

Title: Governance Structure and Household Investment in Education: Evidence from a Recentralization Experiment in Vietnam

Speaker: Somdeep Chatterjee, IIM Calcutta

Area: Economics

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Abstract:

Despite the enhanced significance of the optimal design of institutions, relatively less is known about the role of governance structures in shaping household-level development outcomes. In this paper, we study the link between type of governance (centralized v/s decentralized) and household allocation decisions towards education. We exploit a unique policy experiment in Vietnam in 2009 that recentralized provincial administration by abolishing district peoples' councils and re-allocating administrative control to the sub-national authorities in select provinces. Employing a quasi-experimental identification strategy, we find that education expenditure for households in recentralized provinces increased by 1 pp (15% relative to the mean), primarily for households with children enrolled in public schools. We also find that education subsidies received by the average households decline as a result of the policy, suggesting a potential mechanism that households' out-of-pocket expenditure on education may have increased. This is supported by supplementary evidence that enrolment rates and school choice remain unchanged.

Speaker Profile:



Somdeep Chatterjee is an applied microeconomist by training. His research interests are in the fields of empirical issues in development economics with particular focus on the economics of education, labor, health, gender and human capital in general. Other than these, he takes keen interest in topics in political economy of development such as public policy implementation, electoral behavior as well as behavioral economics perspectives on public institution efficacies. He has experience of teaching courses on Indian Economy, Managerial Economics, Behavioral Economics, Applied Econometrics as well as Economics of Human Capital. He is a fellow of the Global Labor Organization (GLO). His research has appeared in journals like the Journal of the European Economic Association, *Economica*, *World Development*, *Journal of Human Capital*, *Public Choice* etc.

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