

REDISTRIBUTION AND THE POLITICAL ECONOMY OF EDUCATION: AN ANALYSIS OF INDIVIDUAL PREFERENCES IN OECD COUNTRIES

Marius R. Busemeyer

Max Planck Institute for the Study of Societies
Paulstr. 3
50676 Cologne, Germany
busemeyer@mpifg.de
<http://www.mpifg.de/people/bus/>

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Abstract:

The issue of skill formation features prominently in the literature on the political economy of redistribution. But surprisingly, the study of the micro foundations of education policy preferences has largely been ignored so far. This paper provides a first step in this direction, relying on survey data for a large number of OECD countries. In brief, I find that younger, better educated and more left-leaning individuals support increases in spending and prefer academic education to vocational training, whereas the elderly/retired, the less educated and sympathizers of conservative ideology oppose spending increases and prefer vocational training. These findings pose a challenge to established formal models of education policy preferences that deduce individual preferences from the individuals' position in the income distribution and use these to derive partisan preferences. In contrast, I find that the income position does not have a strong explanatory power and that partisan ideology plays a role above and beyond individual socio-economic determinants.

1. Introduction

In 1975, Harold Wilensky started his seminal contribution to the comparative welfare state literature with the statement that “education is special” (Wilensky 1975: 3). His claim was that education is different from other social policies, because in contrast to, say, social transfers, it does not contribute directly to the compensation of economic inequality through redistribution, but merely affects the equality of opportunities, at best shaping the distribution of income and wealth in the next generation. As a consequence, education should be analyzed separately from other welfare state policies. Wilensky’s provocative statement has not only contributed to the neglect of the study of education in comparative welfare state research over a long period of time (Iversen and Stephens 2008). It also leaves unanswered the question of the role of education in the political economy of distribution and redistribution.

Surprisingly, the literature has largely ignored the study of individual preferences on education policy so far. Comparative welfare state research has produced important insights into the micro and macro level determinants of social policy preferences (Arts and Gelissen 2001; Blekesaune and Quadagno 2003; Corneo and Grüner 2002; Fong 2001; Hasenfeld and Rafferty 1989; Jaeger 2009; Lynch and Myrskylä 2009; Scheve and Stasavage 2006), but education is not regularly regarded as part of the welfare state package. Scholarship in the sociology of education, on the other hand, is more concerned with studying the determinants of actual educational choices and attainment (Becker and Hecken 2009; Breen and Goldthorpe 1997; Breen and Jonsson 2005; Breen et al. 2009; Hillmert and Jacob 2002; Stocké 2007; Jaeger 2007), not the preferences of individuals on policies as such. Thus, simply from an empirical point of view, this paper makes an important contribution.

From a more theoretical perspective, the paper contributes to an ongoing debate about the role of education in the political economy of redistribution. Starting with the seminal contribution of Meltzer and Richard (Meltzer and Richard 1981), scholarship in political economy has deduced the individual preferences for redistribution from the individuals’ position in the distribution of incomes/skills. Work by Boix (1997, 1998) and Ansell (2008) applies this

modeling framework to the study of education. However, whether the individual income position influences preferences or not should not be treated as an assumption, but is a question open to empirical investigation. And in fact, as my analysis will show, income does not have a lot of explanatory power as a determinant of education policy preferences. Instead, I find that the position in the life-cycle (simply: age), partisan ideology and educational background are the most important determinants of education policy preferences. In brief, younger, better educated and more left-leaning individuals support increases in spending and prefer academic education to vocational training, whereas the elderly/retired, the less educated and sympathizers of conservative ideology oppose spending increases and prefer vocational training.

The remainder of the paper is structured as follows: The second section provides a brief literature review, followed by a more detailed account of the theoretical framework of the paper. The fourth section puts the previously developed hypotheses to an empirical test, relying on survey data for a large number of OECD countries. The last section discusses the findings in light of the literature and concludes.

2. The political economy of redistribution: Evidence from the macro and micro level

In recent years, our knowledge of the institutional and partisan factors influencing redistributive politics has expanded significantly. The model by Meltzer and Richard (Meltzer and Richard 1981) is a popular point of departure in the pertinent political economy literature as it provides a clear and compelling thesis: Redistribution is expected to increase with rising levels of inequality, because, at least in industrial democracies, the poor majority can vote to tax the rich. However, the association between redistribution and inequality is not positive as claimed by Meltzer and Richard, but negative, i.e. levels of redistribution are higher in countries with a more egalitarian wage distribution (Iversen and Soskice 2009).

By now, the literature provides several explanations for this “Robin Hood paradox” to be found on the macro level: Iversen and Soskice (Iversen and Soskice 2006, 2009) show how the set-up of the political system, in particular

electoral institutions, shape redistributive politics and outcomes. Systems based on proportional representation (PR) encourage the formation of distributive coalitions of the center and the left interested in the expansion of redistributive policies to the detriment of upper income classes, because in these systems, the middle classes are represented by their own party. In majoritarian systems, however, the middle classes align with the upper income classes to prevent large-scale redistribution as they would otherwise run the danger of being overtaxed by the party representing the lower income classes. Other contributions to the literature have shown that the centralization of wage bargaining lowers inequality (Wallerstein 1999) as does government partisanship under certain conditions (Pontusson et al. 2002; Bradley et al. 2003; Rueda 2008) and the institutional set-up of the economy (liberal or social/coordinated market economy) (Rueda and Pontusson 2000). Iversen and Soskice (2009) attempt to integrate all these explanations into a comprehensive framework. According to them, PR and coordinated capitalism had a separate, but similar impact on distribution and redistribution. Moreover, the establishment of these economic and political institutions can be traced back to path-shaping decisions of employers and the political right at the critical historical juncture of the early 20th century.

