

Effect of Education on Gross Domestic Product: A Case Study from US 'Mid-West'

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This paper examines the effect of secondary and tertiary education on the level and growth of real GDP per-capita to explain the increasing gap of average level of real GDP between the 'Mid-West' and the 'Non MidWest' in the United States. Using the data for fifty one states in the United States between 1980 and 2010, this paper finds that both secondary and tertiary education have significant positive effect on the level of real GDP per-capita. However, tertiary education has a higher effect on the level of real GDP per-capita compare to the secondary education. Moreover, tertiary education has a higher effect on the level of real GDP per-capita in the 'Non Mid-West'. This paper also finds that tertiary education has a positive effect on the growth of real GDP percapita in the 'Non Mid-West'. This effect is negative for the secondary education. This paper doesn't find any significant effect of secondary and tertiary education on the growth of real GDP per-capita in the 'Mid-West'.

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