

# **PUBLIC OPINION ON PUBLIC EDUCATION SPENDING IN CROATIA**

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## **Abstract**

The data from the Life in Transition survey shows that in Croatia, unlike in the other post-socialistic countries, citizens give priority for extra public spending to the public education. Thus, the questions this thesis seeks to answer are why Croatians advocate more public spending on public education and not on different social policy fields and whether different socio-economic groups support extra public education spending as their top priority policy field for more public spending.

Process tracing is used in the first stage of research, while logistic and multinomial logistic regressions are conducted in the second stage. The findings show that public opinion on public education expenditures is affected by the previous Yugoslav welfare state arrangements, but it also depends on timing of enacted and proposed policies which introduced the public education expenditure cuts. The logistic regression results show that the age is the most important predictor of attitudes towards public education expenditures. As older respondents are, they are less likely to support public education expenditures than their younger countrymen. The multinomial logistic regression findings support this result and show that younger people prioritize public expenditures for public education and housing over expenditures for health care, while older give priority to old-age pensions.

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## 1. Introduction

And the first step, as you know, is always what matters most,  
particularly when we are dealing with those who are young  
and tender. That is the time when they are taking shape  
and when any impression we choose to make leaves  
a permanent mark.

*Plato, The Republic*

Ask me my three main priorities for government, and I tell you: education, education, education.  
*Tony Blair, Speech to Labour party conference, October 1996*

In the early 1990s scholars started to talk about “welfare state retrenchment” in the advanced Western welfare states (Pierson 1994). The “welfare state retrenchment” argument was introduced based on observing of governmental expenditures on social programmes and on the notion that the share of GDP countries spend for social programmes remains stable, or more often, increases (Pierson 1994). However, already Pierson (1994) was arguing that welfare state retrenchment is possible only when the proposed policy changes and politics are responsive to public opinion.

Public opinion on social spending is, in general, studied on two levels: the national (macro) or the individual (micro) level (Bleksaune and Quandagno 2003; Aarøe and Bang Petersen 2013). As regards micro level research, the prevailing consensus in the existing literature is that public opinion and attitudes towards social policy spending depend on self-interest and ideological preferences of individuals (Aarøe and Bang Petersen 2013). On the other hand, the literature based on research of national aggregates of attitudes starts with the assumption that public opinion is the result of the institutional design of the welfare state (Blekesaune and Quadagno 2003), where public preferences reveal institutional particularities. From the same

literature, we also know that different socio-economic groups within the same country will have different opinions on social programmes due to their different relationships with different programmes as recipients. Maybe the most familiar example of this line of argumentation is that belonging to the particular gender and/or age cohort shapes opinions on child-care, old-age pensions or long-term care programmes (Blekesaune and Quadagno 2003).

For the successful implementation of social programmes, particularly in democratic polities, it is important that programmes enjoy broad support from citizens. The feasibility that public opinion can affect policy output of social programmes is visible in recent works on power resources and path dependent theories (see Korpi 1989; Pierson 1996; Huber and Stephens 2001). The emerging literature on policy responsiveness which deals with issues of public opinion and support for different social policies and programmes has come up with the conclusion that public opinion is a factor which supports welfare state persistence (Brooks and Manza, 2006; 2007).

However, studies about public opinion on social policy, if they are comparative, usually cover Western countries which can fit in Esping-Andersen's (1990) typology of different welfare regimes (Svallfors 1997; Blekesaune and Quadagno 2003; Blekesaune 2007; Jordan 2013). Former socialist countries have been considered in similar studies only recently (Vučković Juroš 2011; Habibov 2013; Calzada, Gomez-Garrido, Moreno and Moreno-Fuentes 2014). In these studies, former socialist countries are frequently assembled together in one cluster or one regime type, commonly labelled as an "Eastern" European welfare regime, but with authors admitting they were going through significantly heterogeneous reforms of welfare systems (Deacon and Stubbs 2007; Cerami and Vanhuysse 2009). Clustered in that manner, welfare systems of the former socialist countries and public opinion on social policy in those countries are compared to Western countries and their welfare regimes. Case studies which deal with public opinion on social policy or on preferences for specific social programmes in

particular countries are rare and they are mostly part of the broader analysis of the emergence of the post-socialist welfare state (Aidukaite 2004).

Croatia is one of these post-socialist welfare states, where profound changes in nature of the welfare state happened during the transition. For over twenty years now, successive Croatian governments have had to enact social policy changes or to adopt new social policies, instruments and mechanisms. The prevailing ground-point in the literature on the transformation of the Croatian welfare system is that political and economic transformation is followed by the reconstruction of the welfare system in two main time periods: first, from establishing independence from Yugoslavia in 1991 until 2000 and second, the period since 2000 (Stubbs and Zrinščak 2009, 2012). Complex mixture of nation-building, war and authoritarian political leadership is characteristic for the first period, while the second period is characterized by increasing influence and pressure of external actors and processes in the light of the European Union pre-accession process (Stubbs and Zrinščak 2009, 2012). Regarding welfare state transformation, the first period is marked by significant retrenchment of the traditional Croatian (or Yugoslav) welfare state. This was a period of substantial changes in all social programmes: from old-age pension system or health care system to labour market policies and social care programmes (Puljiz 2001). In the second period, a new government, led by a social-democratic coalition, continued with the reforms which were started in 1990s, but with putting even more accent on the shift of welfare responsibility on the individuals, regional and local authorities, private companies and civil society organizations (Bežovan and Zrinščak 2001; Puljiz 2001; Deacon and Stubbs 2007; Stubbs 2008; Stubbs and Zrinščak 2009, 2012).

However, one part of the welfare system remained relatively unaffected by the restructuring of the Croatian welfare state: the public education system (Babić 2005). Although public education is not always addressed as part of core welfare state policies such as old-age



pensions or health care, it is still considered as a core entitlement individuals have in society (Hega and Hokenmaier 2002).

If one observes only the amount of money Croatian governments were spending on education (where governmental spending on education is defined as spending on both public and private educational institutions, on education administration and transfers/subsidies for students or households), it can be seen that total spending was constant during the 1990s and even increased in the first years of 2000s, but has undergone significant decrease since 2009 (Ministry of Finance, Republic of Croatia 1994-2012). As public opinion on social policy in Croatia in general and, especially, on governmental spending on public education is considerably under-researched, this thesis aims to give insight into this topic.

Thus, the general question this study seeks to answer is: *Do Croatians advocate higher governmental spending on public education?* Preliminary insights, based on the analysis of data from the second wave of the Life in Transition (LIT thereafter) survey (EBRD 2011) showed that Croatian citizens in relatively large numbers support extra public spending on education and healthcare. When asked which social policy field should have priority for extra governmental spending, 30.8 per cent of respondents advocated higher public spending on education, while 22.5 per cent thought that government should spend more on healthcare. Housing was the only of the listed social policy subfields respondents which less than 10 per cent of respondents thought government should extra finance.

If so, the research questions of the paper can be formulated thus:

1. *Why do Croatians advocate more governmental spending on public education and not on different social policy fields?*
2. *Do different socio-economic groups support education as their top priority policy field for more governmental spending?*

In the line with the aforementioned literature on public opinion and social spending, this analysis will be conducted in two stages. The first stage aims to give broader national political and socio-economic context to this issue by describing the current state of affairs and recent developments in the field of educational policy using process tracing techniques. The second stage of analysis tackles public opinion across socio-economic groups using the aforementioned LIT dataset.

The findings of this thesis have both practical and theoretical implications which will fill the gap in the existing literature. Knowing why people, and which socio-economic groups in particular, most widely support more governmental spending on public education in Croatia helps to understand how policy preferences for spending on different policy fields are made in this specific case. Additionally, some of conclusions might be applicable to other post-socialist countries, primary the post-Yugoslav ones. This might be especially significant because existing literature on governmental spending on public education and on public education as one part of social policy is based on research in developed Western economies exclusively (Castles, 1989; Hega and Hokenmaier 2002; Busemeyer 2007, 2009).

The findings show that public opinion on public education expenditures is affected by the previous Yugoslav welfare state arrangements, but it also depends on timing of enacted and proposed policies which introduced the public education expenditure cuts. The logistic regression results show that the age is, in the line with the self-interest theory, the most important predictor of attitudes towards public education expenditures. As older respondents are, they are less likely to support public education expenditures than their younger countrymen. The multinomial logistic regression findings support this result and show that younger people prioritize public expenditures for public education and housing over expenditures for health care, while older give priority to old-age pensions. However, predictors which are used to explain possible effect of the political ideology on the public

opinion on the public education spending indicate, opposite to the existing studies in the Western European countries, that those people, who tend to have more individualistic values, give priority to the extra public education spending.

This thesis is structured as follows. After introducing the topic in this chapter, I proceed to literature review in chapter II. Chapter III presents theoretical framework and hypotheses, while chapter IV describes used data and methodology. Chapter V provides an answer on the first research question by using literature on policy responsiveness and process tracing methods. Chapter VI deals with the second research question. Using data for Croatian respondents from the LIT survey, in this chapter I formulate an explanation for the opinion of certain socio-economic groups and individuals on governmental spending on public education. Chapter VII summarises and concludes the discussion.

## **2. Literature review: What affects individual preferences, opinions and attitudes towards welfare policies?**

In this chapter I first embed my research topic into the broader field of research on individual preferences, public opinion and attitude towards welfare policies and social spending. Then the role of self-interest and ideology, which are considered to affect people's attitudes towards specific welfare policies and priorities for social spending, is described. Lastly, a summary of the literature on institutional embeddedness of welfare spending preferences is presented.

### **2.1. Three waves of the welfare state attitudes research**

In recent years, the study of individual preferences, opinions and attitudes towards welfare policies and the redistribution of resources and life chances has become a growing field in comparative welfare state research (Busemeyer 2009; Svallfors 2010). Existing literature suggests that there are four main dimensions of the welfare state where attitudes have to be considered as relevant: the functions of the welfare state; the means of the welfare state; the effects of the welfare state; and the financing of the welfare state (Andreß and Heinen, 2001). Svallfors (2010) identifies three waves of welfare attitudes research: the first wave, in the late 1970s, 1980s and early 1990s, was based on national surveys and analysed welfare attitudes in advanced capitalist countries; the second wave, from the 1990s onwards, was grounded in the establishment and perfecting of large comparative datasets which formed the basis for systematic and comparative research on welfare attitudes across numerous countries using newly established theory on welfare regimes as theoretical background; and the third wave, which appeared only recently and which aimed to widen the perspective of welfare attitudes research beyond the limits of comparing welfare regimes and, hence, included theories on varieties of capitalism and policy responsiveness as a part of explanation for variations in welfare attitudes.

Although conclusions from the first wave of welfare attitudes research were mostly based on sometimes substantively different case studies of specific Western countries such as Sweden (Svallfors 1992), Great Britain (Saunders 1990) or Germany (Roller 1992), these studies gave some common key findings which later served as ground field for further research. In general, people advocated an extensive welfare state. Collectively financed and publicly organized social programmes had overall public support. However, difference in support for universal and selective programmes was observed and it was concluded that we could not talk about unidimensional attitudes towards welfare state because universal programmes such as old age pensions and health care had strong support, while selective programmes such as unemployment benefit were supported much less widely. This distinction is usually visible in different preferences for the size of governmental spending in particular social policy areas (Papadakis and Bean 1993; Roosma, Gelissen and van Oorschot 2013). At the same time, general support for welfare state depended on the public discourse and prevailing ideology, while specific support for particular programmes appeared to be grounded in respondents' personal experiences. Class related factors such as level of education and income were listed as the most important factors shaping welfare attitudes (Svallfors 2010: 243-244).

