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Clayton Thyne and Erika Moreno

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Squeaky Wheels and Unequal Policy

Executive Authority and Education Reform in Latin America

Clayton Thyne

University of Kentucky, Lexington

Erika Moreno

Creighton University, Omaha, Nebraska

The World Bank has been increasingly involved in reforming Latin America's education systems. However, compliance with World Bank directives varies greatly. Recent scholarship has made significant progress in fashioning an explanation for this variation by focusing on the presence of democracy. This article takes the literature a step further by identifying the mechanism by which democracy matters. Specifically, variations in executive authority are key factors in explaining the adoption of controversial World Bank directives. The authors argue that a government's ability to implement World Bank reforms and overcome popular dissent, if present, is a function of executive authority. They examine executive authority using several measures to test their hypotheses on a 20-year panel of 17 American states from 1980 to 2000. Results indicate that newly democratized governments and strong executives are indeed more successful in passing World Bank reforms.

Keywords: *World Bank; education; Latin America; democracy*

In the past few decades, Latin America has undergone tremendous change. Dictators have given way to the presence of elected leaders, and economic policy has taken new direction, looking outward to free markets in lieu of autarchic development. In spite of the many changes the region has faced, the influence of outside forces seems to be a recurring theme. Since the onset of the third wave of democratization, pressure from international financial institutions (IFIs) like the World Bank have had tremendous influence on the region's economic and political transformations. The World Bank has exerted its influence in a variety of policy areas across Latin America, including education reform. By 1995, the World Bank's expanded

investment in this sector made it the single largest external investor throughout Latin America (Psacharopoulos, 1995; Rodríguez-Gómez & Alcántara, 2001; Torres & Schugurensky, 2002). Even if some of these efforts have been beneficial to the region by deepening democratic practices or enhancing social capital through education reform, continued external influence on domestic policy decisions runs the risk of contravening democratic progress in the region, especially if it goes against popular public will or involves the expansion of executive authority.

Recent scholarship suggests that the efficacy of IFIs is less than clear, especially in the case of education reform. Hunter and Brown's (2000) examination of 13 Latin American countries between 1980 and 1992 found little evidence that countries actually change their domestic policy to fit World Bank directives. What is more, Brown and Hunter (2004) suggest that democratic states tend to react to domestic political concerns, not World Bank recommendations. This seems to resonate with their earlier finding that technocrats allied with IFIs are ineffective at promoting reform (Hunter & Brown, 2000). However, the mechanism by which democracy matters in the formation of education policy is less clear. Thus, an interesting puzzle remains: How has the adoption of democratic institutions helped or hindered the implementation of World Bank reforms in this realm?

We turn to a growing body of literature on democratic institutions to help solve this puzzle. Specifically, we look at the executive branch as a key actor in the process of changing the status quo. Some of the most controversial World Bank reforms in this field have centered on the transfer of resources away from tertiary education in favor of primary education, which has mobilized various sectors of civil society to counter the reallocation of government spending. Thus, democratic governance opens up the possibility that elected politicians will reject education reform. At the same time, variations in institutional design across democratic governments may empower presidents to successfully overcome popular dissent—and congress—to implement education reforms. We argue that strong executives will be able to push through controversial World Bank reforms, but weaker executives will be less able to enact reforms, either because they are forced to heed popular protest or because they lack the authority and support to alter the status quo. After all, a growing literature has shown that variations in a president's political and constitutional powers across and within presidential democracies affect government outputs (Carey & Shugart, 1992; Crisp, Escobar-Lemmon, Jones, Jones, & Taylor-Robinson, 2004; Johnson & Crisp, 2003; Mainwaring & Shugart, 1997). Thus, whereas Brown and Hunter (2004) suggest that democracy matters, we extend their conclusions by examining the mechanism

through which democratic governance matters by focusing on the strength of the executives. We examine the adoption of controversial education reforms, notably the transfer of resources from tertiary to primary and preprimary education, across 17 countries in Latin America from 1980 to 2000.

Education Reform Across Latin America

Interest in education is certainly not a new phenomenon in the study of politics. Aristotle wrote, “If we take into account a good life . . . education and virtue have superior claims” (1942, p. 151) and “the legislator should direct his attention above all to the education of the youth” (1942, p. 320). The causal linkages between strong education systems, economic development, and political development are well documented (Almond & Verba, 1963; Barro, 1991; Lipset, 1959; Saint-Paul & Verdier, 1992; Sylwester, 2000). What is more, strong educational systems have also been identified with equality and the diminution of internal conflict (Collier & Hoeffler, 2004; Gradstein, 2003; Hojman, 1996; Hunter & Brown, 2000; López-Acevedo, 2001; Reimers, 2000; Reynolds, 1996; Saint-Paul & Verdier, 1992; Thyne, 2006).

Although it is evident that education is an important societal good, it is not equally available across the world. In Latin America, at least 23% of citizens are uneducated, with the average Latin American older than 25 years of age having fewer than 5 years of education, thereby contributing to the region’s poverty (Colburn, 1999, p. 26). Education policy in the region has long been identified as a major culprit because it is typically skewed toward university education (Birdsall, Londono, & O’Connell, 1998; Paul & Wolff, 1996; Reynolds, 1996, p. 42). Given the zero-sum nature of education funding, when states opt to favor tertiary institutions—often through tuition subsidies—they negatively affect preprimary, primary, and secondary schools. This allocation of funds has nontrivial implications for society because state-subsidized universities tend to disproportionately benefit members of a nation’s middle and upper classes who, ironically, are most likely to graduate from private primary and secondary schools (Hunter & Brown, 2000, p. 115; Rodríguez-Gómez & Alcántara, 2001, p. 513; Torres & Schugurensky, 2002, p. 439; World Bank, 1993b, p. 105). In contrast, members of the *clase popular* (lower classes), who make up the vast majority of the population, are less likely to benefit from allocations in the tertiary sector because they are subjected to substandard and underfunded public schools at the primary and secondary levels. Brazil, for example, contributes 25% of its education

funds to subsidize university education, which benefits a small fraction (2%) of the total pupils enrolled in public schools (The Americas, 2002).

