

WHY IS EDUCATION PUBLICLY PROVIDED? SOME FURTHER THOUGHTS

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In a series of papers, I have tried to provide a consistent explanation for the puzzle of why all the countries in the world have adopted public provision of schooling despite what appears to be its relatively high costs. My hypothesis proposed that public provision of education, like public provision of the media and even the use of coercion, is just another device that governments have to reduce the effective level of opposition arising from wealth transfers. People's views were assumed to be a function of the information that they receive. If governments can raise the costs of citizens receiving anti-transfer information and lower the costs of their receiving pro-transfer information, views more sympathetic to these transfers will be produced and the marginal opposition arising from an additional dollar of transfers will be reduced.

This simple hypothesis was shown to explain a variety of observable phenomena (Lott 1990c): (1) why higher government transfers and higher levels of totalitarianism are associated with increased expenditures on schooling, (2) how government expenditures on schooling vary in the same systematic way as government ownership of television and radio stations, (3) why exclusive territories are used for public schooling but not for other publicly provided goods, and (4) why increased opposition to government is associated with higher rents to educators.¹ The systematic nature of these features of public schooling across countries seems to argue against an approach where

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¹Recent work by Iannacone (1990) has sought to expand this discussion to help explain the creation of state-supported religions and some aspects of the institutional arrangement of religion.

we rely on a different theory to explain each of these different features and why each individual country has adopted public provision.

Richard Coffman's paper contains three central points: (1) that free-rider problems produce voters who are largely unable to oppose governmental wealth transfers, (2) that politicians have an extremely short time horizon that does not extend past "the next election," and (3) that for the United States "some doubts" exist about the view that public provision of education can be explained as a method of lowering the costs of governmental wealth transfers. All three of these issues have already been discussed in my previous work as possible objections and I have tried to deal with them, though evidently not to Coffman's satisfaction.

The claim that voter opposition to transfers can essentially be ignored since voters obtain such a small return to voting relative to its costs seems both difficult to reconcile with the received view of support maximization and, if his discussion were the whole story, would make it difficult to explain why we observe as many people voting as we do (e.g., see Coursey and Roberts 1990). Even if the level of marginal opposition from additional transfers is low, it can still pay to reduce that opposition even further. Politicians maximize support by creating transfers until the marginal support generated by an additional dollar of transfer equals the marginal opposition that transfer creates. Reducing opposition, even from an already low initial level, allows for a higher level of transfers and increased support for a politician.

Even if the marginal opposition for a given level of transfers equaled zero, the most likely consequence seems to be higher transfers. It is unlikely that the special interests that Coffman refers to are so satiated that they are indifferent to whether or not they receive an additional dollar from the government. If the marginal support is indeed greater than the marginal opposition, transfers will rise and so too will the level of marginal opposition. At some point, the level of opposition will be sufficiently high that it will pay for some political entrepreneur to enter and propose reduced levels of transfers. Given the empirical evidence concerning the importance of the median voter or on the desire of politicians to maximize political support, it seems hard to believe that the politicians only have to look at the marginal support side of the equation.

Most of Coffman's discussion, however, focuses on the asserted inability of either politicians or their constituents to internalize the investments from indoctrination—that "their time horizon is effectively limited to the next election." This argument stems from a belief that it is only the threat of the most imminent reelection that

restrains how politicians vote, and that voters are unable to determine whether politicians are acting in their long-run interests. Yet, considerable empirical evidence indicates that members of congress in their last term of office, who no longer face the threat of reelection, do not change how they vote when they do vote (Lott 1987a; Van Beek 1990). Many find little or no evidence of politicians deviating from their constituents' interests (e.g., Peltzman 1984; Lott and Davis 1990; Bender 1990, 1991; and Goff and Grier 1990).² Why is it so difficult to believe that those constituents who benefit from these transfers care about the long-term effects of government actions (not just what happens between now and the next election) and, therefore, will reward those politicians who act in their interests?

