TRAINING THE DRAGON:

TRANSNATIONAL HIGHER EDUCATION IN VIETNAM

by

Andrew Lawrence
Master of Publishing (MPub), Simon Fraser University, 2001

MAJOR PROJECT
SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF ARTS

In the
School for International Studies

© Andrew Lawrence
SIMON FRASER UNIVERSITY
Summer 2011

All rights reserved. However, in accordance with the Copyright Act of Canada, this work may be reproduced, without authorization, under the conditions for Fair Dealing. Therefore, limited reproduction of this work for the purposes of private study, research, criticism, review and news reporting is likely to be in accordance with the law, particularly if cited appropriately.
APPROVAL

Name: Andrew Lawrence
Degree: Master of Arts
Title of Thesis: Training the Dragon: Transnational Higher Education in Vietnam

Supervisory Committee:
Chair: John Harriss
Professor of International Studies

Michael Howard
Senior Supervisor
Professor of International Studies

John Harriss
Supervisor
Professor of International Studies

Date Defended/Approved: 8 August 2011
Declaration of Partial Copyright Licence

The author, whose copyright is declared on the title page of this work, has granted to Simon Fraser University the right to lend this thesis, project or extended essay to users of the Simon Fraser University Library, and to make partial or single copies only for such users or in response to a request from the library of any other university, or other educational institution, on its own behalf or for one of its users.

The author has further granted permission to Simon Fraser University to keep or make a digital copy for use in its circulating collection (currently available to the public at the “Institutional Repository” link of the SFU Library website <www.lib.sfu.ca> at: <http://ir.lib.sfu.ca/handle/1892/112>) and, without changing the content, to translate the thesis/project or extended essays, if technically possible, to any medium or format for the purpose of preservation of the digital work.

The author has further agreed that permission for multiple copying of this work for scholarly purposes may be granted by either the author or the Dean of Graduate Studies.

It is understood that copying or publication of this work for financial gain shall not be allowed without the author’s written permission.

Permission for public performance, or limited permission for private scholarly use, of any multimedia materials forming part of this work, may have been granted by the author. This information may be found on the separately catalogued multimedia material and in the signed Partial Copyright Licence.

While licensing SFU to permit the above uses, the author retains copyright in the thesis, project or extended essays, including the right to change the work for subsequent purposes, including editing and publishing the work in whole or in part, and licensing other parties, as the author may desire.

The original Partial Copyright Licence attesting to these terms, and signed by this author, may be found in the original bound copy of this work, retained in the Simon Fraser University Archive.

Simon Fraser University Library
Burnaby, BC, Canada
ABSTRACT

To improve the quality of life for its citizens, Vietnam adopted market principles and created a socialist-oriented market economy. This transition has been largely successful. Rapid economic development and small-scale private enterprise have improved livelihoods, but a weak higher education system has not produced sufficiently skilled professionals. In response, Vietnam has incorporated transnational education into its higher educational system.

Transnational education supplements Vietnam’s existing higher education system. It helps create an educated workforce, and enhances knowledge exchange and capacity building within and between educational institutions. But globalization, the commodification of education, and the impact these are having on Vietnam’s social and political structures create a tension in Vietnamese policy making and planning for higher education. How well Vietnam responds to this tension will be central to its aspirations for economic progress, an educated society, the social welfare of its citizens and a quality system of higher education.

Keywords: Vietnam; higher education; transnational education
DEDICATION

To my mother and father, for their love and support.
# TABLE OF CONTENTS

Approval........................................................................................................................................................................... ii  
Abstract.................................................................................................................................................................................. iii  
Dedication.............................................................................................................................................................................. iv  
Table of Contents.................................................................................................................................................................... v  
List of Tables.......................................................................................................................................................................... vii  

Introduction .............................................................................................................................................................................. 1  

**CHAPTER 1: Global trends in transnational higher education** ................................................................. 6  
1.1 The transformation of education............................................................................................................................... 6  
1.2 What is transnational higher education................................................................................................................... 8  
1.3 International exchange in education....................................................................................................................... 11  
1.4 The trade in higher education............................................................................................................................... 14  
1.5 The commodification of education........................................................................................................................ 16  
1.5.1 Marketization..................................................................................................................................................... 17  
1.5.2 Privatization ..................................................................................................................................................... 19  
1.5.3 Liberalization................................................................................................................................................... 22  
1.6 The internationalization of education policy........................................................................................................ 25  
1.6.1 International multilateral organizations......................................................................................................... 25  
1.7 General Agreement on Trade in Services (GATS)............................................................................................. 29  
1.7.1 Impact of GATS................................................................................................................................................ 34  
1.7.2 GATS and Vietnam........................................................................................................................................... 35  

**CHAPTER 2: Higher education in Vietnam** .............................................................................................. 38  
2.1 History of higher education..................................................................................................................................... 38  
2.1.1 Colonial history and response........................................................................................................................ 38  
2.1.2 Đổi mới and the economics of education..................................................................................................... 42  
2.2 Economic growth and funding education........................................................................................................... 46  
2.3 Problems and barriers............................................................................................................................................ 52  
2.3.1 A rise in enrolment........................................................................................................................................... 54  
2.4 Private provision of education............................................................................................................................ 60  

**CHAPTER 3: Transnational higher education in Vietnam** ................................................................................. 65  
3.1 Forms of transnational education ......................................................................................................................... 65  
3.1.1 Consumption abroad....................................................................................................................................... 66  
3.1.2 Partnerships..................................................................................................................................................... 69  
3.1.3 Commercial presence .................................................................................................................................... 73  
3.2 Higher education policy....................................................................................................................................... 78  
3.2.1 Investment policy ............................................................................................................................................ 80  
3.2.2 Education policy.............................................................................................................................................. 84
CHAPTER 4: Training the Dragon ................................................................. 88
4.1 Plotting a path ...................................................................................... 88
4.2 Government and society ................................................................. 89
4.3 The challenge of education ............................................................... 91
4.4 Moving forward .................................................................................. 94
4.5 Models for change ............................................................................. 95
4.6 Conclusion ......................................................................................... 96

Reference List ......................................................................................... 98
# LIST OF TABLES

Table 1: Selected economic indicators, 1986-2009 ................................................................. 45

Table 2: State budget revenue final accounts, 2000, 2005, 2008 (VN dong, billions) ............................................................... 47

Table 3: State budget expenditure final accounts, 2000, 2005, 2008 (VN dong, billions) ........................................................................... 48

Table 4: Public spending on higher education, 1999-2002 ($US millions) .................. 49

Table 5: Public spending on higher education, 1999-2002 (% GDP) ......................... 50

Table 6: Student enrolment and number of teachers in higher education institutions, 1995-2008 ................................................................. 55

Table 7: Ratio of students to teachers in higher education institutions, 1995-2008 ........ 55

Table 8: Number of Vietnamese students studying in the U.S., 2000-2010 ................. 68

Table 9: Advantages and disadvantages of collaborative transnational arrangements between foreign and local partners ......................................... 72

**Critical note: Never delete the section break below!!!!** This break enables the differential page numbering between the preliminary Roman numeral section and the main body of your document, in Arabic numbering.

If you cannot see the section break line, turn on the “Show/Hide button [¶] on your menu bar. **Do NOT delete this reminder until just before printing final document.**
INTRODUCTION

Education plays an important role in development. With education, people can develop specific skills and perception and are able to interact better with their environment, respond to personal situations, and improve the quality of life for themselves and others around them. Education instils knowledge and knowledge disperses superstition “thus making it possible to reason” (Saul 1992: 130). The knowledge and ideas we acquired through education, and the ways in which we learn, shape the ways our societies develop.

In less than 25 years, Vietnam has transformed itself from a county reliant on low-skilled labour and agriculture to one with an industrialized and dynamic economy. Recognizing the dangers of isolation, Vietnam fashioned đổi mới and adopted a socialist oriented market economy of its own design. This market economy has proved beneficial to Vietnam: incomes have risen and social welfare has improved. But its higher education system has not proved sufficient to respond to increased demand and support the country’s industrialization and modernization programme. Poor infrastructure, low incentives among teaching staff, lack of research, and inadequate accreditation systems still exist and graduates continue to lack the skills that employers demand.

Unable to graduate enough qualified people through its national higher educational system, Vietnam has encouraged foreign education providers to help provide training to improve the skills and knowledge of its workforce and
build the capacity of its national institutions. The internationalization of higher education is an opportunity for Vietnamese to join the knowledge society and share ideas and learning with other education providers around the world. But trade in transnational higher education is also driven by the economic incentives inherent in the exchange of goods and services. The provision of higher education has traditionally been considered the preserve of national governments that invest in creating a literate and educated society. The rapid pace of globalization is producing new trade agreements that are altering the way that goods and services are exchanged, including educational services, between countries.

As well, the presence of foreign institutions has special significance, especially in socialist Vietnam that historically has been concerned with security, national identity, and ideologically with promoting social equity. To some, the internationalization of higher education is a positive force for building the capacity of economies in transition, but to others it is a new form of cultural imperialism (Garrett 2005: 66). It raises several questions into the motives and objectives of economic and political forces that are able to influence Vietnamese higher education policy and the rights and obligations of Vietnam to regulate and coordinate the provision of education to its own citizens.

Vietnam has shown a remarkable ability to innovate and adapt in the face of globalization. But as it seeks to establish a higher education system that is attractive to students, serves state expectations, and is recognized internationally, what will it contend with and what will it need to do to ensure that
economic and social ends are balanced and political stability is preserved? This paper explores the impact that transnational higher education is having on Vietnam and the ways in which it is helping or hindering Vietnam’s aspirations to build its economy and integrate globally. It takes the view that transnational education is a positive force in the development of the country, but that several intersecting political, social, and economic factors create a tension that can inhibit development and implementation of higher education policy that supports effective transnational higher education. In this light, Vietnam is adopting a careful and gradual approach to incorporating transnational higher education into its education system to try to ensure that its social, political and economic ideals are preserved.

This paper is organized into four parts. Part 1 examines the origins and trends in transnational higher education. Several trends are evident: the pre-eminence of economic development in our globalized economy has driven the marketization, privation, and liberalization of trade. The expansion of trade to include goods and services, including formerly public goods such as education, has resulted in the commercialization of education and the corporatization of universities. The globalization of trade has played a major part in the internationalization of education policy making, moving it from a strictly national responsibility to one on the international arena. The for-profit exchange in educational services expands the economic opportunities for developing countries and improves access to education for their people, but can also potentially weaken the ability a state to exercise its traditional social
responsibilities. Part 2 reviews how higher education has developed in Vietnam and the social, economic and political influences that have played a part in forming its higher education system. Historically, education has played a significant role in Vietnam’s development, often as a political tool. The globalization of Vietnam’s economy has given it the means to invest in higher education, but social challenges and political barriers threaten to obstruct long-term change and development.

Transnational education is a way for Vietnam to get around these problems. Part 3 examines how Vietnam’s education policy has embraced transnational higher education, and has made great efforts and commitment to encouraging its development. The Western or American model is dominant in the global development of higher education, and is one to which Vietnam aspires. This part tries to show how higher education is part of a larger domino effect of globalization, and how the dynamics of transnational higher education are a kind of mutual relationship: Vietnam is seeking to create a strong national system at the same time as foreign education providers and looking for economic and educational opportunities within a rapidly growing country. Both groups face challenges and risks. Part 4 reviews the impact that transnational education has had and continues to have in Vietnam and presents some of the ideas that the future of higher education may bring to Vietnam. The internationalization of higher education provides opportunities for greater exchange of knowledge and learning among countries. The demand for education has also created a market for educational services. Vietnam’s approach seems to be to take things slowly
and deliberately. It is a changing field and there are many commentators and critics and experts with many different views. What seems evident though is that Vietnam’s explorations in higher education will have broad implications in the future in many areas of Vietnamese social, economic, and political life.

For this paper, I have drawn primarily on English language sources. In a few cases, I have referred to Vietnamese language sources such as websites and am grateful to friends and colleagues for assisting with translations.

Obtaining accurate statistics, especially on finances, has been difficult. For example, the number of Vietnamese students travelling abroad for study ranges depending on the source from 15,000 to 60,000 students. The World Bank’s databank has been a useful source, as has been the General Statistics Office of Vietnam. But these two sources don’t always agree, for example, on the amount of funding spent on higher education by the Vietnamese government annually. This may be in part because the General Statistics Office of Vietnam gives figures in Vietnamese dong, and the World Bank gives figures in U.S. dollars. For estimates, I have calculated annual exchange rates as an average of daily rates from 1 January to 31 December of each year.
CHAPTER 1: GLOBAL TRENDS IN TRANSNATIONAL HIGHER EDUCATION

1.1 The transformation of education

Education contributes to the intellectual and technological progress of civilizations. It is a structure by which the knowledge, skills, and values of a society are preserved and passed within and between generations. The social and cultural development of countries is largely a product of national systems of education. Primary and secondary education are generally funded by states and designed to teach young people basic skills, literacy and raise their awareness of their own society and of other societies in the world. It provides the means by which a person can function as part of a society and contribute to its development. For this reason, primary and secondary education receive extensive funding and commitment to development.

In most countries, primary and secondary education are priorities. In some countries, higher education is fully funded by the state or if not, the state may fund selected students who show exceptional ability. The second of the Millennium Development Goals aims to ensure that by 2015 all children will be able to complete a full programme of primary education. The Convention on the Rights of the Child recognizes the right to free and compulsory primary education and encourages the development of and access to different forms of secondary education. Higher (or tertiary) education, on the other hand, although
not considered compulsory, is considered a necessary step to forming a highly educated workforce capable of functioning reasonably effectively in an advanced economy.

As the demand for education increases in developing countries, it brings opportunities for broader discussion among global peers and international exchange of ideas and knowledge. For the individual, it is an opportunity to acquire advanced specialized skills and increase one’s marketability in a professional field. In an increasingly technical and material world, in which competition for markets and jobs rise quickly, possession of a relevant degree in higher education is considered an advantage and even a necessity in the pursuit of success and wealth. For a state, especially a developing one such as Vietnam, a better-educated workforce contributes to a rapidly growing economy and improves competitiveness in the global marketplace. Higher education, therefore, is an investment by both the student and the state towards a future benefit.

But the demand for education and the benefits it bestows also triggers a transformation of higher education from a publicly provided service into a tradable commodity and development of an international market for sales, revenue generation and franchising (Alderman 2001: 48). The globalization of national economies also brings an interest in the trade in higher education. Universities are knowledge producing organizations, but no longer the only ones: “…throughout the world, knowledge and power influence development processes. Education at all levels plays a critical role as transmitter, reproducer
or resistor of a complex weave of knowledge and power relations. Education is itself becoming transformed through changes in its purposes and priorities” (Taylor 2007: 1). Thus, in addition to the student and the state, there is a rising interest by international organizations and educational institutions in the profit-making and political opportunities of higher education. The globalization of higher education marks a significant challenge for developing states such as Vietnam, keen to pursue the opportunities of the knowledge economy but equally concerned about their autonomy and self-determination.

1.2 What is transnational higher education

Transnational education is not a new phenomenon. Transnational education refers to the provision of education in which students are located in or come from a different country than that of the institution providing the education (Global Alliance for Transnational Education 1997: 1; Ziguras 2003: 91; McBurnie & Ziguras 2007: 21). Education, or the means to acquire an education, crosses national boundaries either through people, by technology, or in educational materials. Transnational education facilitates the formal exchange of knowledge through educational institutions and practices between countries. Broadly, transnational education does not discriminate between sharing information for valuable intellectual and experiential benefits or exchange of educational services on the market.

There is no consensus, however, on the right terminology for describing the various impacts that transnational education can have. Leuze, Martens and Rusconi (2007) use the term ‘internationalization’ to describe the growing
influence that international organizations are having on education policy (Leuze, Martens & Rusconi (2007: 5). The intervention of these largely non-state actors leads to new forms of international governance that affect national mechanisms that previously controlled the process and outcomes of education policy making (Leuze, Martens & Rusconi (2007: 8). Verger (2010) differentiates between internationalization and transnationalization in higher education. Internationalization, in his view, refers to the exchange *between countries* and recognizes borders and national regulations (Verger 2010: 61). It is concerned with cooperation and cultural relations and promotes sharing of knowledge globally. It recognizes the different systems inherent in different countries, yet seeks the exchange of knowledge through cooperation and foreign relations. On the other hand, transnationalization, in his view, is concerned with the exchange or delivery *across countries* independent of borders and national regulations (Verger 2010: 61). It focuses on facilitating trade by aiming for a reduction in barriers and a standardization of systems by which exchanges are undertaken. Alternatively, Knight (2006) uses the term ‘cross-border education’ to include “new types of education providers, new modes of delivery, new programmes and qualifications, new partnerships and network models, increased student mobility and new national and regional regulations” (Knight 2006: 136).

