ABSTRACT

Human capital is the fundamental driving force and key factor of economic development, and the economic development of a country mainly depends on the accumulation of human capital. As the fundamental way of human capital investment, education is regarded as the most direct and effective mean because education directly promotes the increase of human knowledge and the development of skills. However, for a long time, China has been implementing a development strategy of “focusing on physical capital”, and educational human capital investment is seriously insufficient. Therefore, the relationship between educational human capital and economic growth is worth studying.

This study uses input way for relevant educational variables (education expenditure, enrollment ratio at primary, secondary and tertiary education) to measure educational human capital and analyze the relationship between educational human capital and economic growth in China from 1955 to 2016. According to regression analysis, the results show that educational human capital affects economic growth. And by using cointegration test and VECM test, the results show that there is the long term and short term relationship between educational human capital and economic growth. Moreover, there is Granger causality relationship between educational human capital and economic growth. In addition, this study puts forward relevant suggestions for the development of educational human capital and economy through the analysis of the results.

√ Keywords: Human Capital, Education, Educational Human Capital, Economic Growth, Unit Root Test, Regression Test, Cointegration Test, Vector Error Correction Test, Granger Causality Test.