

# the **Lisbon** council

making Europe fit for the future

# Assessing the development of human capital and skills across the life cycle

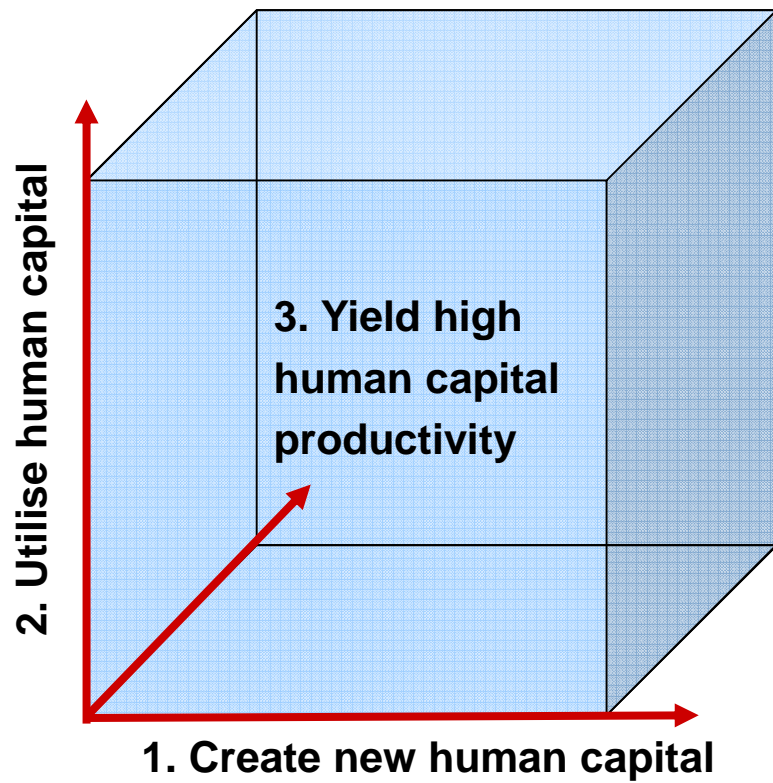
Peer Ederer, PhD

Director, human capital project, Lisbon Council

B7 Baltic Islands Network

Bornholm, Denmark 6 December 2007

## Three levers for medium / long term economic performance



return on  
+ financial capital = GDP

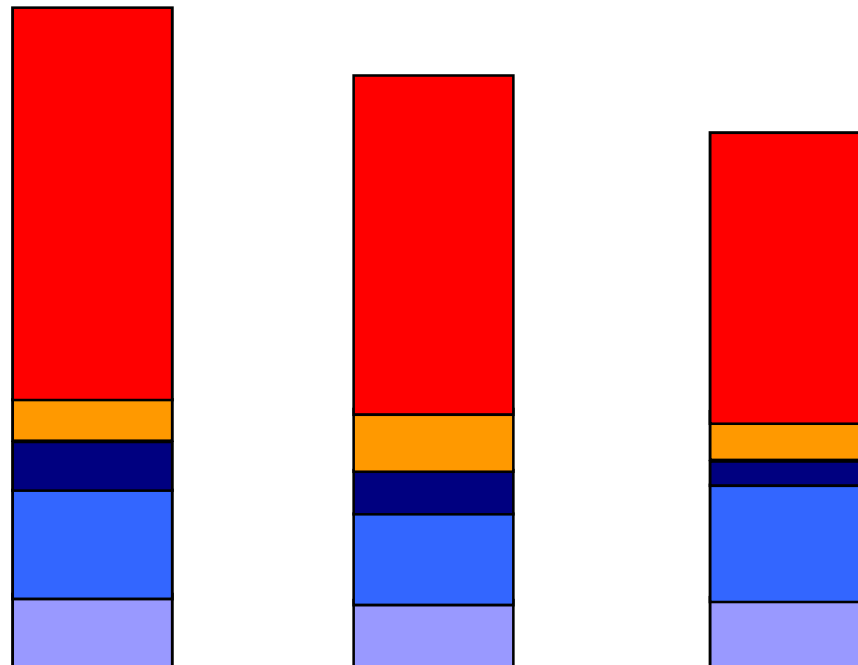
## Human capital makes all the difference

