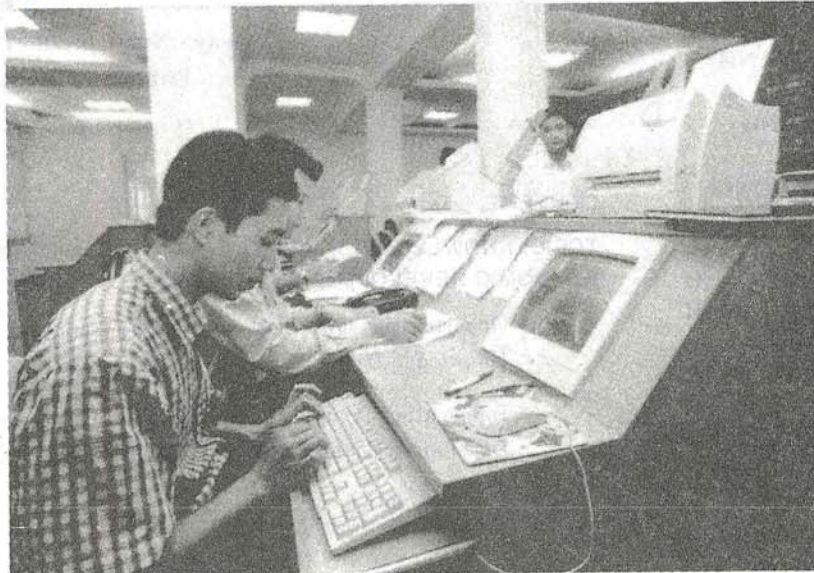


OPPORTUNITIES AND CHALLENGES FOR VIETNAM IN FACING THE KNOWLEDGE-BASED ECONOMY

by TƯỜNG LAI



The globalization is becoming something like a natural force that includes many unexpected and complex developments, and Vietnam can't escape the flow of developments. That is why we should make use of the globalization (taking all opportunities and avoiding all dangers) in order to integrate into the world economy successfully. This active attitude is needed when facing the globalization and the knowledge-based economy as well.

The knowledge-based economy plays an increasingly important role in the world economic development and becomes a great challenge, and a great opportunity as well, to Vietnam. We should develop the knowledge economy of our own based on Vietnam's conditions and characteristics; according to strategies suitable to existing level of development. How we enter this economy is what we must consider and work out and the fact is that we must enter it.

As we know, the knowledge-based economy doesn't originate from the need of agricultural countries on their way to industrialization and modernization like Vietnam, but the tendency to develop from the industrial to the knowledge-based economy has drawn all nations, including Vietnam. Just be-

cause the lack of conditions, or abilities, to take part actively in this trend, we can meet with risks and losses because this trend implies all techno-scientific achievements that we can absorb to accelerate the economic development and get away from the very low starting point where we are now.

We mustn't forget the fact that 92.7% of laborers (most of them are women) in the agricultural sector aren't trained and they have from five to six months of idle time a year, that is, they suffer seasonal unemployment. The population density in Vietnam is 231 person per square kilometer, five or six times higher than the standard density (from 35 to 40 person per sq.km), and twice the Chinese population density, the world's most populous country.

As for personal income, Vietnam per capita GDP equals a tenth of Thailand's. According to the World Bank 1999 report, Vietnam, in 1997, ranked 186th among 200 countries in terms of GDP calculated conventionally and ranked 167 if the PPP is taken into account. According to the General Department of Statistics, the agricultural sector accounted for 41% of the GDP and employed 74% of the working population in 1986; those figures in 1998 were 25% and

70% respectively. These data show that the agriculture still plays an important role in the economy and the structure of industry changed too slowly over a decade. By comparing with other countries in their industrialization periods, we could see how slow the change in Vietnam's structure of industry is. In South Korea from the early 1960s to the mid 1980s, the importance of the agriculture reduced from 40% of the GDP to some 10%, and from 50% of employment to nearly 20%; those figures in 1998 were 4.8% and 9% respectively. Thus, South Korea has developed into an industrialized country within three decades.

The same thing could be found in some Southeast Asian countries: the importance of agriculture to the GDP reduced from 26.8% in 1976 to 12.1% in 1997 in Malaysia, from 29.7% to 16% in Indonesia, from 29.3% to 18.7% in the Philippines in the same period while it only fell from 48.6% to 26.2% in Vietnam.

