

1 EDUCATION AND INTERNATIONAL COMPETENCE

by

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It is a great pleasure and honor for me to be invited to deliver a key-note address at this AMERICAN FORUM ON EDUCATION AND INTERNATIONAL COMPETENCE. I feel doubly honored because it was in 1984 that I had the first opportunity to speak under the aegis of THE AMERICAN FORUM.

Let me begin with an anecdote.

About 15 years ago a major research proposal was presented to the Board of a large US Foundation. The proposal pointed to the apparent decline of productivity growth in the US, and suggested a study that would not only look at the economic factors involved, but also at the social and cultural ones that might have played a role in creating this phenomenon.

Unfortunately the proposal was turned down. The coup de grace was given by a very prominent businessleader on the Board, who exclaimed: "The only thing that is wrong with American productivity is the Government. Get the Government off our backs and American business will take care of its productivity."

History has since moved way past this kind of simplistic complacency.

The US, and in a sense the whole world, is confronted with the implications of the US's loss of its paramount competitive position.

We now realize how many are the factors that have changed the distribution of economic and political power in the world in the last one and a half decade, and how complex have been their interaction. However, to put the problem in a somewhat larger perspective, it may be useful to describe some of the major global trends that have affected this process and that have now become more visible.

There has been the post- worldwar II emergence of a large number of new states from their colonial status, bringing with them their own expectations, worldviews and resentments with great impact on the nature and issues of the international discourse and on the workings of the United Nations Organisation. There has been the rise of, and competition from, new major economic powers, Japan and The Federal Republic of Germany, as well as from a second wave of economic newcomers: the NIC's in East Asia and Latin America, thereby changing the international, but also the national, division of labor. If present trends continue, this may well move the center of economic gravity in the world to the Pacific region.

The excessive cost of the armsrace and of maintaining worldwide military

and political commitments, and the fact that many of today's political conflicts in various parts of the world have proven to be not amenable to military solutions, are beginning to force both superpowers to review their security concepts and strategies worldwide in order to bring them in line with their economic capacities, and to address the economic and social problems besetting the domestic base of their military and economic strength. As far as the Western industrial countries are concerned, they will have to try to overcome the serious economic and financial imbalances between them through a much more intrusive monetary and fiscal policy coordination. All this is also bound to have a profound impact on the alignments of major economic powercenters and more generally on the distribution of power in the world. It is for instance likely to lead to the rise of regional powers and conflicts, with the risk of adding to the about 150 wars, that have taken place or are still taking place since the end of World War II, primarily but not exclusively, in the developing countries.

Very swift advances in science and technology, spread quite unevenly across the globe, have driven the very rapid and profound changes the world over and have fundamentally altered the globe's political and economic landscape and our perceptions of them. These advances have led to what is often called the Third Industrial Revolution, based primarily on advances in micro-electronics, biotechnology and materialstechnology. (As you know the first industrial revolution was based on steam and steel. The second on electricity and chemistry.) These advances have led to new products, new materials, replacing many commodities on the worldmarket, new design and production methods thereby greatly enhancing productivity of those countries that had the capability to use these new technologies. Improved communicationstechnology too has contributed to this increase in productivity. It has consequently widened the gulf between North and South, and the rich and the poor within the South. In addition the poverty gap has now also become the knowledge gap.

It would be a mistake, however, to describe our global condition only in terms of the shifts in the power relations between countries. For powerful transnational processes, often, but not in all cases driven by major advances in communicationstechnologies, are taking place about which national governments have only limited control and which profoundly affect the context within which national governments have to operate.

Here are some of these processes.

In the economic field, there are the adjustments that have taken place -

and will continue to take place - to the globalisation of the worldeconomy. They cover the internationalisation of financial markets and trade, capital movements, no longer related to trade, but driven by global institutional investors and the consequent development of new and global financial powerstructures..

