



The Human Capital - An Important Factor in the Rural Development

Tincuța Iozu
Institute of Agrarian Economy, Bucharest
Romania



Motto: "The most valuable of the whole capital is the capital invested in the humanbeing"
Alfred Marshall - Principles of Economics

The introduction of Romanian rural world into a development process cannot be done without giving importance to the human resources. The application of the rural development programs needs studying both the physical capital and the human factor existent in these non-urban areas.

If until some decades ago, the concept of capital was not too oftenly used in the social and economic studies, after the 50's it can be seen the growing of the number of approaches in the field of human capital.

That is why, we have to mention the major influence of the ones, who could be named pioneers in this field. Th. W. Scultz, an economic analyst of education, Milton Friedman and Jacob Mincer, who makes the link between gains distribution and the human capital (1).

One person cannot be separated from knowledge, qualifications, health or its values. This person, as his fellow people, represents the human capital. That is why education, professional training as well are the most important investments in the human capital, regardless the place, in the city, in a developed or less developed country. The studies made in some countries have shown that the level of highschool and university education - contributes greatly to raise a person's income, fact that should be an incentive for increasing the instructional level (of education) of the rural population and also the urban population.

In Romania, figures show a percentage - high enough - among young persons (15-24 years

old) who are not attending any educational form - college, university, for professional training (vocational education), qualification courses: per total: 60.8%, in urban areas 48.3% of the persons of 15-24; and in rural areas - the share is the greatest: 75.7% (see Household labor Force survey (AMIGO), in 1996, NCS, July 1997).

The transition period, which Romania passes through together with South-East European countries, has led to a decrease of the living standard, which is the effect of a still nonperformant economy. In this situation, the costs for a university education have grown and have diminished its performances, which explains a decrease of the number of those attending such an educational form.

The studies made in USA have shown that the percentage of highschool graduates to pass universities decreased at mid 70's when the benefits grew more (2). The investments in human capital have the tendency to answer rationally to benefits and costs.

Not even Malthus, neither neoclassical studies of the growth, are paying much attention to human capital. Though, today there are strong proofs regarding the existence of a tight link between investments in the human capital and economic growth.

As the human capital is expressed by knowledge and qualifications, and economic development depends on progresses made by technological and scientific knowledge, it is assumed that development depends on human capital accumulation.

The investments in education are an important variable, which explains the subsequent growth of individual incomes (3).

In Romania, it is to be necessarily imposed the application in a much more rapid rhythm of the educational reform, which should start with a deep evaluation of the human resources, in view of pointing out the specific problems to which every rural area is confronted; the current potential which could lead to the development of some branch industries.

The proximity of life standards to the ones of the urban area (which mean equal chances for the access to different education and professional qualifications forms of the persons able and willing to raise their educational level, must not remain only a slogan, but there have to be taken steps which should really have right actional consequences for the rural area.

The rural area does not offer attractivity as long as a worker does from here gains but at the level of 80% from the salary of an urban worker. The situation becomes more dramatic for the people in the rural, as it is very well known that the standards in the urban are not at all very high. This state of facts has negative effects upon the stability and continuity in the activity of some important categories of salary workers in the rural area, as are: teachers, doctors, lawyers, economists, etc. These ones, who are not bound to a house, parents or land, at first occasion, met move to towns, even if they often have to give up their profession (4). This fact is not gladdening at all, especially that in the rural area, specialists with intellectual, scientific occupations have a share of only 1.2% comparatively with the urban area, where these ones represent 10.2% (see the following table).

Table 1. The active population structure on occupational groups and environment (areas) is the following

Occupational groups										
1	2	3	4	5	6	7	8	9	10	11
Total										
11726402	303832	679694	1000213	435050	719244	3803648	2152019	2267417	670590	365285
Urban										
5933018	259440	606511	814960	354573	536634	236313	1511142	1384201	387199	229243
Rural										
5793385	444391	73183	185253	80477	182610	3567335	640878	883216	283471	136042

Source: AMIGO, 1996, NCI, July 1997

1. active population
2. members of law body, Government, great leaders of public administration, managers and office holders in economic, social, political institutions
3. specialists with intellectual and scientific occupations
4. technicians, foremen, assimilated persons
5. administration office workers
6. operational workers in services and commerce, assimilated persons
7. farmers and qualified workers in agriculture, forestry and fishing
8. craftsmen and qualified workers in trades as: handicraft-type, regulating and maintenance of machines and installations
9. other occupational categories
10. of which; unqualified workers
11. unemployment, who have never worked or who ceased working before 1988

In order to enlarge the attractivity of the rural, in order to manage in its revival the adaptation of its structures to the new requirements of a changing economy and new structures foundation, must be imposed the change in the political and economic mentality as regards the rural's role in the Romanian society and its economy.

If the structural changes which have taken place after 1989 - are not accompanied also by changes at behavioural level - in value terms - then we cannot talk about a rural environment, in which

agriculture, its basic activity - should be competitive, and offer high standard products.

How can you produce at the European Community level, as long as notions as democracy, market economy, free initiative are not socially put into value?

This is a process, which takes time, but it is not impossible and it can be achieved by an increase of the instructional level of the rural population (5).

The human capital analysis means that the education system enlarges productivity and incomes,

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by conferring the knowledge, qualifications and a way of analyzing the problems (6).