Given these disparities, IFIs and international organizations (IOs), via institutions such as the World Bank, have focused many of their efforts on Latin America's ailing educational systems (Ayres, 1983; Finnemore, 1996; Sanford, 1988).¹ Specifically, the World Bank has outlined four global priorities for education: primary education, early interventions aimed at early childhood and school hygiene, innovative delivery of services, and systemic education reform including standards, curriculum, assessment, governance, and decentralization (World Bank, 1999). Although the Bank has a vast array of educational priorities for Latin America, this study focuses on one priority in particular: the push to redistribute money from university education to primary education, which is seen as a higher yielding investment than tertiary education (Brown & Hunter, 2004; Hojman, 1996; Psacharopoulos, 1995; World Bank, 1993a).

Given the organization's heavy influence and clear policy goals, we should expect that the emphasis on primary and preprimary education by the World Bank has produced a corresponding change in focus across Latin America. Specifically, external pressure should have produced measurable change from tertiary to primary spending across the region. Nonetheless, recent studies seem to suggest that IFI influence has taken a back seat to domestic political forces. Notably, Hunter and Brown (2000) find, rather remarkably, that technocrats aligned with the World Bank across recipient countries in Latin America are generally ineffective at promoting unpopular World Bank policy. The failure to enact World Bank reforms in the education sector is, they argue, a function of the relatively weak status of technocrats in the executive branch. Although reasonable, the explanation fails to account for variation across presidential democracies, which the authors themselves admit (Hunter & Brown, 2000, p. 137). In the following section, we examine the role of domestic factors on policy adoption with an emphasis on the institutional sources of variation.

The Adoption of World Bank Reforms Across Democratic Regimes

Education reform in a world of scarce resources inevitably attracts competition from the groups that have much to gain or lose from the reforms. As McEwan and Benveniste (2001) explain, "Education reform is a contested process that is continuously shaped and reshaped as political actors and institutions compete

for influence and scarce resources in a variable social arena” (p. 558). As with virtually any struggle over resources, not all of the parties start off on equal footing, which ultimately affects the allocation of resources—often to the detriment of those with the most to lose. This section focuses on ways in which democratic institutions may serve to hinder or promote education reform. First, we address how democratic governments across Latin America can perpetuate educational inequality by yielding to mobilized segments of civil society. Second, we examine the role of strong executives on the adoption and implementation of controversial reforms.

Elite Interests in Democratic States Across Latin America

Ideally, all representative democracies function efficiently to produce optimal policy outcomes for society. Successful parties and candidates would compete against each other and would be subsequently judged on their abilities to provide public goods to the majority of their constituents (Bagehot, 1965; Cox, 1987). Unfortunately, democratic states vary from this ideal for a variety of reasons. For one, political parties and candidates may be unable to fully articulate a package of public goods that voters could use to judge them. So even where policies are formulated to benefit the majority of the population, it is less than clear that such tactics are sufficient to garner support from constituents for specific politicians and parties in future elections. After all, most congressional elections in the region are held in multimember districts (ranging from 2 to 100) that are determined by proportional representation rules, making it less than clear who is responsible for policies enacted. Second, not all segments of society exhibit equal levels of mobilization. Democratic governance is one of the reasons why there are multiple ways in which policy can be influenced by the masses: Parties offer a means to aggregate demands, and lobbying organizations and trade groups may provide an additional outlet. Ultimately, demands must be aggregated in some form, either by an institution or an individual, to get through the policy process. Access to power and the ability to influence civil society institutions, however, are not randomly distributed in the population. Thus, not all segments of society are equally able to clearly signal their demands to elected officials or provide clear rewards or punishments to elected officials that do not pursue their demands (Carey & Shugart, 1992; Riker, 1971).

By favoring primary education in a region where poverty is rampant and levels of schooling are relatively low, society would seem to benefit most from highly subsidized primary schools. Yet tertiary education has frequently

commanded a greater share of resources—even in spite of its relatively small reach. This asymmetry results from two basic causes. First, members of the middle and upper classes have historically had a more active presence in the region's elected and unelected bodies (Camp, 2005; Reimers, 2000, p. 46). Second, they are well organized and capable of staging frequent protests to thwart reforms that threaten state-subsidized universities (Brown & Hunter, 2004, p. 847; Reimers, 2000; Zehr, 2002, p. 2). Thus, their connections to the deliberative bodies and their ability to pressure elected officials tend to skew resources in their favor.

In addition to facing protests and political clout coming from the upper classes, policy makers aligned with the World Bank face a second formidable foe stemming from liberal democracy: university students. The root of the unequal distribution of educational funding favoring university education stems from student protests during the 1960s, which prompted governments to grant either free or heavily subsidized university education. Unfortunately, these gains came at the expense of primary students (Levy, 1981). Ironically, politically mobilized university students were not hurt by this reallocation of funds because they do not depend on publicly financed primary or secondary schools (Donoso & Schiefelbein, 2004; Gutkin, 2000). University students tend to graduate from private primary and secondary schools that prepare them for rigorous college entrance exams. Today, university students—which still tend to be members of the upper or middle classes—remain a powerful voice in blocking needed education reform. Evidence can be found in Mexico, where more than 267,000 students began a strike in 1999 to protest a proposed tuition increase (Prieto, 1999, p. 51). Similar reforms were met with protests in Chile, where more than 45,000 students and faculty took to the streets to protest increased tuition payments (Hunter & Brown, 2000, p. 137).