Despite the disagreements over nomenclature, there is consensus that globalization and the international expansion of higher education is changing the views on education. At a recent conference on international education, one speaker suggested there has been a shift “from cooperation to competition,
mutual benefit to self-interest, exchange and partnership to commercial trade and activity, and, as illustrated by the rise in influence of global rankings, from capacity building to status- or prestige-building” (Redden 2011). The thrust of the argument seems to be that internationalization is seeing a change in focus, from a transitory means for improving the teaching, learning and research objectives of a university to that of establishing a position in a market for education. We might ask then, whom does international education serve: the students or the institution, at for what reason? The globalization of higher education, where the ideals of higher education intersect with markets and trade, has become a major dynamic in higher education.

In 1992, Peter Drucker wrote, “[i]n this society, knowledge is the primary resource for individuals and for the economy overall” (Drucker 1992: 95). For Drucker, knowledge was the new currency of society and all organizations, profit-or non-profit, community or corporate, required knowledge in order to function. Because knowledge changed rapidly, it was vital to ensure that the ability to change rapidly was integral to an organization’s structure (Drucker 1992: 97). Globalization is changing the ways our societies and individuals operate and interact. It is also changing the ways in which higher education is delivered, the mechanism by which it is governed and the purposes to which it is put. Globalization has opened up developing countries to larger markets and provided a pool of new international students willing to pay for an education from a reputable foreign institution. The centrality of higher education in developing
countries means that managing the impact of globalization will be an important task for countries like Vietnam.

1.3 International exchange in education

For centuries, students have travelled abroad to attend universities overseas, attended lectures by visiting scholars, or taken part in correspondence courses in which lessons plans were exchanged, prior to the Internet, through postal systems. Universities in medieval Europe accepted foreign students and colonizing countries set up educational institutions in their new territories (Verger 2010: 61). The University of Bologna, established about 1088 and the first to appear roughly in the form we now see universities, specializing in the study and teaching of Roman law. An important idea in the first universities was that of academic freedom. The Constitutio Habita, approved by Frederick 1 Barbarossa, the Holy Roman Emperor, and adopted by the University of Bologna in 1158, established the university as a place where research could proceed without interruption from external powers and professors were free to express alternative views. It also set out the right, rules and privileges of universities including, inter alia, the right of passage for a traveller in the interests of education and protection of students from having their property seized as payment of debts incurred by countrymen (Bologna 2011; Berman 1983: 124, 126).

The movement of knowledge across borders has an ancient history, and has not been confined to Europe alone. Aristotle, the teacher of Alexander the Great, was a Macedonian who travelled to Athens in the 4th century BC to study at the Academy under Plato. Other members of the Academy around Aristotle’s time
included Xenocrates who was born in Chalcedon near present day Istanbul and Archytas from Tarentum in southern Italy. Buddhism migrated into China along the ancient trade routes, transmitted orally and in writing by monks, missionaries and lay Chinese. In Luoyang¹, a centre of Buddhist translation in the late second and early third centuries, “a number of Buddhist teachers and translators, foreigners of diverse origin, were active” (Zürcher 2007: 31). Nālandā, in Bihar state in central India, was an ancient Buddhist centre of higher learning from the 5th to the 12th century. In its heyday, it reportedly attracted thousands of students from throughout the Buddhist world (National Institute of Technology Calicut n.d.). In 1193, it was sacked and destroyed by Muslim invaders, which according to one Buddhist researcher, was a principle cause the demise of Buddhism in India (Ahir 1989: 138). Islamic scholars travelled extensively throughout the Islamic world. Travel then was as much an urge as an obligation. Touati (2010) recounts a description by Carra de Vaux of the 10th century encyclopedist Mas‘ūdī who had travelled widely from India in the east to Andalusia in the west, from the Caspian Sea in the north to Zanzibar in the south:

“In the course of his voyage he personally questioned doctors and savants of various nations, Jews, Persians, Christians, Kurds, and Qarmatians; he conversed or argued with them, bringing to these interviews as much affability as curiosity, as much intelligence and little fanaticism… and it is not without astonishment that sees him combine with the Muslim faith that taste for scientific investigation and that ease in commerce with infidels” (Touati 2010: 120).²

¹ Located in present day Henan province of north-central China.
In fact, to consider oneself an authority without having travelled was considered a black mark on one’s professional credibility (Touati 2010: 79).

Many of the earliest medieval universities originated in monasteries and cathedral schools and were supported by the church (Berman 1983: 126). In the Middle Ages and afterwards, rulers and city-states in Europe began to establish institutions of higher learning when they recognized the advantages of educated scholars and specialists (Grendler 2004: 2). In the U.S., many of the premier universities such as Harvard and Yale received significant financial support from private benefactors when established. For most countries now, governance of higher education has been a national responsibility exercised for social and cultural as well as economic purposes. A state government invests in education because an educated population is an economic resource and source of knowledge: better education brings valuable skills in a workforce, improves social welfare, raises incomes and attracts investment.

The early history of cross-border higher education is a history of the exchange of knowledge and ideas between individuals in different areas of the world. The role of governments in promoting early cross-border educational exchanges was almost negligible. Regulation of the cross-border education was not a government concern, other than to allow free passage to travelling academics. Many scholars in the old world were employed by courts or governments in official roles because their learning gave them specialized knowledge of government and foreign affairs, but efforts to acquire education from abroad depended on the individual. Changes in the perception of education
as a commodity that could be purchased rather than a quality that was earned changed and ushered it into the marketplace. This also changed the nature of the state’s relationship with citizens.

Economically, the production, coordination, and delivery of cross-border or transnational higher education services and the different ways in which higher education crosses borders depends on the factors inherent in its demand and supply. A demand from students to acquire an education creates a market that drives its growth and form. As the market for higher education expands, for-profit opportunities appear. Tuition fees signal education as something can be bought and sold. A demand for educated professionals and a poor national higher education system as exists in Vietnam creates an opportunity for non-national and non-state suppliers to deliver better educational services to students. At the same time, large established non-profit private institutions and their counterpart public institutions such as the large state universities and colleges in the United States possess a resource of high quality education and a mandate for knowledge sharing. They are often big investors in developing countries.

1.4 The trade in higher education

Trade is an ancient practice. The earliest civilizations traded textiles, food, and exotic spices, often in exchange for metals that could be transformed into weapons and armour for protection (Bernstein 2008: 28). Exotic and valuable goods became the currency of civilizations as they exchanged their surpluses for what they lacked or desired. Over the ages, the goods changed: slaves, animals, precious metals, bulk items such as wood and grains, luxury goods, and
intelligence (Bernstein 2008: 32) and later, arms, oil, currencies, and drugs. Where there is a supply and a demand for a product, there is a market. The transformation from agriculture to market society embodied a change of motive from ‘subsistence’ to ‘gain’. Markets turned from being an incidental or subordinate feature of economic life to being a central feature.

Trade pacifies violence and war because modern economic systems required peace and its preservation in order to operate. Most countries prefer to trade than make war. In his book, ‘The Great Transformation’ (1944), Karl Polanyi examines why one hundred years of world peace ended with the outbreak of World War One. Peace was pursued through ‘haute finance’, such as that practiced by the international bank of the Rothschilds. High finance invested in both war and peace, but also in industry, utilities, banks, loans and private corporations. Banking required peace between the Great Powers (in which they invested) because traders and investors were generally the first losers in war. Failure in finance often caused war, such as Turkey in 1857, and vice versa, war caused failure in international finance. Trade became linked with peace because it depended on an international monetary system that could not function in a general war: because the international economic system “needed peace in order to function, the balance of power was made to serve it. Take this economic system away and the peace interest would disappear from politics” (Polanyi 1944: 18). The end of peace in 1914, according to Polanyi, was the result of an imbalance of power, caused in part by a lack of regulation in markets that created inequalities between trading partners. Post-industrial revolution
thinkers seeking to eliminate disruptions to industrialization advocated market liberalization and the subordination of human society to self-regulating markets. The backlash against market liberalization, however, came about through efforts by people and countries to protect their traditional societies and institutions, but this opposition interfered with the self-regulation of the market and caused its own economic and social problems (Polanyi 1944: 3).

In Polanyi’s view, markets and society are bound together. Industry is vital to society, but self-regulation of the market in which industry operates is not. Self-regulation concentrates interest not on social wellbeing, but individual gain and self-interest. Polanyi recognized that for a market society to function, private property owners need to retain the right to dispose of the means and outcomes of production and be free from any possibility that their continuity of title will be restricted in any way (Polanyi 1944: 234). But at the same time, as the market expands, regulation is needed to curtail the danger of monopoly. “With every step the state took to rid the market of particularist restrictions, of tolls and prohibitions, it imperilled the organized system of production and distribution which was now threatened by unregulated competition and the intrusion of the interloper who ‘scooped’ the market but offered no guarantee of permanency” (Polanyi 1944: 66).

1.5 The commodification of education

Traditionally considered a public service, the commodification of education reconceptualises it as a product that can be sold or exchanged in a market. Educational institutions and private enterprise have recognized the commercial
possibilities inherent in the production and sale of educational services and materials (Verger 2010: 43). Because there is a demand for higher education, there is a market for higher education. Large multinational IT companies, publishers and corporations, based mainly in economically powerful developed countries, compete in the production and dissemination of learning and knowledge, often working closely with major universities (Altbach 2001: 2). Small companies and educational institutions have found niche markets for providing training and support services in higher education. Governments and business recognized the economic and social benefits derived when improved and expanded educational services are available to their citizens.

1.5.1 Marketization

Marketization (or commodification) refers to “an economic process by which a service or item is transformed into a tradable good” (Sackmann 2007: 157). Polanyi (1944) dissects markets and economies in a way that helps to understand their essential natures. “Barter, truck and exchange is a principle of economic behaviour dependent for its effectiveness on a market pattern. A market is a meeting place for the purpose of barter or buying and selling” (Polanyi 1944: 56). Markets were an integral part of human societies: the history of economies, as Polanyi described it, is that they are embedded in societies and a market economy can only operate within a market society: “A market economy must comprise all the elements of industry, including labor, land, and money… But labor and land are no other than the human beings themselves of which every society consists and the natural surroundings in which it exists. To include
them in the market mechanism means to subordinate the substance of society itself to the laws of the market” (Polanyi 1944: 71). A self-regulated market therefore required the separation of economic and political elements of society.

The marketization of education is the application of market ideas and principles to education. Educational institutions arguably have been involved in markets for centuries. Regardless of whether an institution is public or private, it competes with others to attract students, adjusting programmes and prices to appeal to students’ needs and expectations. The increase in the demand for higher education can be both a boon and a problem. In many countries, increased demand can overburdened the ability to supply. This is especially problematic for public systems of higher education due to limited state funding (Scherrer 2007: 123). At the same time, a larger market, nationally and internationally, brings the opportunity to increase returns, raise additional funds and offset rising costs. This can be a valuable and important resource.

Thus, they have an interest in a market for their competitive advantage in advanced knowledge and high quality learning resources. They can take advantage of embedded capital and sell excess ‘educational product’: the knowledge and skills of educated personnel and the reputation of an institution are assets that can attract foreign students. Especially, they see a market for their services in developing countries such as Vietnam that do not have strong public higher education systems but do have a growing population of students with the interest to learn from international institutions and the money to pay for it.
Verger (2010) describes the process by which education has become a marketable quantity aided by globalization and liberalization of trade. Globalization intensifies economic competition at all levels and raises the profit motive. Education and knowledge are key factors in competition, such that many nations strive to acquire a competitive knowledge economy. With higher education at the centre of strategies to achieve economic development, it has become an investment by states and individuals. But it is also perceived as a product to which a price can be attached. As demand rises, the fiscal capacity of states to provide higher education falls, public debt in demonized and states look to investment to provide a source of funding (Verger 2010: 43). Governments are encouraged to liberalize their economies by reducing tariffs, taxes and subsidies. As a consequence, privatization and liberalization can work to loosen traditional state control over education.

1.5.2 Privatization

Privatization refers to a transformation of a nominally public service into one provided by private interests. Higher education has traditionally been considered a national public service that the state provides to its citizens through schools, curricula, and pedagogy. In the dominant Western or American model for higher education, providers are generally one of three different types: Public state funded institutions (e.g. provincial or state universities); private non-profit providers (e.g. foundations such as Harvard University); and private for-profit providers (Sackmann 2007: 157). Public institutions rely primarily on state funding for their operations. Among OECD countries, 88 % of funding for
educational facilities comes from public sources (Sackmann 2007: 157, 171). The majority of private education providers in the United States are non-profit. Private non-profit institutions rely on public funding as well, but also receive gifts and the oldest have amassed large endowments that in the U.S. supply up to 15% of their income. They also engage in research, which can draw large amounts of private funding. While private non-profit institutions seek to ensure the stability and growth of their endowment capital, this arrangement suggests the dual nature of many educational institutions. According to Sackmann, “unlike true businesses, their primary aim is not to increase it for shareholders”, but rather are in business for ‘ideological’ reasons and to spread certain values rather than solely pursue a profit motive (Sackmann 2007: 157).

According to Sackmann, private for-profit education institutions are a relatively new phenomenon (Sackmann 2007: 158). Endowments are a resource that for tax reasons are not available to private providers in the United States who rely almost entirely on tuitions fees or other user fees generated directly from students (Sackmann 2007: 165-6). In a country with a strong tradition of public funding to higher education, private education is expected to supplement domestic provision, not displace it. In the United States, for example, private for-profit institutions hold only 3.6% of the higher education market (Sackmann 2007: 171). They focus on teaching and are rarely involved in research (which can bring in funding) or knowledge creation, but instead obtain course plans and curricula in specific fields from other educational institutions and repackage them for their own use. The daunting costs of providing competitive quality higher
education and the political influence of the large well-endowed universities in the U.S. prompted Sackmann to observe that a “stable niche for markets will only be provided if the political elites degrade the state provision privilege and/or if private suppliers offer education in new fields of the education system previously not occupied by the state providers” (Sackmann 2007: 157). Thus, for pedagogical and financial reasons, private providers generally occupy niche markets in higher education, providing education in fields or subjects in which public systems are unable or unwilling because of high demand or restricted public funding.

That universities and other public or non-profit institutions have adopted corporate practices is not a surprise, nor a bad thing. Education has become a business: universities and colleges compete for students, faculty, staff and funding, and students are willing to pay to acquire skills and knowledge. According to the Times Higher Education, the higher education industry is worth $US 2.2 trillion worldwide (Times Higher Education 2010). But with government support falling as funding obligations and lower revenues squeeze budgets, public higher education is expected to find new ways of funding itself. For some observers, the corporatization of higher education creates a tension between the profit making opportunities and social value of higher education. Since the 19th century when science and research became part of the academic mission, “[u]niversities were recognized as special institutions by society precisely because their goals went beyond everyday commerce” (Altbach 2001: 3); scholars and academics are valued for their knowledge and consulted by
governments, business and social organizations. The privatization of education therefore can be a revitalization of an important social service, but can also raise questions about the balance between public and private knowledge and the right of ownership to restrict access to anyone but those with the ability to pay.

1.5.3 Liberalization

Advocates of liberalization push for free markets in which greater competition between players is believed to enhance efficiency and lower costs and encourage institutions to adapt and innovate. It defends the introduction of competition and other principles, rules, logics and free market values in economic systems. Barriers to liberalization such as border regulations are dissolved through international agreements such as the General Agreement on Trade in Services (GATS) that promote “the redefining of territories and infrastructures related to the production and consumption of services” (Verger 2010: 61). International agreements and organizations have sought to equalize rules and procedures by which goods and services are exchanged between countries whereas countries employ tariffs, quotas or other means to protect national economic, social or other interests even though they may face tariffs, fees or other barriers to trade in response.