Most research on welfare attitudes can be placed in the second wave of welfare attitudes research (see for example Svallfors 1993, 1997, 2003; Bean and Papadakis 1998; Arts and Gelissen 2001; Blekesaune and Quadagno 2003; Jaeger 2006; Blekesaune 2007; Bang Petersen 2012; Aarøe and Bang Petersen 2013; Jordan 2013.) These studies offer a comparative view on welfare attitudes across Western countries which could fit in the theoretical framework of “three worlds of welfare”, Esping-Andersen's famous typology introduced in 1990. Welfare regimes, as Esping-Andersen (1990) defined them, were used as a framework for case selection and analysis. Overall, the main findings of this wave were not straightforward, but agreement existed regarding a number of findings. Substantial differences

among countries in overall public support for the welfare state were found. If comparing attitudes across welfare regimes, the highest support for an extensive welfare state, wide redistribution and state responsibility in reducing inequality could be observed in countries of the social democratic regime, while it was weaker in the conservative and the lowest in the liberal regime. Although these differences and similarities among countries existed, there was no clear-cut regime clustering of countries (Svallfors 2010).

However, these studies neglected former socialist countries which could not fit Esping-Andersen's "three worlds of welfare". These countries have been considered as important in similar studies only recently (Jakobsen 2011; Vučković Juroš 2011; Habibov 2013; Roosma, Gelissen and van Oorschot 2013; Calzada, Gomez-Garrido, Moreno and Moreno-Fuentes 2014). To facilitate analysis, in these studies, former socialist countries were frequently assembled together in one cluster or one regime, commonly labelled as an "Eastern" European welfare regime, but with authors admitting they were going through significantly heterogeneous reforms of welfare systems (Deacon and Stubbs 2007; Cerami and Vanhuyse 2009; Jakobsen 2011). Clustered in this manner, welfare systems of the former socialist countries and public opinion on social policy in those countries were compared to Western countries and their welfare regimes. Recent research by Roosma, Gelissen and van Oorschot (2013) showed that Eastern (and Southern) Europeans embodied support for a larger role of the welfare state, but also had a critical attitude towards its efficiency, effectiveness and policy outcomes. The idea that the welfare state performed poorly and that its role should be increased influenced people's opinions. Respondents supported a larger role of the government, higher public spending, and were also more critical towards the welfare state's efficiency, benefit levels and the quality of social services than respondents in Western and Northern Europe.

During the second wave of welfare attitudes research, welfare attitudes were, in general, studied on two levels: the national (macro) or the individual (micro) level (Bleksaune and Quandagno 2003; Aarøe and Bang Petersen 2013). As regards micro level research, public opinion on welfare state and welfare attitudes was found to depend primarily on self-interest and individuals' ideological preferences (Bang Petersen 2012; Aarøe and Bang Petersen 2013). On the other hand, the findings from the literature based on research of national aggregates of attitudes presented the assumption that public opinion was the result of the institutional design of the welfare state (Blekesaune and Quadagno 2003) and the articulation of historical social cleavages in different contexts (Svallfors 2010), public preferences in the last instance revealing institutional particularities. The same literature revealed that different socio-economic groups within the same country would have different opinions on social programmes due to their different relationships with different programmes as recipients. Maybe the most familiar example of this line of argumentation was that belonging to a particular gender and/or age cohort shaped opinions on childcare, old-age pensions or long-term care programmes (Blekesaune and Quadagno 2003). Before returning to this line of argumentation, I now proceed to describe the third wave of welfare attitudes research.

The third wave of welfare attitudes research aimed “to widen the perspective beyond comparing welfare regimes” (Svallfors 2010: 247). First, this wave included political economy literature on “varieties of capitalism” (Hall and Soskice 2001) or “production regimes” (Iversen and Soskice 2001) to broaden the concept of welfare regime. This research stream included workers' skill specificity and class-based risk as possible explanations for welfare attitudes. The main findings showed that workers with more occupation-specific skills advocated more redistribution and protection from the welfare state than workers having general skills. If generalized for entire polities, the argument was that those countries that had more specific skills workers would have more extensive welfare states than those with more

general skills workers (Iversen and Soskice 2001). Also, findings showed that people who were more prone to class-based risks tended to support both universal and selective social programmes (Cusack, Iversen and Rehm 2006).

Second, this wave also drew on policy responsiveness theory, which proposes that policy outputs of the welfare state, especially in democracies, depend on mass policy preferences. Two main ideas about the linkage between welfare output and public opinion have been developed. The first one argues that social policy influences public opinion, while the second one supports the opposite view: public opinion determines the direction of social policy making. However, explaining causality by using only one of these theories proved inconclusive, so the existing literature has also focused on mutual influence. As maybe the most famous example of this approach, one could take Pierson's (1994) theory on welfare state retrenchment, which was tested on the examples of welfare state retrenchment during the Reagan and Thatcher administrations in the United States and United Kingdom, respectively. Pierson (1994) claimed that welfare state retrenchment was possible only when the proposed policy changes and politics were open and responsive to public opinion. However, if old policies were highly institutionalized, deeper transformations were not so likely to succeed. In those cases only minor and incremental changes in policy could occur, especially if these changes were perceived to be retrenching existing programmes. Therefore, public opinion was likely to affect less institutionalized policy areas. If so, public opinion could matter in larger scope when new institutions were going to be created and when there was more space for public cooperation and deliberation, with old institutions much more resilient to change. Another example of this approach is work by Brooks and Manza (2006; 2007), who used data from the International Social Survey Programme to study the relationship between and impact of attitudes on welfare policies making. They argued that the impact of attitudes was considerable. However, they asserted that public preferences were constrained by institutional



settings, so long-term modifications in social programmes were based both on attitudinal and institutional changes, which were mutually reinforcing (Brooks and Manza 2007; Svallfors 2010).

Three waves of welfare attitudes research show that people, in general, advocate extensive welfare state. In the same time, we cannot talk about unidimensional attitudes towards welfare state because different preferences for the welfare state in general and for the spending on particular social policy fields exist. The relationship between general support for the welfare state and for particular programmes remains blurry. However, similar factors are used to explain these preferences. Prevailing consensus is that differences in attitudes across welfare regimes exists, however clear-cut regime clustering of countries is not noticed. If countries are grouped geographically, broader support for more extensive welfare state and higher public spending can be observed in Eastern and Southern Europe than in Western and Northern Europe. Respondents' self-interest and ideological preferences as well as institutional design of welfare state are used as the main explanatory factors of welfare attitudes.

## **2.2. Self-interest as an explanatory factor for welfare spending preferences**

As mentioned above, one of the main explanatory factors used in the literature to determine what shapes public opinion on welfare state and preferences for spending on particular social programmes is self-interest theory. Theory acknowledging self-interest as an explanatory factor for preferences for spending on particular social programmes is grounded in economic theories of rational human beings who follow their preferences and it dates back to the work of Adam Smith and his notion of the tensions between egoistic and altruistic human nature (Forma and Kangas 1999). According to theories which place self-interest at the heart of explanations of individual opinions on the welfare state, those who are recipients of particular

social programmes or those who expect to become recipients are more likely to be supportive of the welfare state and in particular of programmes who they benefit from (Bleksaune and Quadagno 2003). On the other hand, people who do not benefit from the generous welfare state will not have interest in supporting different social programmes and the welfare state more generally. Thus, one can talk about possible conflicts between those who are contributors and those who are (or who have the chance to become) welfare state recipients.

Also, there is an assumption that belonging to a particular gender or to specific age cohort creates strong opinions on childcare, old-age pensions, labour policies or long-term care programmes. Young adults and women should support more extensive child-care programmes, family policies and policies against unemployment, while older workers and elderly should support more the programmes for the elderly, i.e. old-age pensions, long-term care and health care, for example (Bleksaune and Quadagno 2003). At the same time, Bleksaune and Quadagno (2003) in their analysis find that women tend to have more positive attitudes towards social programmes than men do. They argue that possible explanations can be that women live longer than men so they are more likely to depend on long-term care and other social programmes than men. Considering this, women would support welfare programmes more than their male counterparts. In addition, traditionally it has been women who care for the sick and the old on an unpaid basis. If social programmes for long-term care were supported by the state, women would probably have more chances to be paid for their work or would be able to opt out of unpaid care work and engage in paid work. Traditionally, as well, women tend to be overrepresented as employees in social services, especially in education, healthcare and social care. Women, therefore, have a direct stake in an extensive welfare state as workers. Bleksaune and Quadagno (2003) conclude that women have more interest than men in supporting more extensive social programmes.

### 2.2.1. Variations in the preferences for spending on different social policies

In his 2013 study, Sørensen (2013) examined how the life-cycle affected preferences for expanding or contracting governmental spending for education, health care and old-age pensions. This analysis was grounded in the fact that social programmes with large budgets, such as pensions, health care services and education, are targeted to particular age groups. Based on the assumption that people have self-regarding preferences, these domains are likely to be areas where age-related preferences will be most evident. If so, pensions are social programs that benefit elderly people the most. Self-interested elderly would advocate higher spending on pensions as most pension programs are based on a pay-as-you-go system, which means that their more generous pensions would be paid by younger, currently employed workers. On the other hand, school-aged children and their parents are the primary beneficiaries of education programs. Therefore, it can be expected that the elderly without school-age children will show higher support for e.g. old-age pensions spending relative to people with school-age children, and *vice versa* for education spending.

In the case of programmes that the young benefit from, these can be more controversial than those who benefit the elderly. One can argue that most of the social programmes, such as social assistance or unemployment benefits, are highly institutionalized and are hard to change, so even young people have self-interest in advocating for maintaining or increasing the level of spending for these programmes. Young people might even support spending programmes for the elderly since they are sure they are going to become old themselves. Since the elderly cannot become young again, the reverse support cannot be expected. The elderly, if behaving in self-interest, have almost nothing to gain by supporting benefits for young people. If so, public education spending should be more divisive than healthcare and old-age pensions (Sørensen 2013: 260-261).

The analysis was conducted on data from 22 countries using pooled four cross-sectional surveys in 1985, 1990, 1996 and 2006. The obtained results showed to be in the line with the previous theoretical and empirical findings: people changed their spending preferences over their life-cycle. Elderly people showed less support for higher public education spending than younger people as they aged. Having school-aged children in the family increased chances of advocating more public education spending. However, changes in preferences for public education spending were not related to the attainment of more education, having children early in life or work participation in mid-life period. Self-interest had highest impact when advocating more pensions spending.

