



# HIGHER EDUCATION UNDER THE INFLUENCE OF THE MARKET MECHANISM

by Prof. Dr. DU LÔ GIANG

The overall problem of Vietnam's renovation policy is the transition from the centrally planned economy to the socialist-oriented market economy (it will be referred to as "the market mechanism" in this article).

This transition, mainly and above all, occurred in the economic field, but in reality, economic activities didn't exist on their own, but in close relations with other activities. So the economic renovation has had great effects on political, social, government management... fields, even the public administration should also be changed accordingly. Education and training service, or the higher education to be precise, isn't an exception.

The influence of the market mechanism could be seen in two aspects:

- Influence on the output of education service.

- Influence on the process of education.

## 1. Influence on the output

The output of education service is always human beings of high intellect.

tual level who could be experts in a certain field. Therefore, the market mechanism has put forward many problems to the higher education: affirming the system of faculties and disciplines and their targets, affirming list of subjects of each faculty and discipline with a view to supplying students with knowledge which is enough for them to solve problems put forward by reality; and improving practicality of the process of education.

In the past few years, the achievements in solving these problems are desirable, but we have a lot of things to do in the coming years. These achievements have many effects on the higher education. They and would-be-done things are under influence of the market mechanism, and this is the positive influence.

Under this influence, forms of education originated from the subsidized economy in many universities have developed into more diversified

forms. The elimination of the subsidized regime and diversifying forms of education can be considered as decisive factors in breaking restrictions on the size of university. These restrictions have kept Vietnam's percentage of university student in population from catching up with the surrounding countries. If building the multi-sector economy means liberalizing the productive forces, then in education, we can say that diversification of forms of education has done the same thing for the higher education. The higher education supply well-trained personnel not only to governmental bodies or state businesses, but also to other economic sectors. The diversification of forms of education also provided many people with chances of going school. This could be seen as a measure to enlarge the size of the university. This measure has produced many encouraging results in recent years and what remains to be done is to pay full attention to the quality of the education process.

In managing the economic activities, or any other activities in the society, under the market mechanism; because of widening foreign relations and co-operations, of being brought into contact with modern technical facilities; the teachers and the staff of

universities should secure higher academic titles. That is why many universities paid full attention to post-graduate studies now. This level of education has been formed in most Vietnamese universities and tended to develop fast.

What we mentioned above are positive effects of the market mechanism on the higher education. These effects are appropriate to what were stated in the Central Decision No4... (we should) enlarge the size of the universities and push forward with post-graduate education.

But the market mechanism have also negative effects.

In enlarging the size of universities, we should try to put the size in correct relation with educational facilities and quality (besides existing facilities, we can get some more from foreign sources). At present, the size of many universities has surpassed their facilities and they are becoming quantitatively and qualitatively understaffed.

This situation originated from the demand of the society and localities, and from the profit motive also. According to current regulations, students should pay school fees. The income is in direct ratio to the number of student. When this number becomes too big, there should be problems with educational quality. How can a school produce good students when its teaching staff come from other universities and its administrative body is badly understaffed? The public opinion on this problem has been heard. This situation led to many unhealthy phenomena: debates of teachers' fee, of rent for lecture room or classroom....

As for post-graduate education, it's only in the early stage of development, but the problem of its quality has been put forward by the public. Post-graduate study is a real demand of both public officials and enterprise managers. The higher education should satisfy this demand, but we should produce persons of academic titles in reality, not in name only. This level of education will develop, and its quality should be considered as a serious problem right now, its process of education should be strict and exactly defined.

## 2. Influence on the process of education

In the economic field, the market mechanism requires that a system of incentives and benefits should be formed. This system will direct all activities of the people who are under its influence toward the planned targets. It will take place of slogans and calls for self-discipline.

In educational field, inherent features of the market mechanism could

be used for realizing the education targets. In the process of renovation, the higher education and each university as well have carried out many schemes in this direction. In a limited article, we can only mention some of them:

a. Dividing the process of education into two phases: the transition into the second phase and selecting branches of discipline in this phase depend on students' work and conduct in the first phase. The result of students' work in the previous year will determine whether they should pay the school fee or whether they obtain scholarship. This mechanism forced them to work hard instead of managing to get a moderate result only as they did before.

b. Besides reforming the list of subjects of each discipline with a view to satisfying requirements of the market mechanism, students are required to work independently, to explore the gaps in their knowledge and try to fill them. In doing this, they are prepared to find suitable jobs for them after graduation.

c. Affirming levels of academic titles and paying salary according to these levels, and fixing standard of each title could be seen as positive effects of the market mechanism on the teaching staff. They have to try their best to improve their professional knowledge.

d. If the university's statutes allow students the right to choose their teachers and require the teaching staff to get post-graduate degrees, the teachers should improve their professional and pedagogical knowledge in order to keep them away from being eliminated through selection of the process of standardizing the teaching staff.

Generally, the inherent features of the market mechanism could be used for forming the university's statute, but this doesn't mean that we will stress too much on an incentive scheme.

We should aim at improving the quality of educational process, imposing a strict discipline on this process and paying enough attention to inspection and management. In using inherent features of the market mechanism, we should remember that we are working in the education service, and not everything in this service could be commercialized. Responsibility and professional conscience should be stressed on. We exploit the positive effects of the market mechanism and we don't forget to limit the negative effects, because we are building the socialist-oriented market economy under the management of the government.

**O**ne of the most important events in 1994 was Cairo International Conference on Population and Development. The planners from all over the world have used this occasion, once a decade, to review international progress in population and development. Unfortunately, a great part of their working time was devoted to discussing family planning and abortion instead of the life and human bondage at present. In my opinion, they have paid too little attention to the ultimate questions of the development: How, for whom and at what price?

## I. HUMAN RESOURCES FOR THE 21st CENTURY

I don't want to discuss the population problem here, but I would like to quote an opinion from *Le Monde Diplomatique* (August, 1994): "In the past two decades, the world population has increased from 3.7 billion (1970) to 5.3 billion (1990). Regrettably, 94 per cent of this increase concentrated in developing countries". Maybe we have known the answer to population problem already, but the question is whether we have got enough conditions and facilities necessary for controlling the increasing population or not. I only want to refer to one aspect stressed on by Michel Loriaux in his *Integration, Population et Development*: "The population of developing countries should, step by step, take control of their collective destiny, because there is only a slim chance of developing for a long time depending on foreign factors". The problem is how to create conditions necessary for the control of their collective destiny.

In other words, in our transition to the market economy, the socialist orientation is indispensable. But in daily life, many people didn't remember what the socialist orientation is, especially when they saw the decadence of the "Providence-State" (welfare states) in many Western countries as a reason for enforcing the struggle against the subsidizing regime in health care and education services (see "Canada ký sự" written by Trần Bạch Đằng on *Thanh Niên*, December, 1994). Naturally, the economic development has produced a class of high income who wanted a better health care and education. So the formation of private schools, private clinics or charging school fees, hospital fees are reasonable things to do, but we needn't go to the extreme. Health care and education for the masses, of course they depend on the economic development, are the essence of the socialist orientation and precondition for further development, because the economy can't develop if the masses,