

ON THE EMPIRICAL EFFECT OF HUMAN CAPITAL ON ECONOMIC GROWTH

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Abstract

There is no disagreement about the importance of human capital as one determinant of economic growth. However, how define the relationship between human capital and growth is still a controversial issue. In particular, two aspects have to be considered: schooling can affect growth directly or indirectly and linearly or non-linearly. This project investigates the first aspect by comparing the Cross-Country Growth Regression approach to the Total Factor Productivity approach, while the second one by introducing polynomials in both regressions. Evidence in favour of non-linearities in the level of human capital will be found, but the results will depend on the human capital measure used.