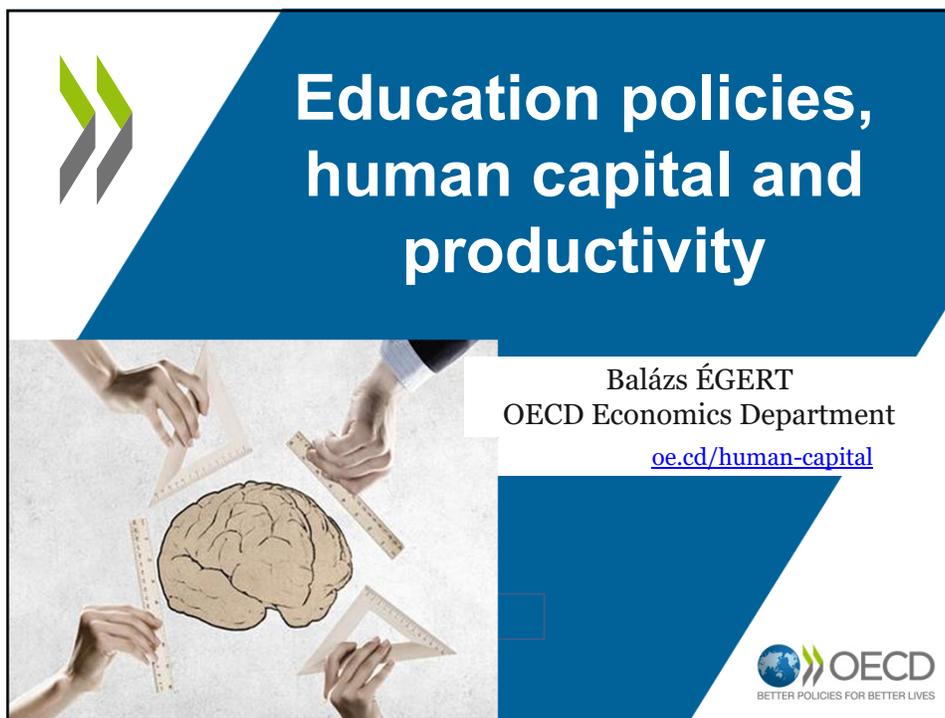


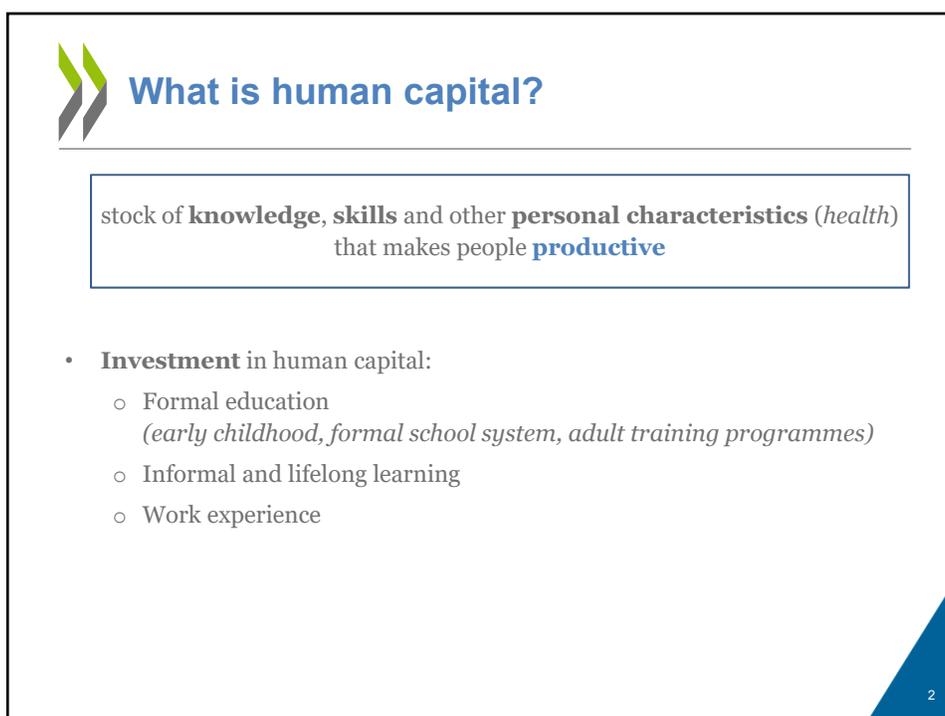
30th OSCE Economic and Environmental Forum
FIRST PREPARATORY MEETING
Vienna, 14-15 February 2022
Session 4