Although the upper and middle classes are clearly an organized and active segment of civil society, they are obviously not the only players in the struggle over resources. Teachers unions are also significant players. Brown and Hunter (2004) suggest that teachers unions might be better able to operate in democratic contexts to press for increased spending at the primary level because the bulk of education spending is used to cover salaries. This would prove to be a powerful incentive to lobby for changes in education funding that could simultaneously benefit a large share of the population, but there are limits to union power. For one, teachers unions face pressure from federal governments to reform payment structures, alter tenure and promotion standards, decentralize authority, and subject themselves to nationwide tests of standards, which are often used to determine salaries and promotions for teachers

(Montenegro, 1995; Murillo, 1999). While these pressures have borne down on teachers unions, the general climate toward them—as well as other labor organizations—has not been particularly friendly as states across the region turned to neoliberalism. Just as unions faced several challenges, it is equally important to keep in mind that teachers unions are not monolithic entities. It is common to see several unions represent teachers of various grade levels, regions, and so forth (Murillo, 1999). Competition among unions and disagreements about policy priorities hinder their ability to act decisively and uniformly. Although single-peak organizations in countries such as Mexico, where unions have been fairly well organized and vocal about these sorts of funding issues, benefit from a close connection to the state and many of its elected officials, many more countries lack such organizations. Thus, faced with myriad challenges to their standard of living and employment conditions, unions have been pulled in multiple directions, making them unable to clearly advocate for this specific policy change. For these reasons, we suggest that unions, although a viable segment of organized society, have suffered a potentially crippling collective-action problem. In short, we expect that a concentrated and highly motivated beneficiary of subsidized higher education has outmaneuvered the unions.²

Freedom to protest and lobby elected officials remains an essential characteristic of liberal democracy, yet it can also be a strong impediment to necessary reforms. In this instance, yielding to members of the middle and upper classes in society hurts the poorly organized class popular, which depends on state-funded primary education in the zero-sum game of budgetary politics. Therefore,

Hypothesis 1: Democracies should be more responsive to organized (elite) constituencies and, thus, more responsive to demands to preserve university funding.

What is more, we expect politicians to grow more interested in fighting for mobilized groups in civil society over time. As democracies age, we expect those constituencies to become more adept at wielding influence, especially because they have experienced tangible benefits of this policy that they will not wish to relinquish.³ Constituencies that favor allocations for tertiary education will gain experience lobbying elected officials and staging high-profile events to call attention to their cause. As a result, we expect that elected officials will come to view those organized constituencies as credible actors in the policy process. The fear of losing middle- and upper-class support over time should make elected officials more likely to protect publicly funded universities as democracy gains a more secure footing in society. Thus,

Hypothesis 2: International pressure to divert education funding from tertiary to primary schools should have minimal impact, especially as new democracies age.

Our first two hypotheses, which focus more generally on the importance of organized elites in democratic settings, stand in contrast to more sanguine views of democracy's effect on policy. After all, it is reasonable to suggest that because the vast majority of the region's population lives at or below the poverty line, policy should reflect their interests, especially in democratic contexts. We might especially expect this to be so when IFIs pursue policies that could benefit the masses. In other words, democratic competition means that policy makers are beholden to the poor for their own advancement. Literature in the field of political economy, for instance, suggests that democratic governance makes stakeholders out of all citizens. By virtue of incorporating the widest swath of society in the decision-making process, policy outputs are expected to reflect majority views. As a result, radical restructuring of key economic arrangements, including land tenure regimes, might occur even where such decisions might be to the detriment of that country's economy (Huntington & Nelson, 1976; Olson, 1982; Przeworski & Limongi, 1993). Thus, alternatives to Hypotheses 1 and 2 would state that democracy should be more responsive to efforts to alter education policy to benefit primary and preprimary education and that external pressure to reform education funding would increase as democracies age because politicians are likely to be more responsive to the masses as their democracies mature and society grows more adept at influencing public officials. We base our hypotheses on the premise that governments will vary in their ability and capacity to make policy for the majority of the population, owing largely to variations in accountability mechanisms in democracies. In contrast to alternative explanations, our hypotheses assume that power is distributed unevenly across Latin America, which makes organized civil society a better conduit to transmit policy preferences, compared to unorganized masses (Gilbert & Ferguson, 1998). Furthermore, we suggest that middle- and upper-class constituencies for subsidized university education are better organized than are the poorest of the poor, who depend on public schools. At the very least, history in the region seems to be on the side of the better organized upper and middle classes. Thus, although education reforms could benefit a large constituency, that constituency lacks the organization and ability to affect power in the way that other groups have. Their best advocates are teachers unions, but as we explained earlier, it is unreasonable to assume that they act as monoliths with clear and united agendas in favor of this particular reform policy. We examine our hypotheses in comparison to these alternative explanations in the data analysis section.

Executive Authority as a Means to Overcome Opposition

The literature is rich with studies examining the implementation of controversial market-oriented reforms promoted by IOs such as the World Bank. Several authors explain that executives in Latin America who were able to enact such reforms usually did so through the use of extraordinary executive powers rather than trying to introduce wildly unpopular reforms through the normal legislative process. Conaghan (1996) claims that “imperial executives” have great power over “foundering legislatures” (p. 34) when pushing through controversial reforms. O’Donnell (1994) adds that, for executives, “other institutions—courts and legislatures—are nuisances that come attached to the domestic and international advantages of being a democratically elected president” (p. 60). Unilateral mandates coming from executives generally come in the form of decrees, which give the executive the ability to implement policy without debate or legislative consent (Carey & Shugart, 1998; Mainwaring & Shugart, 1997; Shugart & Carey, 1992).

