Introduction to Panel 3:

Learning and Economic Development

Background

For the last half century, there has been a rise in interest in assessing the optimality of investment in education. Human capital theory has become the most influential force guiding the thinking and practice in this area. The essence of the theory is that investments made in human resources increase the employment prospects and earning power of the individual, thereby improving the productivity of the economy. After decades of extensive research, it is now widely acknowledged that investing in education has a positive impact on economic growth and generation of a knowledge economy (de la Fuente and Ciccone, 2003; OECD, 2001; 2002; 2004; Stiglitz, 1998; Temple, 2001; UNIDO, 2003a; 2003b; World Bank, 2003). This has been proven in both microeconomic and macroeconomic analyses which look at the impact at the individual level and the benefit of educational investment to the economy as a whole.

Existing studies indicate that relative to the duration of education (e.g. years of educational attainment), the quality of education (especially learning) is more meaningful and important for economic development (e.g., Jamison, Jamison and Hanushek, 2007). Studies show that knowledge and cognitive skills such as literacy, numeracy and computing skills are rewarded by the labour markets and are correlated to economic development. At the same time, economists recognize that these cognitive skills can only explain a relatively small percentage of the income variances among individuals and nations. In response, recent studies have begun shed light on the positive effect of non-cognitive skills and competencies (e.g., enthusiasm, motivation, and resilience) on individual earnings and productivity. Ensuring the acquisition of such cognitive and non-cognitive skills through effective learning is therefore crucial for economic development.

Beyond individual earnings and national economic development, education is increasingly being seen as having a more powerful influence in addressing a wider range of challenges. In the face of concern over social exclusion and equal participation in development, demographic changes and pressures, environmental degradation and foreseeable scarcity in natural resources, education for inclusive and sustainable development is gathering momentum around the world. Furthermore, in light of greater transformation and integration of economies and labour markets, training for a pre-established job-profile and for a specific job market is no longer possible. Education must therefore serve to equip
young people with the skills required to adapt to fast changing economic situations and, ultimately, an ever-changing world.

Based on the latest developments and advances in knowledge of economics of education, this panel will discuss the following topics:

- What are the newest insights on learning for economic development in terms of economic returns to cognitive and non-cognitive skills and competencies?
- How can new insights from learning sciences be applied to educational policy and pedagogy for inclusive and sustainable development?
- How can education play a proactive role in shaping the future by developing the necessary skills and competencies for rapidly changing labour markets and creating new profiles which will spur new economic sectors in a knowledge-based economy?

References


