

# HUMAN CAPITAL OR MAN-CAPITAL THEORY

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**Abstract**— Common denominator used usually on the social life, legitimator of the economic, cultural and entrepreneurial activities. The concept of “human capital” conquered the planet. It roams indefatigably on all the waves and on all the feathers. Let us override the disillusioned interpretations which see only a latest fad there and let us wonder rather about what make its strength. If we can make the observation that it seems difficult to translate the conceptual contributions of human capital into real activities within the company, then in collective and individual acts, we can make on the contrary the report that is even more difficult to translate this economic theory into words. In spite of the abundant literature with concerns the human capital theory, we find until then no definition which makes the unanimity of all the authors. So what do we know about this concept? Is it suited to stimulate Man in a capital? This is what we try to land on this article.

**Index Terms**— Human capital, economy, the company, Human rights, economic theory, man-capital, economic growth, knowledge

## 1 INTRODUCTION

“The tropes by resemblance consist in presenting an idea under the sign of another idea being committed to the first one by no link that that of a certain conformity or analogy; the metaphors are; both by the extent of its domain and by the absence of rules which constitute it, the metaphor appears straightaway as a mode of expression leaving any freedom, in the imagination, in the invention.” (*Encyclopedia universalis*, Vol. 20).

Considered unclears, indistincts, even deceivers, the metaphors and figures of speech are duly rejected by the scientific and legal communities which consider, rightly or wrongly, that the rhetoric is nothing more than verbal abus, a misuse of language. Contrary to both, aforesaid speeches would be then the economic discourse in which the battle of the lexicon has a key role in the construction of its theories, as well as the vocabulary which serves to formulate it—have a mechanistic vision of the economic life: An economic theory is designed as a kind of big machine that the economists can at will manipulate levers to accelerate or slow down the economic activities

Aware of the importance of the rhetoric, the economists had, always, another conception of the metaphor and figures of speeches generally: the employment of a metaphoric concept has an argumentative function. It allows convincing the listener of the validity and the legitimacy of the speech, to gain his support, to theorize about their discipline to the laymen, or even communicate it between initiated [1].

In his book, “les passagers clandestins-Métaphores ET tromp-

l’œil de l’économie”, the great economist Ianik MARCIL thinks that the contemporary economic discourse is chockfull of metaphors and stylistic devices. It is a façade which veil away the reality and the complexity of the social phenomena. That’s why, we should get ride of it in order to have a clear understanding. And if we want to forge a new economic discourse, the author proposes as a necessary first step, the deconstruction of the picturesque speech and the metaphors for a real and effective reappropriation of the economic language. The author explains thus, that: “we present pictures as if it where a truthfull and honest description of the reality” [2].

Actually, its goes without saying that our own conception of human capital goes hand-in-hand with that of Ianik MARCIL. In fact, these few introductory lines envisage the understanding of this metaphoric concept from an interdiscursive approach, which relates notably the legal discourse which includes all the undertaken reasonings in order to report both, normative and discursive operations of legal texts. The interdiscourse, in a broad sense, appoints the way how discourses of the same kind or different kind enter into a dialogue in the host discourse, [3] the legal speech for our purposes. It is, certainly, not the place to come back from top to bottom on this terminology bound to the various currents of discourse analysis; however we think, at this point, these are important questions to be asking: What does human capital mean? Is it a portmanteau-word hiding and altering reality? A new concept based on sound economic theory?

Trust be told, a reflexion on human capital leads us to rethink, inevitably, of the boundary between tangible and intangible. So, what then is the nature of this abstract capital, dematerialised, timeless and incorporeal, disembodied?

Therefore, the uncertainty of the scale of the difference between these two categories is likely to reopen and give rise to controversy about the definition of human capital, the way can we measure and value it.