In fact, some of the most significant and controversial education reforms have come in countries in which the president enjoyed a very high level of executive power. The Chilean dictatorship (1973-1990) provides a clear example. In 1981, 28% of education expenditures were devoted to university education. This figure had fallen to 18% by 1990 despite protests from university students who likely carried little political power in the mind of Pinochet (República de Chile, 1994, p. 207). Similarly, Fidel Castro has managed to engineer one of the strongest education systems in Latin America by emphasizing primary education. Like Pinochet, Castro’s isolation from potentially strong political forces allowed him to push through controversial reforms (The Americas, 2002, p. 63; Gasperini, 2000). Thus, we should expect powerful executives to be more effective in making the unpopular changes promoted by the World Bank primarily because they possess powers that allow them to overcome mobilized opposition.⁴ However, we cannot assume that executive power is a constant across the presidential systems in Latin America.

There are two key sources of executive authority across the region: constitutionally allocated powers and informal (partisan) powers (Mainwaring & Shugart, 1997). We are most interested in the use of proactive powers, which allow presidents to change the status quo. These include constitutionally allocated decree authority and the exclusive right to introduce legislation. Constitutionally allocated decree authority is especially relevant for this study because it allows presidents a substantial degree of discretion to legislate a

change in the status quo. Even where such authority is limited to a specified period of time—or otherwise lacks the permanence of regular legislation—a decree sets the agenda and sends a strong signal to both executive and legislative branches about the executive's policy priorities. Through the work of members of the bureaucracy, these priorities can then be translated into policy even where legislation is absent. In other words, Hunter and Brown's (2000) finding that technocrats are unable to push reform through may have more to do with whether the executive favors such reforms than their personal positions on the subject. Thus, constitutionally allocated decree authority allows chief executives to trump intransigent legislatures.

A second proactive power granted by the constitution is the power to exclusively introduce legislation, which often includes introduction of the budget. The power to exclusively introduce the budget gives presidents an opportunity to prioritize policy goals, which include reallocating the education budget to favor primary schools at the expense of tertiary education. This power is significant because it provides a base budget that can only be minimally changed by the legislature if it is to receive final presidential approval (Mainwaring & Shugart, 1997, p. 48). Ten of the 17 countries in this study provide the president constitutionally allocated decree authority, and 7 of the 17 provide power to introduce legislation. We would expect either of these proactive powers granted by the constitution to aid the president in pushing through unpopular reforms. Specifically,

Hypothesis 3: We expect a more successful implementation of controversial World Bank education reforms in countries with constitutions granting the president the power of decree than in countries that do not provide the president with such powers.

Furthermore,

Hypothesis 4: We expect a more successful implementation of controversial World Bank education reforms in countries with constitutions granting the president the power to exclusively introduce legislation than in countries that do not provide the president with such powers.

Partisan powers are another source of executive authority. Partisan powers are simply the ability to exert influence, if not outright control, over one's partisans in congress. Like constitutional powers, there is significant variation that may provide an explanation for the differences in passing unpopular World Bank reforms across Latin America. There are two main factors one should consider when examining partisan powers. The first

concerns the level of fragmentation in the legislature (Johnson & Crisp, 2003; Mainwaring & Shugart, 1997, p. 405). Presidents who enjoy a majority of their party in the legislature are more apt to pass through their preferred legislation because they do not have to negotiate a new ad hoc coalition for each bill that is introduced. They are also able to work primarily with party leaders rather than each legislator individually, which increases efficiency (Mainwaring & Shugart, 1997, p. 419).

The second source of partisan power is party discipline, which describes how often legislators of the same party vote as a coherent unit (Mainwaring & Shugart, 1997, p. 418). The propensity for legislators to vote alike is defined in great part by the manner in which candidates are elected and re-elected. Candidates operating in electoral systems that encourage high levels of intraparty competition, including those that employ multiple party lists in which votes are pooled below the party level, have strong incentives to distinguish themselves as individuals, which tends to result in undisciplined behavior (Carey & Shugart, 1992). In contrast, countries using electoral arrangements, such as closed-list proportional representation, encourage party discipline because the candidates require strong support from their party to get elected (Johnson & Crisp, 2003, pp. 139-140). These variations are important because they allow the prediction of party discipline year after year, regardless of the individuals in the legislature, because the rules rather than the preferences of individuals are the greatest indicator of party discipline. Like the level of fragmentation, one can easily see the theoretical link between party discipline and the ability of a president to push through unpopular legislation.

High partisan powers are directly determined by the presence of disciplined majorities in the legislature. After all, parties that hold a majority of the seats in congress but are unable to discipline their members merely increase the number of veto players that presidents must contend with to pursue policy. Likewise, highly disciplined parties that lack a majority in congress are insufficient to secure success for presidential directives. Thus, the interaction of discipline and numerical strength provide a good indicator of a president's partisan powers. Accordingly,

Hypothesis 5: We expect that presidents with high levels of partisan powers should pass controversial World Bank education reforms more easily than would presidents with low levels of partisan powers.

Research into the relationship between a president's formal (constitutionally allocated) and informal (partisan) powers further indicates that these

two sets of powers are inversely related (Mainwaring & Shugart, 1997, pp. 430-432). Presidents with strong constitutional powers often lack significant partisan powers, and those with high partisan powers often lack strong constitutional powers. The reasons for this relationship are myriad and may indicate an effort by constitutional designers to compensate for prior deficiencies. Thus, although our last three hypotheses suggest a positive effect for both formal and informal powers, it is entirely likely that we will see an inverse relationship between these two sets of powers.

Our final hypotheses come directly from Hunter and Brown (2000, p. 123), who argue that the rate of reforms pushed by the World Bank should increase as its influence increases. More specifically,

Hypothesis 6: We expect an increase in funding from the institution to result in compliance with their mandates.

Furthermore,

Hypothesis 7: We hypothesize that the relationship between IFI influence and spending will vary over the values of executive authority.

To test this last hypothesis, we interact IFI influence with our measures of executive authority to determine if there is a conditional effect of these variables on spending. In the following section, we discuss the data, variables, and models used to test our hypotheses.