In a 13-year period, from 1986 (when the economic reform was introduced) to 1998, the importance of agriculture to the GDP fell from 41% to 25% and agricultural labor force from 74% to 70%. Although increases in the agricultural output turned Vietnam, from an importer of rice,

into the world's second biggest exporter of rice, changes in this sector weren't great enough to make Vietnam an industrialized country. According to the WB, Indonesia doubled its per capita GDP every two or three years and South Korea did it within 28 months, while it took Vietnam 16 years to double its per capita GDP (its per capita GDP rose only by 155% from 1986 to 1999).

These data mean that Vietnam has to try its best to develop if it don't want to fall farther behind other countries or sink by the globalization. The only way to develop now is to apply technological advances to production thereby changing the structure of industry, improving the labor productivity and competitiveness and integrating fuller into the world economy. This is also the process of approaching the knowledge economy. To do so, we must have the courage to realize and deal with our weaknesses and shortcomings, and at the same time, review old knowledge and methods to order to shape new ones more appropriate to new situations. That is why creativity and flexibility become the most valuable qualities of human beings in the knowledge civilization in which the greatest changes, as Peter Drucker wrote in his *Post-Capitalist Society* (1993), are ones in knowledge, its meaning and responsibility and in features of educated men.

Peter Drucker also said that the information revolution isn't only a revolution in technology, engineering, techniques, software or speed but first of all it is a revolution in concepts. Speaking of the integration into the global knowledge economy, I think we should update the way of

thinking, absorb new concepts of business and social management and reorganize operation of persons who are running the socioeconomic machinery. To absorb new concepts, it's necessary to realize and overcome inherent shortcomings of "small-scale farmers", products of a traditional and backward economy which are obstacles to the progress.

The Vietnamese people, in the past, have never yielded to any challenge and danger because they want to survive, develop and live independently. At present, they have to turn their ability to struggle against invaders to the ability to absorb technological and scientific knowledge in order to develop the economy and integrate into the world. This challenge forces us to look back on our weaknesses, instead of our past achievements.

The Vietnamese people are industrious but they lack innovative ideas and love of perfection; they are adaptive but less creative and less flexible; prefer sentiment to reasoning and sufferance to struggle. That is why they tend to observe customs instead of laws. They also love ethics but don't praise talents. They don't like commerce and traders although they know commerce is the best way to make money.

They love learning but not knowledge because, as a tradition, they make studies in order to become mandarins and come to fame instead of learning how to do things. Learners usually aim at becoming officials or civil servants and getting academic degrees thereby gaining promotion. They don't want to become workers. That is why Vietnamese learners tend to learn everything by

heart instead of cultivating the creativity. In their life and business, they prefer safety to venture and pay more attention to vanities than to real values. Those who take exam after exam until their old ages are highly praised although they always fail.

These inherent weaknesses exist until now and become great obstacles to social progress. One of their signs is the bad habit of managing to get academic degrees (many cases of buying degrees or using false ones have been carried in newspapers) because these degrees ensure promotion. As a result, there are too many persons with high academic degrees and there is a great shortage of well-trained and skilled managers and high-ranking officials. The surplus of graduates and shortage of well-trained workers is also a result of this habit. "In recent years, the number of students in vocational schools reduced by 80% in comparison with the first years after the South was liberated." (*Lao Động*, June 26, 2000)

Hoàng Tụy, one of the leading maths teachers, speaking of weaknesses of the Vietnamese people, said that what they lacked was "entrepreneurial spirit and skills which allow them to take a long view, comprehend new ideas, cope quickly and successfully with changes and difficulties, insist on their chosen careers, keep on learning and researching into the core of all problems and develop habit of thinking and analyzing. Perhaps they have lived for a very long time in poverty and become accustomed to their fates, content with small changes and superficial thoughts and plans.



Being no extremists, they hardly meet with conflicts or breakaway from traditions and easily become conservatives who are reluctant to take risk to find new ways of doing things and therefore they make the economy stagnant. The lack of habit of doing calculations and realistic view and the desire for fame and appearance make them unable to cooperate with others in pursuing deserving goals or plans and forming groups of experts. They are usually individuals good at certain field and can't become a good team. In communities of Vietnamese expatriates, there is almost no extremely rich man or excellent scientist. They are usually content with some promotion or success and unable to have and achieve ambitions. All of these weaknesses will become obstacles to progress." ("Khi người Việt Nam đi vào thời đại văn minh trí tuệ" [When Vietnamese face the intellectual civilization], *Tuổi Trẻ*, June 24, 2000).