In addition to work on the macro-level determinants of inequality and redistribution, scholars have become more interested in exploring the micro level foundations of redistributive preferences. Again, the Meltzer-Richard (1981) model provides clear expectations: demand for redistribution should be decreasing with rising income, i.e. poor people demand more redistribution, rich people less. Empirically, a large literature studying the determinants of individual social policy preferences has shown that this statement is essentially true (despite the negative association between redistribution and inequality on the macro level). Self-interest, shaped by the individuals' position in the economy, the labor market and the transfer classes of the welfare state, strongly affects preferences for different social policies (Hasenfeld and Rafferty 1989; Corneo and Grüner 2002; Blekesaune and Quadagno 2003). Also, individuals who perceive a greater level of labor market risk in the future are more supportive of redistribution (Rehm 2009). Busemeyer, Goerres and Weschle

(Busemeyer et al. 2009) demonstrate how the relative impact of income and age varies over different kinds of social policies. Moreover, work by Iversen, Soskice, Moene and Wallerstein provides interesting modifications on the self-interest thesis. Iversen and Soskice show that in addition to income, individuals with a skill portfolio that is less easily transferable, i.e. more “specific” are more supportive of redistribution as a form of insurance against income loss (Cusack et al. 2006; Iversen and Soskice 2001). Moene and Wallerstein go one step further by demonstrating that preferences for redistribution can actually *increase* with rising income, when certain kinds of income-related social policies provide a form of insurance against income losses and the demand for this insurance increases with income (Moene and Wallerstein 2001, 2003). But the literature has also found that there are additional factors explaining the variation in social policy preference above and beyond simple economic self-interest. For one, ideology and value orientations are important. This could be the effects of self-identification with partisan ideologies (Papadakis 1993), religious orientations (Scheve and Stasavage 2006) or beliefs in the “deservingness” of different kinds of recipients of welfare state benefits (Van Oorschot 2006). An influential argument in this literature is that individuals who believe that individual economic outcomes are determined by luck rather than effort are more supportive of redistribution (Corneo and Grüner 2002; Alesina and Angeletos 2005; Fong 2001).

Although there is no study solely concerned with studying the determinants of education policy preferences, there is, of course, is sizable literature in sociology studying the individual and institutional determinants of actual educational *choices*, i.e. whether the individuals’ socio-economic background influences the probability of getting access to higher levels of education (Breen and Goldthorpe 1997; Becker 2003; Becker and Hecken 2009; Hilmert 2006; Hillmert and Jacob 2002). But these studies look at choices under constraints such as individual academic ability and the limited range of options offered by the respective educational institutions. Studying *preferences* instead of choices, however, allows individuals to express their *preferred choice*, deliberately neglecting the constraints relevant in actual educational choices.

3. Theoretical framework: Determinants of education policy preferences

In addition to filling this empirical gap by identifying the determinants of education policy preferences, the present paper also makes an important theoretical contribution to the study of the political economy of redistribution. Despite the dearth of studies on education policy preferences, we find some arguments and hypotheses on their determinants in the literature studying the politics of education on the macro level (Ansell 2008; Boix 1998, 1997; Busemeyer 2007, 2009; Schmidt 2007; Jensen 2011).

The crucial question is to what extent education can be regarded as another form of redistribution. Boix (1997, 1998), for example, claims that increasing public investments in education serves to alleviate economic inequality. Therefore, social democratic parties as representatives of the lower income classes are expected to expand spending on education, in particular when the forces of economic internationalization render the Keynesian demand-side oriented policy instruments such as transfers unfeasible and/or ineffective. Confirming this expectation, Busemeyer (2007) and Schmidt (2007) find a robust positive association between the average cabinet share of leftist parties since WWII and current levels of public education spending. However, Jensen (2011) remarks that education is less redistributive than more traditional forms of social policies, because it is well-known that access to higher levels of education continues to exhibit a strong class bias, favoring the upper strata (Breen et al. 2009; Pfeffer 2008; Stevens et al. 2008).

As a consequence, Ansell (2008), providing the most elaborate model on education policy preferences so far, posits that individual preferences vary with different kinds of education and also depend on the current level of enrolment in higher education. Ansell starts with the correct observation that all education systems historically started as elitist systems in the sense that access to the highest levels of education (tertiary education) was confined to the privileged few. Hence, the crucial question is when, how and to what extent access to education became more equal over time. The hypothesis is that partisan politics, based on the preferences of the respective parties' constituencies, played a major role in this process (ibid.: 205). Employing a formal modeling approach and

dividing the population into three income classes (L, M, H), Ansell (ibid.: 290) hypothesizes that the poor (L) prefer an elitist and privately funded higher education system over a publicly funded one, because they are aware of the fact they will not benefit from increasing public investments on higher education as long as enrolment rates are low. The upper (H) income classes also prefer to maintain an elitist higher education system, but for obviously different reasons than the poor. The middle class (M), according to Ansell, is the political force pushing for an increase in public subsidies to higher education and an expansion of enrolment, because it can reasonably expect its children to benefit from the improvement in access, but is less able to afford to pay for education by private means than the upper income classes. In this equilibrium, a formal or informal coalition of the poor (L) and the upper (H) income classes present formidable political obstacles against the expansion of higher education. Leftist parties as representatives of the lower income classes are expected to slow down educational expansion, whereas rightist parties, in part representing the middle class, promote expansion. However, once enrolment reaches a high level, the logic of partisan composition reverses. Now, leftist parties are expected to promote the expansion of enrolment in higher education, whereas rightist parties are opposed (ibid.: 191).

Despite its enormously important contribution to the literature on the political economy of education, Ansell's model suffers from two major weaknesses that are relevant for the present paper. First, it completely neglects the role of vocational education and training (VET). In many European countries (e.g. Germany, Switzerland, Austria, Denmark, Sweden,...), the majority of a typical youth cohort passes through some form of VET in vocational schools or apprenticeship training programs – not higher education. Clearly, assuming that inequalities in access to education are persistent and class-related, vocational training and education should matter tremendously for the typical electoral constituencies of leftist parties.

Second, Ansell's model is built on the assumption that income is the primary cleavage determining education policy preferences, whereas in fact, this is an open empirical question. Other individual variables such as the individual educational background, the labor market position or, simply, age may be more

important determinants of preferences than income (which is, in fact, what we will see in the empirical analysis below). Also, Ansell assumes that partisan strategies derive from the preferences of their respective electoral constituencies, which are in turn derived from their position on the income scale. For one, partisan strategies might also be motivated by strategic concerns, e.g. when leftist parties expand public spending on higher education to attract new voter groups in the middle classes (Busemeyer 2009). But more importantly, Ansell's assumption rules out any independent explanatory contribution of partisan ideology above and beyond the impact of income, which, again, is a matter open for empirical investigation.

Based on this considerations, the present paper therefore sets out to address the following research questions: Are education policy preferences determined by income or other variables such as the individual educational background, the position in the labor market or, simply, gender and age? Does the self-identification with different partisan ideologies carry any explanatory power above and beyond other individual-level determinants? Do we observe differences or similarities in the dynamics of micro-level determinants of education policy preference in comparison to preferences for other social policies such as pensions, unemployment and health care?

