the Lisbon Council
making Europe fit for the future
Assessing human capital and skills for long-term economic growth prospects

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Three levers to increase medium to long term economic performance

1. Create new human capital
2. Utilise human capital
3. Yield high human capital productivity

+ financial capital = GDP
Human capital consists of five kinds of learning

- Parent
- Schooling
- Tertiary
- Adult
- On the job

United Kingdom
Sweden
Germany
Substantial amounts of data input needed for model

Main Input Data:
- Time spent with children
- Quality of schooling
- Participation in tertiary education
- Time spent on informal education
- Structure of labour-market participation
- Net and gross earnings per hour
- Forgetting curves
- Obsoletion experiences
- ppp values
In West Europe, utilisation of human capital has been steadily rising; in Central European countries, it is stagnating.
At first sight, the future appears alright for Germany

Due to technology-driven productivity growth
Shortfall of human capital in Germany in 2050 is almost twice the current amount.

Need to have $21 trillion human capital stock.
Essentially all ministerial portfolios need to contribute to closing the gap

- Value-oriented industrial policy
- Labour-market participation incentives and lifelong learning enforcement
- Massive technology investment
- Skills-oriented immigration policies
- Educational systems upgrades
Finance ministries to be setting the strategic agenda for guarding national long-term economic prosperity

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2. Utilise human capital

3. Yield high Human capital productivity

\[ \text{financial capital} = \text{GDP} \]
Audiences

US State Department, Intelligence and Research Bureau

Federal Government of Canada, Policy Research Initiative

Centre d’analyse stratégique of the French Prime Minister’s Office

Korea Research Institute for Vocational Education and Training

European Union, Interreg IVb North Sea Region Programme

OECD Education Department and their INES B expert network from 28 countries

'No one has worked out the impact of knowledge like this before.'
The Economist, October 2006
Thank you

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