

Reduction of Income Inequality: Evidence from Education and Female Labor Participation Data

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Income inequality is an important socio-economic issue, which has deep implications on different aspects of an economy. Sometimes it is argued that, limited access to the opportunities for economic growth is one of the main reasons for persistent income inequality. Theoretically, such argument makes sense in a highly competitive market place. This issue has been discussed in Bergh and Nilsson (2010), Kim and Lin (2011), Benedict (2011), Acar and Dogruel (2012), Stevans (2012) among others. Using panel Cointegration method, this paper explores existence of the long-run relationships between income inequality and two variables that limit access to opportunity like, level of education and female participation in labor force of developing countries. Granger causality test is also done to get an idea about precedence and underlying dynamics of these variables.

Field of study: Development Economics