

moved to other industries.

Fourthly, bank credit can take part in developing manufacturing occupation. In recent years, although the Government has encouraged developing the manufacturing occupation in rural areas, but there is very little progress in this task. The best progress in this direction was made in the Mekong Delta where the non-agricultural occupation represented 30 per cent in the structure of industry, compared with an average percentage of 15 of the whole country.

Basically, the structure of industry in rural areas is still a purely agricultural one. According to the General Statistics Bureau, 64 per cent of peasants' income came from agricultural production, and only 25 per cent from non-agricultural activities. This means the structure of industry should be changed in order to create more jobs to the great labor surplus in rural areas.

Thus, developing the manufacturing occupation can exploit economic potentials and labor surplus in rural areas, and at the same time, create more jobs and raise peasants' income.

Fifthly, bank credit supplying can improve relations between industry and agriculture, peasant and worker, rural area and big city. At present, the structure of industry and personal income are improved too slowly. Rural industry in its strict sense hasn't come into being yet. Handicraft is limited because of lack of market and orientation. Agro-industries are slow to develop and can't meet the demand of rural life and production.

Poor infrastructure is the main obstacle to rural economic development. The agricultural economy can't improve the infrastructure and introduce new technology by itself without helps from manufacturing industry. Supplying bank credit to form the manufacturing industry in rural areas could be a good solution to this problem.

In short, we think that bank credit can be a way to exploit rural potentials, develop non-agricultural occupations, supply new jobs, raise peasants' income. It can free poor peasants from usury and bad habits (drinking, gambling, superstition, etc.), help middle-class peasant develop business and make money legally. Taking a long view, it can speed up the formation of goods and service market, capital market and labor market in rural areas and so, bridge the gap between rural areas and big cities ■

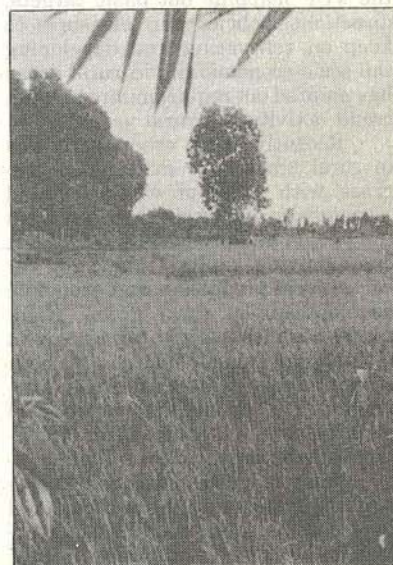
IMPACT OF THE DEVELOPMENT OF MANUFACTURING AND SERVICE OCCUPATIONS ON LABOR FORCE EMPLOYMENT IN RURAL AREAS TODAY

by NGUYỄN XUÂN KHOÁT

Realities of Vietnam situation in recent years and experience of foreign countries showed that: manufacturing and service occupations played a key role in diversifying goods and service market. Developing manufacturing and service occupations is the main way to employ reasonably the labor force in rural areas of our country today.

1. Developing manufacturing and service occupations could reduce the disproportion between surplus of labor and shortage of cultivable land. In fact, the rural population and labor force is on the increase, partly because of a high birth rate (over 2.5 per cent per year), partly a great number of redundancies who were dismissed from the public sector returning to their native land (this number accounted for 70 per cent of labor surplus in rural areas). Besides, many other rural residents such as demobilized soldiers, retired employees, those who returned home after working overseas, are in need of cultivable land or job. Meanwhile, the area of cultivable land is on the decrease because of urbanization process and increase in residential and specialized land. This has reduced per capita area of cultivable land to 0.1 ha or smaller. In future, this disproportion will increase and demand for job will be bigger and bigger.

