

**I**ndustrialization is often identical with industrial development in a narrow meaning. Industrialization is to seek solutions to increasing industrial proportion in GDP. At the same time the industry has to provide various sectors in the national economy with facilities.

However, each country has different viewpoints and steps for their course of industrialization. For example, some countries focus on development of all industries with a view to increasing fast the industrial proportion in GDP while others emphasize the identification of industrialization with promotion of heavy industry.

In a wide meaning, industrialization is not currently limited to the industrial development, it must transform the whole economy into the industrial organizational form and production process. On the other hand, industrialization is the process

to develop the economy by translating scientific achievements and advanced technologies into production and life in order to tap efficiently major local resources and receiving foreign investment; fully use potentials of economic sectors; build economic structure appropriately; secure high economic growth rate and associate economic growth with social progress and equality.

From these above concepts, industrialization and modernization can be featured as followed:

- Today, the industry is not only affected by local sources but also by the world economic trends and international cooperation factors. Capital goods, tools and equipment used in different sectors need not be made by local factories but can be replaced with imports.

- Due to scientific achievements, natural resources and unskilled labor is inferior to high technology, infor-

mation, technicians and managerial skills. Latecomers may use new technologies and learn managerial experience from developed countries. However, this practice is successful only when there are proper policies on training and employing native technical workers and attracting foreign grey matters.

- Those countries with low starting point need not to meet sufficient conditions of capital and human resource to implement industrialization. They may obtain capital, technique and manpower from cooperation and joint venture with foreign partners in the principle of mutual benefits.

From the theoretical and practical basis of our economic renovation, the Party's mid-term conference affirmed that our country has preconditions for the national industrialization and modernization.

The Party Central Committee's fourth plenum, term VIII stressed: "To determinedly boost the country's comprehensive and uniform renovation, promote the national industrialization and modernization and to consistently follow the line of independent and sovereign external economic relations.

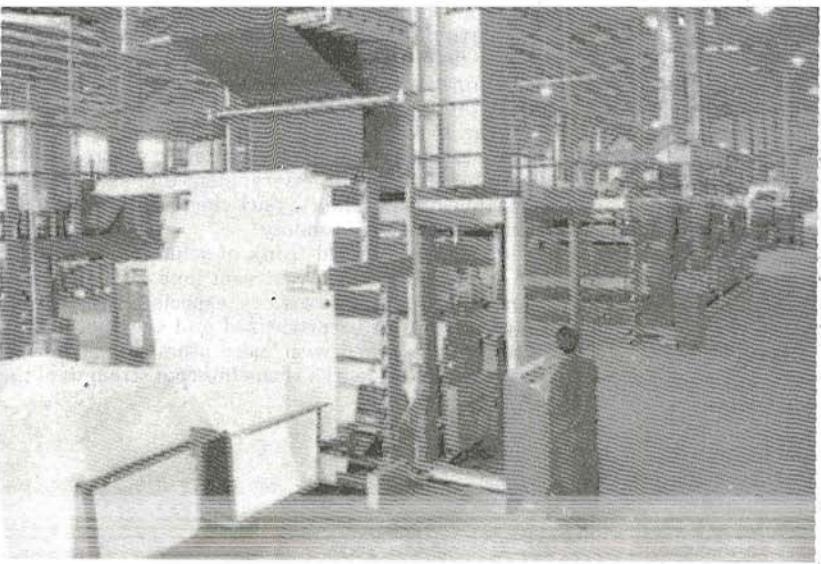
The ninth Party Congress's political report underlined: "To fully employ the whole national strength, continue renovation, speed up the country's industrialization and modernization and build and safeguard the socialist Vietnam". The general target of the country's socio-economic development strategy is "to bring the country out of less-developed status, improve the quality of the people's material, cultural and spiritual life. To build grounds for the country to become a new industrialized country by 2020" and step by step change our economy into a knowledge-based one.

That target is set not only for the economy's expansion and increased output but also for improvement of life quality. In an industrialized and modernized economy on the way to the knowledge-based one, more than 70% of the total value of commodities and services must be produced with high technologies and intellectual labor.

