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How Brazilian Vocational Education Reduces Poverty – Even If No One Wants to Hire the Trainees

One of the most important public policies for the reduction of unemployment is the promotion of job training and vocational education. Of all the O’Connorian state interventions, Vocational training is one of the most appealing. Education is clearly correlated with favorable labor market outcomes; workers with more education are consistently more likely to be employed and more likely to enjoy higher incomes. (Becker 1964, Blau and Duncan 1967)

There is also substantial concern that many Third World nations are uncompetitive in world markets because the quality of their education is so low. (Ferranti et al. 2003, Urani 1997, Pochmann 1999, Londono 1996) Raising the quality of the human capital of the labor force usually means simultaneous attention to primary, secondary, university and vocational education. The vocational education has the advantage that participants in such programs enter the labor force with shorter lag times than students in primary, secondary or university education – and that such training is often tightly linked to actual productive skills.

Vocational education is relatively inexpensive. This is especially important in O’Connorian logic because the primary threat to the state reproduction of capitalism is fiscal crisis. Inexpensive programs are a reasonable defense against fiscal crisis. The amount of money necessary to run training programs is far less than that required to construct physical infrastructure or support a capital intensive infant industry. In fact Bartik (2001) argues that the costs are so low that even if the effects of vocational training were to be very weak indeed, the cost efficiency of these programs would more than justifying their continuation and support.
Furthermore, vocational education is under the control of the state itself. Unlike many other programs that may require extensive assistance from actors external to the state, such as capitalists, governments have the full capacity to create whatever vocational education programs they like at will.

As a result, vocational education figures prominently in the employment policies of most countries. It plays a prominent role in the active labor market strategies of Scandinavia and Central Europe. (Streeck 1992, Lynch 1994) State financed job training is in fact a nearly universal feature of governmental responses to unemployment in advanced capitalist societies and in the underdeveloped world. (Heckman Lalonde and Smith 1999) The International Labor Office has identified over 26 Third World nations with highly developed systems of vocational education (Galhardi and Mangozho 2003) There are substantial international differences in the balance of public and private training – and equally important differences in how these programs are organized. (Muller and Gangl 2004) Likewise, there are importance differences in the level of funding of these programs, and the degree to which some programs are integrated with the preferences of local employers. Some authors have reservations about the effectiveness of programs that are underfunded, or are poorly integrated with local industry. Even with these reservations, there is still widespread consensus that, properly executed, vocational education is effective and can be an important component of any active labor market program. (Heckman et al. 1999, Bartik 2001)¹

This chapter will argue that vocational education is a useful tool for job creation in the Third World. However, it does not always work in the stereotypical way that most academics imagine. Normally when we think of job training, we think of giving workers skills – and they use these skills to obtain employment in firms that require advanced skills. The dynamics of vocational education in underdeveloped countries are completely different from those that pertain to advanced industrial economies. In particular, in the Third World:

1) Job training does not need to raise the human capital of trainees to be effective, although it may do so, and the skill upgrade does no harm.
2) Job training is not especially effective at increasing employment in capitalist firms.
3) Job training works by increasing opportunities for entrepreneurship and self-employment.

¹ See note 1 for further details.