To point out these weaknesses produces no effects on the national pride, on the contrary, it forces Vietnamese citizens to get accustomed to self-criticism in order to cope with new challenges. We can't enter the knowledge-based economy without overcoming our weaknesses. Perhaps the failure to overcome our weaknesses makes our economy fall prey to the great shortage of information and knowledge and fail to catch up with neighboring countries.

A report by the Commission of Technologies and Sciences for Development in 1998 warned us that all developing countries, at any starting point, had to develop their national information network to help achieve development targets and move to a new "knowledge society"; the price of the building of such a network was certainly high but the lack of it cost much more. That is why Vietnam, in working out its development strategy, has no alternative but to rely on information and knowledge and to find a short cut to develop high technologies (such as information and telecommunications, biotechnology, super - materials, nanotechnology, etc.). We mustn't cause these industries to develop separately and excessively, because they can gain high efficiency and big profits, they should be turned into dynamic of development for other industries and the whole economy as well, and finally affect favorably the social progress.

A great problem is raised now: rural areas where 80% of the population live and agricultural production are still very important to the GDP and full employment, and we are fac-

ing a lot of difficulties in industrializing and modernizing the agriculture and rural areas. May the concern about the knowledge-based economy seems unrealistic and far away? I don't think so if we know how to conceive the problem and accept new and bold ways of thinking.

Speaking of the knowledge-based economy, we don't mean abolishing the traditional economy. If fuller attention is paid to application of technology to the agricultural production with a view to making more and more processed farm products of high quality, we can modernize the agriculture and introduce the knowledge-based economy to rural areas in a manner suitable to Vietnamese conditions. The information technology is now applied widely to all fields and of great service to both business circle and administrative machinery. It is used for helping men in their activities, especially in looking for and discovering knowledge and information needed for decision making process. The supply of information allows individuals and organizations to respond and deal successfully with changes in their environments. This fact is of great meaning to the agricultural economy in Vietnam.

If we agree that an overall solution to the knowledge-based economic strategy is to reform the state management, allow everybody to develop their abilities and enjoy equal opportunities, enhance the public intellectual level and develop human resources, then to help the rural population get access to technological advances, from the basic to the latest ones, is the most humanitarian approach. It's worth reporting that the recent introduction of Internet services to a poor village in an African country has helped local residents market their goods to the foreign countries and thereby improving their living conditions. Of course, it is only a particular case in a particular locality but it is food for thought.

Vietnamese rural areas, in comparison with other developing countries of the same development level, enjoy many advantages:

- High literacy: most rural residents, except for some villages in mountainous districts, have finished the primary education.

- New labor force: many persons with good knowledge and experience (retired officials, ex-soldiers, graduates, etc.) returned to rural areas and developed large farms, thereby introducing new techniques and ways of doing farming.

- Telecommunications: national networks of telecommunications and television now reach many remote villages (the use of computers and Internet services, however, isn't widespread).

- Better public awareness: rural residents started to feel the need for knowledge and information (about foreign markets, new techniques and managerial skills, prices of farm products, etc.)

- Struggle for the new: in spite of low living standards, rural residents are trying their best to change their fate, that is, to accelerate the economic reform, an irreversible trend that is spreading fast.

These advantages should be tapped and developed with a view to creating new preconditions for further developments, introducing the information technology and telecommunications to rural areas and residents who have suffered a lot in the wartime. Thus, the concern about the knowledge-based economy, or more exactly, the concern about ways to introducing new technologies to the agricultural production is not an unrealistic thought.

This approach reflects the creativity in integrating into the world economy, making the most of the globalization and developing the knowledge-based economic with a view to bridging the widening gap between Vietnam and neighboring countries. This approach also reflects the strategy to link the economic development with social equality.

To achieve this aim, we should depend on the most important and decisive factor: human resource, or more exactly, the army of educated persons who are able to adapt themselves and respond to the information society and knowledge-based economy which is just around the corner now. A modern and progressive education system and an open society that provide everybody with access to the world of information and knowledge are what Vietnam is badly in need of. They are also the best way to develop the human resource for the knowledge-based economy which we have to be determined to take part in.

It's easier said than done. And as ex-PM Phạm Văn Đồng put it, "we are going on a road without a map," that is why all possible strength and resources should be tapped and developed as soon as possible.

"There is no roads on earth and they come into being because too many people walk along," the remark made by Lu Xun is worth thinking about seriously now. ■