

## Chapter 5

# How Neoliberal Globalization Directs Higher Education

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### ABSTRACT

*On the basis of the seminal paper presented at the International Conference on Taiwanese-Vietnamese Education in 2013, the authors further present how neoliberal globalization directs higher education. The purpose of the authors in this chapter is to critically analyze the complex interplay between neoliberal globalization and the employment prospects of graduates from universities and colleges. Revisiting the concept of relative advantage for division of labor, they delineated the neoliberal theory of globalization. Within this framework, they employed the Heckscher-Ohlin model and Stolper-Samuelson theorem to argue that if countries follow the relative advantage doctrine, the value of higher education will decrease in a developing country such as Vietnam. Neoliberal globalization therefore presents significant implications to the accumulation of human capital. If taking these implications seriously, individuals, higher education institutions, and policymakers can figure out better schemes to invest in higher education.*

### INTRODUCTION

The globalization process has different implications to the knowledge-based society. On the one hand, the knowledge-based society is situated in the post-modern era. In this situation, human knowledge changes from certainty to uncertainty. The post-modern era then draws attention to lifelong learning, which is conducted formally, non-formally, and informally, to address the challenges of such uncertainty. On the other hand, although globalization is taking place in various domains, economic globalization is the most observed (Bottery, 2006). In this domain, globalization forces enterprises whether they be domestic or multinational to compete for the benefits from the global market. This one together with the

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post-modern uncertainty has led to a reality where competitiveness, employability, and adaptation are priorities to students, education providers, and employers. They reduce education to the only function of serving the labor market (Nuissl, 2006). However, when the education of a population exceeds its economically optimal level, a number of the educated cannot find a job, and the service of education is at stake. This is a complex connection between unemployment and the accumulation of human capital.

A common assumption has long existed that the more education one obtains, the higher income he/she earns. By this, it is presupposed that once acquiring a BA degree, for example, graduates can find jobs. However, the presupposition is being challenged given the unemployment problem of high skilled workers in so many countries; Vietnam is not an exception. A report by the General Statistical Office (2019) showed that in the middle of 2018, there were 1,100,000 unemployed people in Vietnam, and nearly 12% (i.e., 128,100) of these had at least a B.A. degree. According to experts, the main reasons for recent unemployment among these high skilled workers are the large-scale reduction in production or bankruptcy of SMEs (small and medium enterprises) every year; graduates lack important general skills; education curricula are outdated, among other things. In this chapter, we analyze while arguing for the connection between this market outcome (i.e., unemployment among high skilled workers) and the neoliberal encouragement of international division of labor based on the relative advantage. According to Nicase (2005), the division as such is the ground on which the neoliberal theory of globalization is established. Albeit being the crux of the matter that helps to understand better the nexus between higher education and economics in a global context, it has been studied by few researchers. To fill this gap, in the next section, we will revisit the concept of relative advantage for division of labor to boost economic growth. Then, we will evaluate the importance of human capital in neoliberal globalization. On the basis of this, we will discuss how higher education stakeholders in a developing country such as Vietnam can improve employment prospects for graduates. Given these contents and structure, this chapter is both analytical and argumentative.

## **RELATIVE ADVANTAGE FOR LABOR DIVISION**

Calculated by opportunity costs, the principle of relative advantage (or comparative advantage) is used for dividing labor not only between individuals but also between economies. One of common understandings in economics is therefore that when two individuals or nations have different opportunity costs in performing a particular task, they can improve the total values of the produced goods and services by specialization and trade in those goods and services. Let us take the case of France, the United Kingdom, South Korea, and Vietnam as an example (Table 1). An assumption herein is that the goods are similar in value, and their values do not change over time. (Reality is different, however.) Given this assumption, if each of the economies choose to produce a particular good to their relative advantage, the total output they produce within 60 minutes comes to 16 (six airplanes, four cars, four laptops, and two shirts). Otherwise, they can only produce a maximum number of 14 products within the time allotted.

Historically, the concept of relative advantage used to be suggested for households by the classical economist Adam Smith. It was later expanded by David Ricardo (Schneider, 2007) for economies in their specialization and international trade. For individuals, the relative advantage reflects their productivity. To researchers who are influenced by the human capital theory, productivity is determined by many factors, one of which is education. Regarding this economics of education domain, education effects on productivity take place in a mechanism that education enhances skills; skills enhance productivity; pro-

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