



Do Democracies Provide Better Education? Revisiting the Democracy–Human Capital Link

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Summary. — We investigate whether democracy enhances the skills and knowledge of citizens through improving education quality. This, in turn, could have ramifications for other development outcomes such as economic growth. We offer the first systematic cross-national study on democracy and education quality. Democracy is widely regarded as superior to autocracy in terms of providing access to education, and several studies find that democracy enhances educational enrollment and years of schooling. Yet, we do not know whether democracies provide *better education*. We argue that democracies should not too readily be expected to outperform autocracies on education quality. First, it is inherently difficult to implement quality-enhancing education reforms, even for well-intentioned (democratic and autocratic) governments with ample resources. Second, education quality is less visible to voters than, e.g., expanding education enrollment, making quality-enhancing policies a less attractive option for office-seeking democratic politicians. We employ a recent dataset comparing international student tests for 128 countries, from 1965 onward. While democracies typically provide “more” education than autocracies, we find no systematic evidence that democracies offer better education. The result is very robust and holds in both cross-section and panel specifications. The null-relationship is not explained simply by democracies providing education access to more (and different types of) children than autocracies, and it appears both in rich and poor and in low- and high-capacity states. We also present relevant nuances: for instance, autocracies display more variation in education quality outcomes than democracies, and we find *some* evidence that democracy may be associated, more specifically, with better reading skills. In sum, this study provides new insights to the democracy and education literature, where extant studies often report strong links between democracy and various education outcomes not directly related to education quality, and informs literatures linking democracy to development outcomes such as growth via effects on human capital.

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1. INTRODUCTION

We investigate the relationship between political institutions and education quality, which is closely linked to the knowledge and skills (i.e., “human capital”) obtained by citizens during their years in school. More specifically, we ask: Do democracies provide citizens with an education that raises their knowledge and skill levels relative to the education provided in autocracies? To foreshadow the conclusion, our empirical analysis suggests that democracy does *not* systematically relate to citizens’ knowledge and skills.

While education quality and the resulting human capital can be considered important development outcomes in their own right (e.g., Sen, 1999), any effect of democracy would arguably have broader developmental ramifications since human capital is anticipated to affect a range of social and economic phenomena. Human capital is, for example, typically considered among the key ingredients for generating economic growth (e.g., Benos & Zotou, 2014; Lucas, 1988; Mankiw, Romer, & Weil, 1992). Early empirical analysis of human capital and growth often employed measures such as years of schooling or school enrollment ratios to proxy for human capital (e.g., Mankiw *et al.*, 1992). Yet, economic growth *theory* is not merely concerned with “the quantity of schooling” offered to students, but rather the skills and capabilities that (prospective) workers acquire, in school or otherwise. Years of schooling or education spending are, at best, only distant proxies of human capital. Acknowledging this, the growth literature has recently turned its focus toward more valid proxies of human capital. More specifically, it has started taking education content into account, revealing—as theoretically expected—that education quality is a much stronger determinant of growth

than indicators of “education quantity”. For instance, Hanushek and Woessmann (2008a) find that cognitive skills are positively related to growth, and that any positive effect of education quantity disappears when controlling for skills (see also Hanushek & Kimko, 2000, Hanushek & Woessmann, 2008b).¹ Further, the human capital stock in developing countries has likely been exaggerated when using indicators such as enrollment rates and average years of education (see, e.g., Glewwe, Maiga, & Zheng, 2014).² Also differences in long-run growth performances across OECD countries can be explained by variations in education quality, as opposed to education quantity (Hanushek & Woessmann, 2011). Hence, understanding the determinants of education quality is important for understanding economic development.

Democratic political institutions have long figured among the proposed determinants of human capital. A vast literature, drawing on contemporary and historical data from different regions of the world, suggests that democracies are more likely than autocracies to provide *more* education to their citizens

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(Acemoglu, Naidu, Restrepo, & Robinson, 2015; Ansell, 2010; Brown, 1999; Brown & Hunter, 2004; Bueno de Mesquita, Smith, Siverson, & Morrow, 2003; Engerman & Sokoloff, 2005; Engerman, Mariscal, & Sokoloff, 2009; Gallego, 2010; Huber & Stephens, 2012; Harding & Stasavage, 2014; Lake & Baum, 2001; Lindert, 2005; Stasavage, 2005). Countries experiencing successful democratic transitions can thus, over the coming years, expect lower schooling fees, a larger share of their children enrolled into primary and secondary school, and that their youth will, on average, spend more years in school (but, see Murtin & Wacziarg, 2014). Indeed, different statistical studies have suggested that education is among the key mediators through which democracy enhances economic growth (Baum & Lake, 2003; Doucouliagos & Ulubasoglu, 2008; Tavares & Wacziarg, 2001). However, also these studies have drawn on measures of “education quantity”, such as secondary school enrollment rates, to proxy for human capital. In order to more directly evaluate the effect of democracy on human capital, and thereby also the potential indirect effect of democracy on growth via human capital, we need to study how regime type affects education quality.

