

APPROACHES TO HUMAN CAPITAL AND SUSTAINABLE DEVELOPMENT IN CRISIS CONDITIONS

Prof. Maria Criveanu Ph. D
University of Craiova
Faculty of Economics and Business
Administration
Craiova, Romania
Master's Degree Student Maria Magdalena
Criveanu
University of Craiova
Craiova, Romania

Abstract: This paper illustrates the relationship formed in the economy between human capital and sustainable development considering that in recent years we are witnessing an expansion of the concept of human development towards sustainable human development. This requires increased performance and social responsibility entity in complete correlation with the wide expression of people's choices and utilization capacity, so that they contribute to meeting the needs of present generations taking into account ecological and social environment to protect future generations.

JEL classification: O015, O044

Key words: human capital, human development, economic crisis, sustainable development

1. Introduction

The international community analyzed the relations between humans and the natural environment since the first UN Conference on the Environment (Stockholm, 1972) which subsequently resulted in the work of the World Commission on Environment and Development, established in 1985. The Brundtland Report, belonging to the Commission on Environment and Development entitled "Our Common Future" provided the first accepted definition of sustainable development as "a development that meets the needs of the present generations without compromising the opportunities for the future generations to satisfy their own needs". Brundtland Report states that "sustainable development is taught to lead to the reconciliation between economy and environment, creating a new way to support human progress not only in some places and for some years, but for the whole planet and for a long period of time."

The complex issues of sustainable development gained global political importance being addressed at the World Conference on Environment and Sustainable Development in Rio de Janeiro (1992), at the Special Session of the UN General Assembly and Millennium Goals (2000) and at the World Conference on Sustainable

Development in Johannesburg (2002). Following the dictum "think globally and act locally" concrete action programs have emerged, globally as well as locally (Local Agenda 21).

Sustainable development has become a political objective of the European Union since 1997 and therefore included in the Treaty of Maastricht. In 2001, the European Council in Goteborg adopted the Sustainable Development Strategy of the European Union, which has had an external dimension in Barcelona since 2002.

In 2005, the European Commission launched a review process on the strategy, highlighting some unsustainable trends, with negative effects on the environment, which could affect the future development of the European Union, namely climate change, threats of the public health system, poverty and social exclusion, depletion of natural resources and biodiversity erosion. As a consequence to the measures taken in this respect, in June 2005, the Heads of State and Government in the European Union countries, adopted a Declaration on Sustainable Development Guidelines, incorporating the revised Lisbon Agenda for economic growth and new jobs as an essential component of the overarching objective of sustainable development.

2. OBJECTIVES

With who and for whom will the sustainable development of Romania take shape?

In designing realistic prospects of a sustainable development model in all its essential components (economic, socio-cultural and environmental role) the correct evaluation of human capital and development trends on the medium and long term is of paramount importance.

3. ANALISES

Regarding the human capital issue, recent studies showed that the situation in Central European countries is alarming due to stagnation or demographic decline which inevitably leads to the aging of the population, to the progressive reduction of the working population, to the exodus of young people and people with medium or superior qualification, to the unsatisfactory level of training and acquisition of market criteria necessary skills for transition to information society, based on knowledge and innovation. In these circumstances estimates and assessments are bleak for the coming decades because of the risk that Central and Eastern European countries are faced with, and threatened to become a sparsely populated region with a declining workforce, which bear the burden of aging populations.

In this situation is Romania, whose demographic situation shows a significantly population fell in the last two decades, imbalances in the labor market appeared, in certain sectors or professions there is a shortage of labor force, temporary or permanent emigration attraction will remain strong while maintaining a large gap in the living standards and prospects for professional and personal fulfillment in the country.

Statistics produced in Romania showed that demographic factors are an essential component of the prospects for sustainable development of Romania in the medium and long term.

In this context, there is a link between human resources and the current natural environment as there is an acute manifestation of a resources crisis. In recent years it has been observed, that the economic success of developed countries was influenced by human capital as the only unlimited and renewable source for generating progress. The

strategy adopted by China on human capital appreciation and investment in leading-edge technologies made China the 3rd country in the world after Germany and the U.S.. Under these circumstances we must recognize that no strategy for economic growth and development would not be effective if the importance of human capital would be minimized or ignored.