Modeling Education Reform: Data, Measurement, and Analysis

We posit that democracy, and democratic design more specifically, has nontrivial implications for the adoption and implementation of World Bank reforms. This section tests a series of hypotheses derived from a broad literature on Latin American countries from 1980 to 2000. The unit of analysis is country year for the 17 Latin American countries for which there are reliable data. The list includes all 13 countries analyzed by Hunter and Brown (2000) with 4 additional countries added thanks to new data since their publication.

The Dependent Variable

The World Bank has consistently pushed a policy of restructuring education funding in favor of primary education versus university education.

Therefore, a valid dependent variable should capture this movement of money. Fortunately, data compiled by UNESCO (2004) disaggregates public spending on education based on four levels of education: preprimary, primary, secondary, and university. For this analysis, we ignore secondary spending and combine preprimary and primary data to construct the following ratio for each country year:

$$\frac{\% \text{ of public education expenditures devoted to preprimary and primary education}}{\% \text{ of public education expenditures devoted to university education}}$$

This variable is a valid representation of adherence to World Bank policy because it captures the trade-off of money devoted to the two levels of education. A positive coefficient represents increased investment in primary versus university education, which is in accord with World Bank directives. We use the log transformation of this variable because of skewness in the data.

Unfortunately, the UNESCO (2004) education data include many randomly distributed missing data points. The standard method of dealing with missing data is to simply omit the observation from the analysis. However, King, Honaker, Joseph, and Scheve (2001) explain that this method can result in both inefficient and biased parameter estimates. Furthermore, omitting observations in this data set would result in the loss of an extraordinary amount of information because the observation is usually missing just one or two variables in the entire model. To avoid the potential problems involved in running the statistical analysis with missing data, we use the Amelia data imputation program created by Honaker, Joseph, King, Scheve, and Singh (2001) to generate values for the missing data.⁵

Independent Variables

Mainwaring and Shugart (1997) offer an excellent source of information to operationalize the constitutional powers that should help explain the variation in implementation of unpopular World Bank reforms. In addition, we verified and updated codes using Payne, Zovatto, Flórez, and Zavala's (2002) data and Georgetown University's *Political Database of the Americas* (2004) to capture recent constitutional changes. The first independent variable, decree power, is an ordinal variable from 0 to 4 that ranks the level of decree power granted by the constitution. A 4 indicates broad decree powers that cannot be easily rescinded by congress and can have long-term effects. A zero indicates a complete absence of decree authority granted by the state's constitution. Additionally, assuming that authoritarian leaders have high powers

of decree, each authoritarian country year is coded as a 4.⁶ Among the democratic-only country years, 10 of the 17 countries in the sample (63% of nonauthoritarian country years) grant at least some level of decree authority to the president. Variation within cross sections comes from both the transition to democracy and constitutional changes since the transition.

The second independent variable, power to exclusively introduce legislation, is coded in a similar manner as decree. Again, Payne et al.'s (2002) update of Shugart and Carey (1992) provides a useful categorization of legislative powers by focusing directly on the executive's power in determining budgetary allocations. Presidents with strong budgetary authority, which includes exclusive preparation of the budget and inability for congressional modifications, are scored a 4. Presidents with very weak budgetary powers are susceptible to unconstrained congressional modifications and are scored a 0. Following the same logic explained for the decree variable, we code each authoritarian country year as a 4 with the assumption that authoritarian leaders have strong power over legislative matters. Among countries that have made the transition to democracy, 7 of the 17 countries grant at least some budgetary authority to the president (41% of nonauthoritarian country years).

The third independent variable, partisan powers, is a combination of party fragmentation and party discipline. We follow Mainwaring and Shugart's (1997, p. 429) operationalization of partisan powers, which is an index multiplying the likelihood that a president's party has a majority and the discipline of the party. Data for the percentage of congress composed of the president's party come from Nohlen (1993) with updates from Payne et al. (2002). We also employ a measure of discipline from Johnson and Crisp (2003, p. 140), who claim that one should expect party discipline from countries that do not use "open-list PR [proportional representation] or multiple list from the same party." We combine these two measures by weighting down the percentage of parliament controlled by the president's party by two thirds in countries in which we should expect undisciplined parties.⁷

The fourth independent variable is World Bank influence. Although the World Bank is powerful in the domestic politics of each country in Latin America, we cannot reasonably assume that it influences each country to the same degree. Therefore, we include Hunter and Brown's (2000, p. 122) main independent variable, which is a measure of the concentration of project lending (the percentage of World Bank lending to Latin America disbursed to a specific country) as a fraction of the home country's economic output (each country's share of the region's gross domestic product [GDP]). This measure yields the following ratio:

% of World Bank funding in Latin America approved for country X
Country X's share of Latin America's GDP

We expect this control to be positive and significant, which would indicate that the pure volume of investment in each country influences leaders to push through World Bank directives. Data for World Bank funding and GDP come from the World Bank's World Development Indicators (WDI) database. Summary statistics for our primary independent variables are presented in Table 1.

Bunce (2003, p. 179) explains that one must examine both the consolidation of democracy (the degree to which the key elements of a democratic order are in place) and the sustainability of democracy (the continuation of democratic rule) to assess the true strength of a democracy. Each of these factors is evident by examining both the level and the age of democracy of each state in the sample, which we expect to have significant impacts on the dependent variable. Democracy is the level of democracy from Marshall and Jaggers's (2000) Polity IV democracy–autocracy measure. Age of democracy is the number of years a country has maintained an established democracy defined by a 6 or greater score on the Polity IV democracy–autocracy measure.