	<b>Russia</b>	<b>Nigeria</b>
GDP 1990	90 b\$	28 b\$
GDP 2004	764 b\$	99 b\$
Population 2004 (1990)	144 m (148)	137 m (93)
Exports	60% oil+minerals=160 b\$	95% oil+minerals=50 b\$
Politics	nominal democracy	nominal democracy
Business Climate	entrenched corruption open market economy	entrenched corruption open market economy
Economic Freedom Index	120	131
Literacy 2003 (1990)	99% (99)	68% (48)
Tertiary Edu Enrolment	53%	3%

## Human capital consists of five kinds of learning

ppp\$ (base 2000) per average employed person

Parent    Schooling    Tertiary    Adult    On the job



United Kingdom

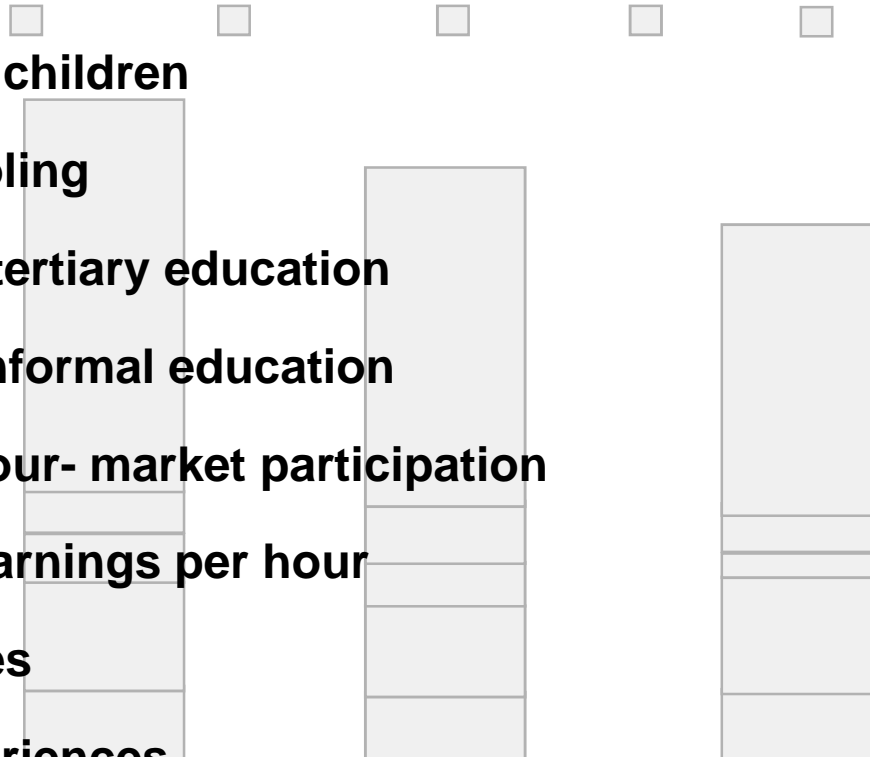
Sweden

Germany

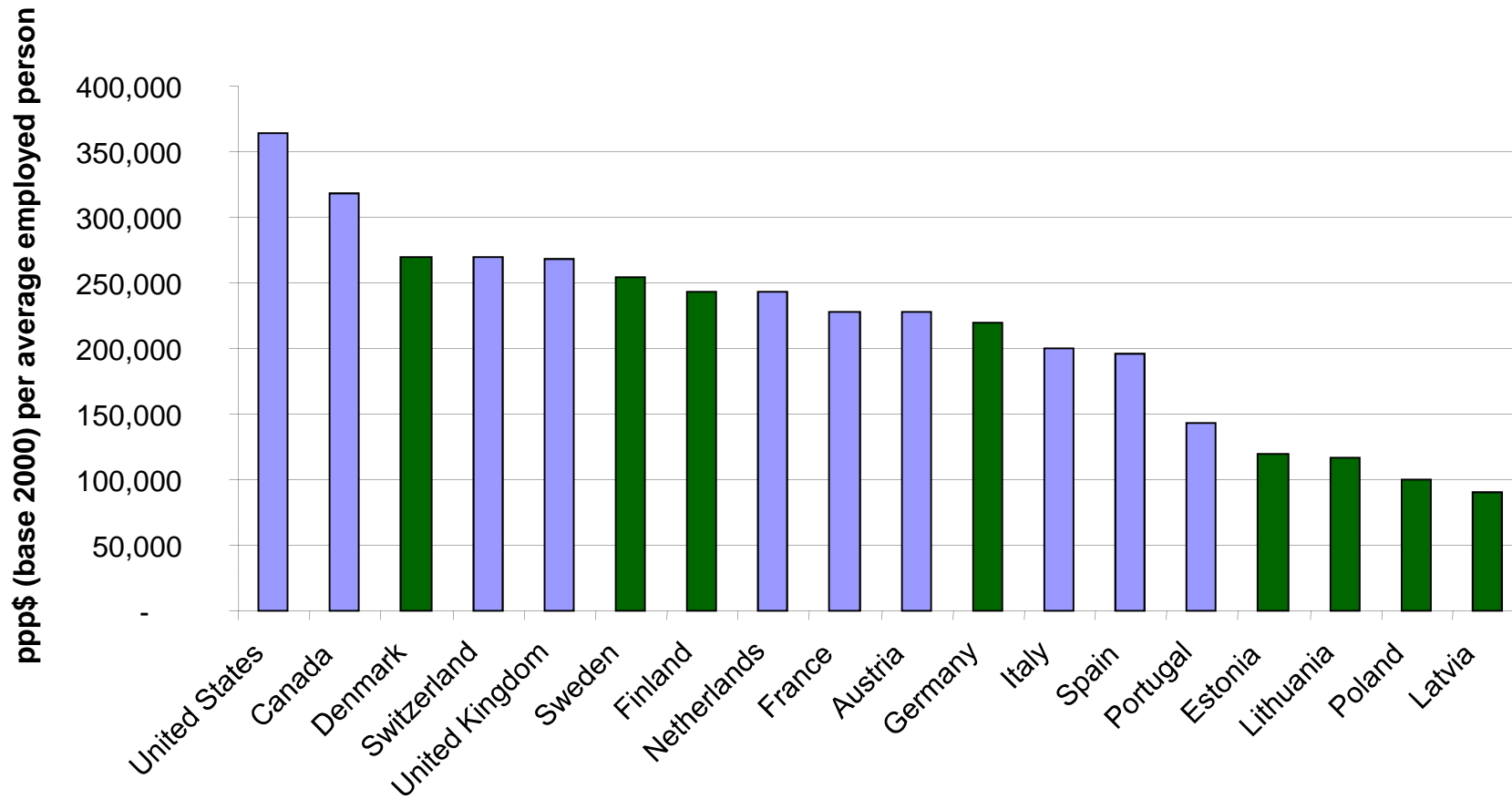
## Human capital consists of five kinds of learning

