

Granger causality tests among openness to international trade, human capital and economic growth in China: 1952-1999

Abstract

This study examines Granger causality among openness to international trade, human capital accumulation and economic growth in China using time series data over the period from 1952 to 1999 and a sub-period, i.e. a period from 1978 to 1999. For the 1952–1999 period, economic growth is found to Granger cause human capital accumulation and not vice versa. For the 1978–1999 period, economic growth and openness to international trade, economic growth and human capital accumulation, and human capital accumulation and openness to international trade are found to have bidirectional Granger causality, respectively. Thus, there is a dynamic relationship among openness to international trade, human capital accumulation and economic growth. The experience of economic reform in China could be an example to other developing countries.