Dictatorship, Higher Education and Social Mobility

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Political regimes and redistribution: The role of higher education

- Prominent theories of regime change focus on inequality and redistribution (Boix, 2003; Acemoglu and Robinson, 2006)
  - But the empirical evidence remains inconclusive (Acemoglu et al., 2015)

- **Universities** are important contributors to social mobility (*the great equalizer*), but also a major source of political mobilization

- Dictatorship ⇒ ↓ higher education ⇒ ↓ social mobility?
  - Trade-off between political threat and economic loss (Bourguignon and Verdier, 2000; Cantoni and Yuchtman, 2013)
  - Reduced educational opportunities could cause a political backlash
We study higher education policy in Chile’s Pinochet dictatorship

- What changes did Chilean universities experience after the 1973 coup that overthrew Salvador Allende?

- What were the socioeconomic consequences of changes to higher education under Pinochet? Persistence?

- Did educational policy affect political behavior in the pivotal 1988 plebiscite that triggered the democratic transition?
Higher education was expanding rapidly before the military coup

- Eight universities in the country, two are public, but all are largely reliant on public funding (77% of total revenue in 1972)

- Large expansion in enrollment under Christian Democrat and Socialist governments (1964-73):
  - 25,000 students in 1960, 77,000 in 1970, 146,000 in 1973
Policy goals under Pinochet: political control and fiscal conservatism

- Military rectors immediately appointed to all universities ("centers for Marxist indoctrination"), leading to an initial wave of repression

- But policy soon begins to be influenced by the *Chicago Boys* and their technocratic concern over the size of government

> "the regime's penchant for political control meshed conveniently with its penchant for economic conservatism" (Levy, 1986, p.105)
Fall in transfers (w/o higher tuition) forces universities to downscale
Fall in enrollment driven by fewer openings (i.e. supply-driven)

Applicants with lower test scores (lower SES) are the ones most affected
Did the contraction of higher education hinder social mobility?

- We look for changes in cohort-levels trends based on exposure to diminished access to college, in the spirit of Regression Kink Design
  - Age of college enrollment not easily manipulated

- We use individual-level data from censuses (’92, ’02, ’17) and 13 waves of a large household survey (CASEN) between 1990 and 2017
Cohorts reaching college age after coup show sharp kink in enrollment

- Sample: 1992 census respondents with 4+ years of secondary
Occupations reveal a dramatic change in life circumstances

(a) Professionals

- Sample: 1992 census

(b) Clerks
Occupations reveal a dramatic change in life circumstances

(a) Service workers/sales
- Sample: 1992 census

(b) Elementary occupations
Labor force participation kinks downwards for affected cohorts

(a) 1992 census

(b) CASEN 1990-2017
Unemployment rate exhibits upward kink for the affected cohorts

(a) 1992 census

(b) CASEN 1990-2017
Reported income kinks downwards for affected cohorts (CASEN)

(a) Self-generated

(b) Total
Kinks in probability of being in top quintile of wealth or income

(a) Income (CASEN)

(b) Wealth (’92 Census)
Kinks in probability of being in bottom quintile of wealth or income

(a) Income (CASEN)

(b) Wealth ('92 Census)
Did Educational contraction affect the outcome of the 1988 plebiscite?

- Voters decide whether to grant Pinochet eight more years in power (SI) or to have open presidential elections (NO), latter wins with 55%

- We combine county-level plebiscite results with county-specific estimates of the kink in college enrollment
Larger ↓ kink in college enrollment associated with higher NO vote

![Graph showing the relationship between NO vote share and standardized kink in college enrollment after military coup. The graph displays a negative correlation, with NO vote share decreasing as the standardized kink increases.]
Is the drop in college enrollment transmitted to the next generation?

- We know relationship to household head for each individual in 2017 census
- Parent-child links: head + children (90%), parent + head (5%)
- Baseline sample includes children with ages 25-40 (robust to others)
Downward kink in college enrollment for children w/ affected parent

(a) Parents
- Sample: 2017 census

(b) Children
Regime change affects educational policy and distributional outcomes

- Military regime had a large impact on the functioning and size of the higher education system in Chile

- These changes had sizable and long-lasting socioeconomic effects and they hindered social mobility for an entire generation

- Diminished educational opportunities negatively affected support for the regime when a democratic window of opportunity arose