

SYMPOSIUM

**THE CONTRIBUTION OF HUMAN AND SOCIAL CAPITAL
TO SUSTAINED ECONOMIC GROWTH AND WELL-BEING**

Canada, Château Frontenac, Québec City, March 19-21, 2000

PROGRAM

Sunday, March 19 (19 h 30 – 21 h 30)

I. THE POLICY CONTEXT

A. A Canadian policy perspective on human and social capital investment (Avrim Lazar, HRDC)

Interest in Canada is focusing on how the “social context”– that can be influenced by government policies– is related to growth, productivity and well-being.

B. The international policy perspective on human and social capital investment (Thorvald Moe, OECD)

There is a growing interest in the key role of knowledge, skills and competence in influencing economic growth, social cohesion and sustainable development. Policy to promote learning throughout life needs to take account of the access individuals have to resources in various settings and learning environments.

Monday, March 20 (9 h 00 – 12 h 45)

II. SORTING OUT THE CONCEPTUAL FRAMEWORK

KNOWLEDGE PLAYS AN INCREASING ROLE IN THE ECONOMY AND THE COMPLEMENTARITY OF HUMAN AND SOCIAL CAPITAL IS VIEWED AS BEING OF KEY IMPORTANCE IN ACHIEVING ECONOMIC GROWTH. THE SESSION WILL REVIEW SOME MODELS OF GROWTH AND WILL ALSO EXAMINE THE CURRENT STATE OF CONCEPTUAL FRAMEWORKS REGARDING THE ROLE OF SOCIAL ARRANGEMENTS IN THE ACCUMULATION OF BOTH HUMAN AND SOCIAL CAPITAL.

CHAIR: THORVALD MOE (OECD)

<p>Keynote Speaker: R. Barro, Harvard University, U.S. [<i>The impact of human capital on economic growth</i>]</p>

A. The importance of knowledge and human capital in achieving economic growth (Gunnar Eliasson, Royal Institute of Technology, Sweden)

Individual and organisational knowledge and competence accumulation are recognized as core factors of production. A sustained increase in knowledge investment can raise a country's growth rate. Are economic models still too rudimentary to capture the role of knowledge in growth and explain the growth phenomenon? Do we need a more comprehensive conceptual foundation to make progress toward a complete understanding of growth dynamics and its determinants?

B. The place of social capital in understanding social and economic outcomes (M. Woolcock, The World Bank)

The concept of social capital draws from various disciplines and sectors, and has breathed new life into debates concerning the role and importance of "the social aspects" of development. The various dimensions of social capital, and the manner in which different combinations of these dimensions give rise to various development outcomes, are discussed. While the definition of social capital varies and attempts to measure its contribution to economic growth and development is at an early stage, there is a growing awareness that community life and institutional quality together have an important bearing on the capacity of societies to manage risk, embrace change, and seize opportunity.

C. The complementary roles of human and social capital in growth (T. Schuller, Birbeck College, UK)

This presentation considers why at the conceptual level social capital is relevant to policy formation. It provides a sample of approaches to the analysis of social capital, a framework for considering its relationship to human capital and the complementarities and tensions within this relationship. At the same time, human capital underpins social capital and can promote its growth. How can social capital be integrated into a broad framework to understand economic growth?

Commentators: Jo Ritzen, The World Bank/ Thomas Alexander, formerly from OECD

Monday, March 20 (14 h 00 – 18 h 15)

III. CONSIDERING THE EMPIRICAL EVIDENCE FOR THE ECONOMIC IMPACT AND THE BROAD SOCIAL RETURNS TO HUMAN AND SOCIAL CAPITAL (14:00 - 18:00)

IS THERE ANY EVIDENCE THAT HUMAN AND SOCIAL CAPITAL HAVE ECONOMIC GROWTH-INDUCING ROLE? THIS SESSION WILL FOCUS ON THE MEASUREMENT OF SOCIAL CAPITAL AND THEIR IMPACT AT THE MICRO AND MACRO LEVELS. IT WILL ALSO ADDRESS THE WAY IN WHICH LEARNING, NETWORKING AND INNOVATION CAN PROMOTE ECONOMIC GROWTH AND OTHER SOCIAL OUTCOMES.

CHAIR: ODILE SALLARD (OECD)

Keynote speaker: Robert Putnam, Harvard University, U.S. [Is social capital declining in some OECD countries and does it matter?]
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A. The Impacts of Human Capital on Non-Market Outcomes and Feedbacks on Economic Development in OECD Countries (Walter McMahon, University of Illinois, U.S.)

This paper develops a new structural approach to identifying and measuring the non-market social outcomes to human capital formation, their interaction, and feedback effects on growth. Simulations of a model based in part on worldwide data in which OECD member countries are included estimate the impacts of human capital formation through education and the portions that are externalities on the social, political, and natural environment in 22 OECD member countries.

