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Human and Social Capital are Keys to Well-Being and Economic Growth, says OECD Report

Economic growth is but one aspect of human well-being. It is as important to focus on how broader aspects of well-being feed back into economic performance, according to a new OECD publication, **The Well-Being of Nations: the Role of Human and Social Capital**.

One of the main challenges facing policy makers, according to this report, is how to cope with increasing social and economic pressures while maintaining social cohesion and fairness of opportunities for all. If too many people feel excluded from the fruits of economic growth or the benefits of learning, social cohesion may suffer, with negative effects for sustainable social and economic development.

The publication draws attention to the importance of social and civic participation and to the ways in which public policy can complement and strengthen such participation. Social capital includes such structural and psychological elements as the networks of personal relationships and sense of mutual understanding that enable people to live and work together effectively. It may help to explain some social and economic differences between OECD countries.

By managing choices and conflicts in more socially constructive ways, the OECD publication suggests governments can help to re-build and reinforce human and social capital. This can be done through direct action, or through the creation and promotion of partnerships between governments and civil society, or through the empowerment of civil society at all levels from individuals – whether as parents, pupils or entrepreneurs – to community groups, professional and voluntary associations and initiatives by private firms.

The OECD publication identifies a clear economic pay-off from investment in education and training. New research reveals that one extra year of education leads in the long run to an increase in an individual's output per capita of between 4 and 7 per cent in OECD countries. Education also has non-economic benefits such as higher civic participation, volunteering and charity giving and a reduction in the risk of criminal activity. Improvements in educational attainment are often carried forward from one generation to the next. Education often correlates, too, with improved levels of health and personal happiness. Similar findings have been reported for social capital.

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Besides these benefits, social capital is associated with greater trust, co-operation, reciprocal engagement and social cohesion. It can also leverage improvements in the performance of institutions and firms, as well as in various other forms of capital. Furthermore, social capital can enhance the rapid diffusion of knowledge between individuals, communities as well as within and between firms. For individuals especially, the use of networks may be crucial in sharing valuable information about the labour market — especially knowing where the new opportunities are. Accordingly, human and social capital can be effective tools for individuals and societies to adapt effectively and rapidly to economic and social changes.

The executive summary of the report is available through the OECD's website on <http://www.oecd.org/els/pdfs/EDSMINDOCA003.pdf>.

Journalists may obtain this report from the OECD Media Relations Division (request by fax: 33 1 45 24 80 03 or by email: news.contact@oecd.org).

For further information, journalists are invited to contact Sylvain Côté in the OECD's Centre for Educational Research and Innovation (CERI), (tel. 33 1 45 24 93 85 or sylvain.cote@oecd.org).

"The Well-Being of Nations: The Role of Human and Social Capital"
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