Appendix: Data description

Following on John Seater's suggestion, Table A1 depicts the data used in our analysis for the 1997-2002 period. Columns (1) and (4) show investment and savings as originally measured by Feldstein-Horioka. Columns (3) and (6) show our adjusted investment and savings data: Total expenditure for education excluding government's *capital* expenditure for education [column (2)] is added to investment [column (1)] whereas private expenditure for education [column (5)] is added to savings [column (4)]. The Table makes clear that we do not add the same thing on both sides of the equation, as the series depicted in columns (2) and (5) are substantially different.

Table A1: Data (sample period 1997-2002)

	(1) $\frac{I}{Y}$	(2) $\frac{Ih}{Y}$	(3) $\frac{IT}{Y} = \frac{I}{Y} + \frac{Ih}{Y}$	(4) $\frac{S}{Y}$	(5) $\frac{Ih_{pr}}{Y}$	(6) $\frac{\overline{S}}{Y} = \frac{S}{Y} + \frac{Ih_{pr}}{Y}$
Austalia	23.47	5.87	29.34	19.22	1.73	20.96
Austria	23.94	5.54	29.47	22.29	0.33	22.62
Belgium	20.50	6.02	26.52	25.43	0.60	26.03
Canada	20.48	6.28	26.75	21.42	1.58	22.99
Czech Republic	28.59	4.12	32.72	24.04	0.60	24.64
Denmark	20.76	7.98	28.74	22.06	1.95	24.02
Finland	19.87	5.42	25.29	26.16	0.25	26.41
France	19.55	5.72	25.28	20.90	0.72	21.61
Germany	20.68	5.30	25.98	20.15	1.86	22.01
Greece	22.65	3.39	26.03	16.79	0.91	17.70
Iceland	22.14	5.78	27.92	16.84	0.79	17.63
Ireland	23.59	3.85	27.44	24.01	0.36	24.38
Italy	19.61	5.04	24.66	20.53	0.83	21.35
Japan	26.25	5.33	31.58	27.96	1.75	29.71
Korea	29.92	6.30	36.22	34.02	2.75	36.77
Mexico	23.22	5.63	28.85	20.34	1.27	21.60
Netherlands	21.83	4.68	26.51	27.61	0.73	28.34
New Zealand	20.91	6.28	27.19	16.64	1.20	17.85
Norway	22.47	5.57	28.04	31.69	0.11	31.80
Portugal	27.33	5.13	32.46	19.01	0.19	19.19
Spain	24.48	4.81	29.29	22.52	0.93	23.45
Sweden	17.32	7.37	24.69	21.57	1.01	22.58
Switzerland	22.33	5.18	27.51	32.10	0.58	32.68
United Kingdom	17.35	4.88	22.24	15.82	0.61	16.43
United States	19.51	6.84	26.35	16.78	1.93	18.71

Definition of variables:

$\frac{I}{Y}$: Gross capital formation (as % of GDP), World Bank, World Development Indicators

$\frac{Ih}{Y}$: Total expenditure for education (all sources and types of expenditure for all levels of education) minus government expenditure for educational institutions *designated for capital* (as % of GDP), OECD Education at a Glance.

$\frac{S}{Y}$: Gross national saving (as % of GDP), OECD Economic Outlook.

$\frac{Ih_{pr}}{Y}$: Private expenditure for education (all types of expenditure for all levels of education, as % of GDP), OECD Education at a Glance.