The analysis includes a measure of wealth using the log transformation of GDP per capita from the World Bank's WDI database. A strong economy results in more government revenue, which can be used to comply with World Bank directives such as increasing spending on primary education (Hunter & Brown, 2000, p. 124; Mosely, Noorbakhsh, & Paloni, 2003, p. 11). In contrast, poorer countries may be required to devote larger shares of their budgets to primary education because of their relatively small stocks of human capital (Brown & Hunter, 2004, p. 852). This control must be included to isolate the effects of the variation in presidential power from increased primary spending of a wealthier economy. Additionally, because of the increased flexibility in choosing one's career path, we might expect enrollment at the university level to increase in wealthy countries.

Although students at the primary level cannot vote, we should expect the parents of this age group to vote for candidates who are likely to favor programs that benefit their children (Brown & Hunter, 2004, p. 853). Therefore, we should expect executives to be more likely to push through reforms that move money from the university level to the primary level when such a move will likely help a large percentage of the constituency. Thus, we include a measure of child population, which is the percentage of the total population between the ages of 0 and 14 from the World Bank's WDI database.

Table 1
Descriptive Statistics of the Primary
Independent Variables

Country	Authoritarian Years	Undisciplined Parties	Decree Power	Legislative Power	Executive Power	Partisan Power	World Bank Influence
Argentina	1980-1982	No	Yes	No	-5.18	59.39	1.22
Bolivia	1980-1981	No	No	Yes	-6.45	38.59	1.85
Brazil	1980-1984	Yes	Yes	Yes	-4.86	31.96	1.22
Chile	1980-1988	Yes	Yes	Yes	-4.59	56.49	1.47
Colombia	—	Yes	Yes	Yes	-6.18	30.57	1.55
Costa Rica	—	Yes	No	No	-7.00	36.05	1.52
Ecuador	—	No	Yes	Yes	-6.73	22.38	1.70
El Salvador	1981-1982	Yes	No	No	-5.15	44.27	1.80
Guatemala	1980-1995	Yes	Yes	No	-3.60	47.34	1.88
Honduras	1980-1981	Yes	Yes	No	-5.07	39.51	1.98
Mexico	1980-1996	No	Yes	No	-4.00	86.57	1.56
Nicaragua	1980-1989	Yes	No	No	-4.70	66.06	1.88
Panama	1980-1988	Yes	Yes	Yes	-4.45	58.26	1.96
Paraguay	1980-1991	Yes	No	Yes	-3.95	69.14	1.81
Peru	1992-1999	Yes	Yes	Yes	-4.93	27.78	1.60
Uruguay	1980-1984	Yes	Yes	Yes	-6.09	41.96	1.50
Venezuela	—	No	Yes	No	-5.86	44.20	0.99

Analysis of Results

We analyze the data to provide comprehensive and robust tests.⁸ Because our data are both time serial and cross sectional in nature, we are forced to contend with the serial correlation of the errors. To address this problem, we follow Beck and Katz (1995), who recommend using panel-corrected standard errors (PCSEs) to calculate the standard errors in panel data along with the Prais-Winsten corrections.⁹ Prais-Winsten transformations assume (a) a first-order autocorrelation process, AR(1), and (b) that the coefficient of the autocorrelation process is common to every panel (Greene, 1993, p. 456). We present our results in Table 2.

The first hypothesis tests the effect of democracy on education allocation. In Table 2, we find no support for the argument that higher levels of democracy lead to a greater redistribution of resources in favor of primary students. This finding highlights the importance of using more nuanced indicators, such as constitutional power and partisan power, to explain the implementation of controversial reforms. The second hypothesis predicts that the age of democracy should have a negative impact on the adoption of education reforms. The variable democracy age is consistently negative and significant

Table 2
Determinants of Implementation of World Bank Education Reforms

	Model 1	Model 2	Model 3	Model 4
Decree powers	.063* (.030)	.078* (.034)		
Legislative powers			.087* (.034)	.101* (.042)
World Bank influence	.010 (.022)	.023 (.037)	.008 (.022)	.019 (.038)
Decree or legislative powers × World Bank influence		-.009 (.016)		-.008 (.018)
Partisan powers	-.004** (.001)	-.004** (.001)	-.005*** (.001)	-.005*** (.001)
Democracy	-.004 (.006)	-.004 (.006)	-.002 (.006)	-.002 (.006)
Democracy age	-.002** (.001)	-.002** (.001)	-.002* (.001)	-.002* (.001)
Gross domestic product per capita	-.185* (.090)	-.185* (.088)	-.204* (.088)	-.206* (.085)
Child population	-.002 (.002)	-.002 (.002)	-.001 (.002)	-.001 (.002)
Constant	1.08** (.329)	1.05** (.324)	1.13*** (.320)	1.12*** (.309)
Obs	357	357	357	357
R squared	.097	.102	.107	.115
Wald	37.39***	37.98***	38.17***	40.76***

Note: Standard errors appear in parentheses. Models employ panel corrected standard errors with Prais-Winsten correction for autoregressive error.

* $p < .05$. ** $p < .01$. *** $p < .001$ (two-tailed).

across the models. Substantively, a democracy will spend an average of 4.5% less on primary education versus tertiary education for each 10 years it ages.¹⁰ This finding suggests support for our argument that as a democracy ages, elected officials find themselves more beholden to organized constituencies. In this case, time allows organized constituents favoring tertiary education to have increasing influence over elected representatives. The net effect is less support for education reforms promoted by the World Bank.

The third and fourth hypotheses predict that presidents with high levels of decree power and power to introduce legislation should be more effective in redistributing money to primary education. These hypotheses receive strong support with positive coefficients for decree powers and legislative powers in Table 2. Because of a high correlation between these variables ($r = .89$), they cannot be included in the same model. Although this problem hurts our ability to distinctly identify which factor is driving the reforms, we can safely say that the results strongly support our theory because each is meant to capture the same basic concept (formal executive powers). Substantively, we can expect a country granting the executive the highest level of decree power to spend 28% more on primary education versus tertiary education, compared to a country granting the executive no decree power at all. The effect is a bit

larger, a 38% increase, when considering the same variation in the power to introduce legislation.¹¹ Thus, the results provide compelling evidence for the hypothesized relationships between constitutionally allocated presidential powers and the implementation of potentially unpopular reforms. In this instance, presidential powers allow chief executives to overcome organized segments of civil society and their representatives in the national legislature.