Let me start by noting how the redistributive potential of education can be conceptualized in two dimensions. The first concerns the division of labor between public and private sources in financing education, or in other words: the degree of public subsidization of and state involvement in the provision of education. The second relates to preferences for different kinds of education (i.e. academic education or vocational training). Not by coincidence, these two dimensions are related to Esping-Andersen's (Esping-Andersen 1990) decommodification and stratification concepts. Similar to decommodification, my first dimension centers around the relationship between the state and markets in providing (quasi-)public policies, whereas the second is about the role of different kinds of education in processes of stratification of access to higher levels of education and high skill labor markets.

I now discuss the determinants of preferences in the first dimension – public investments in education. If at least in the long run, investments in education

contribute to mitigating economic inequalities, the less well-off have an incentive to demand more public subsidies to education and to expand enrolment, whereas the wealthy might be expected to oppose such efforts, because they would have to pay for these subsidies in the form of higher taxes. However, as education has no direct impact on redistribution, the less well-off might care more about expanding other social policies rather than education and the wealthy could be more willing to pay for public subsidies to education, because they expect to benefit from it to a greater extent than from other social policies. In sum, these contradicting effects could cancel each other out, so that income is not a significant determinant of preferences for education spending (Hypothesis 1).

The distributive consequences of public investments in education might be less clear-cut in the case of income, but they are very obvious in the case of age.

Young people of all income classes benefit from public investments in education, whereas older people do not (or at best, very indirectly because investments in education enhance the economic productivity of the society as a whole).

Therefore, I expect a strong relationship between the individuals' position in the lifecycle and preferences for education spending (Hypothesis 2).

Educational background is expected to be a major determinant of education policy preferences. Individual experiences with the education system shape the positions individuals adopt with regard to the future of the education system.

Better educated individuals come to learn the value of educational investments on the labor market in the form of higher wage and employment security.

Therefore, I expect that individuals with a strong educational background are more supportive of increases in public spending on education (Hypothesis 3).

Besides income, age and education, a fourth important determinant of spending preferences is partisan ideology. *Ex ante*, it is an open question whether the observed differences in policy output related to government partisanship reflect differing economic interests of their electoral constituencies or whether partisan ideologies should be seen as general value orientations (i.e. a "believe in the state or the market") that go beyond purely economic interests. The latter seems more plausible, not only because it is less deterministic than the simple partisan model based on the aggregation of economic interests and leaves more space for

strategic competition between parties. In times of ubiquitous partisan dealignment (i.e. the loosening of bonds between the classical electoral constituencies and “their” parties), remaining differences between partisan constituencies, in particular when controlling for the impact of socio-economic variables, should be driven by ideology, not rational economic interests. Hence, I expect that partisan ideology has an independent impact on policy preferences above and beyond the influence of socio-economic variables (Hypothesis 4).

The second dimension of redistribution in education relates to different kinds of (post-secondary) education. It is well-known that obtaining a degree from a higher education institution is associated with higher wages and reduced risks of unemployment and that access to higher education continues to be biased in favor of children from richer and better educated families (Stevens et al. 2008). Also, in those countries where a viable vocational training system exists, it contributes to securing access to high-skilled and secure employment for those in the lower half of the academic ability distribution (Estevez-Abe et al. 2001). *Prima facie*, it seems therefore reasonable to expect that wealthy families would prefer academic education to vocational training and, assuming a correlation between academic ability and class (what is called “primary effects” by education sociologists (Boudon 1974)), a preference of vocational training to academic studies for the less well-off.

However, a more thorough investigation of the potential effects of class on preferences blurs this picture. The progress of educational expansion across the Western world has opened up access to higher education even for those, who could not expect to be able to attend universities a generation before. With the prospect of university studies in sight, support for academic education instead of vocational training might increase for those social groups that were formerly excluded from higher education. At the same time, the flood of new kinds of students might trigger an off-setting reaction on the part of the formerly privileged few with a university degree. To limit social and educational mobility and the resulting competition on high skill labor markets, they could actually favor the expansion of vocational training instead of higher education – also, because they are certain that their children will always be able to attend tertiary education.

Unfortunately, in the present paper, data limitations do not allow us to test the impact of income on preferences for different kinds of education directly, therefore we have to resort to labor market status and occupational groups (white-collar or managerial positions versus manual occupations). Nevertheless, we expect ambiguous effects (i.e. no statistically significant association) between these occupational variables and preferences (Hypothesis 5).

As before, age and educational background are expected to be important determinants of preferences. However, different attitudes between the young and the old might in this case be less related to the distributive consequences of public spending across the life-cycle, but more of a generational effect interacting with the ongoing process of educational expansion and “academic drift”.

Therefore, I hypothesize that young and well-educated people will prefer academic education to vocational training, while older and less-educated individuals prefer vocational education and training (Hypotheses 6 and 7).

Partisan ideology matters as well, although maybe not to the same extent as with regard to spending. Whereas the first dimension is related to the relationship between the state and the market – a very crucial ideological question –, the core value at stake in the second dimension is social mobility. Those who prefer academic education to vocational training might be more concerned about enhancing social and educational mobility, whereas those who prefer vocational education strive to preserve the existing order of qualifications and, related, occupations. Therefore, I expect that proponents of the left will prefer academic education, while those of the right prefer vocational training (Hypothesis 8).

4. Empirical Analysis

4.1 Data and methods

As mentioned above, I analyze the variation of education policy preferences along two different dimensions: 1. the degree of public subsidization of education, i.e. preferences for increases in spending on education; 2. preferences for different kinds of education (general, academic education or vocational education).

The data come from two different sources. For the first dimension, I rely on data from the recent 2006 wave of the International Social Survey Programme (ISSP) “Role of Government IV”. In this survey, respondents were asked the following question:

“Listed below are various areas of government spending. Please show whether you would like to see more or less government spending in each area. Remember that if you say ‘much more’, it might require a tax increase to pay for it.”

“Education” is listed as one of several areas, where government spending should be increased. Other areas are “pensions”, “unemployment” and “health” (care), which will also be included as dependent variables below in order to test whether the determinants of education policy preferences are similar to the ones of other social policies. The answers of respondents to these questions are coded on a scale from 1 (spend much more) to 5 (spend much less). To improve on readability, this scale is then reduced to a scale with three categories (spend more (3), the same (2) or less(1)) as well as a binary indicator (spend more equals 1, spend the same or less equals 0).