One might intuitively expect the clear answer to the question of whether democracy promotes education quality to be “yes”. Why would voters not pressure politicians to give their kids a high-quality education, and not only increase the number of years they stay in school? In autocracies, truly competitive elections are lacking, leaving citizens with one less tool available for pushing for an education system that properly teaches their children skills such as reading and basic mathematics. Instead, autocratic regimes might expend effort and resources to provide high-quality education only for the children of their (often fairly narrow) supporting groups, or use the national education system to indoctrinate government ideology. A plausible hypothesis is thus that democracy enhances not only education quantity, but also education quality. Yet, we retain that this is an open empirical question: First, previous empirical studies suggest that education quality is intrinsically hard to increase by legislation or by simply increasing the education budget (see, e.g., Hanushek & Woessmann, 2008a). If political choices have little bearing on education quality, the link between regime type and such quality should be weak. Second, democratic politicians may not have strong incentives to even *try* to increase education quality after all. Following Harding and Stasavage (2014), we highlight that the quality of education (and the policies that may improve it) is often difficult to verify and monitor by voters. Hence, in a world of budget constraints, democratic politicians may be wise to rather channel resources to measures increasing (more visible) features associated with “education quantity”.

With one notable recent exception (Harding & Stasavage, 2014), there is a lack of systematic empirical studies on regime types and education quality. The main reason is presumably that cross-country data on education quality have previously been scarce. We employ the recent dataset by Angrist, Patrinos, and Schlotter (2013) containing comparable measures on international students achievements tests in mathematics, reading, and science from 128 countries. We thus provide the first systematic analysis drawing on cross-country data to assess the relationship between democracy and education quality.

To quickly summarize our results, we first replicate the finding that democracy is positively related to standard measures of education quantity, namely average years of schooling and primary and secondary enrollment ratios. But, the core finding—which is a novel, important, and perhaps (to many) surprising null finding—is that democracy does *not* systemati-

cally relate to education quality. While we acknowledge the possibility that this null-result could partly stem from measurement errors and other aspects with the data, and should thus not be viewed as entirely conclusive, the result does hold across different cross-section and panel specifications, different samples, and for different measures. One might hypothesize that the null-relationship between democracy and country-wide measures of education quality is simply due to the expansion of enrollment rates under democracy; more students entering school puts pressure on teaching facilities and new groups with worse initial prospects for learning (such as kids living in poor rural areas) are channeled into the schooling system. However, we find no clear support for this alternative explanation. Democracy is not associated with education quality, on average, even when accounting for the expanded access to education. Neither do we, when looking beyond the average performance of countries, find that democracies have smaller differences between good- and bad-performing students, though this result is based on far more limited data material. That being said, we do find that autocracies clearly display more cross-national variability in terms of aggregate education quality outcomes. While democracy does not relate to better education quality on average, democratic countries are less prone to observing extremely poor (and extremely good) outcomes.

In sum, democracy may increase the number of kids in school, but it does not, in general, clearly improve the measurable capacities, skills and knowledge of its young citizens. While democracy may increase economic growth through other channels, our findings thereby also cast doubt on the anticipated indirect effect of democracy on growth via improving human capital, since the first link in this chain is not robust.

The paper proceeds as follows: In Section 2, we review relevant literature on democracy and education. Thereafter, in Section 3, we elaborate on the argument for why democracy might not lead to higher quality education outcomes. In Section 4, we present the data, focusing on our preferred measure of education quality. We present the empirical analysis in Section 5, before concluding and pointing to avenues for future research in Section 6.

2. DEMOCRACY, EDUCATION, AND EDUCATION QUALITY

The literature suggests very plausible reasons for why democracy improves outcomes associated with “education quantity”. In brief, democratic politicians accountable to a wide constituency—many of whom have kids in schooling age—are incentivized to respond to calls for lower school fees, or expand education access to large population groups in order to be re-elected. Extant empirical studies use education measures that reflect these arguments such as enrollment rates, share of the population having completed primary, secondary and tertiary education, or the abolition of school fees. We will not survey this vast literature in its entirety, but mention some prominent arguments and results:

Lake and Baum (2001) describe how political competition within democracies generates political dynamics that increase the provision of public services at the expense of rents extracted by leaders. In contrast, autocratic politicians can extract substantial rents by limiting such services without facing grave consequences. A slightly different argument for why democracy widens access to and increases funding of education is provided by Bueno de Mesquita *et al.* (2003). They

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