

The age-varying contribution of education to TFP growth

V. Vandenberghe[£]

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Abstract

All around the world workforces are becoming better educated. *Ceteris paribus*, this trend should raise TFP growth performance. However, a growing share of these better-educated workers consists of prime-age or older workers, reflecting another major trend: ageing. Does this matter? Economists with an interest in human capital and/or TFP growth seem to have overlooked that question; with the consequence that little is known about the contribution of education to TFP growth at different moments of people's life course. To try to fill that void, this paper uses EU-KLEMS sector-level data from 15 OECD countries, covering the 1970-2005 period. It adapts the Hellerstein-Neumark Labour Quality Index method in order to capture workers' education by age contribution to sector-level annual TFP growth. Preliminary results show that education's contribution declines markedly with age.

Keywords: TFP growth, Rising Educational Attainment, Ageing, Sector-Level analysis

[£] Economics Department, IRES, Economics School of Louvain (ESL), Université catholique de Louvain (UCL), 3 place Montesquieu, B-1348 Belgium email : vincent.vandenberghe@uclouvain.be