

Formal Schooling and Growth in an Overlapping Generations Model

Gerhard Glomm and B. Ravikumar

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Abstract

In this paper, we present an overlapping generations model where human capital is accumulated through formal schooling. Quality of education is a publicly provided input to the learning technology in our model. We show that there exists an equilibrium with endogenous public expenditures on education. With specific functional forms for preferences and learning technology we study the growth of per capita income.