Title

„Human capital and its contribution to long-run socio and economic development".

Summary

The objective of the current thesis was to establish how human capital can contribute to long-run social and economic development. Firstly, using a GMM empirical estimation, a one unit increase in human capital, which represents a 33% percent increase of current levels, was found to contribute to an increase of GDP per capita of approximately 33% on the short term, and of almost 100% on the long term for EU countries. Investments in human capital are found to have an even more significant impact in less developed regions. Secondly, using a DiD methodology, it was found that Romania and Bulgaria are not at risk of brain drain following their accession in the Schengen Area. Thirdly, employing a GMM estimation, the globalisation phenomenon was found to potentially be both beneficial and detrimental to human capital development. The risks associated to globalisation are found in the creation of low-skilled demanding jobs, whereas the benefits are seen in increased competitiveness which can only be achieved through increased levels of human capital. Fourthly, using both FE and GMM estimations, human capital was found to nurture social progress through increased democratic participation and elevated social norms. Finally, Romania needs to increase investments in health and education with approximately 2% of GDP in order to achieve its growth potential.

Overall, the findings of this thesis should be perceived as an incentive for policymakers to recalibrate investments in human capital in order to achieve long-run socio and economic development.

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Key words:

Human capital, globalisation, productivity, social progress, Generalized Method of Moments, Fixed effects, Ordinary Least Squares