The 1990 Jomtien Conference identified education not only as a basic right but also as a prerequisite for the sustainable development of societies. In all major conferences since Jomtien, the nations of the world have repeatedly endorsed the central importance of education in all aspects of the development process.

Despite widespread agreement on the fundamental importance of basic education, the Simons Committee (1997) found that Australia’s development expenditure on education had been overwhelmingly concentrated on the tertiary sector. It was clear to the Committee that commercial and foreign policy concerns had driven the provision of scholarships in Australia, as part of the aid program, to an unwarranted extent. And, despite the progress that has been made in education by developing countries in the last two decades, much more remains to be done, some of it in the area of vocational education and training.

The new education and training policy, launched in 1996, identifies a change in focus for Australian assistance in education and training. The Australian Development Scholarship Scheme appears to be a distinct improvement on the previous policy of almost universal preference for education in Australia. An equally significant inclusion in the new policy is recognition that Australia has the capacity to contribute to the development of a skilled and adaptable workforce through the provision of vocational education and training. The underlying principles of the new policy identify the need to provide education which is relevant to the needs of individuals and the community (Downer 1996a).

This initiative reflects worldwide awareness that the push for economic growth, combined with diversification of international trade, deregulation of economies and labour markets and rapid technological change all contribute to the need for a skilled workforce. These same factors are the driving force behind the current training reform agenda in Australia. This paper examines the links between vocational education and economic growth and warns that narrowly focused technical training does not necessarily lead to human development.

The past decade has seen rapid growth in international trade and investment. For more than three decades, the highest rates of economic growth in the world were achieved amongst developing countries, notably in Asia and Latin America. During that same period, the incidence of global poverty declined, life expectancy continued to increase, and infant and maternal mortality fell. At the same time, poverty remains extensive and the number of people living on less than US$1 a day has risen to more than 1.3 billion, many of them in countries with a relatively high level of economic growth (Simons Committee 1997:49).
This situation illustrates that there is no automatic link between economic growth and human development. The deceptively simple message is that economic growth is not sustainable without human development. And conversely, that while short-term advancements in human development are possible, they are not sustainable without economic growth.

While it is generally agreed that more economic growth, not less, will generally be needed as the world enters the 21st century, UNDP (1996) cautions that more attention must be given to the structure and quality of that growth. Clearly, one of the major development challenges facing the world is how to lay the foundations for sustainable growth and development in the poorest countries in such a way that human development and economic growth move together in relative unison. The goal must be to ensure that the capacity of countries to participate in the global economy is matched by the capacities of people themselves to overcome poverty and participate fully in civil society.

This requires donor countries to give careful consideration to the notion of human and social capital. There is a widespread view, now favoured by UNDP and OECD, that a determined effort to expand human capabilities can transform the prospects for economic growth. A recent World Bank study of 192 countries concluded that only 16 per cent of growth is explained by physical capital (machinery, buildings and physical infrastructure) while 20 per cent comes from natural capital. No less than 64 per cent can be attributed to human and social capital. This data supports the inclusion of technical education and training in Australia’s aid program. However, we need to ensure that the focus of this training is on people and their productive potential so that skills acquisition also contributes to human development. Technical training aimed solely at industrial development is not consistent with this outcome.

It is a basic tenet of economics that human capital is an essential component of the production equation and a key determinant of productivity. Vocational education and training are important contributors to economic growth and are inherent in the current growth theories that focus on human capital. However, the human capabilities that are the focus of human development are broader than productive abilities. In other words, human development is about more than developing skills for the workplace or narrowly defined technical education. Human development regards learning as having value in its own right. As Australia’s aid program now encompasses technical training it is important that careful consideration is given to the sometimes subtle distinctions between growth in human capital and human development. Equally, it is important not to assume that the words that dominate the current training reform agenda and debate in Australia translate automatically in the development context. We would be ignoring important lessons of history to put our faith in the potential of
economic growth to lead to equitable poverty reduction: the expansion of income through employment does not inevitably enhance human capabilities.

The Development Advisory Committee attributes the development focus on ‘human capital’ to work done in the 1960s by Theodore Schulz (DAC 1996). His work and the subsequent work of others gave us the concept of ‘participatory development’ and led to an emphasis on social investment and market based approaches to development and poverty reduction. The notion of ‘social capital’ is broader and is attributed to a Harvard research team who worked under Robert Putman examining the reform of Italian regional government. Whereas ‘human capital’ relates to the capacity of an individual to make competent decisions, ‘social capital’ relates to the capacity for collective decision making. An equally important conceptual framework around the role of vocational education and training in development is that of Amartya Sen (1989) which establishes the concept of ‘human capabilities’. This concept goes beyond that of ‘capital’ and proposes that a society’s standard of living should be judged not by the productive input of people or the average level of income, but by people’s capacity to lead the lives they value (Sen 1989).

I draw the attention of the vocational education and training community to what I consider to be a dearth of analysis about which aspects of technical education work, and which do not, in the development context. The principles and practices need to be examined, debated and clarified if we are to ensure vocational education and training contributes to long term human development and not just to short term economic opportunities. The importance of this discussion goes well beyond the boundaries of Australia’s overseas aid program. Assistance for education and training is a major part of Australia’s aid program, totalling around A$240 million or 15 per cent of Australia’s Overseas Development Assistance (ODA). On the other hand, ‘the biggest lender for human capital development’, as the World Bank describes itself, averages around US$2 billion lending per annum and estimates that around 40 per cent of multilateral funding for education goes to vocational education and training (World Bank 1998).

Clearly there is a trend towards increased funding for vocational education and training in ODA as the relationship between human capital and economic growth is promoted by agencies such as World Bank, UNDOP and OECD. Economic growth is not an option. It is an imperative for reducing poverty and generating the resources required for basic human development. Developing countries need to improve their productivity if they are to compete successfully in the global economy. However, we should not lose sight of the development argument that economic growth is a means to an end. Human development is
the end we are seeking, through what might be termed ‘good’ economic growth, described by UNDP (1996) as that which:

- generates full employment and security of livelihood;
- fosters people’s freedom and empowerment;
- distributes benefits equitably;
- promotes social cohesion and cooperation; and
- safeguards future human development

These same principles might be applied to determining what constitutes ‘good’ vocational education and training. We would do well to examine the lessons that can be gleaned from the training aspects of aid programs such as the Private Sector Linkages Program (AusAID 1996a), and from the now defunct Development Import Finance Facility (DIFF). For example, the review of effectiveness of the DIFF (AusAID 1996b) raised questions about the adequacy of the training component of all project packages. The answers indicated a shortage of appropriate training and identified the significance of language difficulties, particularly with regard to new technology. Such difficulties do not auger well for the sustainability of the training. They raise the very practical relationship between training and tools, encapsulated in Gow’s very simple but profound observation: ‘[T]here is no point in training people to use computers or how to machine embroider unless they can continue to have access to the equipment in order to make a living’ (Gow 1996:75).

The limited available literature suggests that some of the pertinent questions to be asked before embarking on technical training in developing countries include:

- is it relevant to the needs of individuals and the community?
- who is benefiting?
- is it contributing to ongoing employment?
- is it in conflict with traditional methods?
- is it responsive to cultural diversity?
- is it equitable?
- Is it sustainable?

There are undoubtedly many more questions. There is also no doubt that investing in people makes good economic sense. The key issue is to ensure that investment in human capital through vocational education and training also contributes to sustainable human development.
References


