

Vietnam Today
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Thank you for the invitation to join this evening's panel. I first visited Vietnam in 1995 and have been active in and for Vietnam since. I led the start-up work – planning, licensing, financing and establishment – for RMIT University Vietnam, now the world's largest international branch campus. That led me to involvement in urban development, road safety, hospital planning, electronic libraries, international schooling and vocational education.

I would like to reflect on Vietnam's international engagement through that experience. The simplest way might be to address a number of common impressions that people hold about Vietnam: that Vietnam is still a developing country; that it has an ineffective education system; that it is ruled by a centralised and bureaucratic Communist Party; that it has forgiven and moved past the trauma of the American War; that there is no civil society to speak of and its rise is suppressed; that its government moves too slowly for modern economic development; and that its emerging middle class is apolitical and acquisitive. Like most myths, there's an element of truth to these, but today's Vietnam is quite different, more complex and interesting.

First, Vietnam is no longer a developing country. The World Bank classifies it as a lower middle income country. Those of you who visit Vietnam will be struck by how fast the country is developing. Its economic growth has been remarkable, with GDP per capita growing consistently over 6 percent per annum since 2000, one of the fastest in the world, eliminating much but not all of the extreme poverty that characterised it earlier. And as any visitor can see, there's a lot more wealth than the figures indicate as income is under-declared due to the prevalence of the 'grey' economy and distrust of banks. Instead, insurance companies do a roaring trade, not tempting fate with 'life policies' but taking out education savings schemes that are life policies under a different name.

Undeclared income and wealth was a factor for RMIT around 2000, seeking to show to its prospective lenders that there really was demand for higher education at the fee levels we proposed. During due diligence the Asian Development Bank investment officer stopped the car and went into a motorcycle salesroom to ask how people typically buy a Honda Dream. The streets were swarming with them. The answer was half the cash down and one year to pay the rest. How much more people wanted – and still want – international standard higher education. Our case for confidence in an unproven market was strengthened.

Yes, Vietnam's higher education system still has a long way to go. But don't underestimate it. The thirst for good education is unquenchable, the highest level of desire of any country I have visited. Families pool savings for the best

education they can afford, above other sectors. This helps explain the government's courage in opening its doors in 2001 to a 100 percent foreign owned provider like RMIT. Then, more than a million students would take the national entrance exams, some several times over, for only 120,000 university places. This was a potential time bomb for social unrest, and Vietnam was willing to try a pilot project with RMIT.

The government has since made a huge effort to expand domestic places and invest in international universities affiliated with Britain, Germany, France, USA and other countries. But now the problem is a mismatch between extreme shortages in high level skills and large numbers of unemployed graduates not fit for the workplace. Continuing 'Confucian' reverence for higher learning is a factor (you must visit the Temple of Literature, claimed as Vietnam's first university, from 1076). Social prejudice against vocational education also contributes to this mismatch, and companies like Samsung, which makes 70 percent worldwide of its smartphones in Vietnam, have to invest massively in in-service training and capacity-building in local universities. But development is now meeting much of families' aspirations otherwise, as Vietnam goes through the 'demographic transition' to middle income and lower fertility, with rising wages for a workforce about to reduce in numbers.

Some may see fluctuations in Vietnam's foreign direct investment as a sign of inept government: visions of an uneasy mix of command economy and the market. But in practice, Vietnam has been smart, developing world scale

exports in coffee, rice, seafood and electronics and attracting inbound investment in new, higher value-adding industries like electronics and pharmaceuticals.

Its Ministry of Planning and Investment is professional and sophisticated. They were RMIT's ally in gaining a 100 percent foreign owned licence and persuading the Ministry of Education and Training to give us full autonomy in curriculum, fee-setting, student numbers and a number of financial matters. The government was very keen indeed to build capacity, for reasons mentioned above, and cleverly issued a 'licence in principle' to RMIT while it was still only thinking of an investment.

In those days there was no regulatory regime for foreign education, so we quietly helped the government write a decree. Interestingly, we started with a draft for non-profit education and scientific research investment, but the government preferred the clarity of issuing a licence for a for-profit entity, in part because of concerns about the multiple objectives of foreign NGOs. It's a different story now, with hundreds of international twinning programs in higher education and foreign campuses operating or in the pipeline.

Regulations have since tightened up, following some unsavoury experiences with corrupt 'degree mills', and as Vietnam works with other ASEAN countries on a somewhat more protectionist basis.