### 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
- Obsolescence experiences
- ppp values

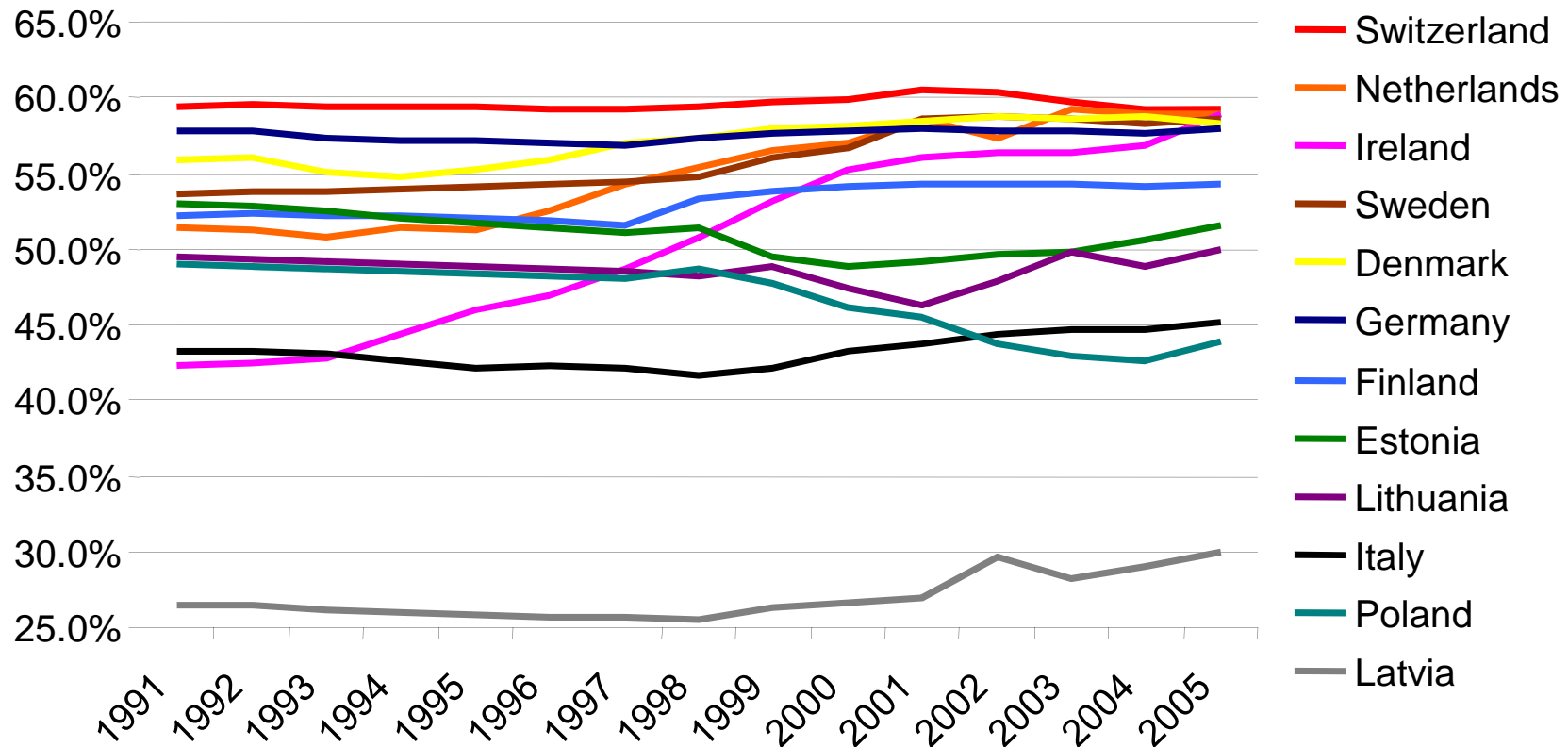