The economic growth, development and movement first depend on the development level of the new productive forces and require appropriate productive relationship and in turn the proper productive relationship will heighten the productive forces. The dialectical relationship always proceeds in accordance with the subjective motion of economic rules. In a final analysis, labor is an

## RELATIONSHIP BETWEEN LABOR QUALITY AND EMPLOYMENT IN NATIONAL INDUSTRIALIZATION AND MODERNIZATION

by TRẦN VĂN CHỦ



element of the productive force and plays a decisive role in its quality.

As such, the labor quality may be substantially significant to the process of socio-economic development. Nevertheless, the evidence shows the quality of our country's working population remains too low, not meeting requirements of the national industrialization and modernization and shift to the knowledge-based economy.

According to an employment survey from 1996 to 1999 in 35,866,000 laborers in 1996 and 37,784,000 laborers in 1999; the illiterate accounted for 5.75% in 1996; 5.10% in 1997; 3.84% in 1998 and 4.10% in 1999. Although the percentage went down from 5.75% in 1996 to 4.10% in 1999, it is still high. Many regions face a high percentage of illiteracy such as the Mekong Delta 21% in 1996 and 33% in 1999 and the northeastern provinces 15% in 1996 and 19% in 1999. The laborers as drop-outs of primary school made up 20.92% of the total workforce in 1996; 20.26% in 1997; 15.8% in 1998 and 18% in 1999. The high school graduates represented only 13% in 1996; 14% in 1997; 16% in 1998 and 17% in 1999.

The proportion of illiterate laborers fell from 5.75% in 1996 to 4.10% in 1999; drop-outs of primary school declined from 20.92% in 1996 to 18% in 1999 and the high school graduates increased from 13% in 1996 to 17% in 1999. The average school years of employees climbed from 3.3 in 1997 to 7.4 in 1999. However, the speed is still slow and proportion high, so our country's educational attainment remains low compared to the requirements for socio-economic development.

#### *Regarding professional level*

An employment survey from 1996 to 1999 shows in 35,866,000 laborers in 1996 and 37,784,000 laborers in 1999, the skilled workers accounted for 12.31% in 1996, 12.29% in 1997; 13.3% in 1998 and 13.87% in 1999. The proportion is uneven across the country, for example the Hồng River Delta 27% of the country's working population; the Southeastern provinces 22%; the Northeastern provinces 14%; the Mekong Delta 13%; the North Central provinces 12%; the central coastal region 8%; the Central Highlands 3% and the Southwestern region 2%.

Although the proportion of skilled labor increased from 12.31% in 1996 to 13.87% in 1999, the growth rate is still modest, only 1.56% in four years. This is an illogical event in comparison with the economic

growth rate of 9.34% in 1996; 8.15% in 1997; 5.76% in 1998; 4.77% in 1999 and 6.7% in 2000, and further illogical as compared to the average rise of 2.66% in the working population from 1995 to 2000.

The number of trained workers is very low as compared to the country's workforce. In addition, the training structure is not appropriate, the university graduates rose from 2.6% of total skilled workers in 1996 to 3.5% in 1999, or only 1.2% in four years.

As a result, the training is focused on theoretical aspect, not practical one.