Sørensen (2013) also found that the importance of the life-cycle for preferences for social programmes' spending varies across countries and depends on disparities in societies, on current and future tax costs due to different demographic structures and on the redistributive nature of spending programmes (Sørensen 2013: 269). In general, this study showed that spending for social programmes was under significant influence of elderly citizens, who advocated lower spending for education and higher for health care and old-age pensions. The elderly represented a large share of the voters, so they could act as veto actors if benefit schemes' reforms would be proposed (Sørensen 2013: 270-271). Similar findings are presented in research by Busemeyer, Goerres, and Weschle (2009), who tested the impact of age on attitudes toward welfare programmes in 14 OECD countries. They argued that being in a certain age cohort could be used as a better predictor of welfare state attitudes than, for example income or social class, and thus, concluded that being in a different place in the life-cycle is more important in determining what programmes a person is more likely to support. The results obtained in the study conducted by Pederson (2013) also showed that self-interest was an important factor in determining attitudes toward governmental spending on public pensions and unemployment benefits. Age, however, was not a significant predictor. If

respondents were asked if the government should spend more on pensions, about the same as they do now, or less, females had significantly lower odds than males of agreeing with the idea of less spending. Having higher education was associated with significantly higher odds of supporting a decrease in pensions spending. Unexpectedly, retired respondents did not have significantly different attitudes than those currently in the labour force. The unemployed, however, and those outside the labour market were significantly less likely to support less spending. With increases in the respondent's age, there was an increase in the odds of disagreeing with the idea of less spending on unemployment. Persons who identified themselves as members of the upper class were more likely to support less spending on unemployment than those respondents who belonged to the working or middle class. These findings are in the line with self-interest theory because working or middle classes are more vulnerable if they lose their job as their salary is usually the main source of income, and thus more likely to need unemployment benefits. The unemployed have much lower odds than those who are working to support cuts to unemployment programs. This finding most convincingly affirms the validity of self-interest theory, which claims that people will have more favourable attitudes toward programs they will directly benefit from (Pederson 2013).

### **2.2.2. Public education spending preferences**

Studies on attitudes towards public spending on different social programmes based on self-interest theory have been on the increase over the last few years. However, studies dealing with spending on public education specifically remain relatively uncommon in the literature. The few studies dealing with attitudes towards public education spending date from 1980s and are part of the first wave of welfare attitudes research and focus on the United States (Ferris 1983; Smith 1989). The more recent studies are mostly based on comparisons among OECD countries (Bussemeyer 2007; 2008; 2013; Sørensen 2013) or are case studies of countries such

as the United States (Street and Cossman 2006; Fullerton and Dixon 2010), Switzerland (Grob and Wolter 2007), Ireland (Delaney and O'Toole 2007) or Scandinavian countries (Fladmoe 2012). However, in the studies on Switzerland and the Scandinavian countries, explaining public support for public education spending has not been of central interest. Grob and Wolter (2007) and Fladmoe (2012) deal with general attitudes towards the effectiveness of the education system in the creation of equal life chances and inclusive societies. The findings from studies on attitudes Americans have towards government spending on education showed that support for extra educational spending was increasing gradually during 1970s and 1980s and also confirmed assumptions of self-interest theory. Smith (1989) argued that socio-economic groups who advocated more educational spending were young people, better educated and urban residents. Respondents' race was also a significant predictor for expressing more support for educational spending. Blacks in 1970s and 1980s advocated relatively stronger support than whites for more educational spending as they saw education as a tool of "empowerment", but this gap was decreasing by the end of the 1980s, when both races had significant effect on demand for more educational spending if combined with aforementioned age cohort affiliation, education status and place of settlement. Ferris (1983) showed that respondents who prioritized more education spending over spending on other policy domains such as health care, infrastructure or defence were more likely to be women, more likely to have higher education and to have school-aged children. Street and Cossman (2006) used data from the US General Social Survey for the period 1988–2000 to find limited support for the self-interest hypothesis with respect to education, health care and social security spending. Fullerton and Dixon (2010) used data from the US General Social Survey for the period 1984–2008. They analysed preferences for increasing or decreasing public spending on education, health care and social security. Their analysis suggests that young generations have been more supportive of public education spending than the elderly, but the

younger cohorts also advocate higher spending on health care services. The eldest cohorts, as expected, prefer higher levels of health care spending. Preferences for social security do not show unidimensional patterns in relation with life-cycle or cohort effects.

As this part of the literature review aimed to show, assumptions on self-interest motivated attitudes towards spending on public education were relatively under-investigated in the literature on the welfare spending attitudes, especially in Europe. Based on self-interest theory and rarely available empirical studies, it can be expected that support for public education spending should be higher among younger people, women, families with school aged children and people employed in public sector, especially in education. Self-interest theory is usually used to explain differences in attitudes towards particular social policy field or programme. However, it is showed that it can be also useful if one wants to explain variances in support for spending within one particular policy, so this thesis aims to show if such variances exist in the case of preferences for public education spending in Croatia.

### **2.3. Ideology as an explanatory factor for welfare spending preferences**

Apart from self-interest theory, ideology or ideological preferences have been used as explanatory factors for people's preferences for welfare spending in general or for spending for particular social programmes.

This theoretical approach studies attitudes to welfare state policies and spending at the individual level and is usually tested in cross-national studies (Pederson 2013). According to the assumptions of the political ideology theoretical approach, value systems and ideological predispositions influence attitudes towards the welfare state in general, but also towards welfare spending (Lynch and Myrskylä 2009). The origins of welfare attitudes are rooted in

ideological and particular institutional environments (Brooks and Manza 2007; Blekesaune and Quadagno 2003).

As a concept that is always difficult to operationalize, political ideology is measured in several ways in the literature on welfare attitudes. Individuals' positioning on the left-right spectrum of political ideology is usually one of these operationalisations. In the case of welfare spending, traditional theories and empirical research in Western democracies state that left and right parties adopt drastically different budgets (Castles 1989). According to these theories and studies, left parties advocate more government control of the economy while rightist parties prefer greater reliance on the market. Leftist governments tend to produce bigger government in general and increased welfare (including health and education) spending in particular than rightist parties (Tavits and Letki 2009: 555). Therefore, it can be assumed that leftist voters will support more extensive welfare state in general and advocate higher welfare spending for health and education than those who vote for rightist parties.

Newer studies on welfare preferences in Western countries show ambiguous findings. Jaeger (2006), using data on 13 Western European countries, finds that people who have preferences for left parties tend to support higher levels of redistribution. On the other hand, having preferences for conservative, right parties has no significant effect on attitudes towards redistribution (Jaeger 2006). Brooks and Manza (2007) find that both right-leaning and left-leaning citizens are opposed to welfare state retrenchment.

However, in the case of the post-socialist Central and Eastern European countries, it is difficult to talk about left-right parties in the traditional, Western way. Markowski (1997) argues that left-right identification is different in Central and Eastern Europe from that in Western Europe due to lack of exposure to ideological debates during socialism, the non-existence of a sizeable middle class and the nature of transition. Although left-right cleavages underpinning party systems and party identification in Central and Eastern Europe have been



in the focus of scholarly attention, studies mainly deal with Visegrad countries (Markowski 1997; Kitschelt et al. 1999). Findings mostly show that, in contrast to Western Europe, left-right cleavages are not based on questions of economic (re)distribution and market regulation, but on historical divisions and religious identity (Markowski 1997; Kitschelt et al. 1999).

This is true of the structure of cleavages in Croatia also. Čular, Zakošek and Henjak (2013) argue that cultural-territorial, cultural-ideological and history-identity cleavages shape ideological orientation, partisan identification and voting behaviour. Political parties build their relationship with the electorate around cultural and symbolic values, not redistributive policies. Regardless of the introduction of economic issues in party manifestos, parties rarely organize their campaigns around those issues (Čular and Nikić Čakar 2011; Henjak 2007). Traditional “Western” socioeconomic cleavages have been completely overshadowed by these aforementioned cleavages. At the same time, taking into account these specificities, Čular and Nikić Čakar (2011) find that Croatian parties cannot be classified in the left-right spectre unless we do not contrast theoretically driven “universal” concept of left and right with the national “adapted” understanding of the left and right based on aforementioned cleavages. As one of the “attributes” of leftist policy orientation, Čular and Nikić Čakar list “education expansion”. However, in the analysis they do not specify policy position of particular parties on education expansion. Thus, their study does not elaborate on what kind of policy position parties have on education expansion and one cannot assume their electorate’s attitude towards this topic.

Tavits and Letki (2009) in their analysis on total governmental, education and health care spending in post-communist countries (Croatia included) argue that leftist parties in those countries, unlike Western European leftist parties, have a tendency to advocate fiscal austerity. Parties impose such policies due to will to demonstrate their distinction from socialism and their ability to adapt to market economy and democracy (Tavits and Letki 2009:

555). Tavits and Letki (2009) also argue that those parties have stable electorates and do not have to be afraid of voter punishment if they advocate lower spending on education and health care.

As the above discussion demonstrates, voters' position on the left-right ideological spectrum in post-socialist countries is not related primarily to economic or redistributive preferences. Parties, their policy positions and voters' preferences for welfare redistribution cannot be easily placed on the traditional left-right scale, nor will people's party choices reveal much about their attitudes towards social programmes spending. Therefore, I find it inappropriate to use (only) left-right party preferences to explain welfare spending attitudes in Central and Eastern Europe as some studies on Western European welfare states do (Jaeger 2006; Pederson 2013). Due to this finding and data limitations of the LIT survey (see Chapter 4.2. on data sources), the influence of political ideology on attitudes towards education spending in this thesis is not operationalized using left-right party preferences.

Egalitarian values are used as another operationalisation of political ideology as an explanation for welfare attitudes. Numerous studies show that welfare state preferences depend on the extent to which an individual embraces egalitarian, or, on the contrary, individualistic values (Blekesaune and Quadagno 2003; Breznau 2010). The main findings presented in these studies claim that individuals with higher levels of egalitarian attitudes tend to have more favourable attitudes toward welfare state programmes. Blekesaune and Quadagno (2003) also find that the existence of egalitarian attitudes mediate self-interest characteristics like age in regard to attitudes toward welfare state programmes for the elderly. However, these studies do not provide an answer to the question whether egalitarian values affect attitudes towards public spending in general or preferences for spending on particular social programmes, e.g. education.

In the nutshell, the political ideology theoretical approach assumes that values and ideological predispositions have influence on attitudes towards the welfare state in general, but also towards welfare spending. Given the complexity of the concept of political ideology, this is usually operationalized using left-right party preferences and egalitarian values. However, left-right preferences are often based on studies of Western European countries. In that literature, preferences for left parties is related with preferences for an extensive welfare state, economic redistribution and market regulation, while those who prefer right parties express opposite attitudes towards economic and social policies. Due to ambiguity of left and right in Central and Eastern Europe, parties, their policy positions and electorate's preferences for welfare state and welfare spending cannot be easily placed on the traditional left-right scale. In such case, individuals' egalitarian values can be used as an alternative explanation for effects of ideology on welfare spending attitudes.

## **2.4. The institutional embeddedness of welfare spending preferences**

Specific social policy arrangements have tremendous consequences for policy outcomes and they influence individuals and specific socio-economic groups (Brook and Manza 2007). The most noticeable consequence of this is that past and current welfare preferences and expenditure levels of different social programmes limit alternative policy-making in the future (Brooks and Manza 2007). They also shape electorates' and beneficiaries' preferences towards possible expansion and/or preservation of existing social programmes (Pierson 1996). Recently, an important issue has been raised in welfare state theory. Do policy-making and the policy outputs of welfare state, especially in democracies, depend on mass policy preferences? If so, to what extent, when and how can public opinion affect the specifics of social policy?

First, Brooks and Manza (2006, 2007) in their recent work argue that if the public does not have preferences for redistribution, government does not have to adopt such policies. In that case, the persistence of generous welfare states is politically unnecessary. However, if political elites attempt to reduce the extent and the costs of the welfare state against public opinion, they are likely to risk not being elected again or, in the case of opposition, not to be elected (Pierson 1996). Therefore, if political elites decide to decrease spending for particular social programmes such as public education, they face risks of electoral punishment.