The fifth hypothesis predicts that presidents enjoying a high level of partisan power should also be more effective in redistributing money to primary education. However, our results show the opposite effect. Substantively, a 10% increase in partisan powers is associated with an average decrease in primary spending versus tertiary spending by 4.1%. As we noted earlier, the extant literature suggests an inverse relationship between partisan (informal) and constitutional (formal) powers of the presidency. Typically, presidents endowed with strong constitutional powers are likely to have low levels of partisan powers and vice versa. Although we find strong support for the importance of formal powers in implementing education reform, the results suggest that—on this issue—significant partisan powers do not translate into the adoption of controversial reforms. This finding indicates that presidents will be unable to pass education reform by relying solely on the legislative process. This suggests that easily identifiable parties may fear being held accountable for an unpopular decision in future elections. After all, highly disciplined parties must compete on the value of their party label. High levels of discipline may make them easy to identify and punish by organized constituencies, including those that typically support the status quo in education policy. Thus, in the interests of partisan survival, presidents that lead disciplined parties are less likely to implement controversial reforms in the short term. In this respect, presidents with relatively low partisan powers have an advantage. They can implement reforms in a more unilateral manner with low costs to their partisans, who are then free to campaign in future contests on their personal characteristics—distancing themselves from the president who enacted the reforms.

This finding is in keeping with principal–agent models of policy making found in countries where undisciplined legislators may prefer to allow presidents leeway to make difficult national policy decisions while they focus on constituency service or other actions that will benefit their long-term career goals (e.g., Shugart, 1998). While some empirical research focused on the Brazilian case suggests that weak party systems are unable to make long-term reforms, particularly in the area of economic policy (Ames, 2000; Mainwaring, 1999), short-term reforms are still possible where presidential authority is strong. After all, we have numerous examples of parties in weak

systems, which proved themselves unable or unwilling to engage in economic reforms, that were sidelined by executives who pushed through major change in relatively short time spans (Conaghan, 1996; Stokes, 2001; Weyland, 1996). These cases not only span a range of states in the region but several have proven to be a major source of research on the value of mandates, because several executives contradicted their own campaign promises to enact tough reforms during the first few months of their terms (Stokes, 2001). Thus, our findings suggest that reforms are possible and, in fact, more likely where presidents have significant authority to bypass congress even if such reforms run the risk of having short shelf lives.

The sixth hypothesis predicts that higher levels of World Bank financing should lead to higher rates of compliance with their mandates and, thus, to a redistribution of funds from primary to tertiary education. The coefficient for World Bank influence, however, is insignificant in each model. We might expect that the effect of the World Bank might depend on the age of democracy, which we tested by interacting these two variables. Again, this interaction produced insignificant results, indicating that variations in World Bank financing do not lead to a systematic increase in compliance rates with their directives. We tested the final hypothesis in Models 2 and 4 with interaction terms that include both World Bank influence and our key measures of executive authority, decree powers, and legislative powers. These interactions are insignificant, which is interesting because it suggests that IFI influence does not condition executive responses in this policy area. Rather, executives endowed with significant powers are most important to explaining variation in education spending across the region. This suggests that our expectations of IFI influence are inflated, at least according to this measure. In some ways, this conforms to other examples in the literature that have focused on heterodoxy across the region resulting largely from variations in IFI oversight. It may also suggest that the pressure exerted by the World Bank is sufficiently strong to make it a powerful (and constant) force across all states. Ultimately, these findings lead us to suggest that in spite of the efforts of the World Bank to "teach" specific education norms to Latin American states, the willingness to internalize such lessons depends more on domestic political concerns and arrangements.

Moving to the control variables, we first see that the variable for child population is insignificant in each model. This is unsurprising given that the population of youth as a percentage of the total population differs very little across countries. Next, the variable for wealth (GDP/capita) is consistently negative and significant, which indicates that more wealthy countries are likely to spend more on universities than on primary levels of education. Three factors

likely lead to this finding. First, because investments in primary education have been found to yield higher returns than investments in university education, it is possible that the wealthier countries have already made significant investments in primary education prior to entering our data set. If this is true, then the next step for these countries would be to redirect funding back to universities as the economy develops. Thus, it is possible that the negative coefficient represents an increase in university expenditures but not necessarily a decrease in primary expenditures. Second, there is more widespread demand for well-educated people as an economy advances. The government should recognize this need and respond by increasing access to university education as its economy grows. Finally, the supply of youth eligible to attend universities should also increase as an economy advances. This is because more students will be able to complete primary and secondary school rather than be forced to drop out to work to help support their families.

Conclusions and Implications

This article began by asking how democratic governance affects the adoption of education reform. Although democracy provides a basis for mobilizing supporters of the status quo, institutional design also provides executives with a means to circumvent the strongest voices in society, including wealthy people and university students. This highlights the need to examine democratic design in studies of policy outputs.

This article provides several important implications for scholars examining the impact of the international community on domestic politics. First, we provide evidence that variations within presidential democracies can yield much variation in the ways in which policy is implemented. This highlights the problems in oversimplifying the world into democracies and authoritarian regimes. We have provided a more complete and empirically supported theory to predict variations in compliance rates, which is useful to policy makers and scholars alike.

Second, this study provides a basis for continued work on reform adoption, as indicated by IFIs or other IOs, on a wide variety of issue areas. Whereas education reform is certainly one area of interest for IFIs like the World Bank, recent efforts to curb corruption and deepen democratic practices have also resonated in the international community. It would prove exceptionally useful to understand how international norms and reforms translate into domestic policies given wide variations in democratic design across Latin America and the developing world.