**Education policies,
human capital and
productivity**

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 OECD
BETTER POLICIES FOR BETTER LIVES



What is human capital?

stock of **knowledge, skills** and other **personal characteristics** (*health*) that makes people **productive**

- **Investment** in human capital:
 - Formal education (*early childhood, formal school system, adult training programmes*)
 - Informal and lifelong learning
 - Work experience

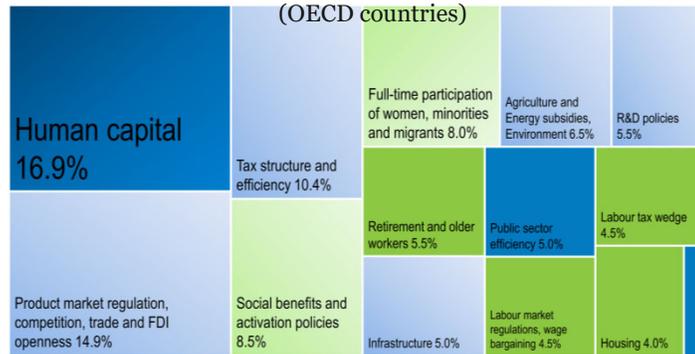
2



The overwhelming human capital

1. Human capital widely acknowledged to be crucial for economic growth
2. **Frequent OECD recommendation**

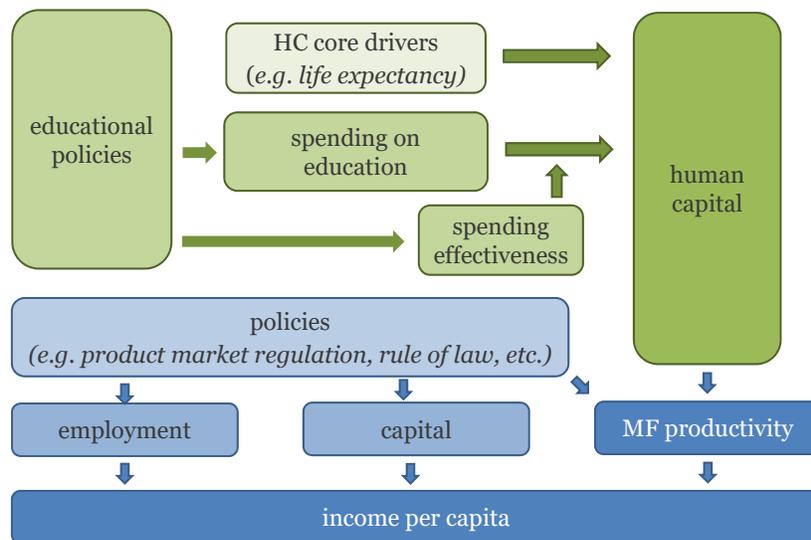
Share of reform priorities in 2019 Going for Growth publication by policy area



3



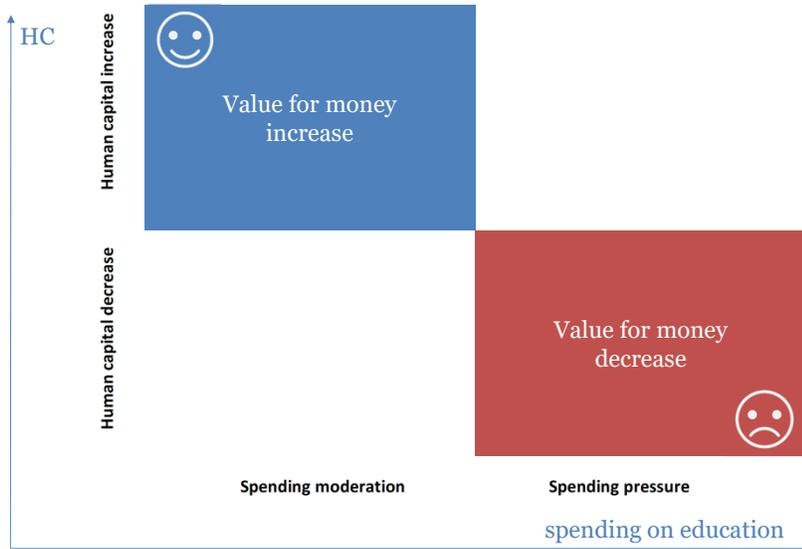
Quantifying the effect of education policies on human capital and productivity



