

Psst! 'Human Capital'

By **DAVID BROOKS** NOV. 13, 2005

Help! I'm turning into the "plastics" guy from "The Graduate." I'm pulling people aside at parties and whispering that if they want to understand the future, it's just two words: "Human Capital."

If we want to keep up with the Chinese and the Indians, we've got to develop our Human Capital. If we want to remain a just, fluid society: Human Capital. If we want to head off underclass riots: Human Capital.

As people drift away from me at these parties by pretending to recognize long-lost friends across the room, I'm convinced that they don't really understand what human capital is.

Most people think of human capital the way economists and policy makers do -- as the skills and knowledge people need to get jobs and thrive in a modern economy. When President Bush proposed his big education reform, he insisted on tests to measure skills and knowledge. When commissions issue reports, they call for longer school years, revamped curriculums and more funds so teachers can transmit skills and knowledge.

But skills and knowledge -- the stuff you can measure with tests -- is only the most superficial component of human capital. U.S. education reforms have generally failed because they try to improve the skills of students without addressing the underlying components of human capital. These underlying components are hard to measure and uncomfortable to talk about, but they are the foundation of everything that follows.

There's cultural capital: the habits, assumptions, emotional dispositions and

linguistic capacities we unconsciously pick up from families, neighbors and ethnic groups -- usually by age 3. In a classic study, James S. Coleman found that what happens in the family shapes a child's educational achievement more than what happens in school. In more recent research, James Heckman and Pedro Carneiro found that "most of the gaps in college attendance and delay are determined by early family factors."

There's social capital: the knowledge of how to behave in groups and within institutions. This can mean, for example, knowing what to do if your community college loses your transcript. Or it can mean knowing the basic rules of politeness. The University of North Carolina now offers seminars to poorer students so they'll know how to behave in restaurants.

There's moral capital: the ability to be trustworthy. Students who drop out of high school, but take the G.E.D. exam, tend to be smarter than high school dropouts. But their lifetime wages tend to be no higher than they are for those with no high school diplomas. That's because many people who pass the G.E.D. are less organized and less dependable than their less educated peers -- as employers soon discover. Brains and skills don't matter if you don't show up on time.

There's cognitive capital. This can mean pure, inherited brainpower. But important cognitive skills are not measured by IQ tests and are not fixed. Some people know how to evaluate themselves and their abilities, while others with higher IQ's are clueless. Some low-IQ people can sense what others are feeling, while brainier peers cannot. Such skills can be improved over a lifetime.

Then there's aspirational capital: the fire-in-the-belly ambition to achieve. In his book "The Millionaire Mind," Thomas J. Stanley reports that the average millionaire had a B-minus collegiate G.P.A. -- not very good. But millionaires often had this experience: People told them they were too stupid to achieve something, so they set out to prove the naysayers wrong.

Over the past quarter-century, researchers have done a lot of work trying to understand the different parts of human capital. Their work has been almost completely ignored by policy makers, who continue to treat human capital as just skills and knowledge. The result? A series of expensive policy failures.

We now spend more per capita on education than just about any other country

on earth, and the results are mediocre. No Child Left Behind treats students as skill-acquiring cogs in an economic wheel, and the results have been disappointing. We pour money into Title 1 and Head Start, but the long-term gains are insignificant.

These programs are not designed for the way people really are. The only things that work are local, human-to-human immersions that transform the students down to their very beings. Extraordinary schools, which create intense cultures of achievement, work. Extraordinary teachers, who inspire students to transform their lives, work. The programs that work touch all the components of human capital.

There's a great future in Human Capital, buddy. Enough said.

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