

Global Economic Integration and the Political Economy of Education Provision

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Motivation

How does globalization shape education provision in emerging economies?

- Education is a key public good
- Shapes who can access globalization's benefits
- Can mitigate globalization's effects on inequality

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Globalization and Education Provision

- Race to the bottom
- Compensation hypothesis
- Investing in education to compete
- Interest group opposition to education expansion

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- Politicians incentivized to provide globalization-specific educational opportunities
- But face challenges to rapidly expanding **public** education
- Result: facilitate expansion of **private** education

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Setting: Indian Information Technology Boom

- Turn of the century: large IT/software boom in India
- Driven by external factors: Y2K, dot com boom
- Heavily concentrated in five states: Andhra Pradesh, Delhi, Karnataka, Maharashtra, Tamil Nadu
- Incentivized **English fluency**, engineering skills

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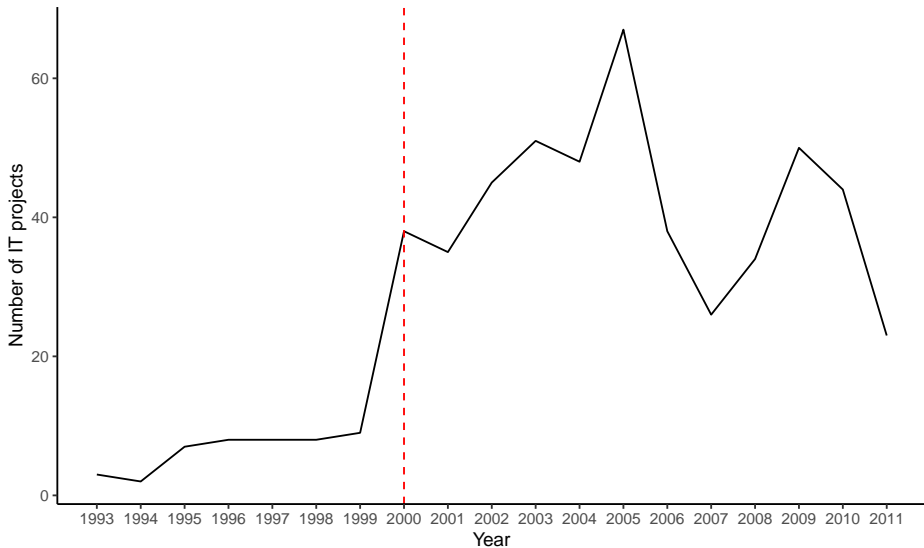
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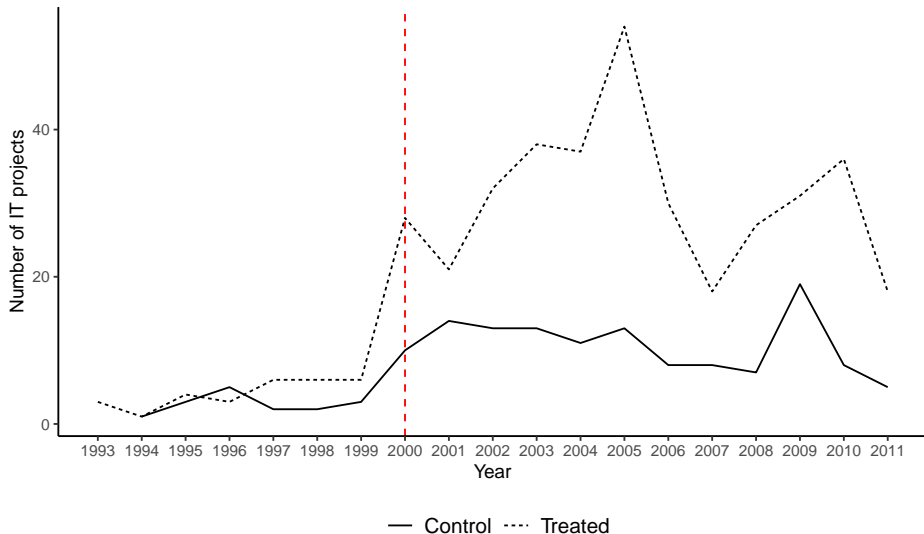
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Boom in IT/Software Investment



IT Boom in Treated vs. Control States



Education in India

- Struggle to provide universal primary/secondary education
- Rapid growth in private unaided, low-fee schooling
- $\approx 1/3$ of students are in private schools
- Politicians play critical role in promoting private schooling
 - Provide free public land, low-cost materials
 - Expedite approvals for private operators
 - Open private schools themselves

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Data: District Information System for Education (DISE)

- School-level data on
 - Year of establishment
 - Medium of instruction
 - Governance (public vs. private)
- Universe of recognized primary/secondary schools
- Aggregate to district level
- Focus: 1991-2010

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Why English?

- Focus: expansion of English-medium schools
- Key prerequisite skill for ITES/software employment
 - Global language of IT/software business
- English education relatively easy to scale
- Readily observable, highly salient characteristic of schools

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Empirical Model

$$\text{ShareEnglish}_{it} = \alpha_0 + \alpha_1 \text{Treated}_i * \text{Post}_t + \theta_i + \kappa_t + \theta_i * \text{Year} + \epsilon_{it}$$

ShareEnglish_{it} : share of new schools that are English-medium in district i at time t

Treated_i : 1 if district i in high-IT state

Post_t : 1 if year ≥ 2000

θ_i and κ_t : district and year FEs

$\theta_i * \text{Year}$: district-specific trends

OLS, robust SEs clustered by district

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IT Boom and Growth in (Private) English Schooling

	<i>Dependent variable: Share</i>		
	English (1)	Public English (2)	Private English (3)
<i>Treated_i * Post_t</i>	0.073*** (0.016)	0.000 (0.007)	0.092*** (0.016)
District FEs	✓	✓	✓
Year FEs	✓	✓	✓
District trends	✓	✓	✓
Number of districts	579	579	579
Observations	11,164	11,164	11,164

*p<0.1; **p<0.05; ***p<0.01. OLS.

(Private) English Schooling and Electoral Cycles

	<i>Dependent variable: Share</i>		
	English (1)	Public English (2)	Private English (3)
$Treated_i * Post_t * Election_{it+1}$	0.019 (0.018)	-0.028*** (0.011)	0.051*** (0.017)
$Treated_i * Post_t$	0.069*** (0.017)	0.009 (0.007)	0.078*** (0.017)
District FEs	✓	✓	✓
Year FEs	✓	✓	✓
District trends	✓	✓	✓
Number of districts	575	575	575
Observations	11,119	11,119	11,119

* $p < 0.1$; ** $p < 0.05$; *** $p < 0.01$. OLS.

Takeaways and Future Directions

- Potential benefits: higher-quality education that provides access to high-wage employment
- Potential harms: costs shift to household, limited access for poor families
- Additional analysis of educational quality and access
- Analyze incumbency and electoral outcomes, post-secondary education

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Year-By-Year Model: Private English Schools