4



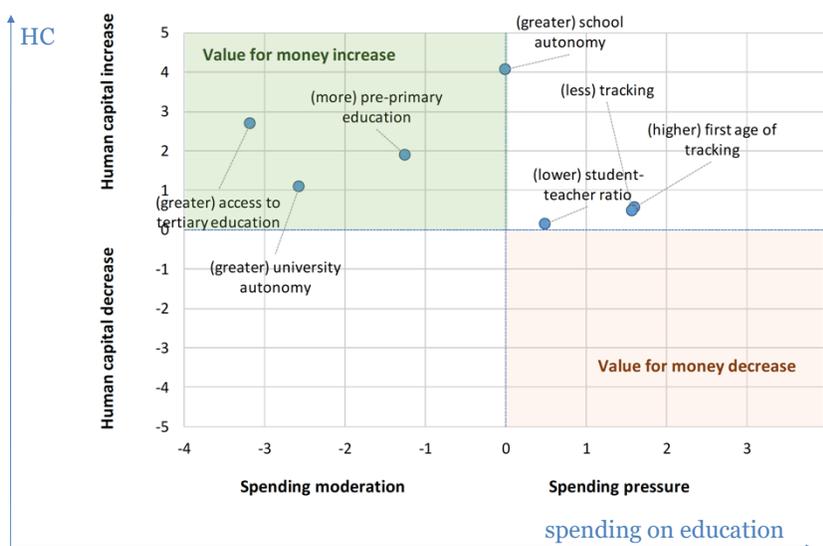
Educational policy drivers of human capital: value for money approach



5



Educational policy drivers of human capital: value for money approach



6



Educational policies: long-term impact on GDP per capita

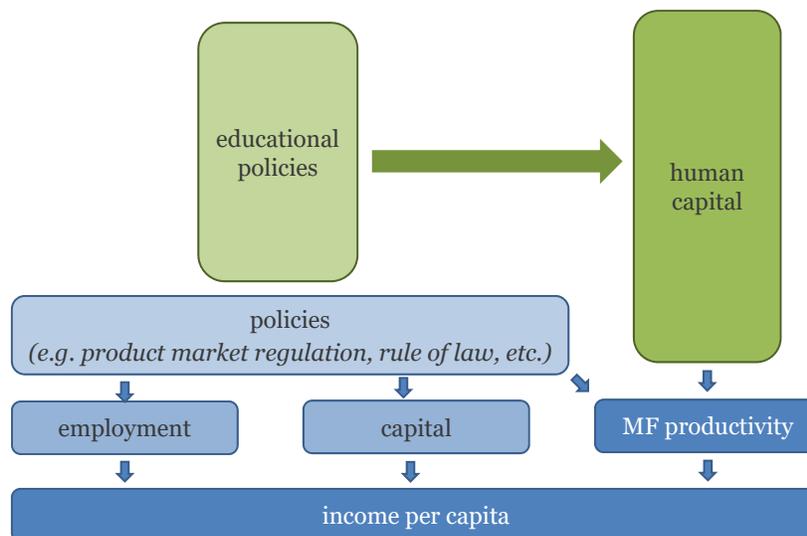
- online simulations possible at <https://www.oecd.org/economy/human-capital/>
- Long-run impact of educational reforms on GDP per capita (% change): Reform impact is estimated in a simulation in which **the selected country aligns its policy with that of the top three OECD performers in the area**. This is conditional on increasing education spending by a one standard deviation of the OECD sample. For more details see Egert, Botev and Turner (2019).



7



Quantifying the direct effect of education policies on human capital and productivity



8



Work in progress: direct education policy effects transiting through individual cohorts

- **Direct effects** of education policies on human capital can be large.
- They can be compared to the effects of other policies such as **product market regulations**
- But their effects materialise **with long lags**.
- An illustrative example is **pre-primary education** with considerable effects on the stock of human capital and productivity

9



References

- Botev, J., B. Égert, Z. Smidova and D. Turner (2019), “A New Macroeconomic Measure of Human Capital with Strong Empirical Links to Productivity”, *OECD Economics Department Working Papers*, No. 1575, OECD Publishing, Paris.
- Égert B., J. Botev and D. Turner (2019), “Policy Drivers of Human Capital in the OECD’s Quantification of Structural Reforms”, *OECD Economics Department Working Papers*, No. 1576, OECD Publishing, Paris.

10



THANK YOU

