

Opportunities in Education: Are Factors Outside Individual Responsibility Really Persistent? Evidence from Indonesia 1997-2007

Maria C. Lo Bue
University of Göttingen-University of Verona

Rajius Idzalika
University of Göttingen

Paper Abstract: Education is a strong predictor of economic performance. Educational inequality in opportunity could thus make a significant contribution to earning disparities. Following Ferrerira and Gignoux (2014) parametric method, we construct aggregate indices of inequality in educational opportunities for thirteen Indonesian provinces in the years 1997, 2000 and 2007. The contribution of this paper is to define individual indices of the power of circumstances, which measure the effect that the accumulation of factors, outside individual control, has on individual educational achievements and earnings in the short and long run. We find that-for the period considered- there has been a declining trend in inequality of educational opportunities, albeit not in all provinces. Our findings also suggest that parental educational background is the most significant factor for school survival. Additionally, the effect that circumstances exert on future individual educational achievements and early earnings perspectives tends to persist over time, but only to a very small extent. Our causal model, which relates educational budget policy to equality of opportunity, shows that the educational budget has a negative impact on the youngest cohorts, thus causing us to question the effectiveness of the allocation of resources to primary and intermediate schools.