The second theoretical approach aims to show how existing social arrangements can determine public opinion on the welfare state, but on preferences for welfare spending as well. If welfare state institutions produce certain behavioural norms, it can be argued that a generous welfare state will result in a society which is based on strong support for redistribution and social equality. This means that institutions can influence individual behaviour and individual opinions because individuals form their opinion within particular institutional contexts of an already existing welfare state. The most famous research that argues in favour of this approach is Esping-Andersen's (1990) book on 'three worlds of capitalism', where he, among other things, argues that welfare institutions (or different welfare regimes) determine welfare attitudes. In later works which either rely on or criticize and build on Esping-Andersen's work, the same line of argumentation is followed (see Arts and Gelissen 2001; Bleksaune and Quadagno 2003).

The third theoretical approach argues that from the first two approaches, one cannot with certainty claim in which way causality goes. Pierson (1996) claims that welfare state retrenchment is possible only when the proposed policy changes and politics are open and responsive to public opinion. However, if old policies are highly institutionalized, deeper transformations are not so likely to succeed. In those cases only minor and incremental changes in policy can occur. Therefore, public opinion is likely to affect less institutionalized

policy areas. If so, public opinion can matter in larger scope when new institutions are going to be created and when there is more space for public cooperation and deliberation, while old institutions are much more prone to the effects of public opinion.

Pierson (2004) argues that in the political process' analysis one should focus on the dynamics of "self-reinforcing" or positive feedback process in a political system. He claims that an understanding of self-reinforcing processes is helpful in analysis of different issues related to temporality or policy timing. One of the main arguments he develops is that "the temporal ordering of events or processes has a significant impact on outcomes" (Pierson 2004: 54). If one accepts this theory, it can be assumed that timing of proposed policy changes can influence public attitudes towards policy because positive public opinion on policy content, policy instruments and mechanisms are crucial for successful policy implementation.

As it can be seen from the literature, public attitudes towards welfare state in general and towards public spending in particular, are embedded in existing welfare state arrangements and previous preferences. That past and current preferences for particular social programmes and the amount of expenditure for different social programmes limit alternative policy-making in the future meaning that electorates' expectations will reflect these expenditure levels and public effort for certain, but not other programmes. However, public attitudes can have influence on the scope of welfare state. In the fear of electoral punishment, politicians can follow public opinion preferences for spending on particular programmes, e.g. education. The literature on policy timing, on the other hand, suggests that timing matters the most: politics and policies are always placed in time; therefore, policy outcomes depend on timing. Based on these theories, I assume that timing of public education expenditure cut-offs in Croatia which happened during 2008 and 2009 affected public opinion in the moment when the LIT survey was conducted. Croatians, who are used to the universal and generous public education system and relatively high education spending inherited from Yugoslavia, are

expected not to prefer retrenchment in this social policy field and to prioritize public education spending over spending on other social policy programmes.

## **2.5. The research agenda**

This chapter embedded my research topic into the broader theoretical framework and empirical research on individual preferences, public opinion and attitudes towards welfare policies and social spending. The existing literature emphasizes the role of self-interest and ideology in determining people's attitudes towards specific welfare policies and priorities for social spending. The most important for the upcoming analysis, this literature review showed that assumptions about attitudes towards spending on public education motivated by self-interest were relatively under-investigated within broader field of the welfare attitudes. As self-interest theory assumes and available empirical studies prove, support for higher education spending should be higher among younger people, women, families with school aged children and people employed in public sector, especially in education. Secondly, the political ideology explanation deals with the idea that values and ideological predispositions can influence public opinion towards welfare spending overall and on particular programmes. Studies usually assess political ideology using left-right party preferences and egalitarian values. However, in the case of Central and Eastern Europe, we cannot clearly distinguish left and right parties, their policy positions on economic and social policies, and, therefore, electorates' preferences for the size of the welfare state and welfare spending cannot be easily deduced from voters' position on the traditional left-right spectrum. Individuals' egalitarian values are more appropriate explanatory factors for operationalising the influence of ideology on welfare spending attitudes in general and on public education spending in particular. Lastly, the literature on institutional embeddedness of welfare spending preferences was

presented. The most important findings in this literature suggest that past and current welfare arrangements, preferences for particular social programmes and the amount of expenditure for different social programmes limit alternative policy-making in the future meaning that electorates' expectations will reflect these expenditure levels and public effort for certain, but not other programmes.

As existing literature on preferences for public education spending, leaves enough gap for future research, my research questions are formulated as follows:

- 1. Why do Croatians advocate more governmental spending on public education and not on different social policy fields?*
- 2. Do different socio-economic groups support education as their top priority policy field for more governmental spending?*

### 3. Theoretical framework and hypotheses

After presenting some theoretical and empirical findings relevant for further engagement with this topic, I proceed to describing of theoretical framework to be used to derive the research hypotheses.

If Croatians at the national level advocate more public education spending as a priority in the case of extra government spending and not for other social policies, the question is why this is so? Based on the theoretical approach that existing social arrangements can determine public opinion on the welfare state and particular social programmes, can we argue that traditionally relatively generous public education spending should result in wide societal expectations for free public education as a matter of right due to the fact that such arrangements eventually lead to social equality. This would mean that one should assume that existing institutions influence individual opinions and expectations due to 'institutional stickiness' (Pierson, 1996), i.e. because individuals form their opinions within the pre-existing institutional context of particular welfare state (Douglas 1987). In the Croatian case, the public education system and expenditures for public education were not entirely restructured during the transition period like other social programmes were (Puljiz 2001; Babić 2005). The universality and generosity of the public education system and relatively high education spending inherited from Yugoslavia means that this type of social interventions should be expected to remain a highly preferred social arrangement in Croatian society. Decrease in total public education spending can be observed since 2009 (Annual Reports, Ministry of Finance 1994-2010). These recent changes in public education financing could influence public opinion on that topic negatively. Pierson (1996) makes the argument that retrenchment of social programmes is possible only when the proposed policy changes are responsive to public opinion. If old policies are highly institutionalized, deeper transformations are not likely to succeed. In



addition, Pierson (1996) also reminds us that the politics of retrenchment is politically much more contentious and politically risky than the politics of welfare state expansion due to what he calls “negativity bias” among voters. Thus, retrenchment often can be realised only as minor and incremental changes in policy. Therefore, my first hypothesis is:

*H1: Due to inherited understandings of public education as universal and generously financed, Croatians continue to advocate higher expenditures on public education when expenditures start to decrease.*

My second research question is this: do different socio-economic groups support education as their top priority policy field for more governmental spending? I expect – based on the review of the literature – that variations in advocating extra public education spending will exist among different socio-economic groups. Based on self-interest theory, users of the certain social programmes or those who expect to become users are more likely to have positive opinions on spending on programmes which they (expect to) benefit from (Bleksaune and Quadagno 2003). When it comes to support for public education, previously mentioned studies (Ferris 1983; Smith 1989; Street and Cossman 2006; Fullerton and Dixon 2010; Sørensen 2013) showed that people behaved according to their self-interest: e.g. younger people, people with school-aged children and women are more likely to support higher expenditures for public education than elderly, single adults and men. Hence, my other hypotheses are:

*H2: Younger people are more likely to support extra expenditures for public education than older people.*

*H3: Families with school-aged children are more likely to support extra expenditures for public education than people without children or people whose children are no longer in public education.*

H4: *Women are more likely to support extra expenditures for public education than men.*

Next, based on political ideologies theory to explain welfare state spending preferences, one can argue that people with more egalitarian values and more in favour of redistribution will support higher expenditures on most social programmes, public education included. In contrast, people who tend to have more individualistic values will not agree with extensive social programmes (Bang Petersen 2012; Bleksaune and Quadagno 2013). Therefore, my last hypothesis is:

H5: *People who have egalitarian values are more likely to support extra spending on public education than people who have individualistic values.*

## 4. Data and Methods

The aim of this chapter is to detail the choice of the country context chosen for the analysis, the methodological approaches and data used to test my hypotheses. Two different methodological approaches are used. Considering the previously stated research questions, I believe that applying both qualitative and quantitative methods is necessary to provide answer on those questions. Qualitative methods allow explanations of processes and institutional arrangements that can influence public preferences for extra government spending on education specifically and not for some other social programme. On the other hand, quantitative methods are the most effective to show if such preferences vary across certain socio-economic groups in a statistically significant way.

The case selection is based on the previously presented theoretical framework and the gap in the existing literature on government spending preferences, especially in cases of post-socialist countries. Primary insights from existing research on spending preferences in post-socialist countries, such as the LIT survey (EBRD 2011), show patterns in preferences for additional government spending for social policies across post-socialist countries. Most respondents advocated more government spending on health care. However, Albania, Croatia, Mongolia, Turkmenistan and Turkey were exceptions. Citizens in these countries gave priority to extra government spending on public education. It is important, therefore, to provide an answer to the question of why people advocate more governmental spending for public education and not for other social policy fields in these countries and a deeper analysis of political and policy processes and welfare arrangements which can influence people's preferences are needed. Given language, time and data limitations, I focus my analysis on the Croatian case without any desire to try to generalize findings to other countries.

Gerring (2007) argues that the term “case study” can relate to a broad variety of studies in terms of method. However, the most important difference within case studies is the distinction between “focused studies that reflect upon a larger population” and “studies that purport to explain only a single case” (Gerring 2006: 707). A single-outcome study means that the study seeks to explain a single outcome for a single case. This outcome may register either change or the absence of change in the dependent variable (Gerring 2006). Gerring (2006) also argues that a single-outcome study has to interrogate within-case evidence to prove that really only one outcome exists. Therefore, a single-outcome study seems the most appropriate methodological framework for the proposed research.

#### **4.1. The methodological approach**

First, to answer the research question, which asks why Croatians advocate more governmental spending on public education and not on a different social policy field, I use process tracing techniques. Second, logistic regression and multinomial logistic regression are used to build models to analyse whether different socio-economic groups support education spending as their top priority to different extents.

##### **4.1.1. Process tracing**

For Collier (2011), process tracing is a fundamental tool of qualitative analysis. One of the first definitions of process tracing in political science is presented by George and McKeown (1985), who define process tracing as a method used in within-case analysis to evaluate causal processes (Falleti 2006). George and McKeown (1985) argue that process tracing investigates and explains the process by which various initial conditions are translated into outcomes. According to George and Bennet (2005), the main difference between statistical methods and process tracing is that the former attempt to identify causal effects, while process tracing searches for causal mechanisms which connect causes and effects. If using process tracing,

Vennesson (2008) claims, researchers can assess a theory by identifying the causal chains that link the independent and dependent variables. Therefore it is possible to uncover the relations between potential causes and observed outcomes.

According to Vennesson (2008), process tracing can provide the opportunity to use both positivist and interpretative perspectives. From a positivist perspective, process tracing enables one to establish links between different factors influencing the outcome. In an interpretative perspective, one can use process tracing to look how this link “manifests itself and the context in which it happens” (Vennesson 2008: 233). If so, the focus is not only on what happened, but also on how that happened. Process tracing analyzes trajectories of change and causation, but the analysis is unsuccessful if the observed phenomenon is not described properly in every trajectory. Also, process tracing highlights the importance of sequences of dependent, independent and intervening variables (Collier 2011). Process tracing assumes a strict description of phenomena, therefore one may ask what the main difference between process tracing and “telling a story” is. Vennesson (2008) claims that there are three main differences: first, process tracing is focused because it tackles only particular aspects of the phenomenon and researcher cannot take into account all information about nature of phenomenon; second, researcher develops an analytical explanation based on a theoretical framework identified in the research design; and third, the goal is to provide a narrative explanation of a causal path that leads to a specific outcome. If this process tracing is theoretically guided, it allows to study “complex relationships, characterized by multiple causality, feedback loops, path dependencies, tipping points, and complex interaction effects” (Falleti 2006: 7). Also, in broader perspective it can help to formulate new theories and hypotheses and test existing ones.

