

Inequality of Opportunity in South Korea

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Paper Abstract:

We decompose inequality of individual achievement, measured by income, education, and health, into the part due to unequal circumstance and due to differential exercise of individual effort. We use individual data of people in the Korea Labor and Income Panel Studies who were born between 1960 and 1980. Unlike Ko and Lee (2013), who used only one circumstance variable (father's level of education), we use five circumstance variables: father's education, gender, birth year, grown-up region until 14 years old, and the number of siblings. We chose individual education and individual income as the variables for individual achievement. Regarding inequality of individual education, the circumstance is found to account for 47% of the inequality, and the effort is found to account for 53%. Among the circumstance variables, father's education contributes the most (about 31% of inequality) and the gender the second largest (7%). Birth year accounts for 4%, the number of siblings accounts for 3%, and grown-up region accounts for 2%. Regarding inequality of individual income, circumstances account for 52% of the inequality, individual effort accounts for 48% of the total inequality. Gender is the most important circumstance variable (40%), and father's education (11%) is the next. Birth year and grown-up region exhibit little effect (less than 1%). The number of siblings shows almost no effect. Regarding inequality of individual health, the circumstance is found to account for 38% of the inequality. Gender contributes the most (23%) of the inequality, and age (13%) is the next.