In addition the developing world especially now has to grapple with the problem of how to reconcile economic performance, with productivity increase through technologies that are essentially labor saving, and the massive unemployment that is endemic in those areas. The frictions attendant to this process of globalisation has also called forth forces in the opposite direction, of economic nationalism and protectionism. The global recession in the early 80's and, subsequently, the volatility of the foreign exchange market has wiped out much of the developmental progress in most developing countries.

In the communicationsfield: global communications and transborder dataflows are having a profound impact both positive and negative on political and social awareness, on education and on expectations, sometimes raised to levels beyond the capabilities of their national economies, with major political and social implications. The cumulative effect of high rates of population growth, unrealistic expectations and profound alienation especially of the young, coupled with unemployment, are beginning to overload many of the political systems in the developing world.

In the security field, the transparency revolution - the term is Daniel Deudney's, the advances in communications and transportation technologies that have abolished the geographical frontline or rearguard as meaningful military concepts. Today the oceans and the atmosphere no longer serve as protective barriers or buffers; they are the fluid suspension media for a global warmaking capacity against which there is no realistic defence.

With the present state of weapons development, the easy availability of arms, the permeability of national boundaries, and the fragmentation of the polity in many parts of the world, absolute security has become unobtainable for even the most powerful nations in the world. All nations are now bound together by their common vulnerability, inherent in the complexity of modern life. We will all have to learn to manage our fears, so that we can live with reason and civility.

In the face of these and other such transnational processes governments have lost a considerable degree of effective control, and have had to accept some de facto limitation to their autonomy and sovereignty. They

are no longer the predominantly controlling factors. They have to share their role with a host of other actors who are not socially or politically accountable, except to their own stockholders

The inadequacies of the national and international political systems that we know, whatever their ideological persuasion, in dealing effectively with these problems has become quite obvious. The rapidity of the social changes in our own societies and in their international environments have clearly outstripped the capacity of our political and social institutions to adjust. Obsolete forms of organisation and management of the public sector, rigidities in management-labor relations are examples of this problem. In the US the inadequate response to the budget- and trade deficits shows among others the political and social difficulties in deciding to bring about the necessary shifts in the nation's saving- and spending behaviour.

It is obvious also that there are no simple answers to these problems. For any response would have to be judged in the context of a very fragile, complex and unstable globalized worldeconomy. No country can insulate itself from its vagaries. The OECD countries have now also begun to realize that resumption of world economic growth can not be achieved by overcoming the imbalances among themselves alone, but will require a resumption of growth in the developing countries as well. Settlement of the Third World debt problem should set the stage for the reversal of the net outflow of resources from those countries as well as for the kind of noninflationary domestic and liberalized trade policies in those countries that would be needed towards that end.

We now are then part of quite an anarchic, interdependent but very fragile and complex worldsystem, in which no single country or group of countries is capable of exerting effective control. Still there is the overriding need to stabilize the system, and to dampen its violent fluctuations. Not only in order to reduce the degree of unpredictability- precondition for adequate worldeconomic growth, but also- no less importantly- to enable us to come to grips with two even more fundamental and very urgent imbalances in the world which are bound to have tremendous consequences for all of us, and which are also profoundly affected by the manner and the direction in which the worldeconomy evolves.

One has to do with the increasing disparity between affluence and economic growth rates on the one hand, and stagnation, poverty and high population growth rate on the other. Those differences most acute between adjacent areas, like between the USA and Mexico, and between the

areas north and south of the Mediterranean Sea, are already creating massive and inexorable population movements, which are only bound to become larger still. This trend confronts many of the affluent industrial countries with three options. One is to revive and significantly enlarge the flagging international development effort. Second is to allow the free movement of people across national boundaries, as is already the case, in large measure, with the free movement of capital. The third option would be to accept the inevitability of multi-ethnic societies, and to develop carefully calibrated policies relating the scale of intake to improved absorption and integrative policies, that would help reduce the likelihood of racial or ethnic conflicts.