This situation could be improved by developing manufacturing and service occupations. In Vietnam rural areas today, laborers working in non-agricultural occupations accounted for



only 8 or 9 per cent of rural labor force. This ratio is very low compared with average ratio of Asia (from 20 to 50 per cent) or of Africa (from 20 to 28 per cent). In future, if we can raise this ratio to 20 or 25 per cent, demand for job in rural areas will be partly satisfied. For example, planting 10,000 ha of jute and processing it could provide 100,000 laborers with jobs. Planting mulberry, raising silkworm, producing silk or planting rush, making mat could also do the same thing. In China, after 10 years of economic reformation, manufacturing and service industries in rural areas supplied jobs to over 100 million laborers. Percentage of laborers working in manufacturing and service industries in rural areas increased from 7.2 in 1978 to 23.83 in 1986, whereas the percentage of purely agricultural laborer decreased from 71.4 in 1978 to 57.9 in 1988.

2. Developing manufacturing and service occupations is the best way to make use of rural laborers' spare time. It can help them raise their income and fight successfully against poverty. According to experts, although crop yield is improved but farming consumes only 30 to 50 per cent of peasants' time. So their efficiency and income are low. According to recent survey of the Central Board of Rural Investigation, 50 per cent of farming households earned an average per capita income of VNĐ20,000 a month at most. Nearly 30 per cent of peasants went short of food. One rural laborer can only provide for 3 persons, whereas in other countries, one could provide for 20 to 80 persons.

In order to solve this problem, we can't only depend on purely agricultural production, and we should develop manufacturing and service occupations in rural areas. According to the 1990 census, rural households who work in manufacturing occupation (part time or full time) earned an average per capita income of 1.5 or 2.0 times as much as purely agricultural households. In many localities, such as Hà Bắc, Hà Tây, this difference reached 5 to 10 times. Japanese experience showed that in the period between 1945 and 1950, 75 per cent of peasants' income came from agricultural production, and 25 per cent from other occupations; during the second half of the 1980s, income from agricultural production reduced to 15 per cent, and income from non-agricultural activities increased to 85 per cent.

3. Developing manufacturing and service occupations could enlarge local market, attract investors, generate labor re-division. In this process,

many potentials (spending power, productivity, etc.) could be exploited profitably. Laborers can obtain rights to choose their occupations, size and form of their businesses; to develop their skill and knowledge in a background of free co-operation and fair competition. Thereby, labor efficiency will be improved, activeness and spirit of discipline will be reinforced and idleness or irresponsibility will be defeated. Many peasants will become skilled laborers in manufacturing and service industries. On the other hand, by developing non-agricultural activities, a new labor force will be formed, managerial and working skills accumulated in this process will help them take part in national industrialization.



4. Developing manufacturing and service occupation in rural areas could generate demand for co-operation and labor division between rural areas and big cities. This co-operation is an inevitable law of the socio-economic development, because big cities can influence favorably on the development of the manufacturing and service occupations in rural areas: they serve as centers of trading and information, they help manufacturing and service industries in rural areas develop basing on local potentialities. Experience of many developed countries shows that if agricultural products are processed partly on the spot before being processed entirely in big factories, they will produce a bigger socio-economic effect (reducing cost of transport, supplying job to local laborers...). On the other hand, because of many causes (shortage of capital, equipment, information, etc.) the

manufacturing and service industries in rural areas can't develop without helps from big cities.

In future, by process of co-operation and labor division, a lot of specialized villages will make their appearance and serve as a link between manufacturing industry in big cities with rural agriculture. In fact, such specialized villages have come into being now in Hà Tây, Đồng Tháp (processing rice and flour), Quảng Ngãi, Tây Ninh (processing sugar cane), Hà Bắc, Thái Bình, Hà Tây (textile), Hà Bắc, Hà Tây, Nam Hà, Huế... (handicraft), and many other coastal villages have specialized in processing seaproducts.

In short, developing manufacturing and service occupations in rural

areas can produce overall and profound effects on employment of labor force and job supplying in rural areas. This is an appropriate way to modernize rural areas and realize many important policies mapped out in Vietnam strategy for socio-economic development ■

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