## Human capital evaluation for baltic nations and peers



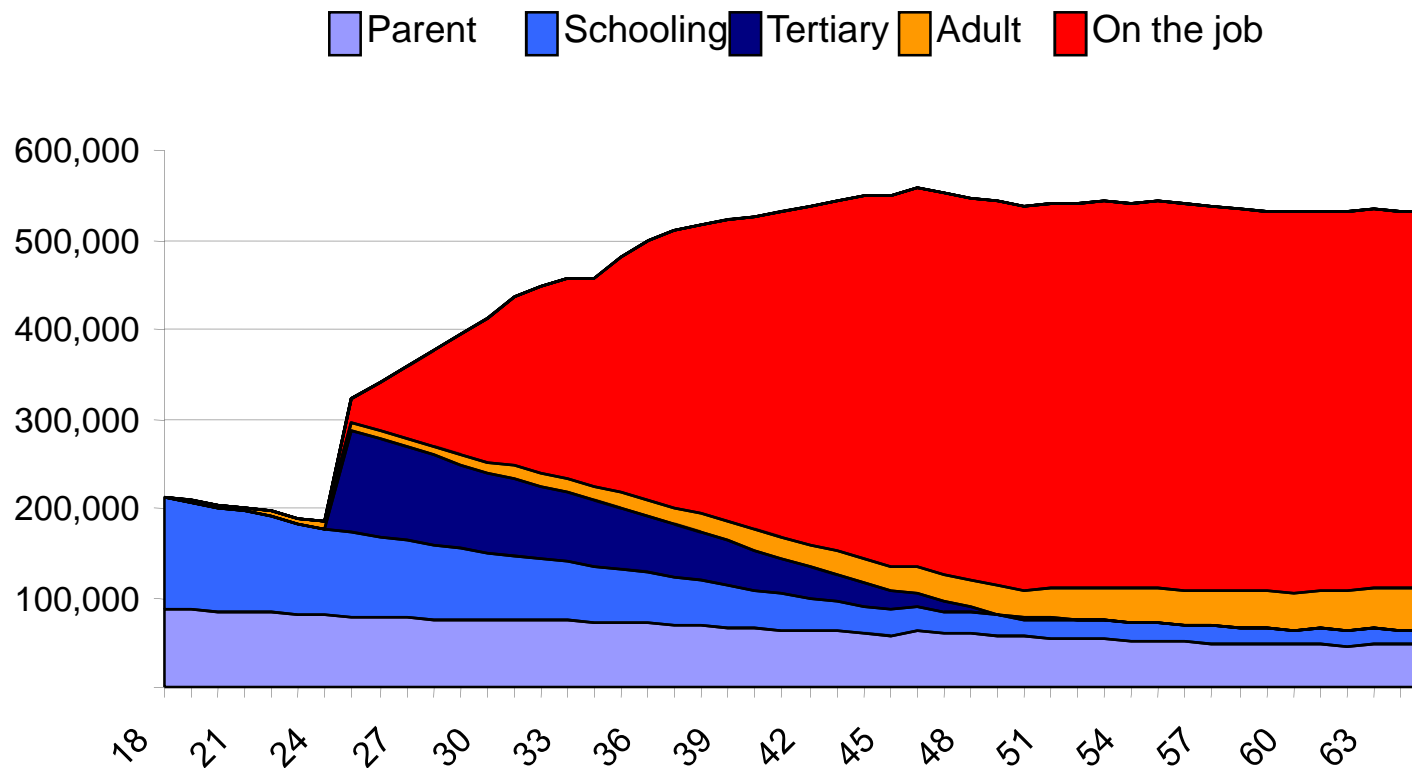
## West Baltics converged to a high utilization