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Taking into account the indeterminacy of our concept, it is hard to think that it contributes, effectively to identify the scope of some a legal rule. Implicitly, the reasoning of Legal researcher who we are consists, really in examining each human capital criterion and each extension in order to infer for any legal text should be submitted to. Actually, if we refer to the prescription currently enrolled which consists in studying the human capital theory under law, yes it is incontestable! Would it be possible to find a reading of this syntagm in Legal sciences? How to view the human capital like an economist? Well, these questions confront us with a diversity of approaches and methods and identify a range of challenges needing distinctive solutions. But the most crucial question should not be "what is human capital?" because we know in advance that there is no univocal definition of this notion. Rather, the issues is to know if it is also appropriate to assimilate Man to a capital? This is the objective of our article.

## 2 HUMAN CAPITAL AS A RESEARCH TOPIC

On this particular issue, the human capital concept is a shortcut to another one most precise namely, intangible capital overlying the whole of productive capacities that an individual acquires by the skill, the experience or knowledge. According to the terms of the OECD, human capital is defined as:

"The knowledge, skills, competencies and other attributes embodied in individuals or groups of individuals acquired during their life and used to produce goods, services or ideas in market circumstances"[4]. In more clear way, we talk about economic theory imputing an individual to a stock coulding be valued, measured, and accumulated. But what we do need to highlight is that the literature on this subject is superabundant, however, there is no precise and a strict definition for it [5]. In effect, and before we refine all his extensions, there are a number of uncertainties that require clarification. Human capital is not just an abstract concept, or ideology, among others which vary between schools of thought. Human capital exists. It exceeded entirely theoretical ranks, toutstanded highly in economic life, particularly in enterprises. But what we are really concerned about is that the human issue has been left open behind the creation of the right to legal personality [6].

In fact, the question that could well be asked at this point is revolved around the different conceptual foundations of human capital.

### 2.1 human capital: a rigorous theoretical approach

The major issue of the theoretical foundations of human capital raises the primary question if this word still makes sense. This concept seems less solid and so low. The ideology against Economy, distortions are such that some even consider the theory of human capital as false, ambiguous and incomplete (Poulain, 2001). It is less solid for others, because it was not based on a sound, tangible and clear theory, able to grasp the extensions of all these concepts, wholly. To low, because de-

spite the plurality of the said theories, the profusion is, however, inversely proportional to clarify some of the definitional concepts that remain complex whatever the disciplinary approach which tend to give his plain meaning.

Furthermore, it is quizzical to note that a lot of reflexions will produce only contreproductive overflows, even harmful, so much so that we can talk in some cases about conflict between economic theories and schools, leading to a total breaking down of dialogue between paradigms too. This justified, albeit belatedly the limit and weakness of the economic thought which has long been torn between the theoretical and practical parts. Actually, it would be illusory to analyze the routing of our study exclusively through "theoretical axis" and "practical axis". This type of debates required further careful analysis [7]. But now, let us return first to the basic theory of human capital.

Loosely speaking, human capital was formulated for the first time on (1961) by the great economist Theodore Schultz and systematized by Becker on (1964), and Mincer (1958-1974). But we think that it is may be appropriate to mention that Schultz has played a key role in turning the human capital concept from a simple idea to an extensive and fertile research program in economics [8].

This metaphoric concept was promptly widespread; however, the notion has not yet been fully accepted by economists. That what we are trying to claim in the following section.

### 2.3 human capital: the most controversial economic concept

There are many approximations, mistakes, illusions which continue to surround the term. That is why we believe that a deep reading is possible, epistemologically, only by studying the word from which he derives: the capital. As human capital stirs up ill-feeling, the economists cannot agree on a common definition of capital.

Hervé KEMPF considers that: "capital is certainly one of the most difficult notions in Economy which feeds more of disagreements" [9]. Deploying these dissensions, Edwin submits that: "the economic textbooks approaching the capital as if it was well-defined, which was not the case here" [10]. Some economists such as Yves GUYOT suggest that: "is considered as usefulness any natural agent appropriate by a human" [11].

