

Delegation of Switzerland

May 2004

THE 12TH MEETING OF THE OSCE ECONOMIC FORUM – PRAGUE, 31 MAY – 4 JUNE 2004

WG C – Human Capital Development as an Investment for the future

Session C3: Supporting Academic Education and Research through co-operation and exchanges

The importance of human capital development and education for society

Human capital and education play a leading role in the process of economic growth. Studies suggest that they are associated with several benefits. The first and most obvious return on human capital investment concerns labour-market gains for individuals, such as higher wages, better employment prospects and personal satisfaction.

But the benefits of human capital development are not confined to individuals' gain. In fact, there are a range of gains that do not directly benefit students/individuals but are passed on to society in general: these positive externalities affect the overall level of welfare.

On the one hand, these are the so-called production benefits. They are divided into static externalities related to the effect of human capital on current productivity (an individual's human capital is supposed to enhance the productivity of other factors of production, such as physical capital or even human capital of others) and dynamic externalities related to the effect on learning and on technological change (the more individuals invest in human capital the faster and more flexible they will be in learning and adopting new technologies).

On the other hand, there are the social or non-pecuniary benefits. Economic literature suggests that these non-marketed positive externalities relate to different areas, such as healthcare, childcare, charitable giving or social cohesion. Though underscoring the difficulty of measuring such impacts on the society, analysis seems to agree that the most promising evidence concerns the effect of education on crime reduction.

The role of the OSCE

Therefore, human capital development and education are excellent investment for the future, not only in terms of private returns but also in terms of positive externalities for the entire society. In fact, education is not only an important engine for economic growth, it is also a key means for democratic governance, social integration and crime prevention, all central issues within the OSCE.

That's why Switzerland fully supports the efforts of the Bulgarian Chairmanship towards the strengthening of the activities of the OSCE in the area of education in the wide sense of the word (involving people at different stages of their life and including educational activities, training etc.). Human capital development has a cross-dimensional relevance that fits very well in the Organisation. The different activities of the OSCE in this context confirm the large scope of interventions that enables the Organisation to play an important role for the

stabilisation of our region. And we welcome the fact that the OSCE has become more involved in education and training during the last years.

Supporting academic education and research through co-operation and exchanges: the example of the OSCE Academy

Supporting academic education and research is central to preventing crises, promoting stability and enhancing economic growth. This is particularly relevant when it involves two other key elements: co-operation and exchanges. The OSCE Academy in Bishkek is a perfect example of how the OSCE is tackling this issue: The Academy focuses on regional security questions and supports expertise and co-operation on and in Central Asia. The Academy shall become a centre for competence, education, research and regional dialogue. The institution shall provide expert training and education for young professionals in early warning, conflict prevention and resolution, conduct research on Central Asian topics aiming at national and regional security-building, and support knowledge transfer, exchange and networking among different institutions (OSCE centres in Central Asia, the Secretariat and other partner institutions). Through a Master's programme, professional training and research activities, participants from throughout the region learn about neighbouring countries. Focusing on dialogue and exchanges between participants and academic institutions and regional partner organisations, this challenging project will contribute to the stability of the region. It is also particularly important to emphasise that the Academy has set up a "co-operation network" with partner institutions in Central Asia and partners "out-of-region" (the Geneva Centre for Security Policy, the Austrian Study Centre for Peace and Conflict Resolution, the Centre of OSCE Research in Hamburg and the Clingendael Institute in The Hague). Moreover, "national academic focal points" (institutions or key academics) in each Central Asian participating State will be established by the end of 2004. Switzerland has always supported the idea of an OSCE Academy and has co-financed the first phase of the project. We strongly think that the Academy needs now to consolidate its activities, and ways must be found to ensure at least medium-term financial support.

The OSCE Strategy Document: a look into the future

In the Strategy Document we adopted in Maastricht, we agreed on the central role of human capital for economic growth and development. It is important now that the OSCE and its Participating States take further measures to promote education and training in key areas, such as economics, business, environment, administration and law. Based on the example of the OSCE Academy, but also on the examples of the activities of its different missions, the OSCE should explore the possibilities of further education initiatives based on cooperation and exchanges between academic institutions, international organisations, governments and even the business society.