

Is Education the Cause for Iberian Economic Growth? A Study in Econometric History

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Abstract: Recent models of growth, such as Romer (1986, 1990) and Lucas (1988), following Arrow (1962) and Uzawa (1965), emphasise human capital investment as an important factor contributing to long-run growth. In the literature, human capital investment takes several forms (educational attainment, learning by doing, etc.). Our focus in this paper is on human capital accumulation through the formal schooling. It is our thesis that education is more an accompanying investment than a “driving force” behind growth. We test this argument with the concept of the causal relationship formulated by Granger. All the tests are performed on the basis of the aggregate series of public expenditures on education (EXPEDU), total public expenditures (EXPTOT), population (Population) and Gross domestic product (GDP) in Portugal and Spain before World War II.

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