For all its market advantages, critics warn that unregulated liberalization potentially leaves the provision of education subject to the perils of consumerism in which attempts to make it more appealing and accessible to consumers can lower quality, raise corruptive influences, and denigrate the value of qualifications (McBurnie & Ziguras 2007: 2; Leuze, Martens, & Rusconi 2007: 11;
Verger 2010: 44). Competition and deregulation may increase efficiency and productivity on the part of the education suppliers, but can result in a lack of planning, duplication of services, a siphoning off of easy, profitable courses, a loss of valuable non-market courses and “dumbing down” of courses and qualifications that lower standards (Olssen, Codd & O’Neill 2004: 188).

Greater liberalization of markets has also been accused of restricting the ability of a country to retain control over its own resources, and trying to separate the market from society in which it operates, a danger identified by Polanyi. Liberalization demands a relaxation of government regulations and restrictions to avoid state control or monopolies that reduce competition (Chang 2008: 13), but these may be replaced by supranational monopolies that are not answerable to any single state. Neo-liberalism, for which the Washington Consensus is most known, advocates an approach to economic and social policy guided by principles of private enterprise and capitalism. At its extreme, it can also suppress the authority of a state to regulate national policy, including trade policy, and transfer that authority to an international body.

Chang (2008) writes that it is not a liberalized policy environment anyway that attracts foreign direct investment—there are numerous countries with wide open liberalization policies towards trade—but rather an attractive market and a productive quality infrastructure (Chang 2008: 99). Investments concentrate where returns are the highest and least risky, which is why capital tends to flow to developed countries that are more stable. These require strong state institutions to formulate effective investment and educational policy that attracts
transnational education providers. As a country becomes more stable, investment opportunities become more attractive.

Market liberalization may also represent a shift of state authority to solely an evaluative role in which the state creates standards for performance and quality, but has little or no role in funding or provision (Verger 2010: 44-45). Responsibility for national educational policy, for example, is reduced and superseded by the authority of a multilateral agreement such as GATS whose rules can supersede national regulation. National higher education providers in developing countries, often at a disadvantage in terms of funding, experience and quality of facilities, are forced to compete with larger and better-equipped foreign providers. More importantly, it may open up national education policy to influence by non-national international organizations that may have interests that may not align with national educational strategies. An April 2008 diplomatic cable purportedly from the US Embassy in Hanoi and leaked to the Internet in 2011 outlines American interests in Vietnam’s education system as a lever to increasing its influence upon the country: “Adding new foreign assistance resources now and supporting the creation of a wide range of strategic public-private partnerships will maximize American influence on Vietnam’s educational system and thus on the future shape of Vietnamese society” (United States Government 2008: 1).

Gainsborough (2004) suggests Vietnam is well aware of the political nature of liberalization. Pressure from western countries and international organizations to liberalize and withdraw from their economies, especially following the Asian
crisis, were seen by Asian countries as efforts to force open markets for Western benefits. In Vietnam, it was “regarded suspiciously as possible attempts by the West to undermine state power” (Gainsborough 2004: 47).

1.6 The internationalization of education policy

Leuze, Martens and Rusconi (2007) attribute the changes in education to two main trends: one, the increase in marketization within education and two, the growing influence of international or multilateral organizations in educational policy making (Leuze, Martens & Rusconi 2007: 3). Globalization expands markets internationally and integrates nations into an international system of trade rules. In turn, international organizations and governments have recognized the opportunities in the marketization of higher education for influencing government policy on higher education for commercial or geopolitical objectives. As a result of these trends, they argue, “the state is no longer the only player which designs and shapes educational policy, rather international and market actors are increasingly infiltrating its domain of education policy making. Contemporary governance in education is accordingly spread around a whole set of different actors, which changes their relationship to each other” (Leuze, Martens & Rusconi 2007: 4).

1.6.1 International multilateral organizations

At the end of World War Two, two significant events took place that laid the foundation for international cooperation in trade and development. In 1944, the Bretton Woods Conference brought 44 Allied nations together to form a more
stable mechanism for international monetary cooperation and resolve short-term exchange issues. The outcome was an agreement establishing the International Bank for Reconstruction and Development (IBRD), the General Agreement on Tariffs and Trade (GATT), and the International Monetary Fund (IMF). The following year, the United Nations (UN) was established taking the place of the previous League of Nations. The purpose of the UN was to reduce conflict among the world’s nations and build dialogue as a means for resolving disagreement through cooperation on international law, social and economic development and human rights. Numerous organizations under the banner of the UN carry out its multilateral mandate in humanitarian assistance, sustainable development, peace building and peacekeeping, promoting democracy, and support to minorities and marginalized persons. The mandates of different international organizations vary in their pursuit of different objectives including the internationalization and transnationalization of higher education.

The UN Educational, Scientific and Cultural Organization (UNESCO) addresses poverty and promotes peace and sustainable development through intercultural collaboration and dialogue. Although many UN organizations support education of children, UNESCO is the only one with a mandate in higher education. UNESCO’s education strategy works to shape education policy (Leuze, Martens & Rusconi 2007: 5) through capacity building, exchange of ideas, promotion of good practices and development of guidelines and standards. UNESCO sees universities and other institutions of higher education as core participants in the development of societies (UNESCO 2008: 2), but also
recognizes the opportunities and challenges that new information technologies, trade liberalization, and borderless or transnational education are creating for governments, institutions, policy-makers, educators, and students. “Nation-states are no longer the sole providers of higher education and the education community no longer holds the monopoly on provision of education” (UNESCO 2011). In a study of the impact of transnational higher education on four countries, UNESCO and the Commonwealth of Learning (2004) concluded that governments are taking active measures to direct the rise of transnational higher education towards social and economically beneficial outcomes through effective national regulatory and quality assurance regimes, but also they must keep up to date and aware of developments and be sensitive to local situations and demands (Middlehurst & Woodfield 2004: 2-3).

The World Bank is the world’s largest source of financial and technical development assistance. In 1960, the International Development Association (IDA) was formed and combined with the International Bank for Reconstruction and Development (IBRD) to create the World Bank. The World Bank mobilizes financing from international capital markets as well as richer member countries to provide loans, grants and credits to fund a wide array of projects in developing countries such as infrastructure, health, public administrative, natural resource management and financial and public sector development (World Bank 2011b). In 2009, it provided $46.9 billion of funding through more than 200 projects in 140 countries (World Bank 2009a: 57). The International Development Association (IDA) provides ‘soft’ financing and assistance to the poorest high-risk
countries with little access to funds. Organizations such as the World Bank are not transnational education providers in the sense that they establish partnerships or facilities to design and deliver educational services, but they do design education programmes and exercise influence in educational policy in developing countries. The World Bank has adopted education as a core activity even though it is peripheral to its mandate of financial and technical assistance (Mundy 2007: 21). The World Bank’s Higher Education Development Policy Program (HEDPP), for example, aims “to produce graduates with the knowledge and skills that meet labour market demands, and support the national innovation system through relevant basic and applied research” (World Bank 2009b: 2). The World Bank (along with the OECD) “advise low-income and small countries to import tertiary education” (Scherrer 2007: 126) and concentrate government spending on basic education which yields “the highest social returns” (Scherrer 2007: 125).

The Organisation for Economic Cooperation and Development (OECD) was established in 1961, but its roots lie in the US-funded Marshall Plan created to facilitate reconstruction of Europe after World War 2. The OECD’s mandate is to build prosperity and social well being through economic growth and financial stability among it partnership of 34 advanced (and a few emerging) economies. The importance of the ‘knowledge economy’ to economic development has underscored the OECD’s efforts to address education policy (Leuze, Martens & Rusconi 2007: 5), and in this capacity has provided advice to developing countries such as Vietnam.
In the post-Washington Consensus era, international organizations would appear to be giving more attention on issues of concern to individual states in multilateral agreements. Many of these appear under the umbrella of governance programmes (Masina 2006: 151). However, their ability to exercise significant influence in the formation of international development policies that impact upon national educational policies, and a lack of strategic unity among international organizations has meant their nature and objectives for higher education can be contradictory, confusing or even obstructive for developing countries. As well, the realization that educational cooperation could further geopolitical goals has led to friction among international organizations and governments (Mundy 2007: 21; Leuze, Martens, & Rusconi 2007: 6). Leuze, Martens, & Rusconi (2007) argue that the objectives of international organizations can hide specific ideological goals that may not be consistent with national goals (Leuze, Martens, & Rusconi 2007: 6). The World Bank acknowledges that liberalization, while reducing poverty, also increases inequality and that outcomes such as rising tuition cause problems for students from poorer backgrounds.³

1.7 General Agreement on Trade in Services (GATS)

A third multilateral organization with significant influence on the development of transnational higher education is the World Trade Organization (WTO). The WTO was a successor organization created from the General Agreement on Trade

³ Rising tuition costs are as much a problem in developed countries such as the UK where some critics feel that plans to double the fees universities could charge may result in poor students unable to attend, higher debt on graduation or the creation of two levels of institutions, one for the rich and another for the not-rich. (“University students,” 2010).
Tariffs and Trade to act as a forum for discussions aimed at reducing obstacles to trade. The most significant international agreement with respect to higher education and trade has been the WTO’s General Agreement on Trade in Services (GATS), which has heavily impacted both the marketization of higher education and the internationalization of education policy and subjected education to the rules and regulations that govern international trade.

GATS and the WTO were both outcomes of the Uruguay Round of trade negotiations that lasted from 1986 to 1994. GATS came into force in 1995, establishing an international framework of principles and rules for trade in services including educational services. Trade in services gain prominence when services were recognized as an important, productive and growing sector (Verger 2010: 22). While services account for about 60 % of employment and production, they only account for 20 % of trade in terms of balance of payments (WTO 2011). Under GATS, educational services formally became a tradable commodity even though, according to Verger, during negotiations that created GATS, GATS staff and WTO member countries gave little thought to education until the mid-1990s (Verger 2010: 33).

The GATS text does not specifically define ‘service’ although it states that all services are included in GATS with a few exceptions.4 UNESCAP defines a ‘service’ as “an economic activity that adds value either directly to another economic unit or to a good belonging to another economic unit” (UNESCAP 2000: 12). The provision of a service as defined by the GATS agreement occurs

---

4 Exceptions include some air transport services, financial services, maritime transport services, telecommunications and movement of natural persons.
through one of four modes: “(a) from the territory of one Member into the territory of any other Member; (b) in the territory of one Member to the service consumer of any other Member; (c) by a service supplier of one Member, through commercial presence in the territory of any other Member; (d) by a service supplier of one Member, through presence of natural persons of a Member” (WTO 1994, 285-286). Services under GATS are divided into twelve sectors of which education services are one. Educational markets are in turn divided into five areas: primary, secondary, tertiary, adult and other.

The objective of GATS is to create a level playing field for international trade in services. Based on the objectives outlined by the earlier GATT agreement, GATS aims to establish “fair and equitable treatment of all participants (principle of non-discrimination); stimulating economic activity through guaranteed policy bindings; and promoting trade and development through progressive liberalization” (WTO 2011). Despite the rules and regulations, there are different interpretations of what the rules mean. For example, GATS rules present conditional and unconditional obligations. Countries that make commitments to trade in educational services agree to open up specific service sectors to foreign competition. Once a commitment is made, it is difficult although not impossible to retract. Because membership in the WTO means access to members markets for trade, then the advantages would appear to outweigh the disadvantages and many governments see value in including education as part of multilateralism (Mundy 2007: 21).
GATS, however, is not without its controversy or its detractors. Its aim for a ‘common market’ for education is an effort to systematize exchange in the trade in education services. While GATS affirms that the same rules are applicable to everyone, it does not recognize the different levels or stages of development of the partners. A historical review of economic development has noted that now-developed countries initially employed barriers to trade (tariffs, protectionism, etc.) to promote national industry. Then when these were secure, these same countries opened up, proclaimed the merits of free trade and expected countries that were still developing to do the same. With GATS, developed economies have barred developing countries from adopting this model, insisting on free trade from the outset and potentially forcing developing countries into an unbalanced and unfair trade regime that obstructs development.

Ha-Joon Chang (2008) offers a critique of this problem by invoking the notion of the “level playing field” and that the players may be unequal to begin with. Using a sports analogy, unequal teams are not allowed to compete against each other, or any inequalities are corrected through ‘handicaps’. In the interests of ‘fair trade’, however, developing countries are not allowed to have any advantage such as extra policy tools, tariffs or subsidies. Chang argues that fair trade is a myth, as stronger countries will always seek to protect their assets and acquire an advantage over competitors and opponents. Global economic competition, governed by trade rules, according to Chang (2008: 218), is a game of unequal players and is therefore uncompetitive.
It also means that national education policies can be subject to rules beyond national borders. Article 1 of GATS states that all services are subject to GATS except those “supplied in the exercise of government authority” (WTO 1994: 286). GATS defines this phrase as “any service which is supplied neither on a commercial basis, nor in competition with one or more service suppliers” (WTO 1994: 286). Because few higher education systems are entirely public—almost all, including Vietnam’s, allow for non-governmental suppliers or charge fees of some kind—their existence renders such a provision void (Knight 2006: 36). For this reason, GATS has been criticized as a means for stronger developed countries to use their greater resources to secure control of an important function of smaller developing countries. According to Scherrer (2007), the main purpose of GATS has not been to advance the commodification of education, but rather to secure the work of the international organizations and “lock-in the gains made in the commodification of education” (Scherrer 2007: 117).

GATS overlaps with other international agreements, but according to Verger (2010), a document that includes legally defined obligations takes precedent. The 1998 world declaration on higher education by UNESCO or the 2005 guidelines on the provision of cross-border education by UNESCO and the OECD, for example, “may be neutralized by the WTO system since they do not contemplate the capacity to fix binding rules which must obligatorily be complied with by the signatory countries” (Verger 2010: 59). Only a UNESCO convention could trump GATS, but no such agreement on higher education by UNESCO members has been approved (Verger 2010: 59).
1.7.1 Impact of GATS

For some critics, therefore, GATS is a top-down arrangement that requires that signatories accept in advance any decisions taken as a group according to prior agreement (Barblan 2002: 79). This tends to ignore, as Chang pointed out, that different countries are at different stages of development and require different interventions at different times. By submitting to GATS, individual developing countries are required to abide by all collective decisions even if they are not in their national interest. For example, the concept of most favoured nation specifies that any concession offered to one partner is automatically applicable to all partners. Foreign education providers with greater resources at their disposal will have a competitive advantage. Second, higher education itself often has no voice at the negotiation table. The responsibility for negotiating GATS is usually carried out by national departments for trade with little consultation with other governmental departments or with the institutions such as universities that will be closely affected by the GATS (Barblan 2002: 88). Such a homogenous approach to trade and liberalization can neglect the cultural and social differences that higher education is meant to promote and reflect.

While the threat of GATS is great, its impact in education has been modest. Since 1995, only 40 WTO member countries have made commitments in higher education and only 49 have made commitments in any area of education covered by GATS. There is no legal requirement under GATS for a country to privatize any service. “The limitation of the WTO-GATS process from the beginning was that most national governments had little intrinsic interest in
holistically remaking education as a tradable commodity. Most education is produced in non-commercial settings; and governments want to retain control of higher education and research sectors because they are seen as significant to national competitiveness and development, and cultural identity” (Marginson 2009: 8). Signs of disagreement among nations are evident in that negotiations have dragged for years: the current Doha round has been in process since January 2000.

