higher overall spending levels, but lower teacher salaries, than Germany. If public preferences fully determine policies, we would expect that respondents in both countries are equally satisfied with current policies. But if preferences are not fully aligned with spending levels, the observed differences in current spending patterns might lead Americans to be less inclined to support overall spending increases, but more inclined to support higher teacher salaries. In addition, the majority of school funding comes from the local level in the U.S. but from the state level in Germany. If local control aligns actual spending levels more closely with citizens' preferences, one would expect smaller effects of informing about actual spending levels in the United States. Yet we know very little about the public's knowledge of current education spending levels, the extent of support for increased spending, and the role of information in shaping public views in the two countries.

To investigate these issues, we surveyed representative samples of the adult populations in Germany and the U.S. and implemented three randomized experiments on how the provision of information affects support for education spending. The German and American surveys included >4000 and 2600 respondents, respectively. Within each survey, randomly selected subgroups were given different types of information before answering the same questions about the level and allocation of public spending on education. Earlier in both surveys, we asked respondents to estimate current levels of education spending and teacher salaries.

We find that a vast majority of the public in both countries underestimates current levels of school spending and teacher salaries. Absent the provision of information, an absolute majority in both countries supports increased government spending on education, with somewhat higher levels of support among Germans than Americans (71% vs. 60%).

Our first survey experiment shows that citizens of both countries react similarly to two information treatments, with treatment effects (relative to the control mean) hardly differing. Informing respondents about the current level of annual public education spending per student reduces support for increased spending by more than one quarter (to 50% in Germany and 43% in the U.S.). Additionally stating that the spending increase would be financed through higher taxation reduces support by more than half compared to the control group (to 30% in Germany and 26% in the U.S.), with the shares in support no longer differing significantly between the two countries.

Our second survey experiment examines preferences for increases in teacher salaries. In both countries, staff compensation makes up 81% of total current school expenditure (OECD, 2014, p. 284), making salary levels a crucial component of overall education spending levels. When respondents are informed about current salary levels, the share who support increases in teacher salaries declines by about 40% (relative to the control mean) in both countries, although baseline support is much lower in Germany. The latter difference, the only notable divergence in preferences that we observe between the two countries, is consistent with the fact that current salaries are higher in Germany. In fact, based on an estimated negative relationship between salary levels and support for salary increases across U.S. states, we suggest that Germany's higher current salary levels could account for more

than two thirds of the German-U.S. difference in support for salary increases.

Further analysis confirms that these treatment effects reflect actual information effects, rather than simply the effect of being primed to think about monetary values as opposed to, say, observable conditions in local schools before reporting support for spending increases (Iyengar et al., 1984; Krosnick and Kinder, 1990). In both countries, treatment effects are substantially larger for respondents who underestimated actual levels and are almost zero for respondents who had already been well informed prior to the information treatment. The fact that treatment effects vary with prior information levels indicates that they at least partly reflect genuine effects of being better informed, rather than just priming. The heterogeneity by prior information levels is more pronounced for teacher salaries than for school spending, in line with the hypothesis that people have a better anchor when estimating salaries compared to spending levels. The significant heterogeneity is also particularly noteworthy given that we find virtually no evidence of heterogeneous treatment effects across population subgroups defined by gender, age, education, income, employment, and parental and minority status.

Our third experiment examines how preferences for specific categories of education spending react to the provision of information on the tradeoffs involved when choosing among them. When asked how best to allocate new education spending, respondents' preferences shift away from class-size reductions towards alternative spending categories—teacher salaries (particularly in the U.S.) and materials such as new books and technology (particularly in Germany)—if they are informed about what could be accomplished in each category with the same amount of additional spending. Additional experiments included only in the German survey show that information on spending requirements also reduces support for specific education reforms and that the basic findings for educational spending generalize to other categories of public spending.

The broad pattern of results across the three comparative survey experiments suggests that, despite numerous institutional and political differences between the two countries, citizens' knowledge of and preferences over education spending are quite similar in Germany and the U.S., as are reactions to the provision of information. The overall level of preferences for increases in government spending on education, their substantial reduction when mentioning current spending levels and tax financing requirements, and the shift away from preferences for class-size reductions towards other spending alternatives when informed about the quantitative tradeoffs involved are all comparable across the two countries. The lone exception is Germans' lower preference for teacher salary increases, which is consistent with existing salary differences between the two countries.

Our results contribute to at least three strands of literature. First, a substantial comparative literature examines transatlantic differences in the public's policy preferences in different areas. In particular, Alberto Alesina and coauthors have studied U.S.-European differences in preferences for inequality, redistribution, and working times, concluding that preference differences are not so much related to differences in utility functions or culture as to differences in social beliefs, political institutions, and regulations (see Alesina and Angeletos, 2005 and Alesina et al., 2004 on redistributive policies; Alesina et al., 2001 on the welfare state; and Alesina et al., 2006 on working times). Our results analogously suggest that the views of Americans and Germans about education spending may be quite similar.

Second, several recent papers use survey experiments in individual countries to study how policy preferences respond to the provision of information. For example, Di Tella et al. (2012) study effects of information treatments on preferences for privatization in Argentina, Cruces et al. (2013) and Kuziemko et al. (2015) for redistributive policies in Buenos Aires and the U.S., respectively, Elias et al. (2015) for payments for human organs in the U.S., Schueler and West (2016) for education spending in the U.S., and Bursztyn (2016) for the tradeoff between

¹ In 2011, public spending on education was 12.9% of total public expenditure on average across the member countries of the Organisation for Economic Co-operation and Development (OECD, 2014, p. 257). The figure is 11.0% in Germany and 13.6% in the United States.

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