Loosely speaking and without getting lost of its ordinary meaning, capital has always a wider meaning, a broader sense in economic language. It appoints, usually, all the values capitalized by the previous works of the society, thought to the accumulation and savings coulding be used in its future works. In fact, the great economist, Jean ROBINSON made an enigmatic remark. He said that: "capital is not what capital is called; it is what its name is called" [12].

Actually, the same was true for the concept of human capital. It is a multi-faceted one. It has a number of definitions. Indeed, the same was true for many other economic notions that why, is it very common to hear arguments over the meaning of some words. As Neva once said:

“It is common to hear arguments over what some word really means, but of course words mean what human beings agree that they should mean. Even if they are what I call “unicorn words,” referring to something that does not actually exist, there can be an agreed-upon meaning that achieves communication. If I say, “I saw a unicorn,” you may conclude that I’m kidding, or that I’m nuts, but we both know that the thing I either did or didn’t see is a slender white horse with a whirled horn sticking out of its forehead” [13]. So what is exactly human capital?

It therefore appears that if capital means a tangible factor of production, human capital designates, by extension, a stock of individual abilities and capabilities, which can produce a flow of services through the investment in education. This idea seems to us extremely important. It is a double-edged sword; it maybe useful to remind that only the states who frame the education sector, in parallel, the company measures the yield. The facts are simple: education is heavily dependant on economic activity. Economic growth and education are two side of the same-coin. In the same point, David BLOOM said:

“The value of knowledge...has continued to rise. It is fundamentally different from other forms of capital. As it becomes abundant, it may be further expanded more easily and cheaply, in turn creating especially lucrative returns” [14].

What is then, the problem with the human capital theory?

### 3 ARGUMENTS IN FAVOUR OF HUMAN CAPITAL

Theodor William Schultz, the founder of human capital theory redefines education, showing that education plays a crucial role in promoting economic growth. He said:

“I propose to treat education as an investment in man and to treat its consequences as a form of capital. Since education becomes a part of the person receiving it, I shall refer to it as human capital”. Now, modern economies are more and more becoming closely linking to the knowledge and information economy. The knowledge becomes, absolutely, a key productive factor, among other. So, what are the benefits of human capital theory?

One of the elements which incite strongly individuals to invest in education is the fact that the knowledge and acquired skills tend to improve their productivity and thus their potential of earnings [15].

The following figure shows the different effects of physical capital and human capital investment on economic growth.

