

Abstract

**Human Capital and Vulnerability in SE Asia
(Some First Findings and New Research Directions)**

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Natural disasters bring higher mortality, morbidity including psychological distress, displacement and economic destruction to the population that are the victims. However, the extent of the impact is also determined by many factors that have nothing to do with the natural disaster itself but depend on the setting in which the disaster will occur, and how vulnerable is the population of the disaster area. The level of education of the population, both at the macro and individual level, will be a key variable in responding to natural disasters. This is even truer in Southeast Asia where governments have taken very seriously the message that education is likely to play an increasing role for their economies, as can be seen from the development plans of the countries belonging to the region. Before the economic crisis at the end of the 1990s, education was said to be one, if not the main, factor allowing the region to have such a high economic growth. After the crisis, it seems that most governments plan to use human capital to regain high economic growth and to extend it further. This has certainly become even more important for the countries hit by the tsunami at the end of 2004. The region has certainly an advantage as more than two thirds of all children in the Philippines, Malaysia, Thailand, and Vietnam attend secondary school. Trends in demography are also playing in favour of those countries, as the school-age population is already diminishing in Indonesia, Thailand, and Vietnam, and will do so by 2010 in Malaysia and the Philippines. However, past development strategies for the regions have relied on exports of labour-intensive and low skilled products. Even in electronics, which belongs to the more high-skilled industries, Southeast Asia is mostly concerned with the assembling part of the production. However, what was a monopoly of the region became a recipe for success and has been followed by two giant economies, namely India, and China. The increased competition in low skilled industries pushed the Southeast Asian economies to increase their ability to 'absorb and master new technologies and on the skill of the labour force. Both of these factors are highly dependent on education (Sjöholm 2002). In a series of training workshops organized at the Asian Metacentre in Bangkok in 2003 and 2004, professionals (statisticians, demographers, sociologists) were trained in producing population projections by levels of education, resulting into projections of the stock of human capital. The students originating from six Southeast Asian countries (Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam) were asked to apply the existing methodology to their own country providing alternative scenarios of the future stock of human capital that could result

from different alternative education and demographic assumptions. The paper will summarize the main features of the future of human capital in each country as well as attempt at reconstructing the human capital of the six countries from 1970 to 2000 through a new technique of back projections.