

From Physical to Human Capital Accumulation: Effects of Mortality Changes

Keiya Minamimura

Graduate School of Economics, Kobe University.

Daishin Yasui

Kobe University.

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Abstract

This paper develops a growth model à la Galor and Moav (2004), which captures the replacement of physical capital accumulation by human capital accumulation as a prime engine of growth. We show (i) decreased mortality promotes this replacement and (ii) the effect of mortality declines on per-capita income differs across the phases of the development process. Using finite mixture models, we show that the predictions of our model receive some supports from the data.