To measure the second dimension, I use a question from the Eurobarometer 62.1 (ZA 4320, 2004). Here, respondents were asked:

“Nowadays, which of the following would you recommend to a young person who is finishing compulsory education or secondary education?”

- 1 General or academic studies
- 2 Vocational training or apprenticeship
- 3 It depends on the person (SPONTANEOUS)
- 4 Other (SPONTANEOUS)
- 5 Don’t know”

Spontaneous and indecisive answers were deleted from the sample, so that we are left with a dichotomous variable where “1” equals a preference for general/academic studies and “0” a preference for vocational training.

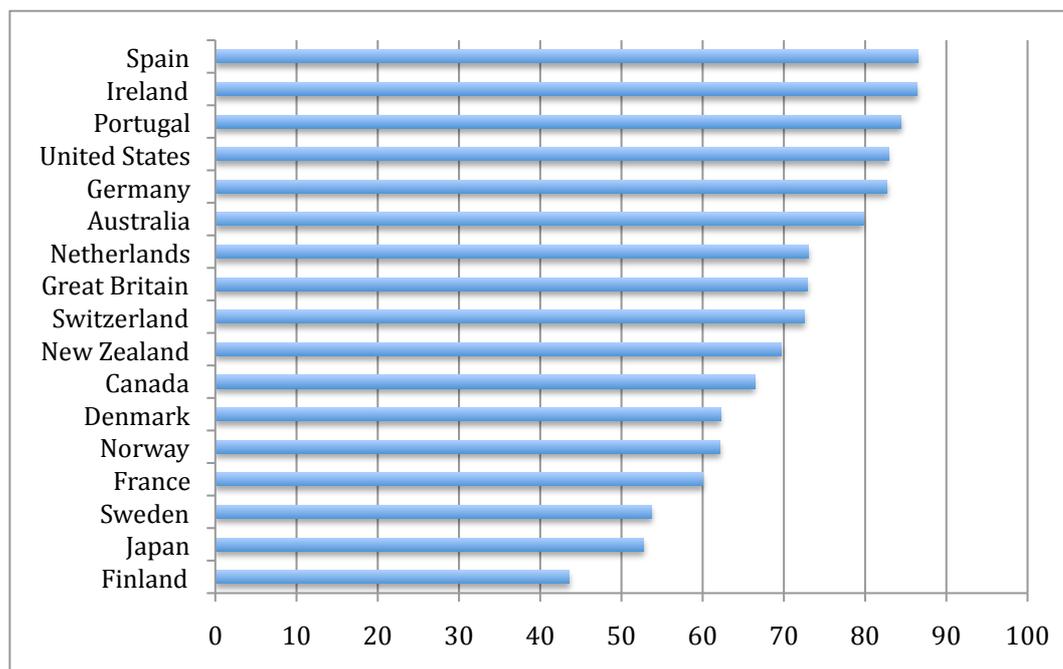
Although these two questions seem to be reasonably well-suited measures for the two dimensions of education policy preferences, they have several weaknesses that should be kept in mind in the following analysis. For one, although the ISSP question mentions the fact that higher spending has to be paid for via tax increases, the framing of the question and the set-up of the survey in general do not model very strong budget constraints on spending decisions. Therefore, it might well be that preferences for spending increases are overstated. Furthermore, in particular in the case of education, it would be important to ask about the relative contribution of public and private sources to the funding of education. The way the question is framed now does not allow to distinguish between the individuals' willingness to increase (public) spending on education as such or the relative share of public vis-à-vis private sources. The downside of the Eurobarometer question is that it does not distinguish between general/academic education on different *levels* of education. However, because the question explicitly mentions that the question is about post-secondary education, most respondents will think of higher (university) education when they hear "general or academic studies". Another weakness in the framing of the question is that it asks about "recommendations" for young people, not actual policy preferences. It could well be that individuals recommend one kind of education, while they believe public policy should be more concerned with the other. For the present purpose, we have to assume that there is a sufficiently close correlation between the given recommendations and actual policy preferences of respondents.

Because the data stem from two different sources, there is only a partial overlap in the countries covered. These ten OECD countries are included in both surveys: Germany, Denmark, Spain, Finland, France, Great Britain, Ireland, the Netherlands, Portugal and Sweden. The Eurobarometer data also includes Belgium, Greece, Italy, Luxembourg and Austria, while the ISSP data cover Australia, Canada, Switzerland, Japan, Norway, New Zealand and the United States in addition to the ten jointly covered countries mentioned above. Graphs 1 and 2 present some descriptive statistics on the variation of education policy preferences in the countries under observation. More specifically, graph 1 depicts the share of the respondents who answered "spend more" or "spend

much more” on the question on whether government spending on education should be increased. As can be seen, there is a large amount of variation in this variable with the highest-ranking country (Spain, 86.5 percent) scoring almost twice as much as Finland (43.6 percent), the country at the lower end.

Interestingly, countries such as Finland, Norway, Denmark and Sweden that are actually characterized by the highest levels of education spending already are at the bottom of the ranking. In contrast, increasing spending on education is very popular in countries suffering from underinvestment in education (such as the United States with regard to primary and secondary education and Germany for higher education). Also, the Mediterranean countries (Spain and Portugal) are close to or at the very top of the ranking. Despite these patterns, no clear clustering of countries is discernible.