1.7.2 GATS and Vietnam

GATS introduces some challenging questions for Vietnam as it seeks, as all countries do, to take advantage of the benefits of international trade, yet keep control of those services that it considers of national importance. Some issues such as environmental pollution or human trafficking have an international impact across borders and responding to these effectively requires regulatory institutions on an international scale. In some parts of the world, efforts have been made to create systems for collaborative governance that sets criteria and guidelines for jurisdictions (national, provincial or municipal) to cooperate to solve cross-border problems that cannot be solved unilaterally. Other concerns, however, are national in focus because they are directed by a government responding in the social or cultural interest of a specific group of people. Thus, is it appropriate to subject education, a national concern, to global market rules? Do cultural and social differences between nations justify different educational systems? And if so, what rules, and what rights do a government have to determine the extent of those rules?
Vietnam has benefitted from its membership in the WTO; it has a large labour force that is increasing its knowledge and ability to take on many tasks for less cost than developed countries can perform. But developing countries such as Vietnam also face pressure at each negotiation round to gradually broaden their commitments and open up their countries for investment from abroad. Varghese (2007) argues that because trade is motivated by profit, regulatory frameworks are needed to support national concerns in promoting education. “Governments planning to enter GATS need to reassure their citizens that a reliable regulatory framework to protect their national interest is in place.” (Varghese 2007: 20)

Shifts in educational policy are influenced by particular ideologies within societies and markets. The globalization of higher education is characterized by the global circulation of ideas, multilateral cooperation ventures, the rise of ideologies of conformity such as international conventions based on consensus between parties (e.g. GATS), and coercive strategies such as structural adjustment programmes, all of which have contributed to “making the social efficiency goals of education become dominant over its more traditional social and cultural concerns with the development of the individual and the needs of the community.” (Rizvi, Engel et al 2005: 55). Thus, a market for education can be considered a positive force for building the capacity of economies in transition, or a new form of cultural imperialism that reduces education to just another commodity. As education is increasingly privatized and liberalized and new markets to foreign providers open up, how is this going to affect a
developing country such as Vietnam that has a poor public system, a ripe market for growing private for-profit sector and weak institutions necessary to provide a robust governance and regulatory environment at the international level (Masina 2006: 127)?
CHAPTER 2: HIGHER EDUCATION IN VIETNAM

Vietnam's history has shaped its political, social and economic development. Colonization, war, and social upheaval led to a period of communist government and international isolation. Eventually, recognizing the dangers of isolation and anticipating the benefits of joining the global economy, Vietnam fashioned đới mői and adopted a socialist styled market system of its own design. This system has proved beneficial to Vietnam, building an economy that has improved the social welfare of its citizens. Developing a higher education system to support a changing economy and society is proving a different kind of challenge.

2.1 History of higher education

2.1.1 Colonial history and response

The shape of modern Vietnam can be viewed as the outcome of centuries of international influence through conflict, philosophy, and colonialism. Periods of Chinese rule were interspersed with independence campaigns by various Vietnamese dynasties. Buddhism in early Vietnam stressed mental and physical self-discipline and proper conduct, driven by the notion of compassion for humankind (Asia Society 2008). By the 11th century, however, Confucian philosophy, emphasizing the painstaking acquisition of doctrinal knowledge, played a central role in early education in Vietnam, and over time has helped to shape people’s attitudes and beliefs. Classical ‘Vietnamese’, known as ‘chū
*nôm*, used Chinese characters and was written only by elites. The current Romanized form of the language, known as ‘quốc ngữ’ (literally: ‘national language’) was designed by Europeans in the 17th century. The rigours of the colonial periods have branded themselves on the Vietnamese psyche as much as invading ideologies have influenced the values and perceptions of education.

During the colonial period of the 19th century, French replaced Chinese as the official language in government and education, and French colonialism altered the structure and direction that education would take. As during the Confucian period, higher education was linked to governments, power, and the education of elites, but this time from one serving the Vietnamese dynasties to one that would be pliable and serve French colonial interests and needs. French was taught only in a few French schools that few Vietnamese attended and only served to further disassociate Vietnamese from power in their own country.

French colonial policies “contributed not only to the demise of Confucian institutions, but also to the rise of a new and increasingly radicalized anti-colonial intelligentsia, members of which would ultimately overturn French rule” (London 2011: 9). An upsurge of rebellion took hold led by young Vietnamese students who revolted against colonial domination and rejected traditional Confucian ideas and institutions in favour of liberal and socialist ideas (London 2011: 12). Some of these students, including Nguyễn Sinh Cung who later became Hồ Chí Minh, travelled overseas where in the course of their studies they were introduced to revolutionary political ideas and military training (London 2011: 12). Opposition groups such as the communist *Việt Minh* promoted literacy and
universal education through clandestine schools, even as the underground revolution continued, as a means of supporting revolutionary values (London 2011: 12).

After the installation of the Vichy regime in France during World War Two, the Japanese occupied Vietnam. When the Japanese withdrew in 1945, the Việt Minh under Hồ Chí Minh occupied Hanoi in the north and declared Vietnamese independence. The communist leadership that took power in the northern Democratic Republic of Vietnam pursued universal education and health as a means to bolster state power. As London notes, “The close relation between education systems and processes of state formation owes in large measure to fact that education systems can be multifunctional instruments of state power. States can use education to promote diverse imperatives, including social order and consent, economic growth, and welfare” (London 2011: 13).

Despite great efforts, rates of illiteracy and student progress rose and fell. The state in northern Vietnam provided primary and secondary education and sought to expand accessibility to higher education, but could invest little to improve its quality (Altbach 2004: 19). Woodside (1983) argues that a key element in the difficulties the Communist government faced in the early years was “the general intellectual failure of Vietnamese leaders to pay sufficient attention to the differences between developed and underdeveloped economies, particularly with respect to their use of the labour force” (Woodside 1983: 403). A government proclamation in 1979 stated that education was needed to achieve economic growth and reforms continued to expand the school systems including
development of special schools for technical and vocational training. But as Woodside (1983) notes, “economic expansion and educational progress are interdependent” (Woodside 1983: 424): appropriate schooling that brings new skills and knowledge should be concurrent with an economic environment in which to apply it.

Woodside suggests two other factors that may be specific to a communist regime without a proper private sector (Woodside 1983: 413). First, a dedication to education and learning has always been a central theme in the Vietnam Communist revolution and the leadership continued to invoke the Confucian traits of love of learning among the people to support their revolutionary aims (Woodside 1983: 404). But the “ancient ethos of mandarin careerism” that Confucianism promoted persisted in the preference of students for a general middle school education that they believed would lead to a high-status position in the bureaucracy, rather than pursue vocational training that would have offset a lack of skilled labour (Woodside 1983: 411). Second, the Vietnamese Communists could not reconcile their ideological values of equity with the need to produce an elite and talented company of professionals and bureaucrats. For example, an antiquated agricultural cooperative system run by people with little education was not attractive to students trying to escape the low-class heavy manual labour of farming (Woodside 1983: 412-13). There is inequality in every society: the general consensus to not allow it to be excessive or divisive.

The experiences of the Communist party during the war years helped it to prepare for mass mobilization and to enforce its political authority. After 1975
and the unification of north and south Vietnam into the Socialist Republic of Vietnam, universal access to health and education remained a priority for the communist government, but it continued to enforce an authoritarian Marxist-Leninist-oriented emphasis on the submission of all social activities to the interests of the Party through the collectivization of production and the elimination of private property (London 2009: 378). Capitalism was viewed as wasteful, inefficient, exploitive, anti-democratic and promoting the individual over the collective (London 2009: 380). A national soviet-style system of education was cultivated which saw a rapid increase in enrolments through policies for equitable access as well as a major reduction in illiteracy. The vision was in full flower, but in time the reality became less fragrant. Economic realities undermined political aspirations. Social services, such as education and health, continued to depend upon economic resources generated by state economic activity: when these were restricted or operated inefficiently so were finances for improvement and social service degenerated (London 2004: 129-30). A veto by the U.S. barred Vietnam from access to development funds from the World Bank, the IMF and the ADB until 1993 (Klump 2007: 121) By the time the economy started showing signs of life in the late 1980s, the health and educational services were in crisis (London 2004: 130).

2.1.2 Đổi mới and the economics of education

Prior to 1986, Vietnam was a strict communist agrarian society. The severe fiscal crisis that threatened the livelihoods of Vietnamese convinced the leadership that change was necessary. Recognizing the importance of raising
the living standards of its citizens, Vietnam introduced *đổi mới* in 1986, a comprehensive liberalization of all sectors of its centralized and closed economy that redirected the country from an agricultural and resource-based economy towards a market society. Literally meaning ‘renovation’, *đổi mới* describes the transition from a poorly performing, impoverished collectivist economy to a more productive market-oriented economy through a massive industrializing programme, greater encouragement of private enterprise, and integration into the world economic system. Under this economic model, private businesses engaging in the production of goods and services were allowed to operate alongside state and collectively run enterprises and employ market practices in the distribution of their products. The objective was to raise production and quality of output and increase the well-being of citizens, while at the same time adhering to certain socialist ideals in order to reduce the negative aspects of the capitalist market economy such as the sole pursuit of profit, exploitation, and a large divide between rich and poor (Voice of Vietnam 2003). Thus, it was an important change in the outlook of Vietnamese leadership that recognized for Vietnam to integrate into the world economy it needed to adopt an approach that would expose Vietnam to new skills, ideas, and knowledge.

For Vietnam, *đổi mới* brought dramatic social, political and ideological changes and a major re-evaluation of socialist principles: it was a system that aimed to adopt principles of the market, but guided by the doctrine and leadership of Vietnam Communist Party (VCP). Over the twenty years after *đổi mới* was introduced, Vietnam become one of the fastest growing economies in
the world. Between 1990 and 2008, its GDP grew on average 7.4 % per year (World Bank 2011c). Industrialization and manufacturing increased dramatically driven largely by low-cost labour and foreign direct investment (FDI) and trade volume rose each year. Foreign direct investment increased from $US 40,000 in 1986 to over $US 10 million in 1987 and a decade high of over $US 2.2 billion by 1997 (World Bank 2011c). Per capita income between 1995 and 2007 rose from $US 260 to $US 835 and the country was expected to enter middle-income status soon after 2010 (World Bank 2008a: 1). Between 1990 and 2005, the share of agriculture as a per cent of GDP fell from 39 % to 21 % while that of industry rose from 23 % to 41 % (World Bank 2011c). In 2007, Vietnam became the 150th member of the WTO. The World Bank has praised Vietnam for having achieved four out of ten targets related to the Millennium Development Goals and suggested it is likely to achieve four others by 2015 (World Bank 2008a: 6).

As we have seen earlier, education and economic development are intimately interlinked. The infrastructure and policies advocated by early communist governments, however, were not effectively designed to encourage the mutual relationship between educational development and economic progress. Future growth for Vietnam was dependent on a high quality workforce that is better skilled and trained and possesses better quality language skills. With few natural resources, higher education was seen as a means of transforming from an agricultural society to a market society by building intellectual and technical resources that could contribute to improving production and trade on the world market. At the same time, an educated workforce
<table>
<thead>
<tr>
<th></th>
<th>1986</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP (current $US, billions)</td>
<td>26.34</td>
<td>52.93</td>
<td>60.93</td>
<td>71.11</td>
<td>90.27</td>
<td>97.18</td>
</tr>
<tr>
<td>Population, total</td>
<td>60,249,000</td>
<td>83,106,300</td>
<td>84,136,800</td>
<td>85,154,900</td>
<td>86,210,781</td>
<td>87,279,754</td>
</tr>
<tr>
<td>GDP growth (annual %)</td>
<td>2.8</td>
<td>8.4</td>
<td>8.2</td>
<td>8.5</td>
<td>6.3</td>
<td>5.3</td>
</tr>
<tr>
<td>GDP per capita (current $US)</td>
<td>437</td>
<td>637</td>
<td>724</td>
<td>835</td>
<td>1,047</td>
<td>1,113</td>
</tr>
<tr>
<td>Gross national expenditure (% of GDP)</td>
<td>104</td>
<td>105</td>
<td>115</td>
<td>115</td>
<td>110</td>
<td></td>
</tr>
<tr>
<td>Adjusted net national income (current $US)</td>
<td>40,977,017,474</td>
<td>46,693,143,778</td>
<td>53,390,932,673</td>
<td>60,542,712,081</td>
<td>71,491,328,013</td>
<td></td>
</tr>
<tr>
<td>Adjusted net national income (annual % growth)</td>
<td>7</td>
<td>8</td>
<td>6</td>
<td>-3</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>External balance on goods and services (% of GDP)</td>
<td>-10</td>
<td>-4</td>
<td>-5</td>
<td>-16</td>
<td>-15</td>
<td>-10</td>
</tr>
<tr>
<td>Exports of goods and services (% of GDP)</td>
<td>7</td>
<td>69</td>
<td>74</td>
<td>77</td>
<td>78</td>
<td>68</td>
</tr>
<tr>
<td>Agriculture, value added (% of GDP)</td>
<td>38</td>
<td>21</td>
<td>20</td>
<td>20</td>
<td>22</td>
<td>21</td>
</tr>
<tr>
<td>Foreign direct investment (BoP, current $US)</td>
<td>40,000</td>
<td>1,954,000,000</td>
<td>2,400,000,000</td>
<td>6,700,000,000</td>
<td>9,579,000,000</td>
<td>7,600,000,000</td>
</tr>
</tbody>
</table>

required an economic environment in which to grow. A market society would give incentives and opportunities for the education system itself to improve and greater revenue from economic investment could provide resources to fund the educational infrastructure.

Vietnam’s rapid economic development has supplied the state with the financial resources to undertake many of the social goals it was unable to implement before đổi mới. Economic development appears to increase the economic stability that the Vietnamese Communist Party needs to ensure social harmony, but this is a false sense of security. Institutions remain weak because state management by the political elite is too restrictive. The problems of corruption, poor coordination, and conflict within Vietnam’s higher education system endure.

2.2 Economic growth and funding education

Substantial economic growth following đổi mới brought a huge financial windfall to the Vietnamese government. Between 1990 and 2008, adjusted net national income increased from $US 5 billion to $US 60.5 billion (World Bank 2011c). In 1989, Vietnam became a net exporter of rice and by 2006 the world’s third largest rice exporter after Thailand and India (International Rice Research Institute 2011). The main sources of government revenue came from customs and income taxes, and revenue from state owned enterprises. According to the General Statistics Office of Vietnam, total state budget revenue increased from VND 90.7 trillion ($US 4.4 billion) in 2000 to 416.8 trillion ($US 20.1 billion) in 2008 (General Statistics Office of Vietnam [GSO Vietnam] 2011). The benefits of
the market system accrued to individuals was well. Agricultural land was allocated to families who could plan and work crops for themselves and sell the products at market prices. This raised family incomes and funds for investing in business or education. Expenditures continued to exceed income, however, so overseas development assistance (ODA) provided an external resource of capital to maintain a high growth rate.

| Table 2: State budget revenue final accounts, 2000, 2005, 2008 (VN dong, billions) |
|-------------------------------|----------------|----------------|
| TOTAL (VN dong, billions)      | 2000           | 2005           | 2008           |
| Domestic revenue (Exc. oil revenue) | 46,233         | 119,826        | 229,786        |
| Revenue from state owned enterprises | 19,692         | 39,079         | 68,490         |
| Revenue from foreign invested enterprises | 4,735          | 19,081         | 43,848         |
| Revenue from non state sector  | 5,802          | 16,938         | 43,524         |
| Agricultural land use tax      | 1,776          | 132            | 98             |
| Tax on high income earners     | 1,831          | 4,234          | 12,940         |
| License tax                    | 934            | 2,797          | 7,404          |
| Revenue from lottery           | 1,969          | 5,304          |
| Gasoline fee                   | 2,192          | 3,943          | 4,517          |
| Fees                           | 2,713          | 4,192          | 6,653          |
| Revenue from land and houses   | 2,823          | 17,757         | 38,202         |
| Other revenue                  | 1,766          | 6,369          | 4,110          |
| Oil revenue                    | 23,534         | 66,558         | 88,800         |
| Custom duty revenue            | 18,954         | 38,114         | 90,922         |
| Export and import duties, special consumption tax; Surtax on import | 13,568         | 23,660         | 59,927         |
| VAT on imports                 | 5,386          | 14,454         | 30,995         |
| Grants                         | 2,028          | 3,789          | 7,275          |

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2005</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL EXPENDITURE</strong></td>
<td>108,961</td>
<td>262,697</td>
<td>494,600</td>
</tr>
<tr>
<td>(VN dong, billions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure on development investment</td>
<td>29,624</td>
<td>79,199</td>
<td>135,911</td>
</tr>
<tr>
<td><strong>Of which:</strong> Capital expenditure</td>
<td>26,211</td>
<td>72,842</td>
<td>124,664</td>
</tr>
<tr>
<td>Expenditure on social and economic services</td>
<td>61,823</td>
<td>132,327</td>
<td>258,493</td>
</tr>
<tr>
<td><strong>Of which:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenditure on education and training</td>
<td>12,677</td>
<td>28,611</td>
<td>63,547</td>
</tr>
<tr>
<td>Expenditure on health care</td>
<td>3,453</td>
<td>7,608</td>
<td>19,918</td>
</tr>
<tr>
<td>Expenditure on population and family planning</td>
<td>559</td>
<td>483</td>
<td>1,072</td>
</tr>
<tr>
<td>Exp. on science, technology and environment</td>
<td>1,243</td>
<td>2,584</td>
<td>7,744</td>
</tr>
<tr>
<td>Expenditure on culture and information</td>
<td>919</td>
<td>2,099</td>
<td>2,713</td>
</tr>
<tr>
<td>Expenditure on broadcasting and television</td>
<td>717</td>
<td>1,464</td>
<td>1,550</td>
</tr>
<tr>
<td>Expenditure on sports</td>
<td>387</td>
<td>879</td>
<td>1,126</td>
</tr>
<tr>
<td>Pension and social relief</td>
<td>10,739</td>
<td>17,747</td>
<td>50,265</td>
</tr>
<tr>
<td>Expenditure on economic services</td>
<td>5,796</td>
<td>11,801</td>
<td>21,538</td>
</tr>
<tr>
<td>Expenditure on general public administration</td>
<td>8,089</td>
<td>18,761</td>
<td>32,855</td>
</tr>
<tr>
<td><strong>Addition to financial reserve fund</strong></td>
<td>846</td>
<td>69</td>
<td>152</td>
</tr>
</tbody>
</table>


Đổi mới and the introduction of a relatively free market into Vietnam provided incentives and revenue for investment into higher education, but difficulties remained. Government expenditure on social and economic services from 2000 to 2008 averaged 52.88% of its total annual budget, ranging from a high of 56.7
% in 2000 to a low of 50.37 % in 2005 (GSO Vietnam 2011). Government expenditure on education and training (as part of social and economic services) between 2000 and 2008 increased from VND 12.7 trillion to VND 63.5 trillion, a figure that has remained consistently between 10.89 and 13.46 % of total annual government spending (GSO Vietnam 2011), and higher than any other budget line in social and economic services spending. According to World Bank figures, Vietnam spent $US 144 million on universities and colleges in 2002, about 10% of its total education budget annually on higher education (World Bank 2008b: 70-1). The World Bank follows Vietnam’s distinction between training and education; the latter term it reserves for primary and secondary schooling (World Bank 2008b: 71).