I use process tracing to test my first hypothesis which assumes that due to inherited understandings of public education as universal and generously financed, Croatians continue

to advocate higher expenditures on public education when expenditures start to decrease. Process tracing is appropriate to test this hypothesis because it enables to detect causal mechanisms which connect causes and effects of advocating higher expenditures on public education. Also, as process tracing can be used to test existing theories, I use it to test theories related to the concept of the “institutional embeddedness” of the welfare spending preferences. If process tracing is done in a proper way, it can help to formulate new theories and hypotheses. As existing studies on public education spending preferences usually do not cover post-socialist countries, thesis, which aims to show what affects preferences for higher public education spending in Croatia, can help to formulate new theories which can be tested in the similar studies across post-socialistic countries.

#### **4.1.2. Logistic regression/Multinomial logistic regression**

Many phenomena in political science and in general are discrete in nature. It means that event occurs or not; individuals and groups make one choice and not another etc. The binary nature of many phenomena in most cases can be best operationalised as a dichotomous indicator. Logistic regression is used as the data analytic tool when the equation to be estimated has a binary nominal dependent variable. In such cases, it is used instead of ordinary least squares regressions (Pampel 2000). On the other hand, multinomial logistic regression is used to apply logistic regression to multiclass problems, which means that it is used if more than two possible discrete outcomes exist (Greene 1993). Both logistic regression and multinomial regression are used to predict the “odds” of being a case based on the values of the independent variables or predictors. The odds are the actual probability that a particular outcome is the case, divided by the probability that the outcome is not the case (Pampel 2006).

## 4.2. The Data

For the process tracing section of the analysis I use data on public education spending and policy strategies from the Croatian Ministry of Education, Science and Sports (MoESS) and Ministry of Finance (Mof); International Monetary Fund (IMF) reports on Croatian public education spending and efficiency; articles from the Croatian press on education for 2008, 2009 and 2010 as well as scholarly sources.

For the quantitative part of the analysis, data from the second wave of the LIT survey is used (EBRD 2011). The survey was conducted in two waves. The first wave was conducted in 2007 and involved a standardised survey of 29,000 individuals across 29 countries to assess public attitudes, well-being and the impact of economic and political change in post-socialist countries. The second wave dates from the second part of 2010 and it covered almost 39,000 households in 34 countries, Croatia included (EBRD 2011).

The LIT survey consists of eight sections, including data about respondent's attitudes towards government services and values defining his/her opinion about different social groups; respondent's labour, education and entrepreneurial activity; trust in government and the subjective estimation of the economic crisis' impact on everyday life.

For the purpose of this thesis, I use data for Croatia collected in the second wave of the LIT survey. 1,006 individuals participated in the Croatian survey. They were selected through a three-stage sampling process (EBRD 2012; Habibov 2013).

## 4.3. Selection of variables for the logistic and multinomial analysis

My dependent variable is support for extra public education spending. In the LIT survey, support for extra public education spending is measured by the question: *In your opinion,*

*which of these fields should be the first priority for extra (government) investment?* Possible answers included *education, healthcare, housing, pensions, assistance to poor, environment, public infrastructure (e.g. public transport, quality of roads etc.)* and *other* (open-ended question). For the purpose of logistic regression analysis, I recode these responses to a binary variable. *The variable is coded 1 if a respondent chooses education as the first priority for extra government investment. On the other hand, the variable is coded 0 if a respondent selects any other answer.*

To provide further explanations for differences in support for extra public education spending across socio-economic groups, for the purpose of multinomial logistic regression, my dependent variable has five categories of choices for extra governmental spending related to particular social policy field and one which encompasses all other possible answers, coded as follows: *education (1), health care (2), housing (3), old-age pensions (4), assistance to poor (5)*. Due to small number of the respondents who chose other answers (see Chapter 6.1. Descriptive statistics for details), these responses are not included in the analysis.

Independent variables for logistic and multinomial logistic regression are selected according to aforementioned theories which use self-interest and political ideology as explanations for support for public education spending. Therefore, the first group of independent variables is selected based on the self-interest theory, while the selection for the second group is based on the political ideology explanations.

To explore the effect of self interest on the dependent variable, I use:

- respondents' age: originally continuous variable, recoded into categorical using quartile split, coded as *18-35 (1); 36-50 (2); 51-65 (3) and 65+ (4)*
- gender: coded as *male (1) and female (2)*
- number of children in household: coded as *no children (1), having children (2)*



- used public education services in last 12 months: *dummy variable, coded (1) if respondent or member of the household used public education services in last 12 months or (2) if not*

To explore the effect of political ideology on the dependent variable, I use:

- egalitarian values: three variables on equality of income, private vs. state ownership of business and on competition are created from the question, *How would you place yourself on this scale? 1 means that you agree completely with the statement on the left, 10 means that you agree completely with the statement on the right; and if your views fall somewhere in between, you can choose any number in between.*  
*A) Incomes should be made more equal vs. We need larger income differences as incentives for individual effort*  
*B) Private ownership of business and industry should be increased vs. Government ownership of business and industry should be increased*  
*C) Competition is good. It stimulates people to work hard and develop new ideas vs. Competition is bad. It brings out the worst in the people*

10 points scale variables are recoded using quartile split into categorical variables where individualistic values are coded (1), moderate egalitarian values (2), egalitarian values (3)

- preference for economic system's type: coded as *a market economy is preferable to any other form of economic system (1); under some circumstances a planned economy may be preferable (2); does not matter if economic system is organized as a market economy or as a planned economy (3)*
- will to pay more taxes if that money is used for public education: codes as *yes (1) and no (2)*

To relate this part of the analysis with process tracing part, in both regression models for self-interest and for political ideology and in the full model comprising explanatory variables for self-interest and for political ideology, I control for satisfaction with the performance of the government which is operationalized in LIT questionnaire with the question: *How has the overall performance of the national government changed in the past three years?* Possible answers are *worsened (1), stayed the same (2) and better (3)*.

## 5. Process tracing

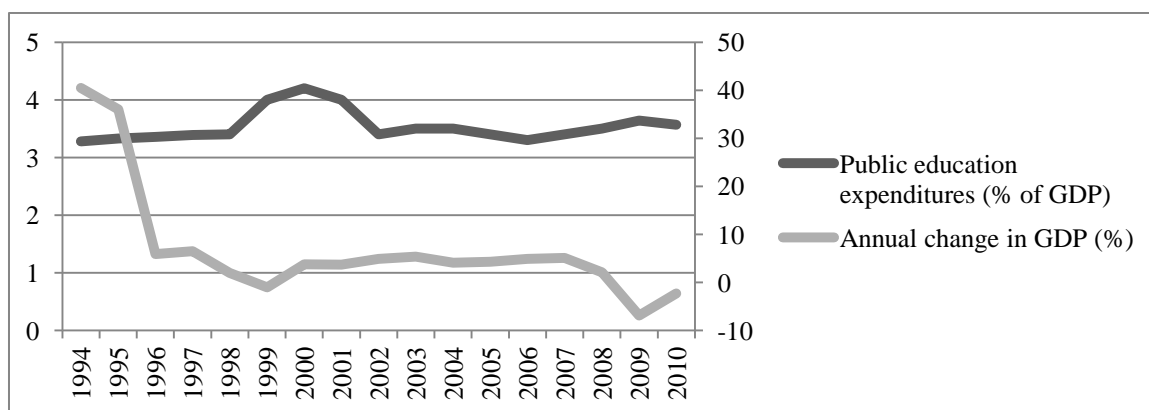
Wilensky (1975) argues that public education should be seen and analysed separate from the other social policies because other social policies have more direct influence on equality in society than investment in education (Busemeyer and Nikolai, 2010). Busemeyer and Nikolai (2010) claim that Wilensky's argumentation is not defended and supported in Esping-Andersen (1990) and Huber and Stephens' (2001) work because they do not study public education systematically as one of the "core" social policies, but only admit "elective affinities" between education and the welfare state. Although public education is not always addressed as a core part of the welfare state such as old-age pensions or health care, studies on public education in Western Europe claim that in conservative and social-democratic welfare regime public education is still considered a core entitlement individuals are supposed to have in the society (Hega and Hokenmaier 2002; Busemeyer and Nikolai 2010).

The Croatian education system is, as most of the education systems in Europe mainly financed by the public sector (Jafarov and Gunnarsson 2008). After Croatia proclaimed independence from Yugoslavia in 1991, due to increased military expenditures, social expenditures for public education, health-care and assistance for poor were decreased. From 2000 expenditures for public education, assistance for poor, transport and agriculture were increased, due to decrease in military expenditures (Annual Reports, Ministry of Finance 1994-2010). Data from the Croatian Ministry of Finance Annual Reports from 1994 to 2010 show relatively stable trends in per cent of GDP spent on public education. It varies from 3.28 per cent in 1994 to 4.2 per cent in 2000 (Annual Reports, Ministry of Finance 1994-2010). However, as GDP was changing during the years, one has to take into account that same percentage of GDP for public education expenditures does not mean the equal amount of money redistributed to education. As total numbers for public education spending for every

year are not available for the same time period, Graph 1 shows changes in the GDP and in the public education spending measured as the percentage of GDP. As it can be seen from the Graph 1, GDP fell down in the 2009 for 6.4 per cent if compared to 2008 which means that total expenditures for public education are also decreased.

Graph 1  
Public education expenditures and annual change in GDP (1994-2010)

Data source: Croatian Ministry of Finance, Annual Reports



Jafarov and Gunnarsson (2008) in their study for International Monetary Fund on efficiency of social spending in Croatia, claim that Croatian public system is inefficient and that more direct spending will not improve quality of education. Also, as one of the main problems of educational system, they list an excess number of teachers. Therefore, their recommendation is to rationalize the teaching force to limit the size of salary payments, to rationalize number of schools, to increase teaching hours, to decentralize financing from the state authorities to the local and regional authorities and to increase private participation in the pre-education and higher-education tuition fees.

Some of these measures were announced by the Ministry of Education, Science and Sports and Ministry of Finance in 2008 and 2009 as part of the government's austerity measures (Večernji list 2009). The government announced changes in the collective agreements with the employees in public education and changes in the higher education financing. Public

education labour unions immediately replied that teachers would not accept the “pretext” of budgetary deficits being the culprit for salary and benefit cuts. (Nezavisni sindikat znanosti i visokog obrazovanja 2009). At the same time, student protests started in Croatian universities on April 20, 2009, when students “took over” the Faculty of Humanities and Social Sciences of the University of Zagreb. Students take over of that Faculty lasted for 35 days. In that period other faculties of the University of Zagreb, as well as the universities in other Croatian cities like Zadar, Rijeka and Osijek were “blocked” by students. The main goal of the protests was to achieve, as they claimed, the human right to free education and to preserve the rights of students acquired during the Yugoslav period. Severe austerity policies that were unfolding since 2008 and affected the higher education policy in particular, on the one hand, and the continuous growth of tuition fees, on the other hand, served as the trigger for the emergence of the student protest movement. Students argued that as a result of enacted and planned reforms, education was perceived as a private good or a commodity that one could to purchase. One of the main student claims was that those reforms are based on the assumption that the primary role of education in general and higher education in particular should be to induce economic growth and to increase efficiency and the employability of the graduates. Also, students emphasized that the new education policies tend to decrease public expenditures and to reorientate education towards private investment both in the form of increasing tuition fees and third-party investments (Dolenec and Doolan, 2013).