The other fundamental imbalance is the inadequacy of the human response to the environmental degradation caused by the cumulative impact of human action. Even though one may dispute the claims of some environmentalists regarding, for instance, the greenhouse effect, even assuming the smallness of the probability that by the middle of the next century the US Midwest and the Soviet Ukraine may have turned into scrub-desert, and that by the end of the next century all coastal cities in the world may well be inundated, such probability can not be summarily dismissed, given the long leadtime necessary to mount any concerted effort. It will require adequate and timely collective technological as well as political responses, on a scale much larger than any present international efforts.

To develop the instrumentalities for the management of interdependence should therefore become a major priority on the human agenda. In this kind of interdependent world there is little room for going it alone, for unilateralism or the use of unpredictability as an instrument of policy. What is needed is an improved capacity for persuasion, for forging and maintaining the bonds of mutuality and trust between coalitions of equals and friends, not only in terms of security arrangements but also for global cooperation on problems all of humankind shares. We all will even have to learn to develop more effective ways of cooperating with adversaries, in dealing with the overarching twin problems of international poverty, i.e. choosing between international development or population redistribution, and of the environment in order to ensure the continued habitability of this small planet of ours. It is in this context that the US will have to plan for the recovery of its competitive position in the world.

I hope you will forgive me this bit of stage-setting before trying to come to grips with the main theme of this conference. But I thought that

it would be important to do so, as the context makes clear how inseparably bound up America's recovery of its competitive position is with some kind of cooperative leadership in the creation of the necessary instrumentalities and structures for the management of global interdependence, and in developing the mechanisms that will enable us to come to grips with these global issues and processes, at governmental, intergovernmental and non-governmental levels.

When one then speaks about international competence and its enhancement, one really speaks about a strategic capability, not only at the corporation level, but also at the national level. Such a strategic capability includes the "inherent capacity of the organisation continuously to learn about its environment, develop appropriate responses (strategies) and mobilize its resources to compete. It represents an underlying management infrastructure that facilitates effective strategy development and implementation" (The Multinational Mission (C.K. Prahalad and Yves L. Doz 1987) Such an infrastructure should also make possible the timely strategic shifts that will have to be made in the highly competitive, rapidly changing international environment in which business, including domestic business, now has to be conducted.

Mutatis mutandis this holds for a society in general as much as it holds for a business corporation. The kind of international competence that is needed should be able to operate effectively, if not always comfortably, in a culturally, religiously and ideologically, stubbornly, pluralistic world. There is no way in which any country or any culture, however strong, will be able to remake the rest of the world in its own image, - or business culture -, despite the very powerful homogenizing forces that are at work.

Strengthening international competence then means to accept that reality as a given. Normal domestic business competence now should, in light of the globalisation of the world economy assume knowledge of one's international competitors. It also assumes the capacity to look beyond one's own business competence at how that competence is perceived from the vantagepoint of another culture, another economy. It includes understanding other markets, as well as the global market in all its complexities. It requires a broadening of one's business horizon, so as to include broader exposure and experience, outside of one's own business expertise. It needs greater crosscultural cooperative skills - one might even say diplomatic skills -, not only including the techniques of negotiation, but a capacity for multidisciplinary, multi regional communication. But maybe most importantly it should include, as a prominent Japanese businessman recently wrote, the awareness that

ultimately, it is often not logic, but goodwill, trust and confidence, that are decisive in cementing understanding and agreement.

And finally, international competence also includes the willingness and the capacity to listen. To listen - without the arrogance that is the affliction of almost all cultures - to what other cultures have to say about themselves and about the contemporary problems we are all grappling with. Innovation, new ideas and insights are not the monopoly of any single culture. All cultures can draw from each other and adjust or improve on the responses of other cultures for their own or their common benefit. Cultural openness, while respecting each other cultural identities and differences, are therefore part of the kind of international competence that our situation demands..

