Abstract

This research argues that differences in the distribution of human capital across countries and their impact on the advancement and the adoption of technology contributed to the differential timing of the transition from the Malthusian stagnation to modern growth and the persistent differences in income per capita across the globe. Polarization in the distribution of human capital within an economy implied a trade-off between innovation and adoption of technologies that, in turn, influenced the transition from stagnation to growth. Despite the contribution of the upper tail of the human capital distribution to technological innovation, the absence of wide group of educated individuals among the working population delayed technology adoption and the transition from stagnation to growth.