Even though the Ministry of Education, Science and Sports and Minister Dragan Primorac were those whom both public education labour unions and student movement labelled as the main culprits for this situation, the Ministry and the Government did not change their policies (Večernji list 2009). When the Prime Minister and Croatian Democratic Union president, Ivo Sanader resigned in June 2009, the Croatian Parliament did not dismiss the whole Government, but voted confidence for the same Government and appointed as the new

Prime Minister former Deputy prime minister and Minister of Veterans, Family and Intergenerational solidarity - Jadranka Kosor. After coming into office, Kosor replaced some ministers, including the Minister of Education, Science and Sports. However, her government did not change significantly the policy agenda of Sanader's government; the European integration and the solving of the border disputes with Slovenia remained the main foreign policy goals, internal politics was focused on the fight against corruption, while economic and social policy making depended on the “austerity measures” due to economic crisis (Večernji list, 2011). The student and public education employees’ protests repeated in the autumn 2009 and during the 2010. New minister, Radovan Fuchs, introduced new system of tuition fees paying for BA students and state financed MA programmes. However, salary and benefits’ cut-offs affected all employees in public education: from pre-school teachers to university professors (Večernji list, 2009). Although the incumbent government claimed that main goal Croatian education policy should have is the creation of “the Land of Knowledge” (Glas Slavonije 2013), land where education is universal, efficient, both student movement and unions claimed that government cannot accomplish that goal if public education policy is that policy field where spending cuts happen first. In 2009 and 2010, centre-left opposition parties had started to gather together in a coalition for the upcoming 2011 elections. Already in the first programmatic documents so called “Kukuriku” coalition issues, it was stated that public education should become the key assumption of the country’s economic development; financial situation and working conditions of teachers, as well as the school equipment should to be improved and the public education spending should be higher to reach level of spending European Union member states have: 5.1 per cent of GDP in average (Glas Slavonije 2013).

Theories on institutional embeddedness of public spending preferences argue that public attitudes towards public spending are embedded in existing welfare state arrangements and previous preferences. Those preferences actually limit policy-making in the future because

people want to have high public expenditure levels for certain, but not other programmes. In the same time, the literature on policy timing, suggests that timing of the potential policy changes matters the most and that policy outcomes depend on timing. Here, in the Croatian case, it can be seen that public opinion on public education expenditures is affected by the previous Yugoslav welfare state arrangements, but it also depends on timing of proposed policies which are continuing with the public education expenditure cuts. First, Croatians were used to the universal and generous public education system which did not change significantly from Yugoslav period. This claim was the most openly stated during student protests in 2009 when students were arguing that entirely free and efficient education should be one of the human rights. Second, relatively high support for extra public education spending which can be observed among respondents in the LIT survey can easily be the consequence of the events which happened during 2008 and 2009. After government decreased the spending on public education, students, public education employees and opposition parties claimed were arguing against enacted and planned public education spending reforms. The relative majority in the Croatian public apparently got impression that decrease in public education spending can affect them (or society in general) more than other social policy changes. The universal and generous public education system and relatively high public education spending inherited from Yugoslavia appear to be parts of the welfare state where Croatians do not want any kind of retrenchment.

## 6. Quantitative analysis

In this chapter, I first present results of descriptive statistics for my dependent and independent variables. Then, three logistic regression and three multinomial logistic regression models are tested. In both logistic and multinomial logistic regression, the first model is model which tests self-interest effect on preferences for extra public education spending, the second model tests role of political ideology, while the third model tests joint effect of these factors. The last part of the chapter discusses results obtained in these regression models.

### 6.1. Descriptive statistic

In the first step, frequencies are used to see if Croatians in general think that different social policies, e.g. education, healthcare, housing and pensions should be priority for extra governmental spending. The analysis shows that Croatian citizens in relatively largest number support extra public spending on education and healthcare (see Table 1).

Table 1  
Priority for Extra Public Spending

Policy field	Number of Respondents	Percentages
Do not know	29	2.9 %
Non stated	69	6.9 %
Education	310	30.8 %
Healthcare	226	22.5 %
Housing	42	4.2 %
Pensions	119	11.8 %
Assisting the poor	159	15.8 %
Environment	15	1.5 %
Public infrastructure	37	3.7 %
Other	0	—
Total	1006	100 %



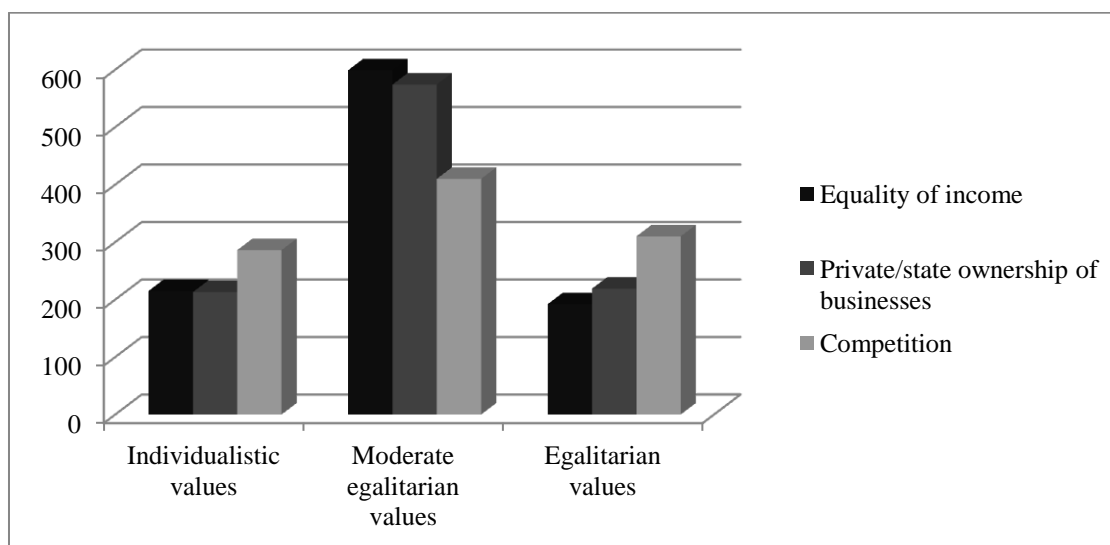
30.8 per cent of respondents advocate higher public spending on education, while 22.5 per cent think that government should spend more on healthcare. 15.8 per cent of respondents give priority to assistance to the poor, while 11.8 per cent prioritize pensions. Housing is the only of the listed social policy subfields for which less than 10 per cent of respondents think government should spend extra. It can be seen that cumulatively 85.1 per cent of respondents choose one of the social policy subfields as their priority for extra public spending. 9.8 per cent of the respondents do not know what should be priority for extra spending, while 6.9 per cent do not state their preference.

442 out of 1006 respondents are men, which mean they represent 43.9 per cent of the sample, while women are slightly more represented in the sample, forming 56.1 per cent (see Appendix: Figure 1). Average age in the sample is 50.18 years, so quite a high average age for this sample. The youngest respondents are 18 years old, while the oldest are 89 years old (see Appendix: Figure 2). 72.2. per cent of the respondents do not have children at all or children living in the same household with them (LIT survey does not make difference among categories “no children” and “having children who do not live in the same household”, but only asks for number of the children living in the respondents’ household; see Chapter 4.3. Selection of the independent variables for more details). This distinction may matter for my analysis because there is possibility that people who reported that no children are living in the same household as they do, actually might have children who e.g. live with their other parent or children who moved out from their parents home and live on their own. In both cases, those children might still be public education users and respondents might, according to self-interest theory, prefer extra public education spending even though they do not have children in the household. In the households with the children have mostly one child or two, while only 1 per cent of all respondents in the survey lives in the households with more than two children (see Appendix: Figure 3). 79.9 per cent respondents declare that at least one member of their

household received public education services in the last twelve months (see Appendix: Figure 4). The last observations mean than in absolute numbers, number of the people in the survey who would support extra public education spending is higher than people who have children in the household, but lower than the number of the people who have in their household at least one member who received public education services in the last 12 months.

In the LIT survey, egalitarian values are measured with 3 questions on attitude towards equality of income, private/state ownership of businesses and competition. Answering to those questions, respondents have to place themselves on 10 points scale where 1 represents individualistic values and 10 egalitarians values (see Chapter 4.3. for the original questions and scale). For the purpose of analysis, I recoded these continuous variables to categorical using quartile split and created 3 new categories, where individualistic values are coded as 1, moderate egalitarian values as 2 and egalitarian values as 3. As can be seen from the Graph 2, most of the respondents place themselves in the middle categories which could easily mean that people do not have strong opinion on these topics, but also that they possibly do not understand questions they have been asked so they place themselves “in the middle”.

Graph 2  
Degree of egalitarianism



Respondents are relatively divided when asked if they are willing to pay more taxes if they are sure that this money was used to improve public education. 55.2 per cent says they are willing to pay more taxes, while 44.8 per cent are not willing to give up part of their income to pay more taxes for improvements of public education (see Appendix: Figure 5). Approximately one third of the respondents think that the market economy is preferable to any other form of economic system, while the other two thirds are equally divided on preferring a planned economy and the idea that for “ordinary” people it does not matter if economic system is organized as a market economy or as a planned economy (see Appendix: Figure 6). Similarly to the previously raised issue about respondents’ possible insufficient knowledge on the questions regarding the egalitarian values, same question can be asked here. If one third of the respondents think that the type of economic system affects “ordinary” people, it can be assumed that they are insufficiently aware in which extent the nature of economic system can affect their everyday life.

Finally, 42.4. per cent of respondents think that overall performance of national government has been worsened during the last three years, 54.2 per cent think that it stayed the same, while only 3.4 per cent think that government performance had improved. As the last Croatian parliamentary elections before conducting LIT survey in 2010 were held in the November 2007 (Croatian State Election Commission 2007), respondents were grading only performance of one government led by Croatian Democratic Union, in power between 2008 and 2010 when survey was taken. (see Appendix: Figure 7).

## **6.2. Logistic regression model and findings**

Logistic regression is used as the data analytic tool when the equation to be estimated has a binary nominal dependent variable (Pampel 2000). As mentioned earlier, for the purpose of logistic regression analysis, my dependent variable is a binary variable where 1 means that

respondent chooses education as the first priority for extra government investment and 0 that he or she gives priority to any other social policy field or does not state his/her preferences.

The results of the logistic regression on the self-interest factors which might affect preferences on extra public spending for education are reported in the Table 2, Model 1 (for the full logistic regression output see Appendix Table 2). All statistically significant factors, apart from gender, show the predicted direction. Being relatively older, aged 51-65 and over 65, reduces chances to support extra public spending on public education. People older than 50 are approximately 50 per cent less likely to advocate public education as priority for extra public spending than people aged 18-35 (reference group<sup>1</sup>). On the contrary, having children in the household increases the odds to support extra public education spending. Respondents who have the children in the household are 56.54 per cent more likely to advocate more public education spending than people who do not have the children in the household. These findings are in the line with the existing theories and empirical studies which argue that older citizens are not as much likely as younger ones to prioritize public education spending over spending on other social policies. Also, those respondents who have children are more likely to support extra public education spending because their children are current or perspective public education users.