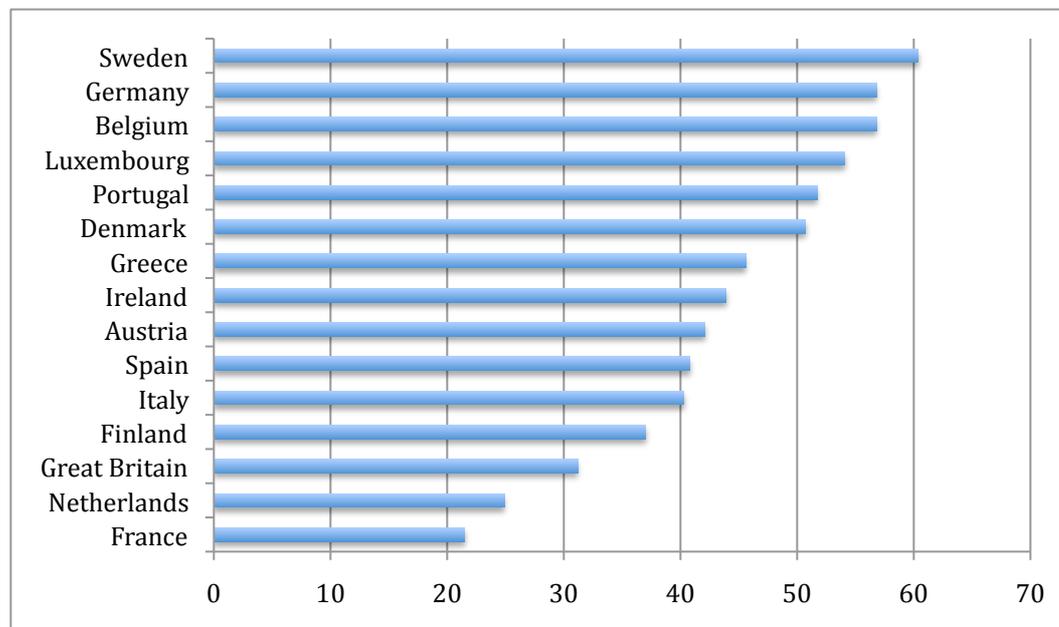
Graph 1: Percentage share of respondents being in favor of “more” or “much more” government spending on education, ISSP Role of Government IV, 2006.



Graph 2 displays the share of respondents recommending general and academic studies over vocational training, based on the Eurobarometer data. Again, the variation across countries is significant: In Sweden, the percentage recommending academic studies (60.4 percent) is almost three times the share in France (21.5 percent). Furthermore, the ranking of countries does not reveal

clear patterns. *Prima facie*, it could have been expected that support for vocational training would be higher in countries, where a viable vocational training route exists in addition to higher education. However, Germany with its strong apprenticeship training system exhibits the second highest share of respondents recommending academic studies. Other countries with strong apprenticeship training systems such as Austria, Denmark and the Netherlands are spread all over the ranking scale. More to the expectations, “academic drift” seems to be more pronounced in countries with large school-based vocational education such as Belgium, Sweden and Luxembourg, whose share of respondents preferring academic studies to vocational education is strongly above average. However, this does not hold true for similar countries such as France or Finland. Concluding, it seems that there are strong country-specific effects on education policy preferences, but at first sight, no clear-cut country clusters can be identified.

Graph 2: Share of respondents recommending general and academic studies rather than vocational education and training to school-leavers, Eurobarometer 62.1, 2004.



Regarding the independent variables of interest, slightly different operationalizations had to be used because of peculiarities of the surveys used.

In the ISSP data, income is given as absolute amounts in national currency units. In order to create a common measure of income, I calculated income deciles for the individual countries and then merged these into a joint variable. Labor market status is measured in three categorical variables: retired; student, school, vocational training, apprentice or trainee; and “outsider”, which equals “1” for those who are unemployed, employed less than part-time and employed part-time and feeling that “people like me have no say in what government does” (based on Q11). Partisan ideology is captured as a three-categorical variable (1=left; 2=center; 3=right). I also include gender, age and the number of years in education as additional controls.

Unfortunately, there is no direct measure for income in the Eurobarometer data. Therefore, I include categorical measures of labor market status and class: retired; student; unemployed; working in white collar or management position; and working in a manual occupation. Again, I include age, number of years in education and gender. For partisan ID, I am able to use the same operationalization as in the ISSP data.

With regard to methods, I largely rely on simple logit analyses. The Eurobarometer question is framed as a binary variable, which makes logistic regression the natural method of analysis. Because of the high share of positive responses in the ISSP question, it seems advisable to transform the original five-point scale into a binary dependent variable, indicating support or no support for more spending (see above). Nevertheless, I also applied ordered logit as well as general ordered logit models¹ to the reduced three-scale variable of spending support. All of the following regression analyses include country dummies.

4.2 Preferences for education spending

Table 1 presents the results of the analysis of preferences for education spending. The most surprising result is that the individual position in the income distribution does *not* have an impact on preferences on education spending. Hence, deriving preferences for different kinds of education policy based on their

¹ A significant Brant test indicates that the parallel regression assumption is violated in the simple ordered logit model. (To be included in the appendix.)

income as is done, for example, by Ansell might be quite misleading.² Instead of income, other factors determine individual preferences for education spending. The strongest and most robust effect is the impact of educational background on preferences. The longer an individual stayed in school or university, the higher the support for increased education spending. In the same vein, those still enjoying the benefits of education (students, apprentices,...) are more supportive of further increases in government spending as well. These findings are reminiscent of the self-interest thesis of transfer classes in the welfare state literature. However, the positive impact of educational background on preferences remains once I control for being a student (model 2). Therefore, it can be hypothesized that the positive impact of educational experiences on policy preferences goes beyond simple self-interest. After all, from a narrow rational choice perspective, highly educated individuals might actually have an incentive to oppose further spending on education once they have finished their training to limit competition on high-skills labor markets. Because my findings indicate the opposite, it seems reasonable to conclude that educated individuals value education out of principle rather than simple self-interest.

In addition to educational background, we find that women are more supportive of increased education spending (as they are of welfare state spending in general (Svallfors 1997)). Old and/or retired people are opposed to increases in government spending on education, confirming the findings of Busemeyer, Goerres and Weschle as well as Wolter and Cattaneo (Busemeyer et al. 2009; Cattaneo and Wolter 2007). Labour market outsiders (the unemployed, and those with temporary or unstable employment) do not care about increases in education spending. Although further investment in their skills might benefit their future prospects on the labor market, investments in initial education and training are a less direct support for them than transfers or unemployment benefits (see below).

Another surprising finding in table 1 is that self-identification with partisan ideologies (left, center, right) is a very strong and robust determinant of policy preferences above and beyond the socio-economic variables discussed so far. As

² Note also that the bivariate correlation between income and education (years of schooling) is only a moderately strong 0.34.

can be seen in model 3, the inclusion of party ID as independent variables³ actually reduces the explanatory power of most of the other variables, *except* educational background. Considering the joint impact of all significant predictors, the predicted probability of supporting increased government spending on education for a male, retired, right-oriented and little educated individual is 60.99 percent (which is still high, showing that education spending is popular). For a left-leaning, well-educated, female student, however, the predicted probability is a whopping 83.63 percent. Table 2 present predicted probabilities for support for increased education spending, depending on self-identification with partisan ideologies and educational background. Here, it can clearly be seen that more left-leaning and better educated individuals support spending increases, while the right-leaning and less educated individuals are opposed. Finally, graph 3 looks at the relative impact of income and partisan ID on the predicted probabilities of supporting spending increases. It shows that the explanatory power of income is very low, i.e. the predicted probability of supporting spending increases does not change a lot over the range of the income variable. In contrast, there is a strong and clearly significant difference between supporters of the left and right in their predicted probability of supporting spending increases.