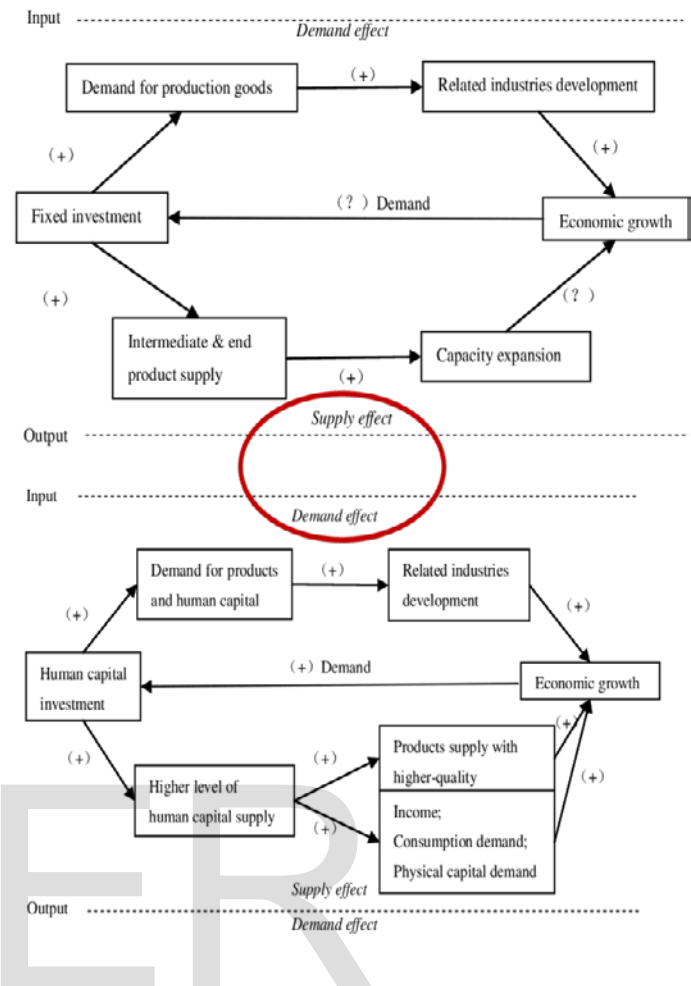


Fig. 1: different effects of physical capital and human capital investment on economic growth.

Some economists as Sedat ALATAS and Mesut CAKIR think that there two human capital mechanisms which effect directly the economic growth: “Firstly, human capital directly participates in production as a productive factor. In this sense, the accumulation of human capital would directly generate the growth of output. This is level effect. Secondly, human capital can contribute to raising technical progress. In this way, the level of human capital affects productivity growth. This is rate effect” [16].

Arrived at this stage, a crucial question arises: what is the problem with human capital?

### 4 criticisms leveled against human capital theory

It is said frequently that education and skill boost the economic growth. Is that true? At first sight, there is no advantage. Some economists reject this idea. In the absence of a rigid definition, doubts about this theory continue to exist. Actually, human capital theory, since its first appearance, has always been the subject of harsh criticisms. Thus, the great economist Marc BLAUG realized by comparing the costs which employers should pay his workers.

Marc BLAUG remarked that the salary paid to educated workers is higher than less educated. He claims that:

“In time the screening hypothesis will be seen to have marked a turning point in the human investment revolution in economic thought, a turning point to a richer, still more comprehensive view of the sequential life cycle choices of individuals” [17]. Well, the following figure shows the example of unemployment rates and earnings by educational attainment in 2017.

Unemployment rates and earnings by educational attainment, 2017

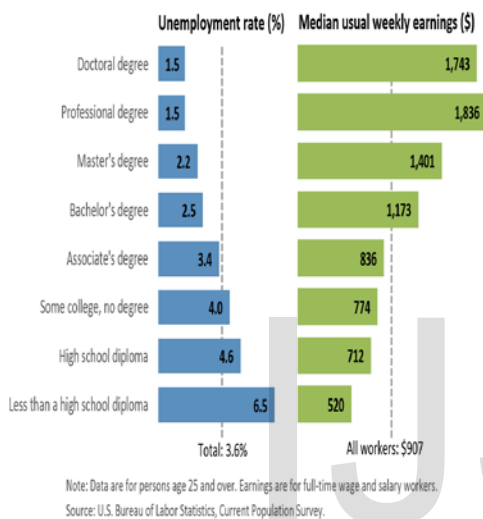


Fig. 2: Unemployment rate and earnings by educational attainment, 2017.

However, BLAUG was not the only one to reject the human capital theory. A number of economists did not admit it intrinsically: John Stuart Mill and Alfred Marshall, called the pioneer of human capital theory can be cited as examples. But the crucial criticism is relevant to the extension of the discipline of economics. In the same sense, Albert GAGLIARDI poses implicitly the question as to whether what are the borders of economics and what should its borders be.

The author think that the neo-classical school more generally and human capital theory especially, allow economic to dominate other disciplines. He said mentioned that:

“The intrusion of economics into the realms of sociology, education, law, and political sciences has several names such as economic imperialism, neoliberal hegemony, economic rationalism, and new managerialism”. Furthermore GAGLIARDI identifies three reasons why politicians identified education as a machine of economic growth. He added:

“This policy has driven down standards and devalued the currency of a degree and damaged the quality of the university experience.