Table 4: Public spending on higher education, 1999-2002 ($US millions)

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>28.68</td>
<td>31.17</td>
<td>32.51</td>
<td>35.08</td>
</tr>
<tr>
<td>Total education expenditure</td>
<td>952</td>
<td>1,153</td>
<td>1,322</td>
<td>1,485</td>
</tr>
<tr>
<td>Education component</td>
<td>727</td>
<td>875</td>
<td>1,005</td>
<td>1,154</td>
</tr>
<tr>
<td>Training component</td>
<td>225</td>
<td>278</td>
<td>317</td>
<td>331</td>
</tr>
<tr>
<td>Vocational</td>
<td>31</td>
<td>35</td>
<td>44</td>
<td>48</td>
</tr>
<tr>
<td>Technical</td>
<td>37</td>
<td>41</td>
<td>43</td>
<td>42</td>
</tr>
<tr>
<td>Universities &amp; colleges</td>
<td>102</td>
<td>107</td>
<td>127</td>
<td>144</td>
</tr>
<tr>
<td>Other</td>
<td>55</td>
<td>95</td>
<td>104</td>
<td>97</td>
</tr>
</tbody>
</table>


5 This does not include vocational or technical education, each of which received 3%.

6 World Bank figures for expenditure by Vietnam of education and training do not match statistics provided by the General Statistics Office of Vietnam. For example, total education expenditure in 2000, according to the World Bank was $US 1,153 million (Table 3a). The GSO Vietnam figure for government expenditure on education and training in 2000 is VND 12,677 billion (Table 2b). Using an average exchange rate for 2000 of VND14,164 = $US 1 (average 1 Jan to 31 Dec 2000, OANDA online), the $US equivalent of the GSO Vietnam figure is $US 895 million, a difference of $US 258 million.
Table 5: Public spending on higher education, 1999-2002 (% GDP)

<table>
<thead>
<tr>
<th></th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>28.68</td>
<td>31.17</td>
<td>32.51</td>
<td>35.08</td>
</tr>
<tr>
<td>Total education expenditure</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Education component</td>
<td>76%</td>
<td>76%</td>
<td>76%</td>
<td>77%</td>
</tr>
<tr>
<td>Training component</td>
<td>24%</td>
<td>24%</td>
<td>24%</td>
<td>23%</td>
</tr>
<tr>
<td>Vocational</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Technical</td>
<td>4%</td>
<td>4%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Universities &amp; colleges</td>
<td>11%</td>
<td>9%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Other</td>
<td>6%</td>
<td>8%</td>
<td>8%</td>
<td>7%</td>
</tr>
</tbody>
</table>


Increased government investment into higher education provided incentives and opportunities for the education system to develop and improve, but funding on the scale necessary was limited and tended to focus on building a physical infrastructure and providing access to students. After the introduction of **đổi mới**, higher education underwent rapid expansion despite budgetary constraints. Increased growth, scarcity of land, and high rates of literacy inherited as a legacy of socialist times, fuelled an increase in school enrolment, mostly from poor families into lower quality institutions. Between 1999 and 2007, enrolment in higher education rose 72.5 % from 893,000 to 1,540,000 (Runckel 2009). At roughly the same time, from 2000 to 2008, the number of higher education institutions more than doubled from 153 to 369 (Vietnam 2006a: 3). There were 63 universities and 38 colleges in 1987, which increased to 150 universities and 226 colleges by 2009. Of the 376 tertiary institutions in Vietnam at present, 295 are public and 81 are private. (Vietnam 2009: 2-3). Competition for spaces is high. Although 1.2 million students graduate from secondary education each
year, there are only enough spaces in higher education institutions to accommodate around 300,000 (Runckel 2009).

While capital spending increased dramatically, improvements in the quality of teaching and teaching resources were lagging and practical reforms to higher education were slow to materialize and insufficient in scope. A 2008 World Bank report identifies three important concerns for higher education in this context of rapid development and high demand (World Bank 2008b: xii). First, higher education is not playing an important role in technical innovation, something that is characteristic of higher educational institutions in middle-income countries. Vietnam has attracted significant FDI, but the results such as the number of patents, spending on research and development, or high technology exports have shown “a weak capacity to innovate and adapt knowledge” (World Bank 2008b: xv). Second, the higher education system has not been able to close the gap between a demand for people with technical, managerial and workplace skills and a sufficient supply of competent people with these skills. In most upper and many middle-income countries, students are enrolled in a fairly diverse range of fields. In Vietnam, however, almost 50 % of all students are enrolled in economic/business or education and only 15 % in science or technology (World Bank 2008b: xxii-xxiii). Companies have reported difficulties in filling positions and many new employees have required significant retraining or further supplementing of skills (World Bank 2008b: xix). Third, Vietnam is still not providing equitable access to higher education to talented but poorer students, which means that good prospects are being missed. Students from socially and
ethnically marginalized groups, often from poorer areas of the country that have fewer universities and colleges (as well as lower quality primary and secondary schools), are less able to access higher education. Universities, the report states, can play an important role in regional economic development (World Bank 2008b: xxi).

The World Bank makes several suggestions for encouraging a diverse education: (1) different degree options, e.g. shorter and longer degrees; (2) a greater variety of fields; (3) more diverse instructional methods and pedagogical techniques; (4) a greater mix of public and private as well as domestic and foreign providers; (5) a tiered system with development of ‘elite’ institutions for high quality education and research; and (6) improved university-industry linkages (World Bank 2008b: xxi-xxv). The economic focus is evident in the suggestions, for example, the report does not discuss the value of universities engaged in local collaborative planning or participatory development.

2.3 Problems and barriers

The structure of Vietnam’s higher education is derived from the communist Soviet-style system. Despite the idea of centralized control, the education system comprised a large number of separate specialized institutions reporting to separate line ministries with little autonomy and a weak linkage between teaching and research (Kelly 2000). The Ministry of Education and Training
(MOET) was formed in 1990 to take responsibility for most education matters including educational planning, curricula planning and content, enrolment, academic assessments, infrastructure and maintenance of facilities, and management of budgets and human resources, although it shared responsibility for broader decisions on policy, target setting, and sectorial financing with the Office of the Government (Kelly 2000, Runckel 2009).

Inter-ministerial rivalry may be a source of some of the problems in higher education. Abuza (1996) describes the animosity that developed between the Ministry of Education and Training (MoET) and the Ministry of Foreign Affairs (MFA) when the U.S. Fulbright scholarship programme was introduced in the 1990s, as well as an insight into the political machinations at work behind international education. The MoET demanded control because it was the education ministry; the MFA argued that student exchanges were a political and diplomatic responsibility. The Harvard Institute of International Development (HIID) ran the overseas portion of the Fulbright programme. According to Abuza, HIID disliked the MoET because of its “nepotism, corruption and incompetence” (Abuza 1996: 626), its advocacy for Marxist-Leninist ideology and its persistence in recommending well connected but sub-par students for the programme. The job of the MFA, on the other hand, was to “build working relationships with foreign counterparts, and as an institution, it [had] a lot more to gain from working and cooperating with the outside” (Abuza 1996: 626). The HIID thus

---

7 Originally, three separate bodies were responsible for education provision—the Ministry of Education, the General Department for Vocational Training, and the Ministry of Higher and Secondary Technical Education—before the latter two merged in 1987 (Kelly 2000).
found it easier to work with the MFA. In the post-war years, and following the American raising of the trade embargo on Vietnam in 1994, diplomatic exchanges were important. Education was a gateway for improved relations, as much political as educational. Why the U.S. introduced the programme “may be closer to America’s rationale for hosting such a large number of Chinese students: the prospect that the U.S. will be training, and therefore influencing the next generations of leadership (Abuza 1996: 624).

2.3.1 A rise in enrolment

As Vietnamese incomes rose, the demand for higher education grew rapidly. Student numbers increased from 173,000 in 1995 to almost 1.8 million in 2008 (GSO Vietnam 2011; Vietnam 2009: 3). In 2008, 1.54 million students were in public system and 248,800 students in private institutions (Vietnam 2009: 3). In 1987, there were 63 universities and 38 colleges in Vietnam. By 2009, this had increased to 150 universities and 226 colleges (Vietnam 2009: 2). There are more institutions, however, located in or close to urban areas. Although the number of universities and colleges in rural, mountainous, and poorer areas has risen, 68 % of universities and 36 % of colleges are located in the five largest urban centres (Vietnam 2009: 3, 5).

At the same time, there has been only relatively modest growth in faculty, with the result that the system is increasingly under stress (Harvard 2008: 22). In public institutions the number of teachers has risen from 22,800 in 1995 to 57,500 in 2008 (GSO Vietnam 2011). The student/teacher ratio is high, and this has contributed to a fall in the quality of education (Runckel 2009).
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Public</td>
<td>109</td>
<td>96</td>
<td>110</td>
<td>123</td>
<td>131</td>
<td>148</td>
<td>168</td>
<td>179</td>
<td>187</td>
<td>201</td>
<td>243</td>
<td>275</td>
<td>305</td>
<td>322</td>
</tr>
<tr>
<td>Non-public</td>
<td>30</td>
<td>23</td>
<td>23</td>
<td>27</td>
<td>29</td>
<td>34</td>
<td>47</td>
<td>64</td>
<td>71</td>
<td>71</td>
<td>64</td>
<td>71</td>
<td>71</td>
<td>71</td>
</tr>
<tr>
<td>Overall</td>
<td>178</td>
<td>191</td>
<td>202</td>
<td>214</td>
<td>230</td>
<td>277</td>
<td>322</td>
<td>369</td>
<td>393</td>
<td>393</td>
<td>393</td>
<td>393</td>
<td>393</td>
<td>393</td>
</tr>
</tbody>
</table>

(*) From 2008, include member colleges
(**) From 2009, excluding invited teachers
(***) From 2009, excluding number of students studying second diploma, distance training, complete knowledge and inter-level diploma

Thus, even though the number of institutions has increased, the quality of the education has not. The poor quality of Vietnamese universities is “not only a brake on economic growth but is also a source of enormous popular dissatisfaction and therefore a threat to political stability” (Harvard 2008: 4). Overall, the poor quality of undergraduate education means students are ill-prepared for careers or unable to compete effectively for post-graduate work overseas: up to 50% of Vietnamese students have been unable to find employment in their areas of specialization after graduating (Vallely & Wilkinson 2008: 2; Harvard 2008: 22). A major reason for not finding employment is that they don’t possess the right or sufficient skills. Many companies have had difficulties finding graduates to do the work because candidates have neither the practical nor general skills necessary. This has been most evident in graduates of technology, business administration, manufacturing and processing (World Bank 2008b: xix).

The government regulates salaries and professional allowances (Vietnam 2005c: Article 81). Instructors are underpaid and with few prospects of raising their salaries incentives to improve their teaching are minimal. Good data on teaching salaries in higher education is difficult to find: a Harvard report includes a remark from a Vietnamese commentator: “if official figures regarding spending on teacher salaries are to be believed, then average salaries would be almost double their current actual levels (Harvard 2008: 22). Salaries are so low that university teachers often have to supplement their incomes on the side (Vallely & Wilkinson 2008: 4) taking more of their time and energy. The central government
maintains control over student enrolment rates and (in public universities) faculty remuneration, so there are few incentives for educational institutions to innovate or compete for instructors. Consequently, the unattractive conditions dissipate the enthusiasm for teaching and dissuade graduate or post-graduate students from considering careers in academia (Vallely & Wilkinson 2008) and Vietnamese professors and other academics living overseas have little incentive to return. Indeed, the 2008 Harvard report notes that a scientist with foreign teaching and research experience was recently offered VND 800,000 ($US 50) per month to return to Vietnam (Harvard 2008: 23 [footnote]). Advancement and hiring criteria depend on seniority rather than merit. Corruption is rife: degrees can be purchased, promotion is often based on personal connections, and many top-level officials are non-English speaking products of Soviet-era training (Vallely & Wilkinson 2008).

It may be of little surprise then that Vietnamese universities have an undistinguished record of academic achievement. A lack of funds and poor facilities makes it difficult for academics to pursue research (Huong & Fry 2002: 139). A lack of English language skills among academics means they are unable to participate in global discourse and knowledge exchange (Rizvi 2005:45; Harvard 2008:23 [footnote]). Weak links between universities and industry reduces opportunities for investment (Huong 2009: 3). Few professors and lecturers at Vietnam’s best universities have articles published in peer-reviewed journals (Vallely & Wilkinson 2008). With little connection to international peer

---

8 Vietnamese universities, for example, do not have the authority to promote faculty to the level of assistant or full professor. (Harvard 2008, p. 23)
circles, academics are isolated from the flows of international knowledge creation and their ability to keep current is restricted. In 2002, for example, Vietnam filed for a total of two patents with the World International Property Organization (Harvard 2008). “In 2006, the 2,830 faculty members at Thailand’s Chulalongkorn University published 744 articles in international scientific journals. During the same period the 3,360 faculty members at Vietnam National University in Hanoi and Ho Chi Minh City published 36 articles” (Harvard 2008:22, footnote). Funding of public institutions is not tied to performance or quality nor are they evaluated according to international standards. As well, investment is often misguided. For example, plans for the Vietnamese Academy of Science and Technology (VAST) to be the centrepiece of a new technical university, despite its faculty having only 41 articles published in 2006, suggests investment decisions are made on grounds other than intellectual rigour or academic record (Harvard 2008: 23).

Part of the problem may be that Vietnam’s research capacity was set up following an old Soviet model in which research institutions were separate from teaching institutions. Vietnam has identified this as a major weakness in its system and has made efforts to correct it but has faced problems. “The strong research institutes are justifiably desirous to make contributions to the training cause, but do not have training management functions therefore, training processes at these institutes are not conforming” (Vietnam n.d.: 26-27). In

---

9 Source: Scientific Citation Index Expanded, Web of Science, Thomson Corporation. Quoted by Harvard 2008.
response, Article 18 of the Education Law (2005) pushes for greater cooperation between research and teaching institutions (Vietnam 2005c: Article 18, 7-8).