³ Party ID is operationalized as a categorical variable with three categories: left, center, right. Left is the chosen baseline category.

Table 1: Individual level determinants of preferences on education spending.

Dependent variable	(1)	(2)	(3)
	More government spending on education=1 Same or less spending=0		
Income	0.00454 (0.00882)	0.00694 (0.00952)	0.0141 (0.0110)
Gender (Female)	0.0793** (0.0356)	0.0708** (0.0361)	0.0363 (0.0426)
Years of education	0.00722*** (0.00142)	0.00516*** (0.00160)	0.00785*** (0.00213)
Age	-0.00267** (0.00114)		
Retired		-0.131*** (0.0474)	-0.0911* (0.0547)
Student, apprentice, trainee		0.305*** (0.112)	0.156 (0.137)
Labor market outsider		0.0608 (0.0620)	0.0570 (0.0760)
Party ID: Center			-0.320*** (0.0566)
Party ID: Right			-0.537*** (0.0480)
Constant	1.261*** (0.115)	1.153*** (0.0976)	1.415*** (0.117)
Country Fixed Effects	Yes	Yes	Yes
Observations	18324	18133	13069

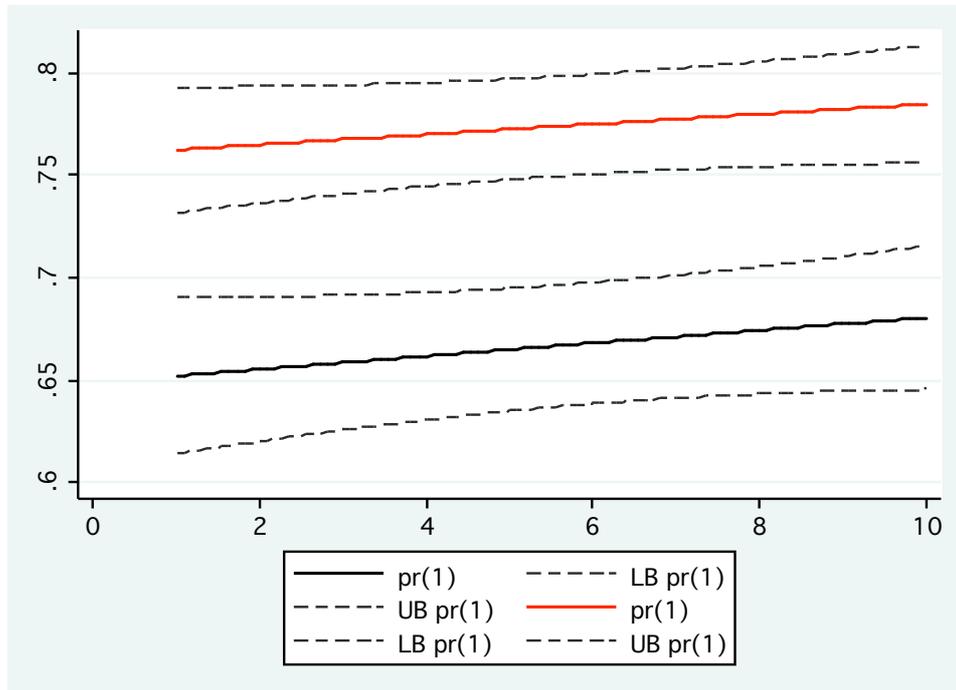
Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 2: Predicted probabilities of support for increased education spending, depending on partisan ID and years of schooling.

Years of schooling	Self-identification with partisan ideology		
	Left	Center	Right
Less than 10 years	0.7397	0.6846	0.6237
More than 10, less than 15 years	0.7700	0.7189	0.6614
More than 15, less than 20 years	0.7978	0.7509	0.6971
More than 20 years	0.8230	0.7803	0.7306

Graph 3: Support for increased education spending, depending on partisan ID and income (predicted probabilities).



How does the political economy of education compare to that of redistribution more generally? Is Wilensky’s statement that “education is special” adequate? In order to answer this question, I compare the impact of the individual-level predictors on preferences for increased spending on education with preferences for spending on pensions, health and unemployment as well as a composite index of redistribution.⁴ Table 3 presents the results of this exercise. At first sight, we can spot some important differences across different kinds of social policy. The retired are in favor of increased public spending on pensions, but otherwise do not care about increased spending in other areas. Women support increased spending on health, but oppose more spending on unemployment. The age effect is also apparent in the students’ opposition to increased spending on pensions. And labor market outsiders favor increases in spending on unemployment and pensions, but do not care about spending on health or education (see above).

⁴ In order to calculate this index, I performed a factor analysis of spending preferences for pensions, health and unemployment. It turns out that there is one dominant single factor that can be used to construct a general index of preferences for increases in public social spending.

