GLOBALIZATION AND ITS EFFECTS ON HEALTH CARE AND OCCUPATIONAL HEALTH IN VIET NAM

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I. INTRODUCTION

During the past two decades world trade has tripled and global trade in services has increased more than 14-fold (UNDP, 1996), increasing production of information, knowledge and technology. This leads to worker's average production of 9160 dollars annually (UNDP, 1996). However, not all are benefiting from this change. Globalization under liberalized markets has generally benefited the industrialized or strong economies and marginalized the weak economies. For example, the difference in annual average GNP per head between high-income countries and low-income countries is 12 times and between 1960 and 1990 contribution of the poorest countries to world trade reduced from 4% to 1% (UNDP, 1996).

Poor countries may find it hard to develop the capacity and contacts needed to take part in international investment or trade. The danger is that they may compete with each other to keep a small part of the world trade by lowering wages and making other trade concessions. Debts can increasingly consume scarce domestic resources and reduce development capacity (Onimode B. et al, 1994). Currently, income of one fourth of the world population is falling and even in the same region and within a country inequity occurs in economic opportunities and wealth. Many countries are urgently conducting research on the effect of globalization on people's living standards and health care (Rene Loewenson, 2001).

This report discusses the impact of globalization on health care, focusing on the negative impacts, and recommends some solutions for reducing these negative impacts on inequality in health care in Viet Nam.

II. DEFINITION OF GLOBALIZATION AND ITS IMPLICATIONS FOR LABOUR

1. Definition of globalization

Currently, there are many different definitions of globalization. According to Ali Taqi, globalization means the increasing integration of national economies into a world market through trade, investment and other financial flows. Putting it another way, the increasingly intense and complex worldwide interchange of goods, services, finance, productivity and working people (Ali Taqi, 1996). Prof. Samir N.Banoob-President of International Health Management, Inc. Florida, USA defines Globalization as free, comprehensive and rapid mobility, exchange and transfer of information, knowledge, funds, goods and persons among member countries of the world (Samir N.banoob, 2002). Globalization is not a simple phenomenon and nor is it only an economic process, rather it contains alongside the new trends in economies also major changes and redistribution of work and re-organization and relocation of enterprises (J. Rantanen, 2001).
While there is no formal consensus on the definition of globalization, there is broad agreement that globalization is a form of accelerated transnational economic activity that finds expression in the increased movement of information, capital, goods and services (Bayan Tabbara, 2002). It is a dynamic process, rather than aphenomenon, that involves and transforms many aspects of financial, technological, economic, social, cultural and geopolitical activity. This process is being institutionalized by an international polity of openness and enforced by international agreements on trade, technology and capital movements whereby millions of decision makers influence prices and allocate resources, including labour, in a manner that erodes the control of national authorities.

According to Do Nguyen Phuong (Former Minister of the Vietnamese Ministry of Health), globalization derives from the development of communication and world transport, sharing of community rights and responsibilities (Phuong §o Nguyen, 1999). The globalization trend presents a unified will, the human union in preventing unjust social and nature disasters. The globalization trend in the health care sector has extended from individual's matters to communities' matters, from technical health care issues to social ones. The relationship between individual doctor and patient now becomes the relationship between doctors and the community. The relationships within the social-economic systems and the combination of social values creating health care systems.

2. Labour trend in globalization in the world

The about 100 million enterprises of the world have faced globalization in the form of worldwide competition (J Rantanen, 2001). Processes of globalization and technological advance promise to bring about a more efficient and productive world economy that will deliver faster growth in output and ultimately rises in living standards. But they have also given rise to serious problems and anxieties. Increased competitive pressures have impelled widespread economic restructuring that has caused increased unemployment and income inequality. Unemployment and job insecurity have become widespread and long lasting. Mergers between big companies have been occurring widely in the

industrialized world. Mergers are always associated with rationalization, closing part of factories, moving activities from one country to another and radical re-engineering of companies. All these imply unemployment for a part of personnel. The possibilities for workers to protect themselves against the risk of unemployment are rather limited in such situations.

The ILO estimates that the number of people unemployed or underemployed in the world today exceeds 800 million (Ali Taqi, 1996). This amounts to nearly one-third of the labour force. Unemployment leads to emigration, especially illegal emigration that causes economic and social disorder in many countries. It is widely feared that globalization does not reduce unemployment and emigration but makes them more serious.

The process of globalisation also leads to a growing number of short-term and fixed-term employment contracts. As the world economies are developing in a more turbulent direction and simultaneously human labour becomes the most important and costly investment of the company, and as the material investments made are difficult to undo, enterprises need to find new sources of flexibility. If a recession threatens, companies seldom have any alternative to dismissing people in order to adapt to the new market situation. Large companies prepare for such changes by employing just the strategic core staff and by subcontracting the less central activities to other companies (which than need to dismiss workers in recessions). The total impact of such development is the fragmentation of employment contracts, higher turnover of workers and elevated risk of unemployment when the previous contract has been terminated. It also leads to a growing uncertainty among workers in the labour market, not only for those whose contracts are fragmented but also for those who are permanently employed.