B. Can human and social capital explain differences in productivity, economic growth and well-being between OECD countries? (Stephen Knack, The World Bank, U.S.)

Drawing on data from the World Values Studies and other sources, this presentation will assess the empirical evidence for impacts of various underlying aspects of the social environment including social capital and trust as an informal source of enforcing agreements on growth across countries. The paper will also attempt to identify possible future steps to improve the operational measurement of social capital and different dimensions of trust and civic engagement in various types of international and national surveys.

C. The role of human capital and urbanization on the convergence of income in Canada: a cross-provincial perspective (Serge Coulombe, University of Ottawa, Canada)

This presentation proposes an empirical analysis of regional convergence in Canada based on the growth model of Barro, Mankiw and Sala-i-Martin emphasizing the role of human capital and urbanization. The paper will consider how the social environment could explain income disparities between Canadian provinces.

D. Accounting for the social and non-market benefits of education (Barbara Wolfe and Robert Haveman, Wisconsin University)

There has been considerable empirical work in recent years on the value of the impact of education on “non market” outcomes in such areas as health, environment and crime. The

value of the non-monetary return is based on what it would cost to produce the same outcome in other ways through, for example, purchasing health care. This presentation will also point to the way in which further research could help to examine the ways in which education interacts with other factors including family background and parental preferences for the future to bring about various social benefits including better health and lower crime.

E. The Distribution of Literacy Skills among Communities within OECD countries (Douglas Willms, University of New Brunswick, Canada)

The paper summarizes recent evidence pertaining to three hypotheses: first, it posits that communities differ in their literacy skills after account is taken of the socioeconomic status of its adults. The second hypothesis is concerned with the relationship between literacy skills and socioeconomic status and the third hypothesis holds that people from less advantaged backgrounds are vulnerable, but people from less advantaged backgrounds who also live in less advantaged communities are especially vulnerable. The evidence draws from the International Adult Literacy Study (IALS) and the Third International Mathematics and Science Study (TIMMS).

Commentators: Gunnar Eliasson, Royal Institute of Technology, Sweden /Richard Harris, Simon Fraser University, Canada

Tuesday, March 21 (8 h 30 – 12 h 20)

IV. SOCIAL ARRANGEMENTS, WELL-BEING OF CITIZENS AND ECONOMIC GROWTH

HIGH-QUALITY SOCIAL ARRANGEMENTS AND POLICIES ARE AN IMPORTANT LEVER OF SOCIAL CAPITAL. THEY YIELD PRIVATE AND SOCIAL BENEFITS AND CONTRIBUTE TO GROWTH. THE FOCUS OF THE SESSION IS TO EXAMINE THE LINKS BETWEEN SOCIAL ARRANGEMENTS, PRODUCTIVITY, ECONOMIC GROWTH AND WELL-BEING.

CHAIR: JEAN-PIERRE VOYER (HRDC)

Keynote speaker: Jo Ritzen, World Bank, U.S. [Social capital and public policy]

A. Connections between per capita GDP growth and growth in the well-being of citizens (Lars Osberg, Dalhousie University, Canada)

Indicators of income per capita and well-being as measured by various indices of social health or human progress appear to have diverged over the past two decades in a number of countries. Are these trends sustainable? What can be done to ensure growth in well-being? Are composite measures of social well-being useful as guides to public discussion and policy debate?

B. Social infrastructure and economic growth (Rob Dobell, University of Victoria, Canada)

Sustained economic growth (and well-being more generally) may depend crucially on social capacity to arrive in some reasonably timely way at reconciliation of many conflicting readings of the state of our social world system, and at consensus on collective action required to respond to the changing state of that system. Such reconciliation depends on individual attitudes, public education and deliberation.

C. Determinants of social capital: public policies and private decisions (Edward L. Glaeser, Harvard University, U.S.)

The paper discusses the basic economics underlying the formation of social capital as well as the role of homeownership, geographic permanence and ethnic heterogeneity. Evidence on the powerful connection between social capital and human capital is also presented. The most important determinant of social connection at the individual level is years of schooling and there is a strong connection between education and social capital across countries. While there are many possible explanations for this connection, the role that schooling can play in forming social connection is important and this must be taken into account when forming school policy.

D. Balancing economic growth with well-being - the Japanese experience (Takashi Omori, Economic Planning Agency of the Government of Japan)

Describes the role of social capital and institutions in Japan achieving the necessary consensus for economic growth and sustained social progress.

Commentators: Robert Haveman, Wisconsin University, USA

Tuesday, March 21 (12 h 45 – 14 h 45)

V. RAPPORTEUR'S SUMMARY AND ROUNDTABLE (John Helliwell, University of British Columbia, Canada)

CHAIR: JIM LAHEY (HRDC)

Following a rapporteur's summary of the discussions and an assessment of policy implications, participants will be invited to give their opinions on the main policy and research issues.