Several kinds of public educational institutions have appeared that provide training services depending on the situation or needs of the student. A đại học mở is a public open university to which any citizen can apply and attend classes. A đại học dan lap refers to a private university. At both đại học mở and đại học dan lap students are required to take national entrance exams, although admission scores are generally lower than those needed to enter a public university. Students are also able to attend đại học tài chính, which provides training programmes for working students. These programmes, provided by some higher educational institutions, are offered to people who may be older, poorer, have little previous education or have time commitments that prevent them attending on a regular or full time basis, but who are keen to acquire higher education that might increase salary or enhance social standing.

Because remuneration is low and academic freedom is limited, acquiring and keeping faculty has been difficult. With rapid economic growth and greater opportunities to travel abroad, Vietnam faces a brain drain of the most promising educated professionals. Without incentives to remain in Vietnam (pay, promotion, etc.), many will be unwilling to seek out careers in Vietnam or return after studying overseas. Even if foreign programmes provide qualifications and education that satisfy personal educational aspirations of students, a lack of opportunities for students to use their foreign qualifications and knowledge in their home country effectively and with appropriate recognition will result in a
deficit of important human resources to build a strong public educational system (Garrett 2005: 100).

The inability of the state to invest effectively (Huong & Fry 2006) has resulted in declining standards of training, lack of materials, unmotivated faculty, and poor organizational capacity within its public institutions (UNESCO 1998). A lack of transparency and poor results limit the ability of educational institutions to attract funds from donors (Harvard 2008: 50; Huong & Fry 2004: 130). There is no private philanthropy to institutions because there is no tax structure designed to reward private donations and create American-styled endowments (Altbach 2004: 25).

2.4 Private provision of education

Limited funds and the inability of quality higher educational institutions to produce sufficiently trained graduates encouraged the Vietnamese government to allow private sector involvement in higher education (Huong & Fry 2002: 129). Private education was considered acceptable by the government, satisfying both the efficiency and incentive objectives of đổi mới as well as socialist ideals of building equity and social justice (Huong & Fry 2002: 131). It increased the number of places available for students when the public system was unable to accommodate them. Private institutions were expected to compete among themselves and with public institutions for students and recognition in an effort to raise quality and increase learning opportunities. However, because privatized education was expected to fund itself through tuition fees, a greater share of the costs of education were transferred to consumers. As a result, private higher
education became dependent on the ability of families to pay (London 2004: 132).

Huong and Fry (2002) describe the development of private higher education in Vietnam. In 1988, Vietnam’s first private university, Thang Long University, was opened in Hanoi by a group of Vietnamese and French academics concerned about the quality of education in the country (Huong & Fry 2002: 131). Tuition was set at $US 100 per academic year and fields of study were limited to mathematics and information. At first, enrolment was low “because at the time, in the North, people did not like to send their children to study in private universities” (Huong & Fry 2002: 131). With little revenue, it was difficult to invest in infrastructure so it opened a software export centre to help raise additional funds (Huong & Fry 2002: 131). Despite difficulties, Thang Long proved a good first effort and other institutions followed suit including Dong Do University and Phuong Dong University in Hanoi, and Van Lang University in Saigon (Huong & Fry 2002: 132). Most early institutions offered study in fields such as business administration, languages and accounting that did not require expensive or complex facilities (Huong & Fry 2002: 132). In some of the institutions student numbers rose quickly. Van Lang University enrolled 4,700 students in its first year. Despite rising popularity, and its encouragement of private institutions, MoET decided to restrict enrolment to only 800-1,500 students per year (Huong & Fry 2002: 132).

Huong and Fry conclude that Vietnam’s policy to develop a mixed system of higher education “appears wise and sound” (Huong & Fry 2002: 140). In light of
no public funding, tuition fees became the main source of income, yet many of the institutions have been able to build extensive facilities of classroom, laboratories and libraries. Quality of teaching is rising, student’s services are growing, and more private institutions are engaging in international cooperation (Huong & Fry 2002: 135). Vietnam’s Higher Education Reform Agenda (HERA) aims to have 40 % of students attending non-public institutions by 2020 (Vietnam n.d.: 10; Varghese 2007: 12). Still, many of the same problems as the larger public institutions have appeared: not enough instructors, poor pedagogy and low pay, in part because they are drawing upon the same pool of national talent.

Private education also attracts many dubious institutions. Known as ‘diploma mills’, they are usually unlicensed or fail to meet regulations, yet still openly advertise high-end degrees such as ‘American MBAs’. Despite charging as much as $US 3,500, they attract many students, enticed by the prospects of obtaining a foreign degree without having to know English (VietnamNet Bridge 2010). An investigation by Thanh Nien News, a publication of the Vietnam National Youth Federation based in Hanoi, found two U.S.-based institutions, Southwest American University and Adam International University, were unaccredited in the U.S., yet offered 10-month MBA programmes for $US 4,000 to Vietnamese students. English language skills were not required and attendance was low (Thanh Nien News 2010).

Legitimate educators are concerned about these kinds of programmes and encourage the authorities to be more vigilant. Degrees awarded by these unaccredited institutions are worthless abroad yet Vietnamese authorities but
they appear to be unable or unwilling to enforce the laws (Thanh Nien News 2010). The Education Law (Vietnam 2005c) regulates the national education system (Article 1) and outlines requirements, content and standards for education in general, and higher education (Article 40) and international cooperation (Articles 107-110) specifically. The state will organize and manage educational quality assurance and accreditation (Article 99) and the MoET will be responsible for directing the implementation of educational quality accreditation (Article 17). But Article 58 states that among the functions and rights of schools are “to conduct quality self-evaluation and is [sic] subject to accreditation by competent quality accreditation agency” (Article 58). An April 2010 memo to the MoET by the Vietnam Business Forum (VBF) expressed its concern with criticisms of excessive numbers of non-public and private universities with “poor quality, bad facilities, and low entrance requirements” (VBF 2010: 1). The VBF argues that the problem is not the number of institutions but their quality, which is the responsibility of MoET to address. As a result, the VBF suggests MoET “needs to be an effective player to enforce regulations in order to ensure the quality of higher education services (VBF 2010: 1).

If Vietnam has so much potential (demand and capacity) with respect to culture, literature, scientific, and technical ability, why does it have such poor universities and low quality of students (Dapice 2006: 16)? The problem, according to Dapice (2006) seems to lie in an archaic system that resists change, funding is inefficient and poorly distributed, few incentives are created for institutions or staff, a standardized curriculum is not customized for sector or
student ability, the development of research centres is obstructed, and competition with the public system from private schools is discouraged (Dapice 2006: 16). Privatization, though, is only one part of a three-pronged strategy Vietnam is pursuing for its higher education: i) increase public investment in higher education; ii) encourage private investment and further privatization of higher education; and iii) encourage further foreign investment in higher education (Welch 2010: 204). Many higher educational institutions are interested to be part of Vietnam’s educational development.
CHAPTER 3: TRANSNATIONAL HIGHER EDUCATION IN VIETNAM

3.1 Forms of transnational education

Transnational higher education in Vietnam takes one of four forms, based on the types of international trade in services defined by GATS:

1. Consumption abroad - in which a student travels to another country to study at a foreign institution;

2. Partnerships (Movement of natural persons) - in which a foreign educator will temporarily enter a country to teach a course or programme;

3. Commercial presence - in which a foreign educational institution will establish a physical presence (branch campus) in a country;

4. Cross-border distance education - in which a student accesses education remotely, most often in present times through the Internet.

(UNESCAP 2000: 13; Varghese, 2007; Verger 2010: 50-1)

Cross-border distance education does not occur in Vietnam. Vietnam has not made any commitments to cross-border education in GATS although distance education is employed within the country.
3.1.1 Consumption abroad

In various forms, transnational education has been an important element in Vietnam’s education policy since before doi moi. In early educational exchanges, Vietnam concentrated on sending economic planners, bureaucrats, and policy makers to other communist countries to study, primarily in the Soviet Union and Eastern Europe. Later exchanges targeted science and technology in non-communist countries. In addition to knowledge and technology transfer, cooperation exchanges helped establish overseas networks, fund facilities, and integrate Vietnam into the global system of higher education.

With what little resources were available directed towards primary and secondary education, there was meagre funding to develop higher education. Both before and after the war years of the late 1970s, Vietnam relied extensively on its political links with Communist countries of Eastern Europe to provide educational resources and training in order to plug gaps in its higher education system. In the forty years between 1951 and 1990, over 6,783 doctors, 34,000 university students and 72,000 technical workers were sent for training in the Socialist bloc (Abuza 1996: 619).

The fall of Soviet communism in the late 1980s was a major loss of financial support to Vietnam. Political upheavals in the Soviet Eastern bloc and in China reportedly made Vietnam leaders nervous about sending students overseas (Abuza 1996: 621). Policy changes made by the Central Committee of the Vietnamese Communist Party in 1990 severely restricted student exchanges, but, as Abuza notes, this did not affect exchanges with Western countries: “The
leadership clearly considered the impact of the collapse of the communist parties on its students a greater danger than the bourgeois ‘spiritual pollution’ they might acquire from the West” (Abuza 1996: 622). It seems it was less the growing economic progress of developed counties than evidence of its own failures to advance that concerned Vietnamese authorities.

Changes in the world order forced changes within Vietnam and was a turning point in the structure of international student exchanges. Vietnam relied heavily on foreign funding such as scholarships to send students for training abroad and changes in educational policies on students travelling abroad were enacted that reflected the progressive elements of the Vietnamese Communist Party interest in focusing on economic development. While the numbers allowed to travel was significantly cut back, changes to the criteria for selecting students defined clearly what fields of study would be allowed, refocused criteria from those with political affiliations to those who showing academic promise, and allowed direct university to university exchanges (Abuza 1996: 623-624).

Estimates of the number of Vietnamese who study abroad vary. Runckel (2009) calculates that 60,000 Vietnamese study abroad annually (Runckel 2009)\(^{10}\) with most going to the United States. Welch (2010) on the other hand states that approximately 15,000 Vietnamese travel abroad annually for an education (Welch 2010: 202). According to the International Institute for Education (2010), between 2009 and 2010, the number of Vietnamese students travelling to the U.S. for education increased 2.3 % from 12,823 to 13,112, down

\(^{10}\) Runckel (2009) cites the Foreign Press Centre and statistics from the Ministry of Education and Training (MoET).
from 46.2% the year before (Institute for International Education [IIE] 2010).

Alternatively, in the 2008-2009 academic year, 672 Americans studied at Vietnamese institutions (IIE 2009).

Table 8: Number of Vietnamese students studying in the U.S., 2000-2010

<table>
<thead>
<tr>
<th>Year</th>
<th># students from VN</th>
<th>Δ from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009/10</td>
<td>13,112</td>
<td>2.3</td>
</tr>
<tr>
<td>2008/09</td>
<td>12,823</td>
<td>46.2</td>
</tr>
<tr>
<td>2007/08</td>
<td>8,769</td>
<td>45.3</td>
</tr>
<tr>
<td>2006/07</td>
<td>6,036</td>
<td>31.3</td>
</tr>
<tr>
<td>2005/06</td>
<td>4,597</td>
<td>25.3</td>
</tr>
<tr>
<td>2004/05</td>
<td>3,670</td>
<td>16.0</td>
</tr>
<tr>
<td>2003/04</td>
<td>3,165</td>
<td>16.3</td>
</tr>
<tr>
<td>2002/03</td>
<td>2,722</td>
<td>7.5</td>
</tr>
<tr>
<td>2001/02</td>
<td>2,531</td>
<td>25.2</td>
</tr>
<tr>
<td>2000/01</td>
<td>2,022</td>
<td>-10.8</td>
</tr>
</tbody>
</table>


Travelling abroad to study is supported by the Vietnamese government and is popular with students looking to gain access to technologies, knowledge, and skills that may be unavailable in the Vietnam. The long-term support to students travelling abroad is evidence of government expectations and confidence in the value of the international exchange, seeing students as potential gatherers of knowledge in a manner like bees returning to the hive with pollen. Programmes such as the Vietnam International Education Development (formerly 322) programme provide funding of about VND 100 billion per year for about 450 top
students annually to travel overseas (Welch 2010: 204). For this kind of funding, the government expects some return: funding to students to travel abroad can be a major export of capital, hence the government makes efforts to ensure that students who do go abroad return so that their investment brings benefits to the country. Students, however, do not always appreciate this restriction. In December 2009, Vietnamese students objected to a draft decree that limited students who receiving financial assistance to study abroad to working abroad for no more than three years after graduation, and to pay income tax (lookatvietnam, 2009).

3.1.2 Partnerships

Some foreign universities work in cooperative arrangements with Vietnamese universities providing teaching, technical, and human support to educational programmes in the country. This form, also called 'movement of natural persons' by GATS or 'twinning' by some commentators (Welch 2010: 208; Marginson 2009: 8; Knight 2006: 14; Ziguras 2003: 103), is popular among foreign institutions that may not have the funding or capability to open their own branch campus or are testing their programmes in Vietnam before committing to a long-term venture. Working with prestigious foreign universities is encouraged among Vietnamese institutions to improve educational management, teaching, research, encourage investment, and create competitive institutions recognized as regionally and internationally advanced (Vietnam n.d.: 13).

---

11 Welch cites figures from the Annex to Vietnam's 2005 Higher Education Reform Agenda, p. 73. According to VIED factsheet, an estimated 700 graduate students were selected to take part in the 2009-2010 VIED programme (Vietnam International Education Development n.d.).
Vietnam’s commitments to GATS specify “that educational services are bound only for some sectors: technical, natural sciences and technology, business administration and business studies, economics, accounting, international law and language training fields” (Vietnam & EU 2007: 98). Most concentrate on providing one or more degree programmes, either at the graduate or the undergraduate level. Some offer what is known as a sandwich programme (Vietnam n.d.: 15; Huong 2009: 11), whereby a student spends a period abroad studying at the foreign institution in between terms at home in Vietnam. Other partnerships between industry and universities provide funding and learning opportunities to top students. Scholarships of over $50,000 funded by Intel, for example, enable selected students to travel to Australia for advanced technical training (VietnamNews 12 July 2010).

A collaborative venture between the Institute of Social Studies in The Hague, Netherlands and two Vietnamese universities, Hanoi Economics and Ho Chi Minh Economics Universities was initiated in 1994. The two Vietnamese partners shared approximately $US 3 million to operate a two-year programme for 60 graduates. Since then, support from the Dutch partner has ceased, but the programme continues, albeit as a part-time programme taught in English for local or international students (Welch 2010: 208). Another example is an agreement between the Open University of HCMC and the Solvay Business School of the Free University of Brussels to establish a Master programme in General Management aimed at strengthening the link between international and Vietnamese companies. Belgian professors teach the programme and both
MoET and the Free University recognize the graduate degree (Welch 2010: 208). Other partnerships include a programme between Houston Community College and the Saigon Institute of Technology that was originally designed to offer certificates and applied science degrees related to computer science technology to college students attending Saigon Tech. In 2006, it was expanded to include accounting, business management, international business, marketing, and GIS (Houston Community College n.d.). In 2008, the University of Missouri and the Vietnamese Ministry of Agriculture & Rural Development (MARD) signed an MOU to expand academic and research collaboration in the field of agricultural biotechnology. The memorandum provides for faculty and student exchanges between Vietnamese institutions and the University of Missouri, as well as scientific exchanges and workshops on various topics related to biotechnology. MARD agreed to fund Masters and Doctorate students specializing in areas such as plant science, animal science and forestry (United States Embassy 2008).

Establishing relations and working out programmes, however, can be complex and time-consuming. The reputation of the provider is a major marketing tool for educational institutions providing learning programmes because it increases the value of partnerships in which a local institution teams up with a foreign provider to offer courses and qualifications. Foreign institutions, however, keen to preserve their reputations, want to be sure that the Vietnamese institutions with which they partner have adequate facilities and national credibility (McBurnie & Ziguras 2007: 5). McBurnie and Ziguras (2007) suggest
prestige will be a growing factor in institutional behaviour (McBurnie and Ziguras 2007: 3). Vietnamese institutions share the same concerns; as we have seen, higher education attracts many dubious outfits from overseas. Despite considerable potential, however, Overland (2009) states that 80% of signed agreements come to very little: bureaucratic or other snags scuttle most ventures and the financial returns to investment are small (Overland 2009).

In addition to educational institutions, several businesses such as Capstone Vietnam and Runckel & Associates offer student recruitment, networking, training, learning materials, and other services promoting international education and institutional linkages in Vietnam.

