# REVISITING THE RELATIONSHIP BETWEEN INCOME DISPARITIES, EDUCATIONAL ATTAINMENT AND FAMILY BACKGROUND

**C. Ricardo Nogales Carvajal**

## ABSTRACT

In this article we analyze inequality of opportunities for income acquisition in Cochabamba. We move beyond traditional theoretical frameworks suggested by Mincer and Becker and make a case for the Inequality of Opportunities framework as a more suitable approach for the assessment of income disparities, as it allows separating the part of these disparities that is caused by unfair situations and thus deserve closer attention by policymakers. Based on data from Foro Regional 2015 survey, which we analyze by means of a Generalized Simultaneous Equations Model, we find that around 40% of the probability to achieve a level of income above three minimum wages is limited by family background, as they hinder individual efforts for acquisition of education. In a similar manner, family background predetermines around 26% of the probability to achieve a level of income below the minimum wage.

**Keywords:** Inequalities, Educational Returns, Generalized Simultaneous Equations Models.
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