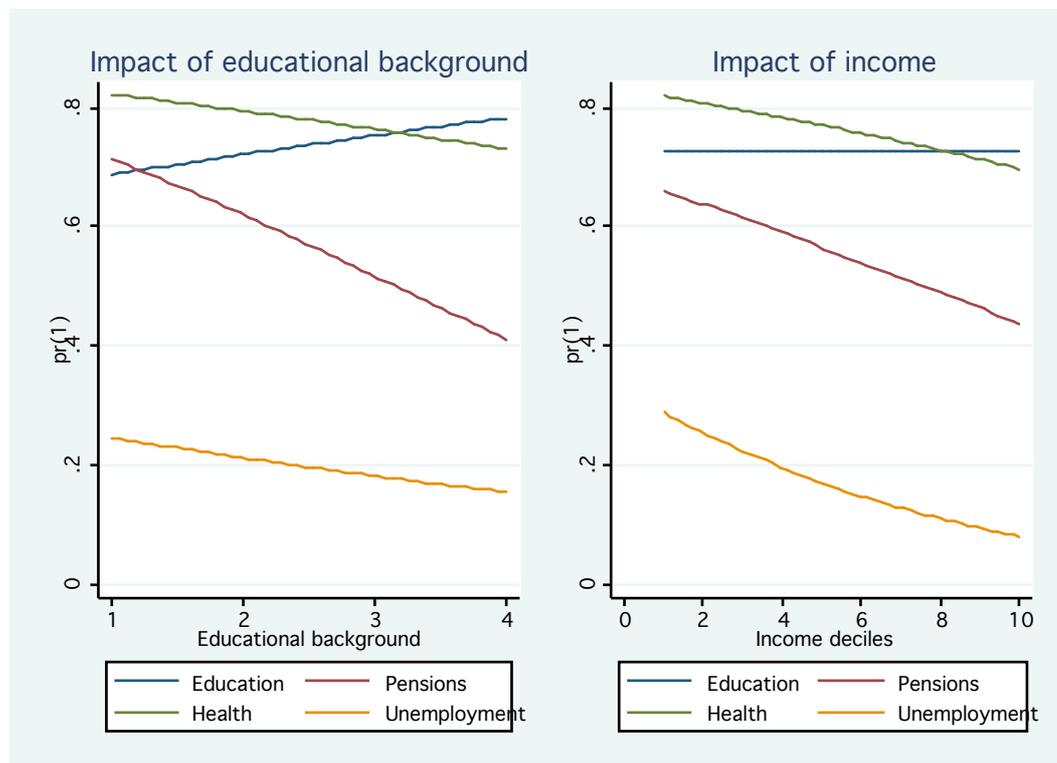
The most striking and, in the present context, most important difference between education and other social policies lies in the explanatory power of income and educational background. Recall that in the case of education, the individuals' income position has no effect on spending preferences and educational background has strong and positive effect. In *all* of the other social policies analyzed here, income *and* education have a significantly *negative* impact on spending preferences, which clearly confirms the simple self-interest hypothesis along the lines of the Meltzer-Richard model. Graph 4 presents a graphical representation of this association. In the case of education, the slope of the lines representing the impact of the income and educational background variables on predicted probabilities is flat or even positive. In contrast, for the other types of social spending, it is clearly negative.

Table 3: The individual level determinants of preferences for social spending, ISSP Role of Government IV, 2006.

Dependent variable	(1) More government spending on pension	(2) More government spending on pension	(3) More government spending on health	(4) More government spending on health	(5) More government spending on unemployment	(6) More government spending on unemployment	(7) More government spending on social policy (composite index), linear factor	(8) More government spending on social policy (composite index), linear factor
Income	-0.132*** (0.00873)	-0.136*** (0.0101)	-0.0986*** (0.0106)	-0.0902*** (0.0120)	-0.215*** (0.0130)	-0.182*** (0.0149)	-0.0498*** (0.00244)	-0.0466*** (0.00279)
Gender (Female)	0.0264 (0.0340)	-0.0183 (0.0398)	0.261*** (0.0402)	0.222*** (0.0473)	-0.114*** (0.0391)	-0.0851* (0.0473)	0.0131 (0.00976)	0.00412 (0.0114)
Years of Schooling	-0.0117*** (0.00151)	-0.0109*** (0.00191)	-0.00415** (0.00166)	-0.00350* (0.00207)	-0.00918*** (0.00170)	-0.00945*** (0.00224)	-0.00344*** (0.000427)	-0.00328*** (0.000529)
Retired	0.293*** (0.0457)	0.308*** (0.0524)	0.0707 (0.0534)	0.116* (0.0613)	-0.00781 (0.0509)	0.0190 (0.0614)	0.0542*** (0.0129)	0.0657*** (0.0148)
Student, apprentice...	-0.471*** (0.103)	-0.578*** (0.123)	0.00809 (0.138)	-0.0121 (0.167)	-0.209* (0.117)	-0.315** (0.145)	-0.0955*** (0.0302)	-0.127*** (0.0364)
Labor market outsider	0.132** (0.0582)	0.141** (0.0704)	0.0957 (0.0709)	0.0482 (0.0858)	0.551*** (0.0609)	0.561*** (0.0764)	0.106*** (0.0166)	0.103*** (0.0200)
Party ID: Center		-0.466*** (0.0536)		-0.453*** (0.0635)		-0.699*** (0.0588)		-0.197*** (0.0150)
Party ID: Right		-0.330*** (0.0442)		-0.562*** (0.0531)		-1.077*** (0.0575)		-0.219*** (0.0129)
Constant	0.781*** (0.0881)	1.086*** (0.105)	2.345*** (0.119)	2.628*** (0.139)	-0.954*** (0.112)	-0.645*** (0.134)	0.123*** (0.0251)	0.242*** (0.0296)
Country Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	18035	13019	18245	13127	17864	12899	17528	12698
R-squared							0.179	0.185

Robust standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

Graph 4: Comparison of the impact of income and educational background on spending preferences.



4.3 Preferences for different kinds of education

The following section is concerned with identifying the determinants of individual preferences for different kinds of education, whereas in the previous section, I focused on explaining preferences for levels of spending. Recall that the dependent variable is a binary indicator, where “1” equals a preference for academic studies and “0” a preference for vocational training after leaving school. Hence, positive coefficients indicate a greater preference for academic studies, negative ones a preference for vocational education. As before, age, educational background and the position on the labor market are strong and robust indicators of preferences. Older and/or retired people prefer vocational training over education, which is probably due to a generational effect. Women value academic studies over vocational education, and the well-educated have a strong preference for academic education. The unemployed and those working in manual occupations, in contrast, clearly recommend vocational training, not university studies. Individuals working in managerial or other white-collar jobs do not have strong preferences with regard to the preferred kind of education. Again, the joint impact of these variables on the predicted probability of preferring academic studies is large in magnitude. A young, well-educated, left-leaning female has a predicted probability of 64.12 percent of supporting academic education instead of vocational training, compared to merely 24.31 percent for a older, right-leaning man working in manual occupation. Partisan ideology has a strong impact on preferences as well. Interestingly, the results in table 4 show that individuals leaning towards the right are more supportive of vocational training, whereas those on the left prefer academic education. This result mirrors findings in the literature on the determinants of education spending on the macro level, where Busemeyer (2009) finds a positive association between the cabinet share of social democratic parties and changes in public spending on higher education. However, it runs counter to arguments that claim that conservative parties are keener on expanding public spending on higher education, because it is less redistributive than other kinds of social policies (Ansell 2008; Jensen 2011). In my opinion, the partisan effect on education policy preferences is driven by value orientations associated with