This way, through education there can be promoted the new values brought up by an economy changing, the change of a political system - also it can be enlarged the motivation for participation at voting and implying into the decisions made at local level, - it can induce a responsible behaviour both from political and economic point of view.

Between the plans for rural development and local population there has to be a permanent relations, which starts from identification of the human factor, the traditions - specific to the rural area - in view of qualification and formation of new specialities. A good know ledge of the rural with all its implications, means though - maintaining the traditions which could as well "live together" with the new, the modern way. It is not advisable to fall into an extreme, by "destroying" the traditional in favour of modern structures. Everything must be done in an optional manner, by designing some viable development plans and projects, which should take into account the characteristics, specific for each area.

Education and staff formation within the context of rural development needs maintaining and extending the number of education and social institutions in the rural area in correlation with the human capital necessary, which is asked for by the respective projects. And here, an important aspect, maybe even vital, is the rural population's responsiveness to own environment's evolution and modernization.

The school population in rural areas must have equal access to instruction comparatively to the one in the urban areas. This is a very important factor, as the bringing up of new technologies in the rural implies also the existence of the staff necessary for its use. " Important proofs of the link between human capital and technologies come from agriculture", suggests Gary Becker. Education is of less use in traditional agriculture (which is specific for Romania, also) because the working models and knowledge are passed automatically from parents to children. The farmers in the countries with traditional economies are among the less educated labor forces. The instruction level of farmers can be observed from the Table 2.

Table 2. The instruction level

Occupied population (total)	University (long or short term)	Posthigh school graduates: speciality, or technical, foremen	Vocational compleme ntary or apprentice	Highschool	I st level highschool	Gymnasiu m	Primary	Without school graduation
Urban								
5389872	802464	434795	1347531	1805475	271252	571067	140625	16664
Rural								
5545661	85594	79031	947348	710466	468485	1716341	1351791	186606
Farmers and workers qualified in agriculture, forestry, fishing								
3543948	7108	13886	312779	211264	267421	1306385	1252929	172177

Source: AMIGO, 1996, NCS, July 1997

It can be seen that in Romania, out of 3,543,948 farmers only 7,108 have high education (studies) and only 13,886 have speciality posthighschool education, which is, unfortunately very little. As opposed to the traditional farmers, the modern farmers must work with hybrids, growth methods, fertilizers, complex equipments and complicated future goods' markets.

Education is very precious, as it helps farmers to adapt to the use of new hybrids and more new technologies. That is why, it is not a surprise the fact, those farmers are as well educated as the industrial workers in the modern economies (7).

In the communist period, the policy of merging some industrial gigantic platforms in the urban areas - has strong social consequences. There can be met, now, in full century of technology and electronics, rural communities which "do not have even a workshop, one little factory, a service unit, a bakery or even a butcher's shop" (8).

If the main causes of the rural's depopulation are the absence of working places and the limited possibilities for access to education, culture, health and other facilities specific for the urban area, it means that these are the key aspects upon which it has to be acted.

There must be developed the sector of services in the rural, being known the fact that most

of working places are to be found in the farm and forestry field (Table 3).

Table 3. Active population in the rural by activities of national economy

Activities of national economy	Active population -total-
Rural	5,793,385
Agriculture	3,772,212
Forestry, forestry exploitation and hunting economy	45,726
Pisciculture and fishing	10,067
Extraction industry	126,468
Processing industry	641,909
Electrical, heating energy, gases and water	58,106
Constructions	165,146
Trade	207,152
Hotels, restaurants	33,901
Transport, storing	146,523
Mail and telecommunications	33,164
Financial, banking and insurance activities	13,173
Real estate transactions and other services for enterprises mainly	23,511
Public administration and defense, compulsory social assistance	148,490
Education	114,873
Health, social care	70,131
Other activities of national economy	46,789
Unemployment BIM who ceased working before 1988	4,522
Unemployment who have never worked	131,520

Source: AMIGO, 1996, NCS, July 1997.

In analyzing the human capital, one cannot miss the family's influences upon knowledge, qualifications, values and customs of their children. Parents, have a strong upon education, marital stability, and upon other dimensions of their children's life. Thus, in the families, where there is a precarious education, a material dependence, premature pregnancy and marital instability, these are transferred from parents to their children. That is why family is an essential factor both in human capital (children) producing and in its influencing upon, and that is why programmes are useful, especially in the rural, which should support family in the role it has for the children as future human resources.

The investments in the human capital are the most profitable on medium and long term, and the most important determinative of the sum invested in the human capital could be the profitability or the profit's rate (9). That is why it should be an abundant human capital, as the recovering rates from the investments in it are big. When the human capital is small, these rates are also small (10).

Under the conditions in which rural population has a reduced instruction level, a weak value orientation forwards the market economy, the mentality of the old regime being strong enough, when the endowment of the farms is precarious, it results the important, vital role of some strategies, development programmes which should determine value changes, fit for the new social and economic framework of our country, where education is the key factor.

"... Why did some countries and regions develop more quickly than others and why the leading growth factors are not the same in different historical periods?". An analysis, G. Becker shows us in his paper on human capital, seems to put into light important growth and development variables: investments in human capital, choices made upon family's size and birth rates, interactions between the human capital and physical capital and the crucial role of luck and the past. May be this analysis will make steps in understanding the growth process" (11).

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