Coffman's assertion that "presumably indoctrination improves the general atmosphere for rent seeking without conferring any advantage to any particular rent seeker" is difficult to interpret. If investments in indoctrination result in a higher level of taxes, those groups whose level of transfers will rise with the level of taxes should anticipate this and act accordingly. The fact that competition will occur for these increased tax revenues does not obviate the claim that certain groups are better positioned to benefit from higher tax revenue than others. Nor is it obvious why the benefits of indoctrination cannot be

²While Coffman does mention that one of my papers (Lott 1990a) finds evidence consistent with political parties not effectively punishing politicians who reduce their attendance rates when they no longer face the threat of reelection, he fails to note that the paper dealt only with the case of the United States and that other democratic countries may have much stronger political parties or that the problem might not apply to more totalitarian ones. Coffman also claims that American democracy is relatively unstable and thus relatively unable to internalize the returns to long-term investments because "party control is repeatedly captured and lost by factions supporting different presidential candidates." First, the different groups that win control of political power may find it in their interests to use indoctrination to help accomplish their own ends. In India, for example, opposition parties have campaigned for abolishing the government's monopoly on television, but they have continually failed to abolish the monopoly once they have won office—instead preferring to use the government monopoly for their own benefit. Second, the fact that political power is so widely dispersed throughout the government and that there is such extremely high reelection rates in both houses of Congress implies that there is a great deal of continuity in political control over time. Third, even if different combinations of coalitions win the presidency, it is not clear that we are talking about anything other than very slight changes in the level of transfers if political markets are competitive and if the distribution of voters is unimodal. Most of the same groups will still receive net transfers though the amounts will vary somewhat at the margin. For example, the growth rate of government spending has not varied greatly across our last several presidents, and it does not seem as if there was a very dramatic change in the composition of spending. My (1990c) paper provides citations for my other work that deals with the question of which types of governments tend to be the most stable over time.

targeted to aid certain groups relative to others (e.g., Lott 1987c, 1987d).

The third objection involves how my discussion relates to the United States. Historically, the desire to instill certain types of views in students has helped explain the use of exclusive territories in assigning students to public schools in the United States (Lott 1987b, 1990c). When one examines the United States both over time and across states, the level of education seems to be an important determinant of the level of governmental transfers (Peltzman 1980, pp. 270–76). The United States was also included in the cross-country evidence that indicates a very strong relationship in the 1970s between the level of transfers and the level of public expenditures on education (Lott 1990c). It is not difficult to find current examples of how public schooling affects the incentives of public educators to produce information and the effect that this has on the level of transfers (Lott 1990b). With respect to the claim that public schooling started before there were large-scale transfers in the United States, public schooling may have been one of the investments made in lowering the costs of creating those future transfers. For example, the high salaries paid to public teachers can create subtle biases as they produce information to defend public schooling and in the process create justifications that can be used for other publicly provided services (Lott 1990c).

Transfers can also take many forms other than the simple transfer of money. For example, one of the major motivations for the original introduction of public schooling in the United States was the desire to instill certain religious views (Lott 1987c, 1987d). Certainly Protestants benefited from the knowledge that public schooling was being used to instill young Catholics with beliefs these Protestants valued.

Since we observe governments all over the world going to great lengths to control the information their citizens receive, is it so surprising that governments would also try to control the information that their children receive through schooling? My empirical work shows that the variations in the public provision of television, radio stations, and education across countries operate in a very similar fashion with respect to such things as the level of transfers and the type of government, and suggests that controlling the media and education are close substitutes in producing the desired views in the population. Given that my theory hypothesizes that the return to indoctrination increases with both higher levels of transfers and totalitarianism (Lott 1990c), the recent changes in Eastern Europe over the last year should provide a dramatic test for my theory. If I

am correct, we should observe significant reductions in the level of public schooling expenditures in those countries.

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