

Globalization and Inequality – A Pathway Through Education

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ABSTRACT

This study investigates the interrelationships between globalization, educational outcomes and economic inequality. Econometric models using appropriate panel data techniques are estimated for a sample high and low-income countries over the period 1990-2013. First, we examine the relationship between globalization and educational outcomes, and secondly, the effect of globalization on economic inequality through the channel of education. On average, the results display a positive association between globalization and educational outcomes. Among various elements of globalization, economic globalization bears a positive relationship with schooling outcomes, and the rest of the two dimensions, social and political, have a positive but statistically insignificant effect on education. Apropos country classifications, globalization is seen to have a greater effect on educational outcomes of high income countries, particularly through the political dimension of globalization. In case of low income countries, economic globalization is more pivotal than social or political aspects of globalization in improving schooling outcomes. The findings are robust to the choice of a different estimator. Next, when a country's average educational achievements are low, an increase in openness of the country leads to a decrease in economic inequality. However, as the country becomes more globalized and the educational outcomes of the country improve, the restorative effects of globalization on economic inequality are observed to go down. The empirical results are robust to the use of inequality index from separate data sources and the change in time spans of the study.

Keywords: Globalization, Educational outcomes, Economic inequality, Panel data