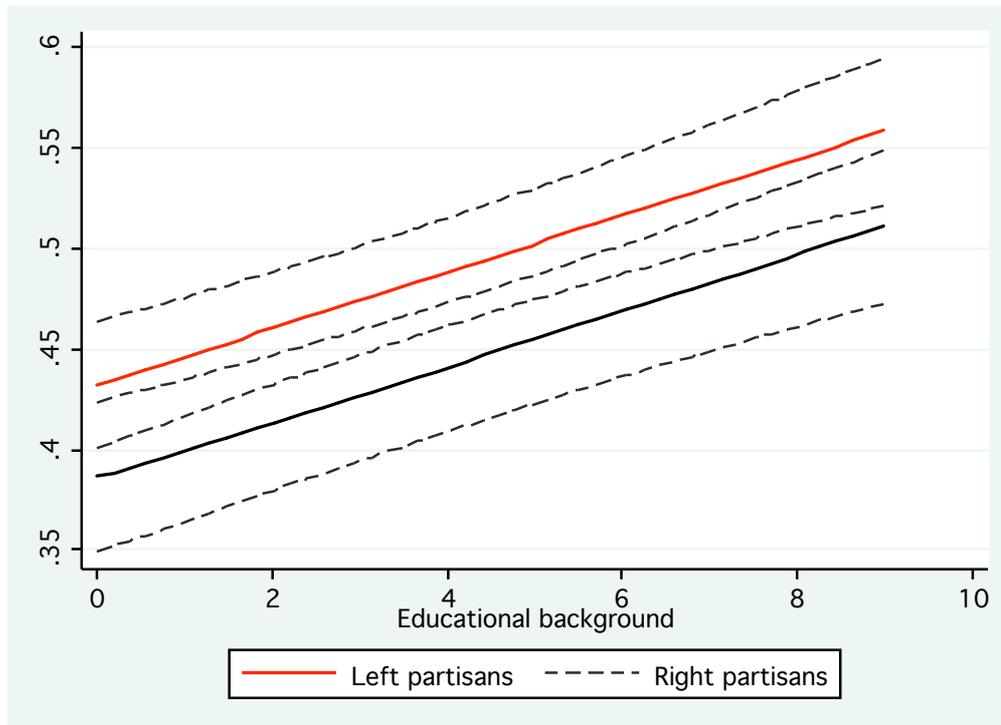
partisan ideology: Those who identify with the left adopt a progressive value orientation and aim to increase social mobility by expanding and getting access to the higher levels of education. In contrast, partisans of the right aim to preserve the existing social order. Despite the finding of a statistically significant effect of partisan ID, it should be noted that the partisan effect is not as strong in the case of preferences for different kinds of education as it is in the case of spending (see graph 5 for a graphical representation, in which the 95 percent confidence intervals overlap).

Table 4: Individual-level determinants of preferences for different kinds of education, Eurobarometer 62.1, 2004.

Dependent variable	(1) Preference for academic studies (“1”) or vocational training (“0”)	(2)
Age	-0.210*** (0.0246)	-0.190*** (0.0279)
Age when finishing full-time education	0.0465*** (0.00884)	0.0563*** (0.00979)
Gender: Male	-0.135*** (0.0475)	-0.152*** (0.0518)
Partisan ideology (from left to right)		-0.0953*** (0.0317)
Retired	-0.360*** (0.0987)	-0.391*** (0.107)
Student	0.160 (0.112)	0.146 (0.123)
Unemployed	-0.571*** (0.0970)	-0.566*** (0.108)
White-collar or management job	0.0168 (0.0677)	0.0233 (0.0740)
Manual occupation	-0.552*** (0.0670)	-0.541*** (0.0744)
Country Fixed Effects	Yes	Yes
Observations	8053	6784

Standard errors in parentheses
 *** p<0.01, ** p<0.05, * p<0.1

Graph 5: The impact of partisan ideology and educational background on preferences for different kinds of education; higher Y values indicate preference for academic education over vocational training.



5. Discussion and conclusions

This paper analyzes the individual-level determinants of education policy preferences. I find that in contrast to other social policies, the individual position in the income distribution does *not* have an impact of preferences for increased public spending. Also, whereas more educated individuals oppose spending increases on various social policies (because they are usually the more wealthy people), the well educated are strong supporters for further increases in public spending on education. They also recommend pursuing academic education rather than vocational training. I also find a significant age effect: old people oppose increases in education spending and prefer vocational education over academic studies, whereas young people, in particular those still in education, are in favor of more spending and strive to go to university as could be expected. Labor market outsiders do not seem to care much about education spending; instead, they prefer to expand spending on more direct forms of redistribution such as spending on unemployment and pensions. Moreover, the unemployed

and those working in manual occupation clearly value vocational training over academic education.

Above and beyond the impact of socio-economic variables, my findings show that partisan ideology plays a significant role as well. With regard to partisan ideology effects, there are no systematic differences between education and other social policies: Proponents of the left favor spending increases, whereas proponents of the right are opposed. Left partisans also prefer academic studies to vocational training, whereas for proponents of the right, it is the other way round.

What are the implications of these findings for the broader literature on the political economy of redistribution? First of all, it became apparent that preferences on education policies cannot simply be derived by looking at individuals' relative income position. Probably because Wilensky's statement is right to a certain extent and the direct impact of education on economic redistribution is limited, income is not a strong predictor of policy preferences. However, this does not mean that education has no redistributive effects at all. The findings of this paper suggest that in the case of education, conflicts about spending do not play out between the rich and the poor, but between the young and the old as well as between the less- and the well-educated (see Busemeyer et al. 2009 for a related argument). The income and age cleavage are both important determinants of preferences on pension spending, but in the case of education, the age effect is clearly predominant. Therefore, it seems the search for an adequate theoretical model explaining education policy preferences and output is far from over.

Second, partisan ideology is an important determinant of policy preferences above and beyond the impact of socio-economic variables. Therefore, deriving partisan preferences and party positions solely from the preferences of their assumed constituencies (Ansell 2008: 205) is not advisable as long as it is in turn assumed that these preferences are largely determined by socio-economic factors such as the individuals' income position. Of course, this is common practice in scholarship in the tradition of partisan theory (Schmidt 1996). But this analysis as well as numerous studies on welfare state preferences (Bean and Papadakis 1998; Papadakis 1993; Hasenfeld and Rafferty 1989; Blekesaune and

Quadagno 2003) have shown that partisan ideologies represent general value orientations that do not necessarily follow any economic logic of self-interest.

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