On the other hand, opposite from expected, women are 78.26 per cent less likely than men to give priority for extra spending to public education spending. Both theory and empirical findings show that woman are supposed to support spending on public education. However, existing studies do not show if women extra public education spending would be priority for women over spending on the other social policies. Also, those studies show that age is the first predictor for the public spending priorities. As the LIT survey sample has relatively high

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<sup>1</sup> R programme, used for the logistic regression, automatically sets first category within the each independent variable as a reference group for comparison with the other categories, e.g. the likelihood that people in the age cohorts 36-50, 51-65, 65+ support extra education spending is compared to the likelihood of people in the 18-35 age cohort

age average, it can be assumed that women actually make priorities for extra public spending based on their life cycle: as older they get, they are more likely to support e.g. health care spending than the public education spending. Multinomial logistic regression which is conducted in the next phase of the analysis should offer more insight in this issue.

Other predictors (having public education services user in the household and view on government performance) are statistically insignificant in this model.

In the Table 1, Model 2, the logistic regression coefficients for the effects of political ideology are presented. People who think that the planned economy is, in particular circumstances, the best economic system, are 52.53 per cent more likely to give priority for extra public spending to public education spending than people who think that the market economy is the best economic system. This could mean that people, in general, do not believe in individualism and that they advocate interfering state, including in the public education sector. In the same time, this can be connected to the findings from the process tracing part of this study: people relate higher public education spending with the Yugoslav period and therefore, due to insufficient knowledge on the nature of economic systems, think that the planned economies can provide the stable public education expenditure levels which do not depend on the state of the market, as they do in the market economies. On the other hand, respondents, who are not willing to give up part of the income or pay more taxes even if they know their money would be spent on the improvement of the public education, are 45.14 per cent less likely to support public education as the priority for extra spending than those people who are willing to give up part of their income or pay extra taxes for the improvement of the public education. This finding is expected because people who are not willing to give up part of their income or pay more taxes to improve public education apparently do not think that public education needs to be improved or that public education is sufficiently financed or do not care about public education in the first place.

Table 2

Logistic regression of factors affecting preferences for extra public education spending

		Logistic regression	
	Model 1	Model 2	Model 3
Age 36-50	-0.1108	-	-0.24525
Age 51-65	-0.7200 (0.4867)***	-	-0.94331 (0.3893)***
Age 66+	-0.7174 (0.4880)**	-	-0.78024 (0.4583)**
Female	-0.2451 (0.7826).	-	-0.20291
Having Children in Household	0.4482 (1.5654)*	-	0.28372
Not Public Education User	0.1907	-	0.25893
Government Performance Same	-0.2424	-0.12749	-0.15324
Government Performance Better	-0.4247	-0.47396	-0.44870
Planned Economy	-	0.42219 (1.5253)*	0.43456 (1.5443)*
Type of Economy does not matter	-	-0.18868	-0.13385
Income equality-moderate egalitarian	-	-0.50187 (0.6054) *	-0.52182 (0.5934)*
Income equality-egalitarian	-	-0.64175 (0.5264) *	-0.75081 (0.4719)**
Private/state business ownership-moderate egalitarian	-	-0.16493	-0.12127
Private/state business ownership-egalitarian	-	-0.23518	-0.33108
Competition-moderate egalitarian	-	0.09125	0.09386
Competition-egalitarian	-	-0.04454	-0.09347
Not Willing to Pay Extra Tax/Give up part of the income	-	-0.79540 (0.4514) ***	-0.81789 (0.4414)***
Null deviance	1151.8 on 930 DF	935.09 on 735 DF	923.02 on 727 DF
Residual deviance	1110.5 on 922 DF	884.91 on 724 DF	847.68 on 710 DF
Number of observations	931	736	728

Notes: All reported coefficients are logged odds of the dependent variable. If coefficient is statistically significant, odds ratios are reported in parentheses. Signif. codes: 0 '\*\*\*' 0.001 '\*\*' 0.01 '\*' 0.05 '.' 0.1 ' ' 1

Surprisingly, Model 2 also shows that people who state that income should be made more equal are less likely to support extra spending on public education. Those who have moderately egalitarian and egalitarian values are over 50 per cent less likely to support it than those who have individualistic values. Other factors in the model are not statistically significant. These findings are contrary to everything we know about preferences for social

spending. Usually studies find that people who have egalitarian values tend to support more spending for welfare state in general. However, as these studies are based on the examples of the Western countries, it can be assumed that those theories might not be applicable to post-socialistic countries. People's position on the left-right ideological spectrum in post-socialist countries is not related primarily to economic or redistributive preferences as it is in the Western countries. Also, existing studies on egalitarian values do not state if egalitarian values affect attitudes towards public spending in general or preferences for spending on particular social programmes, e.g. education, so these findings might show that actually egalitarian values do not have significant role in the explaining attitudes to spending on public education.

The results reported in Model 3 which tests both self-interest and political ideology effects on the preferences for public education spending show that the same variables as in the separate models are significant. However, having children in the household has no longer statistically significant effect on the dependent variable. All obtained significant coefficient have the same direction as in the first two models and their effect in comparison with the reference groups is relatively the same as in the previously describes models. This means that this model is a robust one.

Satisfaction with the government performance is in all models a statistically insignificant determinant of the public spending preferences.

### **6.3. Multinomial logistic regression models and findings**

For the purpose of multinomial logistic regression, my dependent variable has five categories of choices for extra public spending related to particular social policy field and one which encompasses all other possible answers, coded as follows: *education (1)*, *health care (2)*, *housing (3)*, *old-age pensions (4)*, *assistance to poor (5)*. I choose health care as the reference

group for the further comparison among the preferences for extra public spending on particular social policy field. In the Table 3, multinomial logistic models with the identical independent variables as in the case of logistic regression models are presented. All the multinomial log-odds are exponentiated and presented as relative risk ratios which enables easier interpretation of the results.

Table 3  
Multinomial logistic regression models

	Model 1	Model 2	Model 3
<b>Public education</b>			
Gender	<b>0.6977</b>	-	<b>0.6767</b>
Age	<b>0.8126</b>	-	<b>0.8017</b>
Having Children in Household	1.4666	-	1.1401
Public Education User	1.0108	-	1.1011
Government Performance	0.8805	0.9371	0.9119
Economy System	-	1.0471	1.0872
Income equality	-	<b>0.7446</b>	<b>0.7296</b>
Private/state business ownership	-	0.9895	0.9515
Competition	-	0.8182	0.8249
Pay Extra Tax/Give up part of the income	-	<b>0.5044</b>	<b>0.4979</b>
<b>Health care (base outcome)</b>			
<b>Housing</b>			
Gender	0.6051	-	0.5994
Age	<b>0.5111</b>	-	<b>0.5418</b>
Having Children in Household	0.9159	-	0.5261
Public Education User in Household	1.2984	-	1.0980
Government Performance	1.4088	1.4306	1.5372
Economy System	-	1.2895	1.3449
Income equality	-	1.6287	1.4148
Private/state business ownership	-	1.0763	1.0789
Competition	-	<b>0.6148</b>	<b>0.6033</b>
Pay Extra Tax/Give up part of the income	-	1.4756	1.3104
<b>Old-age pensions</b>			
Gender	1.3197	-	1.0249
Age	<b>1.7527</b>	-	<b>1.7047</b>
Having Children in Household	0.7137	-	0.7430
Public Education User	1.0807	-	1.4286
Government Performance	1.1945	1.2942	1.2366
Economy System	-	<b>1.9197</b>	<b>1.9570</b>
Income equality	-	1.2553	<b>1.5176</b>
Private/state business ownership	-	1.1843	1.1646
Competition	-	0.5946	0.8310
Pay Extra Tax/Give up part of the income	-	<b>2.0084</b>	<b>1.9222</b>
<b>Assistance to the poor</b>			
Gender	0.9973	-	0.9242
Age	1.0363	-	1.0251
Having Children in Household	0.8510	-	0.7621
Public Education User	0.7569	-	0.7843
Government Performance	1.2702	<b>1.4427</b>	1.4011
Economy System	-	<b>1.3967</b>	<b>1.4051</b>
Income equality	-	1.0384	1.0538
Private/state business ownership	-	1.2631	1.2637
Competition	-	0.8991	0.9033
Pay Extra Tax/Give up part of the income	-	1.2236	1.2237
<b>Number of observations</b>	796	676	668
<b>Log likelihood</b>	-1105.09	-938.676	-893.948

Notes: Bolded relative risk ratios are statistically significant on 95% confidence level



As it can be seen from the Models 1 and 3, Table 3, for females relative to males, the relative risk for preferring public education spending to health care spending is expected to decrease by a factor of 0.6977 and 0.6767 respectively given the other variables in the model are held constant. In other words, females are less likely than males to prefer public education spending to health care spending. This finding goes in the line with the results obtained in the logistic regression models. As this finding is surprising if one looks existing theories and empirical studies, in chapter 6.2 when discussing logistic regression results, I argue that this finding is related to the respondent's age. Also, this result might suggest that women who are more often than men employed in the public education sector, have better insight to the system and think that system does not need extra financing or that the extra financing would not improve system's efficiency, so it is better to redistribute extra spending to the health care system.

Models 1 and 3 also show that with the increase of age, the preferences for the public education spending compared to the preferences for the health care spending decrease by a factor of 0.8126 for Model 1 and 0.8017 for Model 3. Therefore, as younger people are, they are more likely to prioritize extra public education spending than health care spending. Similar results, though with the lower risk ratios, are obtained for the housing. On the other hand, the preferences for the extra old-age pensions spending compared to the preferences for the health care spending, increase with the increase of age. Assistance for the poor is the only social policy field where age is not significant predictor of spending preferences. These results perfectly go in the line with the self-interest theory which argues that based on the part of the life cycle people are in, they will give priority to the spending to the particular social programmes from which they can benefit the most in the certain age.

Both having in the household children and having persons who received public education services in the last 12 months are statistically insignificant at the 95 per cent confidence level.

However, in both cases risk ratios for prioritizing the public education spending over the health care spending are higher than 1 which means that chances to give priority to the public education spending over the health care spending increase with the probability that respondents have children and public education users in the household. If the sample size is bigger, these variables might become statistically significant and also confirm self-interest theory.

Same as in the logistic regression, in the Models 2 and 3, the results show that with the decrease of the degree of egalitarian values, increases the chance to support for the extra public education spending if compared to support for the extra health care spending. That means that people who tend to have more individualistic values are more likely to advocate extra public education spending than the extra health care spending. Although empirical studies show that people who have strong egalitarian values support extensive welfare state, they do not deal with the influence of egalitarian values on the spending for particular programmes. Therefore, I assume that people who tend to have more individualistic values might support higher public education spending because they think that generous and universal public education system should create human capital and can assure prerequisites for the future individual's success in the life. In the last instance, if people did, due to their education, avoid the possibility to come under the influence of the new social risks, the welfare state would not have to spend extra money on the different social programmes such as unemployment benefits or assistance to the poor.

Preferences for the certain economy system are statistically significant only when explaining preferences for the extra spending on the old age pensions and on the assistance to the poor are compared to the preferences for the health care spending. In the both cases, chances to support the old age pensions and the assistance to the poor spending are increasing in

comparison to chances to support the health care spending, if the respondents prefer planned economy or if they think that the type of the economic system is irrelevant for citizens.

