

QUANTILE ESTIMATES FOR SOCIAL RETURNS TO EDUCATION IN TURKEY: 2006–2009*

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Augmenting a Mincerian earnings function with regional data we estimate both private and external returns to education in Turkey using Instrumental Variables, Ordinary Least Squares, Quantile Regression and Instrumental Variables Quantile Regression methods. Our results indicate a median external return between 1.5% and 2.3% for 2006–2009. There is some evidence supporting the skill-biased technical change hypothesis. External returns are uniformly higher for women. We point out some policy implications.

Keywords: Human capital; externalities; returns to education; instrumental quantile regression; growth.

1. Introduction

In contrast to traditional growth theory where the source of growth, technical change, is exogenous, new growth theory endogenizes the source(s) involved. It posits that knowledge augmented accumulation of productive factors obviates diminishing returns thereby enabling sustained output increases. This allows room for policy intervention since increased investment in human capital would accelerate growth. [Acemoglu \(2009\)](#) provides a thorough treatment. Endogenous growth theorists differ in the precise mechanisms connecting knowledge to growth, but external benefits to

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