Learning to Love Government?
Technological Change and the Political Economy of Higher Education

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Why do voters have divergent beliefs about the role of government in solving social problems? We study this question in the context of skill-biased technological change and investment in higher education. We document that the negative labor market consequences of technological change are significantly mitigated in US counties with greater levels of higher education investment. We show that exposure to these conditions is, in turn, correlated with greater public support for higher education spending. We further present evidence that technological change induced a vote towards more centrist ideological positions and a pro-government shift in partisan voting in counties with higher initial levels of educational investment. We conclude that higher education investments are productive, but there is also evidence of history-dependent diverging support for such investments. We present a model of incomplete learning as a possible interpretation for our findings. In a context where higher education spending dampens the negative employment effects of technological change, a history of believing that education is productive advantages local communities in learning the true productivity of higher education investments, while the absence of such a history favors incomplete learning.

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