POVERTY AND THE POLITICAL ECONOMY OF PUBLIC EDUCATION SPENDING: EVIDENCE FROM BRAZIL

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Abstract
A large literature has emphasized elite capture of democratic institutions as the explanation for the low levels of spending on public education in many low-income democracies. This paper provides an alternative to that longstanding hypothesis. Motivated by new cross-country facts and evidence from Brazilian municipalities, we hypothesize that many democratic developing countries might invest less in public education spending because poor decisive voters prefer the government to allocate resources elsewhere. One possible explanation is that low-income voters could instead favor redistributive programs that increase their incomes in the short run, such as cash transfers. To test for this possibility, we design and implement an experimental survey and an incentivized choice experiment in Brazil. The findings from both interventions support our hypothesis. (JEL: C90, H52, I25, O15, P16)