- 1- The reason why politician embraced education is it deflects attention from the need for economic and social reform.
- 2- Secondly, it provides politicians with the pretext for action so that they can justify their education and social policies with the appealing pretext.
- 3- Third, it legitimizes increased expenditure on education.
- 4- Fourth, it offers the comforting illusion that for every complex and social and economic problem there is one simple solution” [18].

However, we think as legal researcher that the constructive question that needs to be asked is not whether investment in education is good or not. The most important question is that: is it appropriate to humanized objects and reified man? Man is not a capital he dispose of capital.

### 5 Man is not capital he dispose of capital

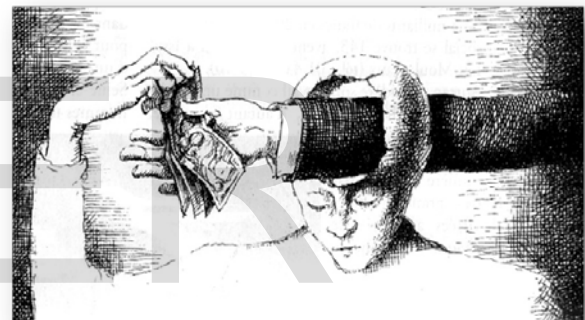


Fig.3: the inhuman Alienation of capitalism

It is not an easy thing to analyse the relationship between capitalism and humanity. Economy and economics are made by man for man. So how can we achieve man's inhumanity?

Economy was always perceived to be a science stemming from the market apology. Certainly, economy is often misunderstood by the general public, raising a bitter criticisms. However, and just like other areas of science, it supposed to have an agree scientific method regrouping a serie of demarches and technical tools that have as prime vocation to answer the questions currently raised at this regard, to facilitate and increase understanding of a number of theory and ideas, but mostly, to build in a relevant and practical way, a suitable conceptual framework, capable to make perceivable its statements and assumptions. On this count, the great economist, Joan Robinson expresses her point of view:

“The purpose of studying economics is not to acquire a set of ready-made answers to economic questions, but to learn how to avoid being deceived by economists”. Joan Robinson (1951). This means that the whole economic issues present full well, other aspects which are not compressible in “mathematical



calculations" including the social, political and human aspects. Thus, we think that is impossible to bring answers and solutions to the economic issues by learning, exclusively, on the economic reasoning. Needless to say, therefore, that legal researcher can, also, to comment on this issue.

Law distinguishes between objects and subjects of rights.

So, the facts are simple: from a legal perspective, man is not at all a "thing" or an "object" to be used. Here is my hypothesis: Human being is not at all a capital because he disposes of capital. I think that is not difficult to see that human capital theory was always the art of human exploitation. In fact, John RUSKIN notes:

"...the pluses make a very positive and venerable appearance in the world, so that everyone is eager to learn the science which produces results so magnificent; whereas the minuses have, on the other hand, a tendency to retire into back streets, and places of shade, --or even to themselves wholly and finally put out of sight in graves: which renders the algebra of this science peculiar, and difficulty legible; a large number of its negatives signs being written by the account-keeper in a kind of rid ink, which starvation thins, and makes strangely pale, or even quite invisible ink for the present" [19].

## 6 CONCLUSION

As noted in earlier in our submission, the concept of human capital has been variedly defined. None author can claims that his definition is more rigorous than others, for the simple reason that we have here an indefinable concept. An economic oxymoron, which seems acceptable and unacceptable at the same time. Logical and illogical. the significant paradox surrounding this term cast doubt.

Human capital exemplifies the combinaison of two incongruous words: human and capital. Its trival nature is misleading. That exactly, why the economists use oxymorons. This is only to throw confusion over a true understanding of its real meaning, to destroy reality, and to hide the domination of capitalism. Not to say clearly its alienation.

No body can deny that reifying man is inhuman. So instead of looking for a precise definition of this concept, we'll have to fighting against!

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