In economics the term *human capital* has seen many definitions and interpretations, as it has been accepted or rejected by academics and politicians. The inclusion in its human resources was done in the 50s of the last century, however, browsing or using the economy was marked well in advance. It is important to note here the contribution of A. Smith, trying to discover "the nature and causes of wealth of nations", includes in the human capital, all the acquired and useful abilities of the inhabitants or members of a society, seen as "refunded expenses, with a profit as well, "without defining it explicitly as" human capital ". He said that "a man who has spent a lot of work and time to train himself must show a high level of dexterity, and then he can be compared with any expensive car and powerful machine" (the idea of investing in human capital belongs to A. Smith who argued in the "Wealth of Nations" that "differences between individuals with different levels of education and training reflect differences in recall costs used to achieve these qualities. The return of investments in acquiring quality can therefore be compared to their physical capital return").

In the twentieth century, due to the rapid changes occurring in the macro and micro environment under the influence of the factors which were in constant motion, economists attention turned to the importance of investment and technical progress which was meant to lead to achieving economic growth, as well as on some restrictions that the economic growth had to face: environmental pollution, scarcity of non-renewable resources, population explosion, the impact of international economic relations, and so on.

After the economic crisis of 1929-1933, whose effects were felt in the economy through production stagnation, unemployment (unemployment in the UK reached an impressive number - 25 million unemployed) and inflation, many representative scientific papers appeared, papers that contributed to the economic growth.

In this respect, the year 1936, when J.M. Keynes' work was published in which he detables on important issues such as: economic growth, full labor, price stability, and as the main measure the stimulation of investment in the economy.

In the following period there were formulated ideas, designs, concepts based on Keynesian theory of the economic growth. The contribution of Professor M. Solow, consisting in the neoclassical growth model proposes the separation of the contribution to economic growth in the quantity of labor and the capital due to the technical progress effect.

In the economic literature it was noted that the expressed and supported views mentioned by different authors regarding the influence of human capital on economic growth, are different.

Some authors, such as Nelson and Phelps, see the accumulation of human capital as a source of economic growth while others, such as Benhabib and Spiegel argue that human capital determines the ability of an economy to grow and absorb technologies and therefore to produce growth.

In the neoclassical theory it is advanced the idea of perfect substitution between natural resources and man-made capital, thus formulating the definition of sustainable development implies growth of human resources and business performance at the level

of social responsibility, taking into account ecological and social environment to protect future generations .

World countries are faced with a global crisis with is heavily affecting their economy.

(environmental degradation, poverty amidst plenty, employment insecurity, alienation of youth, loss of confidence in institutions, inflation, unemployment, etc.) All these negative factors require enhancing sustainable development in each nation and in the worldwide as well.

Analyzing these ideas and comparing them to an accurate assessment of dangers faced by Romania since 2009, we appreciate that human development in the future requires a careful analysis. According to the documents of strategic planning and multi-annual financial programming respectively, National Strategy for Sustainable Development of Romania, Horizons 2013-2020-2030" education is seen as a path to sustainable development, in fact, is a learning social process looking for innovative solutions.

Regarding education and training, some details are to be taken into consideration:

* In the Romanian society there is a widespread recognition that education is the strategic factor for future development, through its essential contribution to multidimensional modeling and predictive human capital";

* Education is seen as a path to sustainable development, and the entire system of education and training will have to internalize the objectives of this development";

* "Promoting lifelong learning and continuing education through lifelong learning is a priority in Romania. In this respect it is requested the development and diversification of education and training as well as the higher capitalization of all learning contexts (formal, non-formal and informal)".

National Strategic Reference Framework 2007-2013 (NSRF) discusses development and more efficient use of human capital in Romania. It aims to "support education and training system, to improve the quality of education and level of skills of the workforce, and to ensure a more flexible education system."