3. Changes in enterprise structure and labour distribution in Viet Nam

The policy of "doi moi" in Viet Nam was extraordinarily effective in galvanizing the energy of millions of Vietnamese individuals who diversified and expanded their agricultural production rapidly, and set up many micro household enterprises as well as private small and medium enterprises (SMEs). Foreign firms invested in majority-owned joint ventures or in wholly foreign-owned enterprises. In 2000 there were 3.5 million workers in state sector and 33.3 million workers in private sector (Table 1) (General Statistics Office, 2002).

Table 1: Labour distribution by economic sector (million persons).

	1988		1993		2000	
	State	Private	State	Private	State	Private
Total	4.05	24.87	2.97	29.75	3.501	33.2

Source: General Statistics Office, 2002.

During last 15 years of innovation, the Viet Nam private economy developed fairly quickly. There were 494 private enterprises and companies in 1991, 15,276 in 1995 and 30,500 in 1999 (Kieu Vu Tran, 2002). One year after the Business Law was issued in January 2000, there were 51,468 enterprises in the whole country, by 30 September 2001

there were 66,071 enterprises and by August 2002 about 80,000 enterprises had been established.

The share of the private sector in total GDP in 1998 was 51 per cent (see Table 2) (General Statistics Office, 1998). During the 1995-98 period the domestic private sector, despite its many constraints, grew at 9 per cent a year, only a percentage point lower than the growth of the state-owned sector.

Table 2: Private Sector's Share in 1998 GDP (per cent)

	Total GDP	Manufacturing GDP
State Sector	49	54
State-Owned Enterprises	n.a.	n.a.
Private Sector		
Foreign Invested Sector	10	18
Domestic Private Sector	41	28
Of which		
Household Enterprises/ Farmers	34	18
Private SMEs	7	10

Source: General Statistics Office, 1998.

In 1998, there were around 600,000 micro enterprises in manufacturing, constituting a quarter of all micro-enterprises, and 5600 private SMEs in manufacturing accounting for 10 per cent of manufacturing GDP. Private SMEs (World Bank, May 1999) in manufacturing, especially the larger ones, are highly export-oriented. Around 457 private manufacturers with more than 100 full-time workers (Mekong Project Development Facility, 2001) operate mainly in labour-intensive sectors like garments, footwear, plastic products, seafood and so on.

The issuing of the Foreign Investment Law in 1988 marked a new development of technology transfer and foreign investment in Viet Nam. Thousands of foreign investment projects have been licensed with a total investment capital of billions of $US. Many joint venture and foreign investment firms have been established. Many large industrial, joint venture and processing zones have been established in many cities and provinces. Number of licensed foreign investment project from 1988 to 2001 was 3672; only in 2001 there were 502 projects. These projects focus mainly on industry, agriculture, forestry, construction, hotel and tourism. Countries with high number of the projects are Taiwan (749 projects), Korea (388), Honkong (338), Japan (336), China (150), America (144)... (Tæng Côc thèng k[a], 2002).

Foreign invested enterprises (World Bank, 1999) now play an important role in the economy, accounting for a fifth of manufacturing output, and employing 300,000 workers. There has been a slight trend away from joint-ventures with state enterprises, and an increase in wholly foreign-owned investments (See Table 3) (Foreign Investment Advisory Service, April 1999).

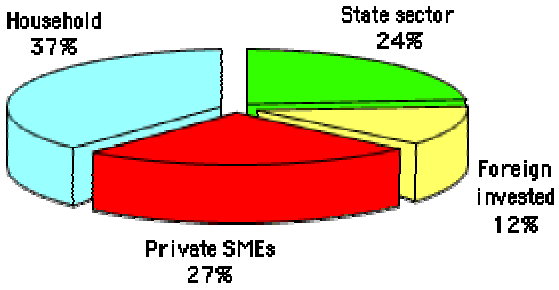
Table 3: Forms of Foreign Investment Inflows (per cent)

Share in % Implemented Capital	1994	1995	1996	1997	1998	Total 91-98
Majority joint ventures	51.0	52.0	59.0	65.0	51.0	56.2
Wholly foreign owned	16.0	18.0	27.0	33.0	17.0	23.7
Business co-operation contract	33.0	30.0	14.0	2.0	32.0	20.0

Source: Foreign Investment Advisory Service, April 1999

The domestic private sector is by far the most labor-intensive. In 1997-1998, household enterprises and private SMEs employ more than 64 per cent of industrial workers while SOEs, accounting for the bulk of industrial output, employ only 24 per cent. (World Bank, March 1999) (see Figure 1).

Figure 1: Industrial Employment by Sector: 1997-98



Source: GSO: Viet Nam Living Standard Study 2, 1999

The state sector in Viet Nam has traditionally accounted for a very small portion of GDP. In 1996 Viet Nam's state sector produced only 29 per cent of GDP, mostly through manufacturing and other industries (Mekong Project Development Facility, 2001). Total debt by state enterprises is worth about $30 billion—20 per cent more than the entire turnover of the state sector and equal to the country's total GNP in 1997. This situation underscores the need for Vietnamese government officials to push ahead with reform of state enterprises. Initial reform of state enterprises included the liquidation or merger of