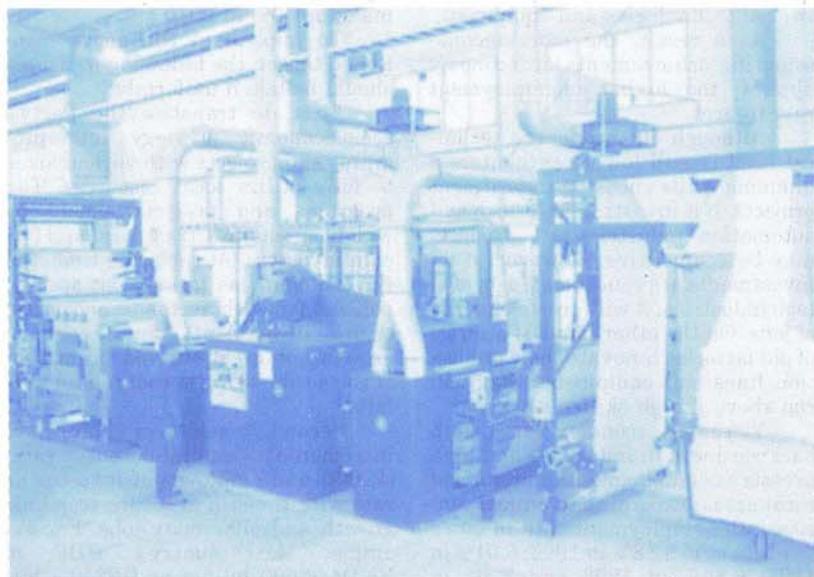
#### *\*Regarding workers' health care*

Our country's public health care has recorded many achievements. The percentage of doctors and nurses per 10,000 persons is rather high in

nurses 47,600 in 1995 and 45,500 in 1999, down 4.41% or 1.1% per year; midwives 11,700 in 1995 and 13,600 in 1999, up 16.42% or 4.06%/year.

Although the number of doctors soared fast, the training structure is not appropriate, those regularly caring patients make up a small proportion. There are 1.4 assistant doctors; 1.2 nurses; and 0.4 nurse's aid for each doctor.

The public health care is a fundamental factor to improve the workers' health. However, the health care is indicated not only by the number of doctors, assistant doctors, nurses, nurse's aids and health establishments but also dependent on the state viewpoints and policies on public health care. The workers' health also relies on the working condition and environment, so the Government



comparison with the economy's development level. The number of health establishments reached 12,972 nationwide in 1995 and rose to 13,964 in 1999, up 2.25%. The country's hospital beds soared from 192,300 in 1995 to 195,000 in 1999, up 1.87%. Nevertheless, the number of beds in village health centers dropped from 64,600 in 1995 to 59,000 in 1999, down 7.24%. Health officers have been trained quite uniformly including doctors, assistance doctors, pharmacists, assistance pharmacists, nurses, and nurse's aids. The number of doctors increased from 30,600 in 1995 to 37,100 in 1999, up 21.24% or an average annual rise of 5.31%, reaching 5 doctors per 10,000 persons; assistant doctors rose from 45,000 in 1995 to 51,2000 in 1999, up 13.77% or 3.44% per year;

is required to work out the master strategy for public health care and workers' health improvement. When our country shifts to the market economy, many factories do not pay full attention to labor protection and prevention from illness due to effects of exhausting and harmful production factors.

The quality of workforce depends on three elements such as education, training and physical and mental care.

In an industrialized economy and a knowledge-based one, the workforce has to be trained, and obtains good health, and responsible and disciplinary mind because they do not use simple tools, work lonely but have to work in an advanced technological line with hi-tech equipment.

The economic development pro-

cess always requires technological innovation, and state-of-the-art equipment needs educated and skilled workers. Nevertheless, in many countries including developed ones, there are workers who cannot keep pace with the fast progress of technologies. So they have to enhance their investments in education and training and retrain workers up to new standards.

When the economy develops with state-of-the-art technologies, it requires hi-tech workers to employ technologies to promote productivity and product quality for competition and development.

Such an economy will cause layoffs due to two reasons: first the enterprise uses modern machinery and automation and thus face labor redundancy; second employees do not have adequate skills to operate advanced technologies and equipment.

As a result, the more technoscientific achievements an economy applies, the higher unemployment rate it faces.

Although our economy's technical level is still low, it encounters a dilemma while choosing investment projects. If it invests in high-tech and automation industries, its products may be competitive. However, if its investments are concentrated on low-tech industries, it will create a plenty of jobs. On the other hand, if a series of old factories innovate their production lines and equipment, they will run short of high skilled workers.

Vietnam's economy faces both backwardness in industries and high pressure of employment in urban and rural areas. According to annual censuses, the employment rate in cities tends to rise, 5.88% in 1996; 6.01% in 1997; 6.85% in 1998 and 7.4% in 1999. The employment duration in urban areas is also too low, 72.11% in 1976; 73.14% in 1997; 71.13% in 1998 and 73.49% in 1999.

