

Significant Effect of Educational Systems on Inequality and Macroeconomic Development

Tetsuya Nakajima

Faculty of Economics, Osaka City University

Hideki Nakamura

Faculty of Economics, Osaka City University

Abstract : We investigate how educational systems influence income inequality and macroeconomic development. We consider two educational systems, one in which only a single educational institution exists and the other in which educational institutions are established according to income group. In the case of the single educational institution, there is a possibility that the poor cannot receive an education because of the high educational price, and therefore, the income inequality gap widens. However, when educational institutions are established according to income group, the poor always receive an education because of the lower educational price and the income gap narrows.