Finally, this study presents additional unanswered questions for future research. We know that the World Bank considers efficiency in implementation of education changes as a whole in their decision to grant future loans (Winkler, 1997, cited in Hunter & Brown, 2000, p. 118). This research provides evidence that World Bank reforms may be most successful in countries with strong executives, which should make the World Bank and other IFIs, such as the International Monetary Fund and the United Nations Education, Scientific and Cultural Organization, more successful in promoting their programs in such states. Thus, it stands to reason that IOs may have an even greater effect on new democracies than the simple adoption of reforms would suggest. After all, if IOs act to reward strong executives that can overcome public opposition to reform, there are bound to be nontrivial implications for democracy. Although strong executives are certainly capable of enhancing governmental efficiency through the rapid adoption of needed reforms, there are implications for the vertical links between mobilized segments of civil society and empowered presidents. Recent Latinobarometro (2002) survey results indicate that a growing number of Latin Americans have indicated serious reservations about the strength of democracy in their states resulting from the perception of imperial presidencies (United Nations Human Development Report, 2004). Thus, although education reform in this instance may provide a long-term good for society, an increasingly skeptical public may view the means of accomplishing that reform as part of a larger threat to democratic practice in a region where democracy is still in the process of consolidation.

Notes

1. Educational reform exists as part of a multifaceted strategy to battle poverty, which includes investments in basic health and education; environmental protection; the fostering of private-sector development; strengthening governments' capacity to provide quality services in a sufficient, transparent way; and promoting reforms aimed at creating a stable, macroeconomic environment (World Bank, 2004).

2. Social networks developed among college students have serious implications for organizational ability in the future. Not only are such students drawn disproportionately from the upper and middle classes, which are likely to have personal contacts with elected and non-elected officials, but they tend to develop deep networks that carry them through professional schools and jobs (often in government). Thus, although this is a relatively small segment of the population, it tends to know other members fairly well and is able to trade on that network for advancement later in life. Both of those features are important because knowing one's cohort as well as other members of this class of people is key in organizing to maintain the status quo. It is also important because the prevalence of beneficiaries of university spending tend to disproportionately populate government either in its elected or unelected branches.

3. It is worth noting that elected officials, drawn disproportionately from the upper and middle classes themselves, are also likely beneficiaries of tertiary education and are likely to have personal or professional links to the tertiary education system.

4. Although an executive's preferences on this policy are important, we assume all executives to favor such World Bank reforms for two reasons. For one, we have ample evidence that even the most socially conservative leaders have opted for these sorts of reforms. Second, even those who are most likely to wince at international financial institution dictates (i.e., leftist leaders) have also tended to support these reforms because they are somewhat less controversial than other aspects of World Bank policy recommendations. Thus, this is a lower cost means of earning the good graces of the international financial institution community—which has proven to be important for leaders on the right and the left—at least compared to other aspects of World Bank reforms.

5. Amelia generates data for missing cells based on the observed data in the same row with the assumption that the missing values are missing at random. King, Honaker, Joseph, and Scheve (2001) explained that it is necessary to include as many variables in the imputation process as possible to make the missing-at-random assumption hold. Once a data set is complete with these relevant variables, Amelia imputes m data sets with estimations of missing values. Regressions are then run across the m data sets, giving combined coefficients and standard errors, which are reported in the tables. This is similar to past work that used Amelia to impute education data (Stasavage, 2005; Thyne, 2006).

6. *Authoritarian* is defined as a score of -7 or less using Marshall and Jaggers's (2000) Polity IV democracy–autocracy measure.

7. Although other fractions could be used to discount the impact of electoral rules that encourage undisciplined actions, we stay consistent with previous literature by using two thirds. See Mainwaring and Shugart (1997, p. 429) for a more thorough explanation.

8. A review of the data suggests that, although it is slightly negatively skewed, it does not have a single or even a handful of cases driving the analysis. Inspection of DFFITS, DFBE-TAS scores as well as visual inspection of residuals suggests that the statistical analysis does not represent a few or a single case more strongly than the remainder of the sample. What is more, we conducted a modified Jackknife, where countries are dropped from the analysis systematically, to eliminate any doubt that the results are driven by one or a few countries. These results provide additional support suggesting that no single case is driving our analyses.

9. Although there is some debate about the relative merits of employing panel corrected standard errors (PCSEs) for cross-section time series data, we opted for this method in lieu of other models (including fixed-effects ordinary least squares) for several reasons. For one, the data meet the necessary general conditions for which PCSEs were designed: panel-level heteroskedasticity and contemporaneous spatial correlation. With the added benefit of Prais-Winsten corrections, we feel that the data are best handled in a PCSE model. Although other models are certainly possible, including a fixed-effects ordinary least squares regression, such a model robs us of degrees of freedom and tends to introduce new problems in a data set of this sort. What is more, the model employed here most fits the modeling employed in this literature. Thus, we have the added benefit of having comparable results.

10. Substantive effects for the logged dependent variable can be interpreted as the percentage change for each unit change in the independent variable after transforming the independent variable with using the antilog $(e_B - 1) \times 100$.

11. These results are similar when limiting the analysis to democracy-only country years, with a 38% increase for decree and a 44% increase for legislative powers.

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Clayton Thyne is an assistant professor at the University of Kentucky. His research interests include civil war, interstate war, and Latin American studies. Recent publications include articles in *Journal of Conflict Resolution*, *International Studies Quarterly*, and *Journal of Peace Research*.

Erika Moreno is a resident assistant professor at Creighton University. Her research interests include democratic political institutions, electoral systems and representation, and interbranch relations with a focus on Latin American politics. Recent publications include articles in *Electoral Studies* and *Legislative Studies Quarterly*.