The opinion on government performance in the last three years is statistically significant only in the Model 2 in the case of the preferring the assistance to the poor spending over the spending on the health care. With the decrease in the satisfaction of the performance of the government, chances to prioritize the assistance to the poor spending over the spending on the health care increase. As no other predictor is statistically significant in the case of the giving priority to the assistance to the poor spending, it can be concluded that people who want more public spending for that policy field, blame government for the rising poor rates and think this problem has to be solved with the higher benefits for the poor. Also, those who advocate extra public spending for the assistance to the poor cannot be distinguished on the basis of their age, gender or the ideological preferences.

## 7. Summary of the results and conclusion

This thesis aimed to provide an answer to the questions why Croatians advocate more public spending on public education and not on different social policy fields and whether different socio-economic groups support extra public education spending as their top priority policy field for more public spending. In this conclusion, I summarize my findings and offer concluding remarks on this topic.

The existing theories which argue that social spending preferences can be explained using self-interest, ideology and institutional framework are tested using process tracing, logistic and multinomial logistic regression.

First, theories on institutional embeddedness of public spending preferences argue that public attitudes towards public spending are embedded in the existing welfare state arrangements and previously formed preferences. Existing arrangements and preferences significantly limit policy-making in the future because people continue to advocate the high public expenditure levels for certain, but not other programmes. In the same time, from the literature on policy timing we know that timing of the enacted or proposed policy changes matters the most. Policy outcomes in the most of the cases depend exactly on the proper timing. The case of Croatians who advocate extra public spending on public education and not on different social policies shows that public opinion on public education expenditures is affected by the previous Yugoslav welfare state arrangements, but that it also depends on timing of proposed policies which are continuing with the public education expenditure cuts. Croatians, used to the universal and generous public education system which did not change significantly from Yugoslav period, do not want to renounce on the public education system they once had. This claim was the most openly stated and constantly repeated during the student protests in 2009. Students argued that entirely free and efficient education is one of the basic human rights. The

universal and generous public education system and relatively high public education spending inherited from Yugoslavia appear to be parts of the welfare state where Croatians do not want any kind of retrenchment. However, the decrease in the total spending on public education as well as public education employees' salaries and benefits cuts happened during 2008 and 2009. As expected, students, public education employees and opposition parties claimed argued against enacted and planned public education spending reforms. Those events could influence on the respondents in the LIT survey who listed public education spending as their first priority for extra public spending. They obviously got impression that decrease in public education spending can affect them (or society in general) more than other social policy changes which were planned due to austerity measures.

In the nutshell, logistic regression models and multinomial regression models show that the age is the most important predictor of attitudes towards public education expenditures. As older respondents are, they are less likely to support public education expenditures than their younger countrymen. The younger people prioritize public expenditures for public education and housing over expenditures for health care; while older give priority to old-age pensions. Other self-interest predictors appear to be statistically less important in the explaining these differences. Males, though, the opposite from the expectations, give more priority to the extra public education spending than females. On the other hand, predictors which are used to explain possible effect of the political ideology on the public opinion on the public education spending indicate, opposite to the existing theories, that those people, who tend to have more individualistic values, give priority to the extra public education spending over the extra health care spending.

The conclusion which can be directly formed from the summary of the results goes in the line with the majority of the literature written on the broad topic of the welfare attitudes: neither just institutional factor, nor just individual factors can explain welfare spending preferences.

They are affected by the extent and the nature of welfare state. They are embedded in the existing welfare arrangements. However, they drastically depend on individual self-interested preferences which are the most closely connected to the life cycle. Therefore, the young demand public education spending, while the elderly prioritize old-age pensions spending.

On the other hand, it appears the influence of the political ideology on the public education spending preferences is not as high as one might expect. I admit that, due to data limitations, I did not use maybe the best possible mean to operationalize political ideology or egalitarian values, to be more precise. My measures of egalitarian values can be regarded as not fully developed ones and there is the space for the improvement. In the prospective studies which would tackle issue of public education spending preferences, concept of egalitarian values can be operationalized in the different manner which would lead eventually to more concise results.

Also, the role political parties and different non-governmental organizations might have on the shaping of the public opinion is entirely omitted in this study. It would be interesting to see if and how they participated in the framing of the two prevailing opinions on the public education spending in the Croatia: first, which advocates fiscal austerity and decrease in public education spending and second, which demands higher public education spending and which argues that public education is human right which can help to develop fully individual capacities.

Regardless of potential shortcomings, this thesis has practical and theoretical implications and can fill the gap in the existing literature. It helps to understand what might affect preferences for spending on different social policies in general and on public education in particular. Additionally, these conclusions might be tested in the cases of other post-socialist countries, primary the post-Yugoslav ones. Further insights in this topic, both in Croatia and in the

comparative perspective can be especially valuable because existing literature on public education spending and on public education as one part of social policy is almost exclusively based on research in developed Western economies.

## Appendix

### Descriptive statistics

Figure 1. Respondents' gender

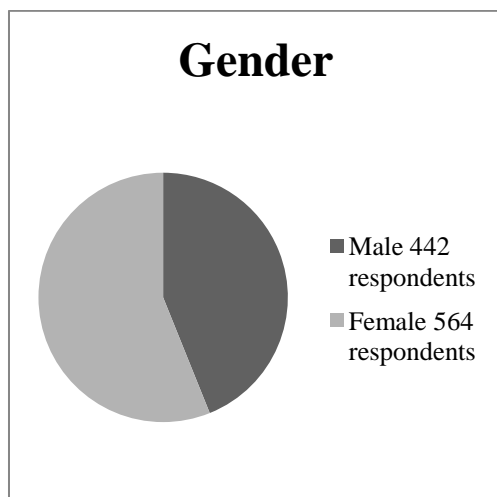


Figure 2. Respondents' age

Minimum age	Average age	Maximum age
18	50.18	89

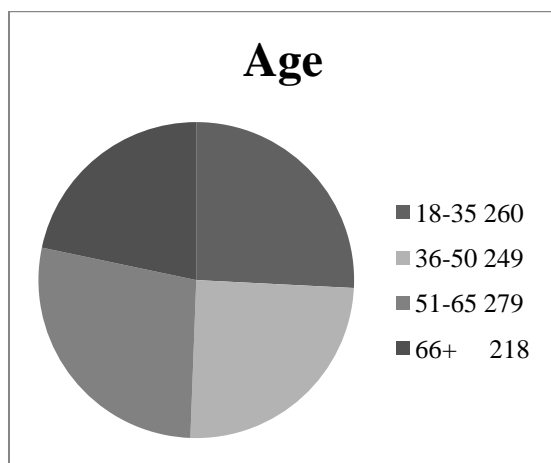




Figure 3. Children in the household

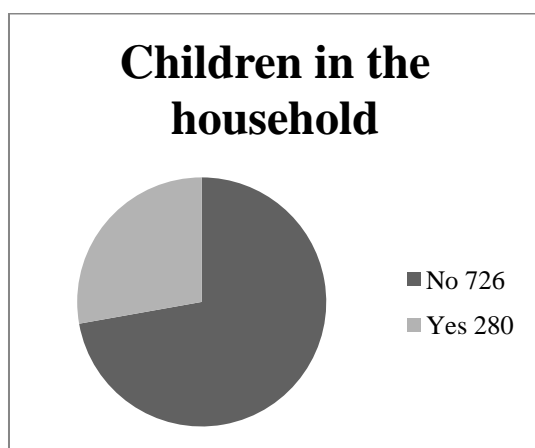


Figure 4. Public education users in the household

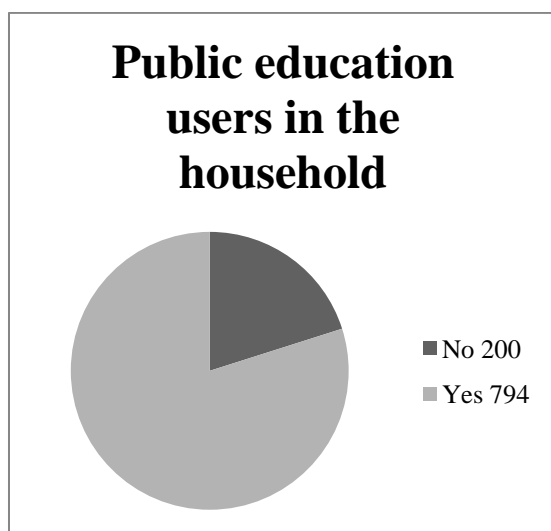


Figure 5. Respondents willing to pay extra taxes or give up part of their income if that money goes for the improvement of the public education

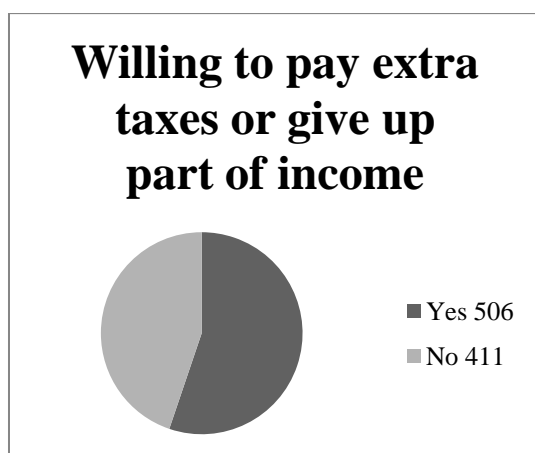


Figure 6. Preferred economic system

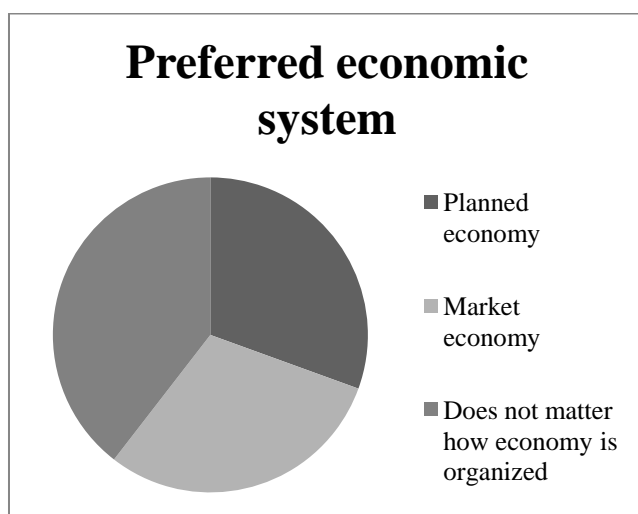
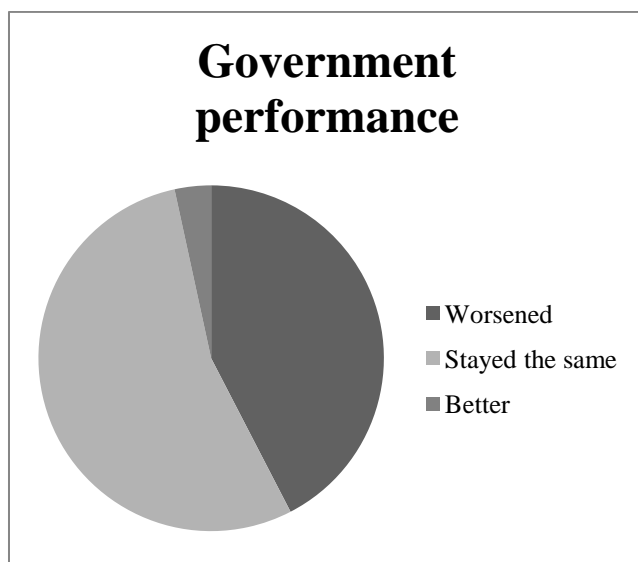


Figure 7. Government performance in the last three years



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