Table 9: Advantages and disadvantages of collaborative transnational arrangements between foreign and local partners

<table>
<thead>
<tr>
<th></th>
<th><strong>Local partner</strong></th>
<th><strong>Foreign partner</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td>- can provide programmes it could not on its own</td>
<td>- foot in the door in a foreign market</td>
</tr>
<tr>
<td></td>
<td>- capitalize on demand</td>
<td>- increased revenue stream</td>
</tr>
<tr>
<td></td>
<td>- spread risk</td>
<td>- less financial risk than establishing a branch campus</td>
</tr>
<tr>
<td></td>
<td>- 'halo effect' of an international partner</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- twinning opportunities</td>
<td></td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>- foreign partner can fail</td>
<td>- local partner can fail</td>
</tr>
<tr>
<td></td>
<td>- increased competition with local partners to host students</td>
<td>- increased competition with foreign partners to host students</td>
</tr>
<tr>
<td></td>
<td>- 'halo effect’ can be negative if reputation of foreign partner is poor</td>
<td>- less potential revenue than with a branch campus</td>
</tr>
<tr>
<td></td>
<td>- may be treated as a junior partner</td>
<td>- damage to reputation from inappropriate local partner</td>
</tr>
</tbody>
</table>


The prestige of education and a bias (perhaps fuelled by some laziness among Vietnamese students) mean that students perceive different kinds of
institutions differently. Both for-profit and non-profit foreign education providers are required to be accredited in their home countries. Even so, accredited foreign institutions offering programmes in partnership with well-known Vietnamese institutions are often considered second choices, popular only with students who are not able to enter one of the low-cost public universities where they do not have to work as hard (Overland 2010).

3.1.3 Commercial presence

Setting up a commercial presence in Vietnam is less common. Although the country is an attractive market for transnational education, the investment risks for foreign institutions can be daunting: the financial costs involved are high, expanding into different subjects is limited, and the returns on investment can take decades to realize. In addition, foreign experts and professors are often unwilling to leave advanced facilities in their home country to teach at a branch campus (Altbach 2010: 2). Branch campuses can consider resorting to local expertise, but it can be difficult to find instructors given the low educational standards in Vietnam. It also negates the draw for students who expect a course led by foreign educators who are more qualified than local ones (McBurnie & Ziguras 2007: 66).

Only two foreign universities so far have set up branch campuses in Vietnam: the Royal Melbourne Institute of Technology (RMIT) and Vietnamese-German University (VGU). RMIT evolved from bilateral relations between Australia and Vietnam as early as 1994 and eventually opened in 2001 (Welch 2010: 206). RMIT in Australia is known as a highly internationalized university so
its facility in Vietnam was part of a larger international expansion (Welch 2010: 207). RMIT saw establishing a presence in Vietnam as an opportunity to train not only Vietnamese students, but also students from other countries in the region as well as to provide international opportunities to its Australian students (Welch 2010: 208). In addition to its Vietnam operation, RMIT strengthens its strategic ambitions through partnerships with other higher education institutions in the region such as the Singapore Institute of Management, the Vocational Training Council of Hong Kong, and the Shanghai Institute of Foreign Trade (Australian Universities Quality Agency [AUQA] 2009: 25). In addition, it was an opportunity to use information technology to promote reform in other local institutions whose facilities were poor (Welch 2010: 207).

RMIT operates two campuses in Vietnam, one in Saigon and one in Hanoi. In 2009, 5,102 students were enrolled in Saigon supported by 250 academics staff, while the campus in Hanoi served 902 students supported by 85 staff. About half of the students in Saigon were taking English language courses (AUQA 2009: 22). All academic staff, from Australian and other countries, were required to complete a Graduate Certificate in Teaching and Learning as a condition of their employment (AUQA 2009: 22). The Saigon campus is large and modern whereas the facilities at the Hanoi campus were more restrictive, noisy and less conducive to learning. IT links between the two campuses were restricted and unreliable (AUQA 2009: 23). MoET recognizes RMIT’s programmes in Vietnam: Ministry staff visit its Vietnam campuses annually and
require RMIT to demonstrate how its Vietnamese and Australian programmes are of equitable standards (AUQA 2009: 24).

In 2009, the Australian Universities Quality Agency (AUQA) audited RMIT Vietnam’s internationalization programme. Overall, the audit commented favourably on RMIT’s commitment to internationalization, in particular its Global Passport concept that “promotes staff and student mobility and portability of qualifications” (AUQA 2009: 18). It concluded that overall RMIT’s commitment and progress to internationalization was positive and while its Vietnam campus has yet to reach its full potential as an Asian hub, two-way links between Vietnam and Melbourne and with other Asian partners are strengthening (AUQA 2009: 24).

The risks of investment are not only borne by the foreign institutions though. The Vietnam-Germany University was founded in 2008 and designed to import German study programmes and teaching staff with the aim to eventually become a fully-fledged research institute focusing on engineering and sustainable development (Vietnamese-German University 2011). The Vietnamese government has agreed to fully subsidize the Vietnamese-German University (VGU) initially for ten years, after which it will reduce its support to 40 % and the VGU would have to secure the balance of funding on its own (VietnamNews, 4 June 2010). In 2009, Vietnam proposed requiring a minimum investment of $US 15 million for a foreign institution to set up in Vietnam (VietnamNet 2009). While aiming to set criteria for investment and ensure that institutions honour their commitments, there are few institutions that have either the financial capacity or
willingness to risk an investment in a country where future prospects are so uncertain. Even countries such as Malaysia and Singapore, that at one time had numerous ties to foreign institutions, gradually reduced reliance on foreign education providers as their domestic institutions improved, reducing international partnerships and supporting the efforts of their own domestic institutions to attract foreign students (Garrett 2003: 75).

The experiences of some partnerships and branch campuses underscore the risks involved. In 1996, RMIT established a partnership in Malaysia with a local corporation to offer courses and degrees in technology subjects. When the partner suffered extensive losses during the Asian financial crisis in 1997, RMIT had to write off about $AUS 2.3 million in fees it claimed the Malaysian partner owed it (McBurnie & Ziguras 2007: 40-1). The California-based University of La Verne was forced to close its campus in Athens, Greece, after facing bankruptcy. La Verne agreed in exchange to provide up to 600 students equitable tuition and housing at its home campus (McBurnie & Ziguras 2007: 41). Monash University, the largest university in Australia, invested $AUS 55 million in purchasing land and building the facilities for a campus in South Africa. Originally expected to generate revenue for its home university, all financial risk was borne by the university based on estimated returns, but its business plan did not pan out. Instead of abandoning it, however, Monash decided to convert it to a non-profit development-focused branch campus wholly funded by its parent Australian institution (McBurnie & Ziguras 2007: 42-4). This was only possible though because Monash was large enough and had sufficient funds to carry the cost.
Altbach (2010) writes that there is much that is unclear about branch campuses, which makes him ask why a university would invest in such a market considering the risks. In his view, branch campuses are unsustainable because they are not real campuses, but stripped-down offshoots offering limited programmes. First, there is the difficulty of finding quality committed instructors of same calibre as home who are willing to relocate overseas where research opportunities are less (Altbach 2010: 2). Second, he questions if foreign institutions are able to create a student body of equivalent selectivity and quality as in their home countries (Altbach 2010: 2). The status of an institution is in a significant way a reflection of the dynamism of the students that attend it, whose demands and activism contribute to a strong learning environment. Finally, the limited curricula do not replicate the home institution to same degree. He offers two examples: the University of Liverpool’s China campus has been asked to refocus its programmes in that country to match its status as a research-led university in the UK. Officials in Singapore did not feel John Hopkins’ medical programme in that country was reaching promised goals, so it was cancelled (Altbach 2010: 2). The message is that China and Singapore were not willing to simply be a natural resource for foreign educators to mine in the hope that some knowledge may trickle down. They expected the same quality and diversity as the institutions gave in the home countries, much as we would expect an international hotel chain to possess a certain standard in all its locations. In the case of RMIT, however, the Australian Universities Quality Agency provides an audit by an independent Australian body that aims to ensure that RMIT
maintains an acceptable level of service and quality to transnational education and supports of the expectations of foreign students.

3.2 Higher education policy

A review of Vietnam’s education policy provides some insight into the objectives and expectations of transnational education. When Vietnam joined the World Trade Organization (WTO) in 2007, it made commitments to allow trade in higher educational services, but limited instruction to the fields of technical, natural sciences and technology, business administration and business studies, economics, accounting, international law, and language training (Vietnam & EU 2007). In response to GATS, countries such as Vietnam are employing a variety of means to control foreign educational institutions such as licensing requirements, quality assurance mechanisms or simply prohibition (UNESCAP 2000: 14). For example, the Vietnamese government has committed to allowing students to travel abroad to study, but it does not allow cross-border distance education. The Ministry of Education and Training (MoET) must approve any content used domestically (WTO 2007: 37). Some countries have deliberately avoided making any commitments in GATS: in Malaysia, new private institutions and foreign branch campuses may only be established if invited to do so by the Minister of Education (Ziguras 2003: 103).

Over the past decade, Vietnamese policy documents have described the poor state of higher education in the country and itemize the challenges and tasks required for change. The Education and Training Development Strategy to Year 2010 produced by the Ministry of Education and Training (MoET) set out...
reform goals for all levels of education for the period 2001 to 2010 (Vietnam 2001a). Targeted towards a public audience, it assessed the implications of globalization on the economy, culture, and society and the role of education and training in narrowing the gap between Vietnam as a “backward agricultural country with big land” and “developed countries that have achieved high level of development in science and technology and… are moving forward [sic] a knowledge economy and an information society” (Vietnam 2001a: 3). The focus is on the industrialization of the economy and the modernization of society, but it presented an ambitious post-industrial vision through developing Vietnam’s knowledge economy, echoing the prognostications of Peter Drucker:

“The achievements of scientific and technological revolution have led to a direct consequence of the formation of knowledge economy. Instead of the natural resource- and labor-based production, knowledge economy will mainly rely on people knowledge. Knowledge economy will change the economic and labor structure. Labor in industrial and agricultural production will reduce and that in service and office areas will increase. Knowledge enterprises will be set up with mainly their white-collar workers” (Vietnam 2001a: 8).

At the same time, it established education as a foundation of a socialist society based in Marxist-Leninist and Ho Chi Minh thought: “Education and training plays a leading role in formulating citizens and laborers with their love for the country and the consciousness of the socialism” (Vietnam 2001a: 13). It recommended student and academic exchanges (Vietnam 2001a: 21) and encouraged “international and foreign organizations to establish high quality education and training institutions in Vietnam” (Vietnam 2001a: 22). With limited national capacity, for example, Vietnam’s significant investment in funding
students to travel overseas is evidence of its intent to build local expertise through import of skills and knowledge in students.

Two areas of policy that encourage transnational higher education can be defined: ‘investment policy’ that encourages foreign and domestic investment in transnational education to increase the number and range of institutions, and ‘education policy’ that focuses on ways to resolve problems and improve its own national higher education system.

3.2.1 Investment policy

Vietnam’s Education Law\(^\text{12}\) defines general regulations at all levels of education in the country. According to the Education Law:

“The goals of educational (\textit{sic}) are to educate the Vietnamese into comprehensively developed persons who possess ethics, knowledge, physical health, aesthetic sense and profession, loyal to the ideology of national independence and socialism; to shape and cultivate one’s dignity, civil qualifications and competence, satisfying the demands of the construction and defense (\textit{sic}) of the Fatherland” (Vietnam 2005c: Article 2).

In addition to building moral and political qualities, the Education Law focuses on outlining general requirements for foreign investment, language training, joint ventures, and cooperation agreements. MoET is responsible for approving core programmes and syllabi (Vietnam 2005c: Article 41). People-founded and private institutions are subject to the same rights as public institutions (Vietnam 2005c: Article 65). Foreign degrees are recognized according to MoET regulations (Vietnam 2005c: Article 110).

\(^{12}\) The first Education Law was passed in 1998, but eventually became outdated. Amendments to the Education Law were passed in 2005.
The Vietnamese government has made extensive efforts to encourage foreign education providers through legislation. Decree 06 (2000) encourages foreign direct investment in educational services, specifying legal and tax obligations as well as opportunities for preferential tax rates and exemptions. For example, foreign-invested institutions are subject to a 10% tax rate for the first four years and a 50% tax rate for the second four years (Vietnam 2000: Article 19). To encourage institutions to locate in different areas of the country, special incentives are provided. An investor is exempt from income tax for a period of eight years if it invests in a geographical area recommended for tax exemption status or agrees to transfer all fixed assets to the state after its business is completed (Vietnam 2000: Article 19). Such incentives have been insufficient to encourage transnational institutions to locate in areas other than urban centres where large populations of wealthier students are located, supplying institutions is easier, and foreign staff prefer to live. Not surprisingly, as private Vietnamese institutions themselves are reluctant to do so. Decree 06 also lists general quality assurance requirements for foreign invested institutions of higher education:

a) abide by plans for a network of educational institutions;

b) operate with qualified teachers and lecturers;

c) use adequate technical equipment and facilities appropriate to the level and extent of training to be provided;

d) employ appropriate MOET approved curricula;
e) possess sufficient capital investment and exercise financial capability to operate effectively


According to a 2009 news report, MoET was compiling a draft decree regulating cooperation with foreign partners to encourage investment in education at all levels from pre-school to higher education and vocational training. Higher education institutions would be required to invest $US 7,500 per student with a minimum total investment capital of $US 15 million, not including expenses for land use rights (VietnamNet 2009).

Decree 18 (2001) and Circular 14 (2005) are more specific, covering the provision of higher education by foreign non-profit organizations. Decree 18 also defines operational and legal conditions, authorization procedures and handling of violations. An institution wishing to set up in Vietnam must satisfy several conditions before a permit may be issued: (i) have a legal status in the country, (ii) possess a charter and (iii) offer educational and/or cultural programmes that aim "to promote the development of Vietnam’s culture and/or education" (Vietnam 2001b: Article 5). A different permit and application dossier is required for joint ventures between Vietnamese and foreign entities, and for independent establishments in which all costs are borne by the foreign organization (Vietnam 2001b: Article 6,7).
Circular 14 (2005a) establishes criteria and procedures for foreign investment in the education sector as specified in Decree 06. It governs the scope and types of foreign entities allowed to participate in educational activities, the forms of investment that may take place, such as fully foreign owned, joint ventures or cooperation agreements, and the conditions and procedures for establishing educational institutions. It includes curricula that requires that Vietnamese citizens studying at a foreign owned institution for higher education “must, in addition to completing the particular training programme of such establishment, study and obtain a full diploma in Marxist-Leninist philosophy, Marxist-Leninist political economy, scientific socialism, history of the Communist Party of Vietnam, and ideology of Ho Chi Minh” (Vietnam 2005a: Article 7). It is possible, though, that this policy is changing: Vietnam’s Higher Education Reform Agenda Period 2006-2020 (2006) recommends “fundamental changes” in the teaching of Marxist-Leninist theories and Ho Chi Minh thought (Vietnam n.d.: 14). It does not, however, go into any detail what these changes entail.

As noted earlier, Vietnam’s commitments to GATS only allow foreign education providers to offer training in selected sectors in technical, scientific, business, administrative and language training and education. Like most countries, Vietnam has protected primary and secondary education from foreign involvement. Any sectors that touch on ideological or political topics are off limits. Restrictions on the topics that can be taught by foreign institutions means they are limited in the scope of the curricula they can offer. This may be a bit of a Catch-22 situation, especially for branch campuses, which, as we have seen,
have been criticized for their inability to provide a broad set of programmes that reflect their home institutions.

3.2.2 Education policy

The Education and Training Development Strategy to Year 2010 (2001a) sets out reform targets for all levels of education with a focus on ensuring that education fulfils both industrial and social expectations: “Manpower with good knowledge is the most important resource of the modern industry. Thus, to improve the quality of human resources is the main conditions (sic) for the economic growth and social development” (Vietnam 2001a: 3).