What can education and the educational system contribute to such an enhancement of a nation's international competence? Obviously a great deal, if it is willing to orientate itself towards that end.

It means, in the first place, the expansion of language training, not just in businessschools, but more generally. Everyone going to college should have at least a reasonable proficiency in one other language than one's own, and the culture in which it is used. Language is after all the highway to understanding another culture. In a language and its literature are imbedded the values, worldview, customs and norms, many of its prevailing concepts and its history. To be monolingual in a globalized and competitive worldeconomy is a luxury which I believe no country, however powerful, can afford any longer.

Secondly, at the secondary school level a beginning should be made with what might be called "global education", the kind of education that shows how inextricably linked all peoples and all cultures in this world are and have been throughout history, through buying and selling, taking and borrowing. The teaching of world history should no longer be limited to the history of the West and one's own country. Crosscultural understanding requires in the first place an understanding of one's own culture. It requires in additon a sense of relativity regarding one's own culture, a willingness to accept that there are different modes of being than one's own, different ways in which to experience and express truth, beauty, loyalty and one's perception of the ultimate meaning of human existence. Thirdly, greater sensitivity to other cultures calls for a new kind of humanities, one that does not only helps us to understand who and what we are as a nation, but also helps us to understand other cultures, as well as the social and ethical implications of advances in science and technology. It requires more area studies at the university level as well, and more areastudies related to the businessculture and the economic history of the area concerned.

It should be important for businessmen to realize that there are different concepts of decisionmaking and different management styles in business corporations in different cultures: that in some cultures the processes of decisionmaking are consensual, coming up from below; in others decisions are made hierarchically, from the top down; and both profoundly influence the information flow within corporations and between the corporation and its environment. It also determines the freedom an executive feels to reach down on his own, bypassing the supervisors, for the information he wants. There are different time-horizons within which goals and strategies are set and judged. The inevitable tension between efficiency and innovation in large corporations is resolved differently in different cultures.

As management styles are embedded in the general culture of a country or a region, they are inevitably affected by those values that make people think of a particular culture as aggressive, or characterised by conflict-avoidance, or by status- or by mission-orientation. It used to be said: "No American businessman will make a move without consulting his lawyer" - I don't know whether this is still true, but in any case there are different cultural attitudes towards the role of law and litigation in both interpersonal and business relationships in different cultures, with important longer term social and economic implications.

I am aware that in the US the quality and relevance of the educational systems has been a major preoccupation in the last few years. Certainly these are major problems in any strategy towards the enhancement of international competence. However of no less importance is the drawing together more closely of the linkages between business, academia and government., especially at a time of such fast and fundamental change and rapid technological advances. It is in this direction as well that education has to make adjustments, as they are doing in other parts of the world. In fact all universities everywhere have begun to realize the need to redefine their roles and structures in light of the shortening of the distance between basic research and industrial application, in light of the need to keep up with rapid shifts in the labor market, the new skills that will constantly be required, the training and retraining that is increasingly becoming an essential part of corporate strategy both because of technological advances and of the two- or three career needs of an aging population and the governmental policy framework towards stimulating the areas critical to assure a country's future competitiveness.

Such a basic reorientation goes of course way beyond the usual parameters of any conventional notion of educational reform. It involves the redirection of national priorities and setting of national goals.

That this effort should take place at a time when the frictions attendant to the globalisation of the worldeconomy has led to a resurgence of economic nationalism in many parts of the world, to protectionism, and to a preference for simple solutions to the obvious shortterm issues ,to the exclusion of the more complex , sometimes longterm concerns that are often more difficult and painful to resolve, does in no way reduce the urgency of reorienting the educational system. Without it, the longer term, more fundamental issues that bear on future competitive capacity and livingstandards, are bound to remain unresolved.

There is no doubt in my mind, that in this process of global transformation that is taking place and will continue for quite some time, it is the collective learning capacity of the nation as a whole that will determine its place in the comity of nations.

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