

# **Long term consequences of natural resource booms for human capital accumulation**

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## **Abstract**

Tight labour markets driven by resource booms could increase the opportunity cost of schooling and crowd out human capital formation. For oil producing economies like the Province of Alberta, the OPEC oil shocks of 1973 to 1981 may have had an adverse long term effect on the productivity of the labor force if the oil boom resulted in workers reducing their ultimate investment in human capital rather than merely altering the timing of schooling. We analyze the effect of this decade long oil-boom on the long-term human capital investments and productivity for Alberta birth cohorts that were of normal schooling ages before, during and after the oil boom. Our findings suggest that resource booms may change the timing of schooling but they do not reduce the total accumulation of human capital.

*Key words:* Resource booms, long term human capital accumulation, OPEC oil crisis  
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