A sustainable society is one:

- That meets the needs of the present generation;
- does not compromise the ability of future generations to meet their own needs, where everyone has the opportunity to grow in freedom, in a balanced society and in harmony with the environment.

Sustainability includes environmental protection and sustainable environmental condition - "the ability to meet present generation without compromising the ability of future generations to meet their own needs" and includes:

- development, conservation and the affordability of natural capital and renewable natural resources (water, soil, forest, fauna, flora, wetlands, protected areas, ecosystems) - a wealth of outstanding current generation and future generations;

- continued restructuring and expansion of physical capital - (industry, agriculture, roads, construction of large facilities, human settlements, historical monuments, science and technology and other materialized human activities) according to environmental conditions, to the economic stage and to health conditions of the population, capital for which the current generation and especially previous generation have invested so much physical and mental effort, talent and soul whose value is impossible to quantify;

-development of human and social capital, the most important component of the capital, which makes progress by improving living conditions, culture and formal and informal education, by creating mechanisms to encourage public participation in the production of goods, capitalizing the capacity for creative professionals and elite personalities.

5. CONCLUSIONS

In Romania, it is estimated that the education level of the population directly influences the quality of human capital. Strategic studies made in Romania in recent years highlight the growing interest for university education which is reflected in the existence of a higher degree of absorption on labor market with high labor qualification. Through launching nationwide programs it is aimed at developing human capital and growing competitiveness, by linking education and lifelong learning with the labor market.

In the analysis performed in Romania it has been observed that due to the neglecting of public and private investment in education and research, human potential is underutilized situation that is observed through the export of labor force in EU countries where Romanian people work, usually in activities that consume mainly physical abilities, proving once again relative subinvestment in skills and qualifications.

For years we have talked about education, national priority, but nothing is done to prioritize investment in human capital, to ensure its competitiveness which help it meet the new circumstances of modern economy which is in a dynamic process of continuous transformation. In a report by the United Nations Human Development Programme released in 2011, Romania is ranked 50 of 187 countries, position which was achieved at levels of income, education and life expectancy but also at the level of an adjusted index, introduced in last year, "inequality". Romania is in the category, "with a high development index of 0.781 human development, gross national income per capita of \$ 11.046 and a life expectancy of 74 years .

Romania should be aware that the primary objective of the Lisbon Process aims to transform it in "the most competitive and dynamic knowledge-based economy, capable of sustainable economic growth by creating more jobs and achieve greater social cohesion".

You will have to learn that the prosperity we all wish for, depends primarily on a priceless treasure namely our capital resources, the man.

REFERENCES

1. Benkabib J, Spigelia M. The role of human capital in economic development: evidence from aggregate crosscountry time. In Journal of Monetary Economics, Amsterdam, Elsevier, Ciencia, 1994.
2. Cămășoiu C, Economy and defying nature, Economica Publishing House, Bucharest, 1994
3. Donella H. Meadorws, Denis L Measows, Jorgen Renders, William W. Behrens III First Report of the Club of Rome The limits to growth

4. JM Keynes, General Theory of Employment workforce, Interest and Money, Public House, Bucharest, 2009
5. Musco, M., A Sustainable Community Profile, Places, Winter, 1995
6. Nelson, RR and Phelps, ES Investments in Hamans Technological Diffusion and Economic Growth: Human Capital Formation and Manpower developporent, New York, The Free presss, 1966
7. Secareanu, C. The state of the national economy. Evaluation. Analysis. International comparisons, Bucharest, Economica Publishing House 2000
8. Solow, RM A Contribution to the Theory of Economics, Vol 70, No.1, February. 1956
9. Toffler, A. The Third Wave, Bucharest, Politica Publishing House 1993
10. * * * National Strategy for Sustainable Development of Romania, Horizons 2013-2020- 2030
11. * * * Report on the status of national education prepared by the Ministry of Education and Research 2006
12. * * * Romanian Statistical Yearbook developed by the National Institute of Statistics
13. * * * The national indicators for education Manual developed by the Ministry of Education and Research 2005