



ESPE #55, Decembre, 2007 - The Design of Optimal Education Policies When Individuals Differ in Inherited Wealth and Ability

Descargar Keep in mind

In the journal Essays on Economic Policy (ESPE) - we disclose the results and policy proposals that arise from academic research carried out at the *Banco de la República*. When you read us, always keep in mind that the content of our articles, as well as the analyzes and conclusions derived from them, are the sole responsibility of their authors. The material disclosed in our ESPE magazine does not compromise or represent the opinion of *Banco de la República* or that of its Board of Directors.

AUTHORS AND/OR EDITORS Maldonado, Darío Publication Date: Monday, 31 of December 2007

In this paper I consider the role of education policies in redistribution of income when individuals differ in two aspects: ability and inherited wealth. I discuss the extent to which the rules that emerge in unidimensional settings apply also in the bidimensional setting considered in this paper. The main conclusion is that, subject to some qualifications, the same type of rules that determine optimal education policies when only ability heterogeneity is considered apply to the case where both parameters of heterogeneity are considered. The qualifications pertain to the implementation of the optimal allocation of resources to education and not the way the optimal allocations first- and second-best differ.