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Do Fiscal and Political Decentralization Raise Students' Performance? A Cross-Country Analysis

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(July 2012)

Abstract:

The low quality of education is a persistent problem in many developed countries. Parallel to in the last decades exists a tendency towards decentralization in many developed and developing countries. Using micro data from the Programme for International Student Assessment (PISA) referred to 22 countries, we test whether there exists an impact of fiscal and political decentralization on student performance in the areas of mathematics, reading skills and science. We observe that fiscal decentralization exerts an unequivocal positive effect on students' outcomes in all areas, while the effect of political decentralization is more ambiguous. On the one hand, the capacity of the subnational governments to rule on its region has a positive effect on students' performance in mathematics. On the other hand, the capacity to influence the country as a whole has a negative impact on mathematics achievement. As a general result, we observe that students' performance in Mathematics is more sensible to these exogenous variations than in Sciences and reading skills.

Text: See [Discussion Paper No. 6722](#)



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