In 2005, Vietnam announced Resolution 14, the Resolution on Comprehensive and Fundamental Reform of Higher Education in Vietnam 2006-2020, an ambitious document that prescribed a series of goals for the higher educational sector as well as the responsibilities and tasks required to achieve those goals. Resolution 14 focuses on modernizing the educational system by improving teaching content and methods and learning conditions, infrastructural improvements, raising enrolment, staffing, funding, and certification. It recognizes “international integration” as a means to build capacity and competitiveness through educational exchanges for students and faculty, attract foreign training programmes, and adopt policies to create favourable incentives and conditions for investment by “prestigious tertiary education institutions” interested in creating a commercial presence in Vietnam or entering into a cooperation agreement with Vietnamese higher education institution (Vietnam 2005b: 7).
The Five-Year Socio-Economic Development Plan (2006a) addresses higher education as part of a ten-year national strategy document for development in areas such as agriculture, markets, health, defence and minorities plus others. The Plan specifies a broad range of reforms and changes in education including expanding international cooperation and improving the education system to a level comparable with others in the region and the world (Vietnam 2006a: 81). It recommends tuition fees to cover teaching and learning costs and some infrastructure investment, but that other fees should be eliminated (Vietnam 2006a: 83). Finally, even though the Higher Education Reform Agenda (2006) warns of the major challenges of national institutions competing against foreign providers (Vietnam n.d.: 7), the Five-Year Socio-Economic Development Plan encourages investment, partnerships, and privatization in higher education, especially vocational training, as well as international cooperation and the establishment of fully foreign-owned high quality training institutions in specific fields (Vietnam 2006a: 83).

The Vietnam Higher Education Reform Agenda for 2006-2020 (n.d.) fleshes out the goals defined in the Five-Year Socioeconomic Development Plan (2006a). It reiterates the achievements and weaknesses of the existing system, but makes clearer links between higher education and socio-economic development, avoiding the laundry list of tasks itemized in the 2001 Education and Training Development Strategy. Specifically, the Higher Education Reform Agenda describes the challenges of globalization:

“…in the context of globalization with the fulfilment of international commitments… and upcoming membership of the World Trade
Organization (WTO), our country’s economy, society and higher education are facing extremely major challenges: potentially widening gaps between our country and other developed ones; likely serious brain drain, possible incapability of higher education system to compete with the penetration and attraction of higher education institutions in other countries; potential violation in learners’ rights; and possible fading of characteristic features in national culture and traditional values of tertiary education.” (Vietnam n.d.: 7)

Vietnam has made numerous policy changes and strategic plans to improve higher education and enhance transnational education, but there is an increasing frustration in the slow-moving bureaucracy of MoET and its partner governmental departments that hinders progress in educational development. Vietnamese education policy clearly recognizes the problems the country faces with higher education and actively encourages transnational higher education as a remedy through investment and educational policies. As noted earlier, the difficulty of pursuing both a socialist agenda of social equity at the same time as abiding by the principles of a market economy is a complex task. Political systems may be partly at fault: “The national tradition of reaching decisions by consensus has further complicated the task of the leadership and often led to rather hazy policy declarations” (Masina 2006: 3). For example, responsibilities towards implementing Resolution 14 (2005) is divided among the Ministry of Education and Training (MOET), the Ministry of Planning and Investment, the Finance Ministry, the Home Affairs Ministry, and the Ministry of Science and Technology. In total, more than two-dozen line-ministries and specialized agencies have some role in administering public education institutions in the country (Kelly 2000). While the World Bank is encouraged by Vietnam’s efforts to
liberalize higher education, it is concerned that progress is slow. For example, regulations and procedures for the entry of foreign and private institutions are lengthy, complex and often contradictory (World Bank 2008b: xxviii). Thus, despite progressive policies, implementation of change appears hindered by structural rigidity within a bureaucracy that remains inflexible as new approaches to higher education are introduced.

In April 2010, the Vietnam Business Forum raised concerns over the inconsistent application of procedures and a lack of coordination between ministries in a memo to MoET on education and training issues. The memo summarized the VBF’s concerns with, inter alia, ineffective quality control of non-public/private universities, time-consuming and burdensome administrative procedures, limited university autonomy, and transferability and recognition of degrees. Specifically they targeted the necessity for new foreign-related educational institutions to acquire an investment certificate from the department of Planning and Investment (DPI) and an operation license from municipal Departments of Education and Training (DOET). “…[o]ften a lack of coordination between these two departments”, notes the memo, “significantly delays the granting of such licenses” (VBF 2010: 2). In addition, the VBF requested MoET establish a pathway for students to move between vocational training and higher education and improve communications to keep institutions informed of new policies.
CHAPTER 4: TRAINING THE DRAGON

4.1 Plotting a path

Throughout Vietnam’s past, its people have valued education for the integrity and power it brings to its possessor. In colonial times, restricting access to education was a means by which dynasties or colonizers could control people. After rebellion and the communist take-over, there was little change; education was a valued for the individual advantages it bestowed, but control over its substance was still a form of power for the elite. Vietnam places great weight in education for its development. Its history and desire for independence has shown that it has exercised strong political control over the path that education at all levels, will take.

Globalization opened up Vietnam to the world. It learned that economic development was needed to become an advanced society, but it also meant educating people in the skills and ideas of the global society. To acquire that learning, Vietnam had to reach out beyond its borders, sending people overseas to learn or bringing foreign educators into the country to teach others. A major challenge in Vietnam’s transformation has been to respond to economic, political and social challenges within the country as they integrate into the world market society. And in to do so, to formulate educational policies and appropriate regulation so that its people receive the skills and knowledge they need.
4.2 Government and society

In The Age of Discontinuity (1969), Peter Drucker foresaw major changes in society. The First World War and the Great Depression were traumatic experiences for the majority of people. Despite the massive social and political upheavals after 1913, industrial technology in 1968 was essential unchanged from before World War I (Drucker 1969: 8). But post-1968, changing patterns of economic behaviour and systems were causing what he termed 'discontinuities', specifically in the areas of:

i) technologies - new technologies and the industries that employ them;

ii) economic policies - a dynamic world economy in which international relations between countries replace the earlier class conflicts within countries;

iii) economic theories - changes in institutions that counter accepted ideas of government and society and threaten the traditional functions of government;

iv) knowledge - knowledge as the new capital and resource to govern and manage a new economy.

Discontinuities, Drucker emphasized in the preface to the 1983 edition of his book, The Age of Discontinuity, were not the dramatic and violent changes of revolution, but rather they “tend to develop gradually and quietly and are rarely perceived until they have resulted in the volcanic eruption or the earthquake”
(Drucker 1992: xii). But, in his view, they would change the rules by which society organized its core institutions.

Drucker points to a recent disillusionment of the people with government. In the 20th century, a period marked by stability and continuity, people believed rational government could fix the complex problems society faced (Drucker 1969: 214-215). It was believed that private enterprise and business were motivated only by self-interest and could be corrected by removing opportunities for self-gain or by nationalization. But in the modern age of discontinuity, in Drucker’s view, government has not performed as desired; it has become too big, it tries to do everything and because of this it has become ungovernable as well as unable to govern. Leaders have become administrators and bureaucrats with few if any policies or leadership qualities (Drucker 1969: 221). A superfluity of government agencies has created a bureaucracy comprised of entities “directed by their own desire for power, their own rationale, their own narrow vision rather than by national policy” (Drucker 1969: 220). A sovereign state that cannot manage its own internal affairs can hardly be expected to function effectively internationally. Riven by discord internally, decisions cannot be made through negotiation, consultation or agreement, and “[w]hile force has, therefore, become infinitely more important in the international system, it has become infinitely less decisive” (Drucker 1969: 224).

Yet even as he critiqued their proliferation and profligacy, Drucker affirmed that “[n]ever has [government] been needed more than in this pluralist society of organizations. Never has it been needed more than in the present world
economy” (Drucker 1969: 225). Government should not expect to do things that can be done more effectively and efficiently through a corporate model. In what Drucker terms “reprivatisation”, the tasks that government took on in the last century, largely as the structure of social life changed, can be done by business or by non-governmental institutions. What government needs to do, in his view, is step back from business in order to govern effectively: because business can make a profit, so it must also run the risk of loss, which the government cannot do (Drucker 1969: 237). But eliminating the profit motive through nationalization has been replaced with efforts to remove government entirely from the economic or social spheres. “The purpose of government is to make fundamental decisions, and to make them effectively. The focus of government is to focus the political energies of society… The purpose of government, in other words, is to govern” (Drucker 1969: 233).

4.3 The challenge of education

Olssen, Codd, & O’Neil (2004) argue that “in order to understand the production of education policy within individual nation states… it is necessary to understand the origins and determining influences of that policy in relation to social, cultural, political and economic forces that transcend the context of its national production” (Olssen, Codd, & O’Neil 2004: 11). Social and political values shape ideas on how education is expected to contribute to society. Macro-economic systems such as neo-liberalism have influenced the development of education in almost all western developed countries. Masina (2006), for example, reflects upon the example of state-led development in East
Asia, noting that Vietnam and the People’s Republic of China have looked to their democratic neighbours for inspiration on how to change. The transformation from a state socialist model to a state capitalist model, however, can be very difficult. “The possibility of successfully picking and choosing elements of ‘state capitalism’ and fitting them within a strategy of ‘market socialism’ is clearly a complex endeavour, which might lead to an erosion of the socialist aspirations” (Masina 2006: 28).

This does not mean that countries are powerless in the face of globalization. Olssen, Codd, & O’Neill (2004) state that developing countries have the capacity, in fact the obligation, to assert their autonomy in global political affairs if they are to thrive and ensure their two main roles: coordinating and providing social services, and funding, providing, and regulating education “which is not effectively protected, or provided for, by the institutions of global capitalism” (Olssen, Codd, & O’Neill 2004: 12,13). Because higher education is an important part of economic development strategies, it is seen as a profitable investment by states and individuals (Verger 2010: 43). International organizations have influenced Vietnamese educational policy and threaten to circumvent national authority over educational issues. As many opponents of free trade have noted, “free trade is not really free trade, but a way of enabling the powerful countries to set the terms of global trade to suit their own agendas and interests” (Verger 2010: xix).

Education can be both a public and a private good. Education not only provides benefits for the individual, but to the larger society (Kohlrausch & Leuze
Despite economic prowess, the mark of a developed market society, as defined by Polanyi, may be its ability to provide quality higher education. Changing and developing its higher education system requires reforming not only its institutions, but its political systems and social goals as well. Perceptions of education as a public good that has a role beyond increasing individual advantage and commercial market share means the state has an important role in fostering development of diverse and quality educational institutions through setting standards and improving oversight. The high standards of teaching and access to new and advanced technology and knowledge is a great attraction to a country such as Vietnam with a problematic higher education system and desperate to educate a workforce.

The social, political, and economic factors inherent in the global exchange in higher education are intricately interconnected and can create a tension that affects how educational policy is formed. Socialist ideology places great emphasis on social equity, which is under increasing tension from the inequality that accompanies economic development. No doubt Vietnam is aware of the massive inequality and crony capitalism that has accompanied China's economic transformation (Harvard 2008: 19). Social and economic freedoms are permitted as long as they do not threaten the political state. In a similar manner, Vietnamese education policy on transnational higher education seems to be seeking to find a way of balancing these forces.
4.4 Moving forward

Vietnam’s commitment to education, despite its flaws, has gained it accolades internationally. Đổi mới helped create a robust and broadening economy that has furnished the means to fund higher education, but this has still not addressed the issues of educational quality, social inequity and bureaucratic inertia. As Jonathan London (2011) observes, it is important to look beyond the praise that Vietnam has received for this commitment (London 2011: 2) He notes three prevailing concerns: (1) even though education is perceived as an opportunity for a better life, high demand and lack of access can introduce social inequalities; (2) despite increasing debate, new educational policies rarely seem to lead to any change; and (3) the quality of education is not keeping pace with expanding provision of education (London 2011: 2-3). The problems with Vietnam’s higher education are not a secret: education policy documents are often introduced with descriptions of the poor state of higher education in the country and news media regularly publish stories on the problems of the system and the frustrations of students. Commitments to reform and detailed discussions on what needs to be done, however, are seemingly endless and do not seem to address basic structural problems. Positive policy measures are passed but educational management in Vietnam has not been able to adapt, instead remaining wedded to a rigid bureaucratic system that promotes corruption, obstructs change and which results in provision of ineffective higher education.
### 4.5 Models for change

The Economist (2005) suggests that the future of higher education has much to learn in terms of organization, funding and curricula from the American system. Government, it says, is both a problem and a vital partner. “The problem for policymakers is how to create a system of higher education that balances the twin demands of excellence and mass access, that makes room for global elite universities while also catering for large numbers of average students, that exploits the opportunities provided by new technology while also recognizing that education requires a human touch” (Economist 2005: 2). Effective universities require sufficient funding. America’s universities are successful for several reasons: diversity of income sources from state, rich benefactors, corporations, students and religious organizations. And they are competitive, competing for students, funding, professors and research. The outcome is a vibrant, flexible scholarly environment attractive to the best academics the world over. At the same time, the article warns that the financial payoffs of research has tended to distract academics from their core purpose of teaching, accentuated by privatization of research by corporate sponsors that try to restrict academic freedom.

Second, research can be an advantage but it is not a necessity for a university. Private institutions do not engage in research largely because they have neither the instructors with skills to partake in it nor the infrastructure to do it. What is important however is to ensure that there is a strong link between research and teaching.
The American system, however, has taken decades to develop. Vietnam seems to be taking a good look at the model and adapting to its own needs. Vietnam’s experiences with transnational higher education have been central to its efforts to create an effective national higher education system. Increased interaction between Vietnamese and international institutions contributes to capacity building and knowledge exchange and strengthens the Vietnamese educational system. Even if foreign providers may appear driven by a profit motive, this does not mean capacity building and knowledge exchange are absent.

4.6 Conclusion

Since the introduction of đổi mới over twenty years ago, Vietnam has been exposed to the potential for new ideas, technologies and processes in education. The country has shown a remarkable ability to innovate and adapt in the face of globalization, but transnational education presents it with some fundamental social and political challenges. Investment in transnational higher education continues to rise and demand has risen from young people keen to improve their livelihoods. But higher education in Vietnam cannot be examined in isolation: it is an integral component of a larger socio-economic system. Entrenched interests, stagnant imaginations and a lack of effective progressive policies hold back its development.

Transnational education offers numerous opportunities to improve Vietnamese higher education. It provides valuable opportunities for young Vietnamese to acquire the skills and knowledge they seek to compete
professionally in Vietnam and internationally. It brings in a model of higher education that is more diverse in funding and decentralized in structure. It taps into the innovation of market practices and provides opportunities for young Vietnamese to acquire exactly the skills they need. Recognizing the need to improve its educational system, Vietnam has taken great steps to encourage investment and cooperation in transnational higher education. But creating a welcoming environment for transnational education providers is difficult where competing economic and social interests collide. No country relies solely on foreign providers for its higher education needs and sending a substantial proportion of its students abroad and outsourcing higher education certainly “is not a strategy for a country approaching 90 million people” (Harvard 2008:53).

Vietnam needs to be vigilant to ensure the benefits of transnational higher education accrue to society. Higher education policy may need to address a combination of market efficiencies and innovation with state responsibility to ensure social equity and distributive justice as well as issues of power in a globalized world. A quality higher educational system will depend on how well Vietnam can undertake fundamental structural changes to enact effective educational policy and enforceable regulation. This is not an easy task. What happens to Vietnam’s education system as it explores new ideas and methods will have broad implications in the future in many areas of Vietnamese social, economic, and political life.
REFERENCE LIST


University students could face more than £10,000 a year in fees. (2010, 2 October). Guardian. Retrieved 14 October 2010 from http://www.guardian.co.uk/education/2010/oct/02/universities-tuition-fees-students-browne


:50004410~piPK:36602~theSitePK:29708,00.html

World Bank (2011c). World Development Indicators. Retrieved from:

World Trade Organization (1994). General Agreement on Trade in Services,
Annex 1B. Geneva: WTO. Retrieved 4 August 2010 from
http://www.wto.org/english/docs_e/legal_e/legal_e.htm#services

http://www.wto.org/english/tratop_e/serv_e/serv_commitments_e.htm

World Trade Organization (2011). The General Agreement on Trade in Services
(GATS): objectives, coverage and discipline. Retrieved 15 May 2011 from
http://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm

Ziguras, C. (2003, December). The Impact of the GATS on Transnational
Tertiary Education: Comparing Experiences of New Zealand, Australia,
Singapore and Malaysia. Australian Educational Researcher, 30(3), 89-
109.

Adaptation of Buddhism in Early Medieval China. Third Edition. Leiden,
Netherlands: Koninklijke Brill NV. Retrieved from
http://books.google.ca/books