Human capital utilisation in % of total human capital available



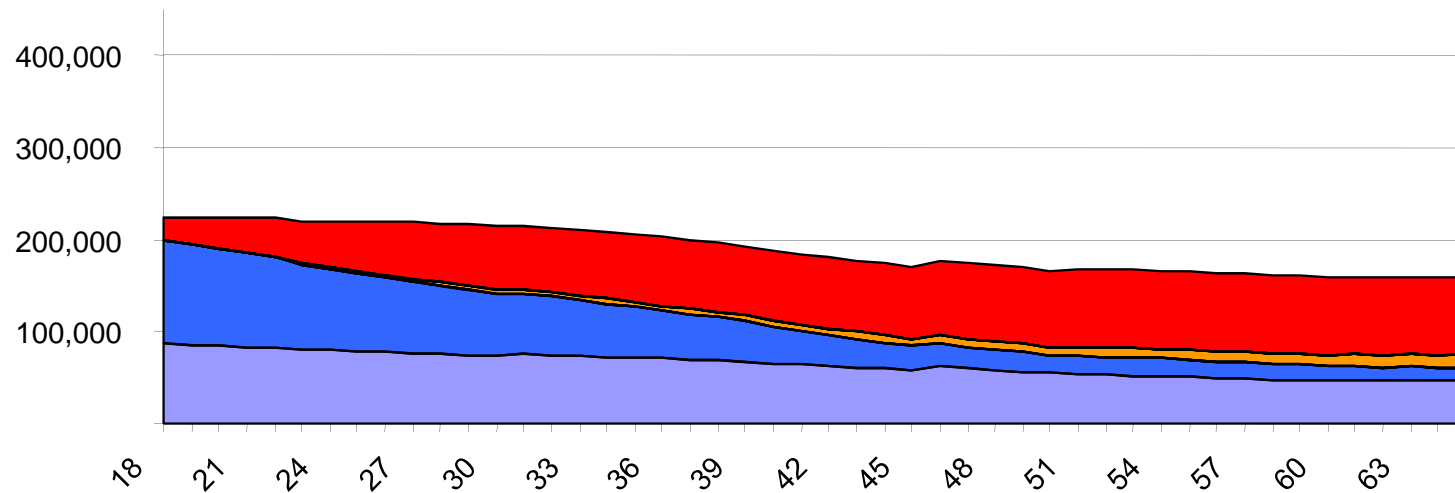


## Pursuing a pathway: The human capital development of a German professional/managerial position

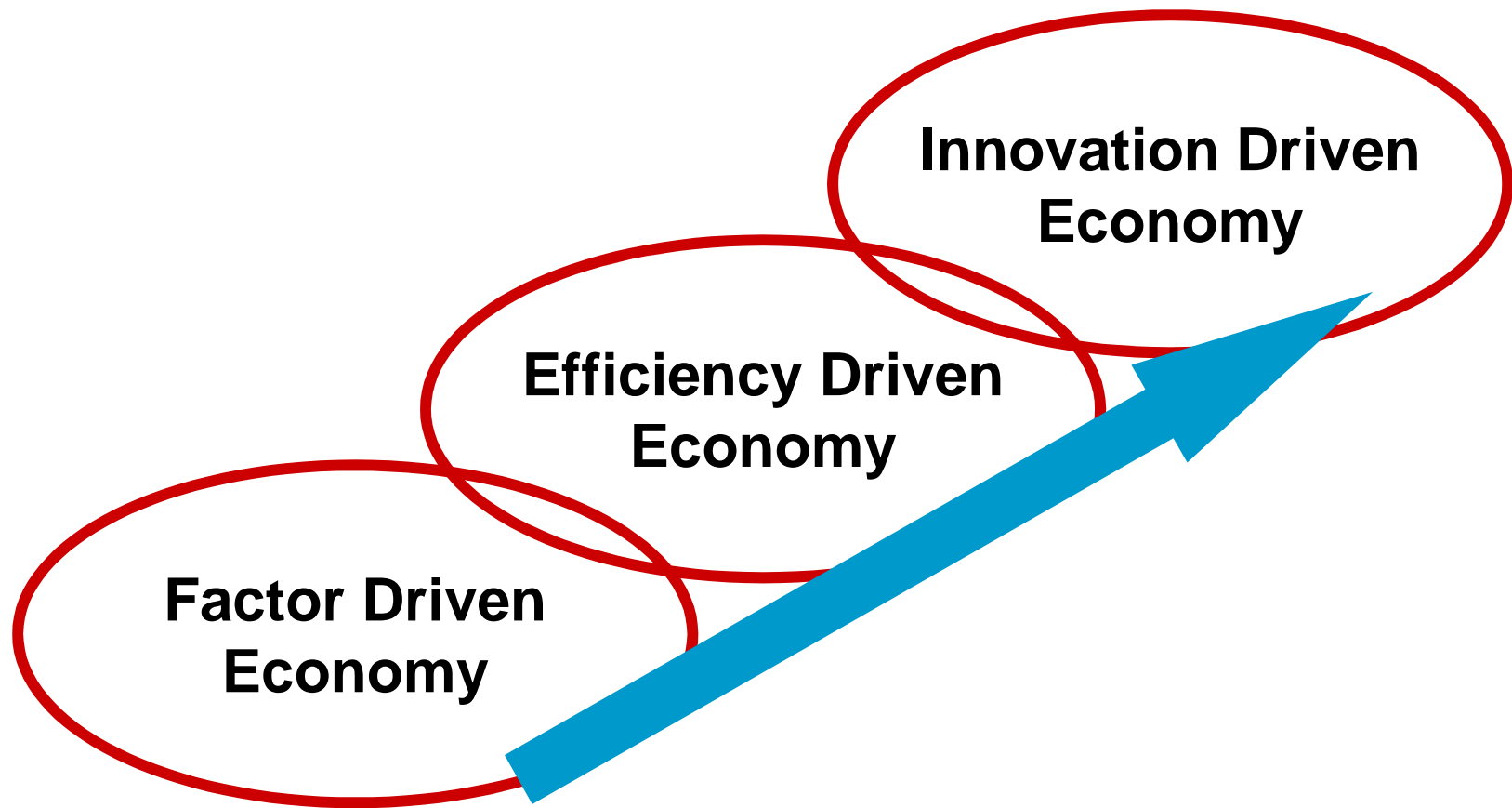


## Pursuing a pathway: The human capital development of a German blue collar/manual worker

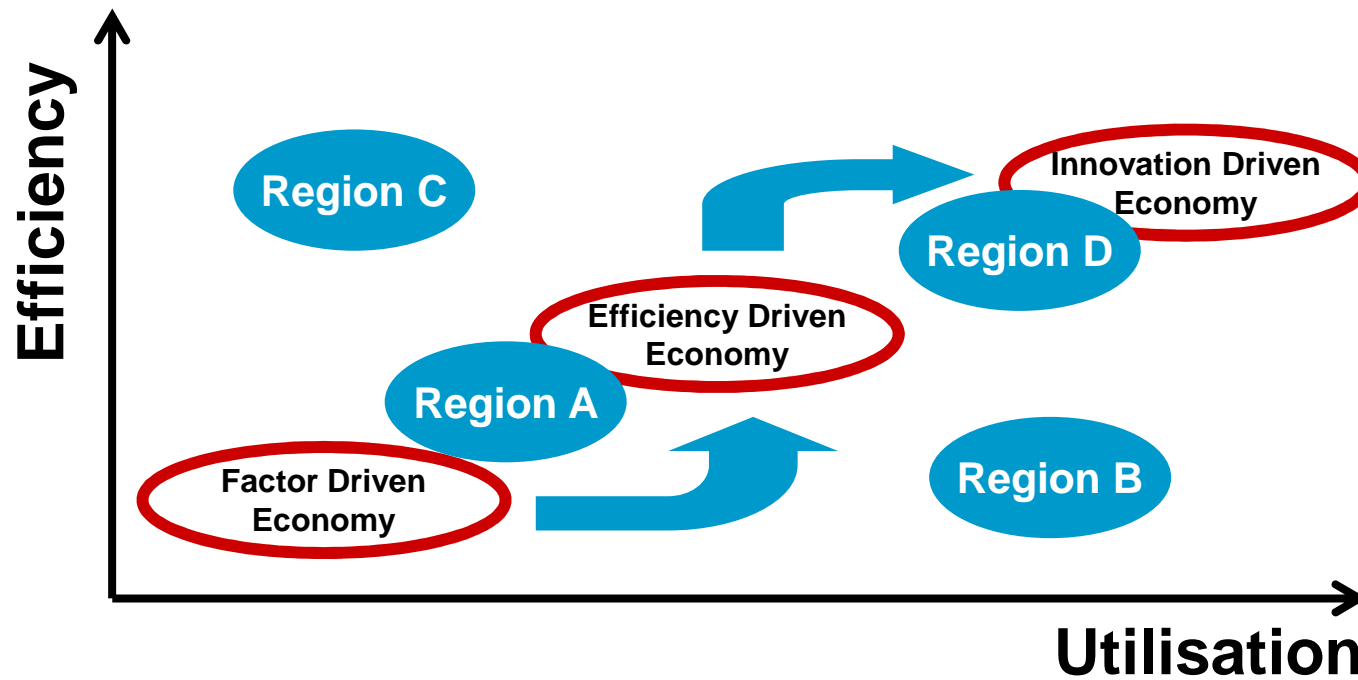
Parent    Schooling    Tertiary    Adult    On the job



The Human Capital Index provides an indication of how far a region has moved towards the innovation driven economy – and show which leverage points exist to advance the development

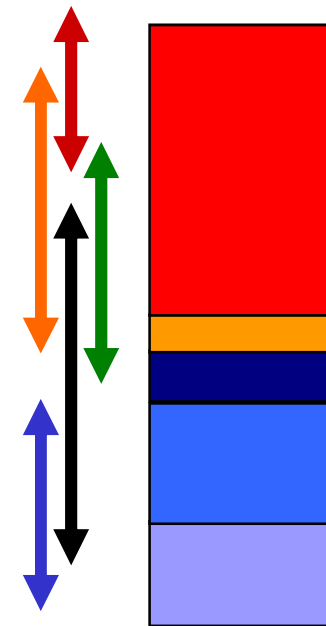


Innovation-driven economies enable the synthesis of efficiency and utilisation of human capital resources



All ministerial portfolios need to contribute to creating and deploying human capital in an economy

- Value-oriented industrial policy**
- Labour-market participation incentives and lifelong learning enforcement**
- Massive technology investment**
- Skills-oriented immigration policies**
- Educational systems upgrades**



## 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

Economic Policy Committee of the European Finance Ministers

World Bank

*'No one has worked out the impact of knowledge like this before.'*

The Economist, October 2006

# Thank you

Peer Ederer, PhD

Director, human capital project, Lisbon Council

+49 171 55 164 99

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