Income inequality and human capital as factors influencing economic development of region – case study of Latvia

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Abstract

If, regarding the available natural and capital resources, all the other conditions are equal, some regions are still able to provide a more rapid economic development. Even, if the resource base is less available, nevertheless there are regions which are developing rapidly. This is due to another available qualitative resource, namely, human capital.

Inequality can be observed in different forms, but income inequality is one of the mostly used and important. Greater difference of income between inhabitants of region can create more expressed disparities in quality of life between members of society. At regional perspective, that can sufficiently affect different decisions of population and thereby – trends and options of social and economic development. Focus of research is to assess the impact of income inequality and human capital on economic development of Latvian regions in order to evaluate importance of human capital in Latvia. For this, correlation method is used. The results of the research lead to the conclusion that income inequality and human capital has significant impact on economic performance of region and income inequality is closely linked to economic development, too.

Keywords
Region, income inequality, economic development, GDP, human capital, Latvia.

Biography

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