Vietnam has also been smart in leveraging economic development off international trade and investment treaties – early WTO accession, the US

Bilateral Trade Agreement, APEC, now the TPP, and soon labour market integration in the ASEAN Economic Community.

The bilateral relationship with Australia is particularly strong: government, business and people-to-people. Australians love visiting Vietnam – tourists, family reunions, business, increasingly study abroad. Australia has long been the top destination for Vietnamese students studying overseas too. This, the pro-active courting of the government of Vietnam, and the encouragement of a major donor were the main reasons for RMIT to invest in Vietnam. In 2001 this was Vietnam's largest FDI commitment for any sector.

Yes, there is a plethora of degrees, regulations and government 'opinions'. But senior officials can be flexible and efficient too. It took a year for the Victorian government to approve RMIT's acceptance of a USD15m gift (as it was leveraged with loans from the IFC and ADB, and Victoria was a party to the Commonwealth-State Loan Agreement). But it took only two weeks for the HCMC People's Committee to commit to RMIT's preferred campus site. And yes, corruption is regrettably still present. But adherence to strict probity is respected and no disadvantage, though one has to be careful when in the courts as the legal system mandates judges to be hands-on in negotiating civil settlements.

There's also an impression that standards and compliance in Vietnam are not up to international expectations. However, my experience is positive. In one case, Vietnam's regulation of complementary medicines is quite strong: their problem has been with non-compliant imports from China. In a second case,

I was director of a company promoting road safety in part through the manufacture of 'tropical' crash helmets at international standards. Once the government finally got serious about enforcement and safety education, visitors to Vietnam saw a dramatic rise in compliance, though the sale of sub-standard helmets is still a problem. A third case was inspiring. To pave the way for a philanthropically-funded set of learning resource centres at regional universities, we got together with the national library, national standards organisation and foreign bodies like the US Library of Congress and Dewey. In only six months, Vietnam moved to adopt common standards for national library catalogue classification, Vietnamese font recognition, information resource connectivity, consortial electronic library acquisitions and a locally-developed library management system.

A word on transparency. Yes, Vietnam is ranked low by the WEF for transparency of government decision-making. But my experience has been good – usually you can tell who is making a decision, what stage it is at, and who is for and against. That same ranking report puts Vietnam's public trust in politicians much higher than comparable countries. There is pluralism of a sort in Vietnam – some might call it factionalism, with occasional conflicts between branches of government – and there is significant devolution to regions, with competing power bases. To me it is more possible to see what's going on when in Vietnam than when in China, and any thought that Vietnam is like a 'smaller China' in this respect doesn't hold up.

What of civil society? We hear of suppression of civil rights and claims that civil society as we know it is very weak. Yes, there are too many restrictions, but there are frequent protests too, often over land appropriation. Because of the undocumented informal use of land almost any new urban development involves involuntary resettlement; my direct experience shows a well-articulated set of rules and standards for compensation and resettlement, often with farmers able to afford a once-in-a-lifetime new house by 'shandyng up' resettlement compensation with family savings. Social organisations are active in education, too. Some friends and I set up scholarship scheme for Vietnamese-Australians (AVEPA, the Australia-Vietnam Education Foundation). We spawned the formation of a mirror foundation in Vietnam to benefit disadvantaged university entrants. That foundation has raised ten times the funds in Vietnam compared to Australia, mostly from successful business people wishing to contribute to the social good. That is not part of the common stereotype of Vietnam.

Finally, a comment on the war – what is known as the American war. Visitors to Vietnam are sometimes impressed and moved by the willingness of Vietnam to 'forgive' former belligerents, including particularly Australia, on the basis of pride in having defeated four major powers in a row – the Japanese, the French, the Americans and the Chinese. But spend a little more time in Vietnam and you can see the marks of trauma still – the effects of Agent Orange, sensitivity to US MIA investigations and veterans NGOs, and above all the memories of those lost. I recall while helping develop an

Australian-linked vocational college in Baria-Vungtao province the sensitivities of local Vietnam veterans near Long Tan were obvious.

We have looked at a number of myths about Vietnam: that it is still a developing country; that it has an ineffective education system; that it is ruled by a centralised and bureaucratic Communist Party; that there is no transparency or civil society; that its government moves too slowly for modern economic development; and that its emerging middle class is apolitical and acquisitive. I hope you will agree the reality is more nuanced. For those who have been, I recommend keep going back. Vietnam is changing so fast. And for those who have not been, the forthcoming AIIA tour of Vietnam will give you an excellent insider's opportunity to see for yourself.

Thank you.