The unemployed population is about 6.5 million out of 26.5 million agricultural laborers in 1999; the number of non-farm employees is some 11.28 million. The unemployment rate was 7.4% in 1999, or 835,000 unemployed persons. Our country has additional 1,000,000 to 1,100,000 persons in working age every year. The unemployment rate is increasing. In the meantime, the economy may offer new 1.2 million to 1.4 million jobs with its growth rate as at present.

The 2000 statistics revealed Vietnam's GDP reached VND440,000 billion, or US\$30.3 billion. The gross investment accounted for 27% of GDP or some US\$8.1 billion. Nevertheless

it offered new jobs for only 1.3 million workers. As a result, it required some US\$6,200 to generate a new job. Those who apply for jobs in new factories and foreign-invested enterprises are required to attain 12-schoolyear education and to have professional skill. Many enterprises cannot recruit enough high-skilled workers as demanded. In the same time, the unskilled labor is highly redundant.

This evidence is generating a relation between economic growth with labor quality enhancement and employment. The socio-economic target set by the Party's ninth congress is annual economic growth rate of 7.5% and GDP in 2010 double GDP in 2000; the gross investment accounts for 30% of GDP; the agricultural laborers 50% of the country's workforce and urban residents 32-33% the country's population. The trained workers make up 40% in 2010.

To implement the above mentioned target, the following measures should be taken uniformly:

First, to translate the Party's socio-economic strategy into programs and projects with various sizes to fully utilize local resources. The programs and projects should be widely spread to attract local and foreign investors. At the same time, the Government has to map out specific policies for each sector to encourage their investment for economic growth, job creation, and promotion of the social living standard and welfare.

Second, to select an appropriate incremental capital-output ratio (ICOR) and employment-investment rate with the aim to secure economic growth and offer more jobs. For example, the country's GDP is VND440,000 billion or US\$30.3 billion in 2000. If the growth rate is 7.5% in 2001, then the GDP will reach US\$32.57 billion. The increase is thus US\$2.27 billion absolutely. The investment capital needed will be US\$9.08 billion with an assumed ICOR of 4.0.

If the figure is totally invested in modern projects with an employment investment rate of US\$45,000, the economy can generate only 200,000 new jobs. If it is wholly earmarked for foreign-invested projects, 180,000 persons will become employed. If it is totally poured in small-and medium-size enterprises with an employment-investment rate of US\$1,000, the country will create 9.08 million new jobs.

The above example shows a must for encouraging policies and investment orientation to use proper technologies with a view to meeting re-

quirements of industrialization and modernization as well as job creation.

Third, to make the management mechanism appropriate and effective; to stimulate all social strata and economic sectors and attract foreign investment through programs and projects. The policies must be devised for easy application and supervision and secured benefits of producers and the country. When building plants, hiring labor and doing business, every investor aim at gaining profits. If they incur losses or earn insufficient profit, they will go bankrupt or contract production. Consequently, the Government collects fewer tax and more workers lose jobs. In contrast, the appropriate policies will secure the national and workers' benefits.

Fourth, to prepare all necessary conditions for tapping foreign resources. First to build a legal system and policies in line with the economic development and international common practice with a view to integrating into the region and the world. On the other hand, local government staff and entrepreneurs must be trained to work with their foreign partners efficiently on the basis of mutual benefits.

Fifth, to use the national budget thrifitily, create jobs and make investments in education, training and public health care.

Sixth, to restructure the educational system, well settle the problem of training and employment and encourage on-the-job training, and make efforts to attain 40% of total working population trained by 2010.

Seventh, to increase the development investment from 27% of GDP in 2000 to 30% in 2005 and 35% in the following years; liberalize business environment; and help seek foreign outlets for local products; and make favorable conditions for labor export.

Eighth, to implement the family planning program effectively and reduce the population growth rate in order to ease the pressure of labor rise.

In brief, economic growth, labor quality enhancement and employment are interactive factors. The employment problem cannot be settled without proper policies of the Government and in the absence of development investment from all economic sectors. The economy will find it hard to reach high growth rate if it lacks competitive production and business and is often under high pressure of redundancy and unemployment.