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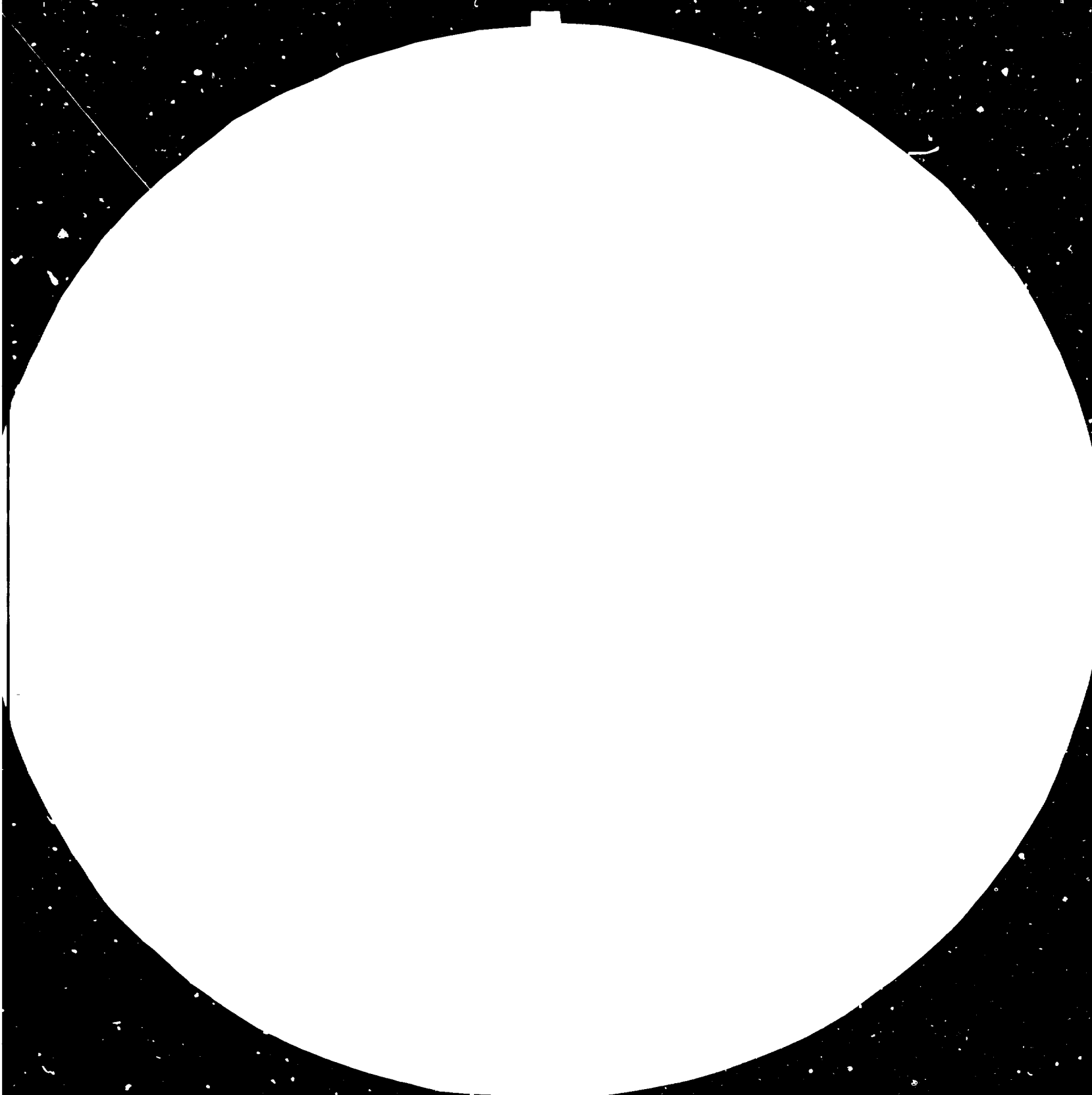
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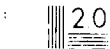
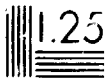
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"The Tenth Round Table of Developing Countries
Industrial Development and Co-operation among
Developing Countries from Small-Scale Industry
to the Transnational Corporations"

Zagreb, Yugoslavia, 15-17 September 1982

The Unemployment Effect of the Process of Industrialization *
in Developing Countries

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** IDC: Institute for Developing Countries

The restructuring of international industry is considered to be the result of two main sources. First, the dynamics of growth of national economies and, second, of the technology development that often turned out to be counter-productive, particularly in the developing countries (DCs). In spite of the relatively high rate of production growth of the manufacturing industry, the changes in DCs are rather slow. All this makes the question of implementing the basic objectives of the Lima Declaration very doubtful.

Nowadays, DCs face two major problems: unemployment and national debts. Present industrialization trends point to labour dissipation, potential man-power dissipation which is in fact unemployment, slow growth of the industrial products mass consumption markets, under-utilized available human resources and know-how.

Hopes have been put into growth of the manufacturing industry, as a possible solution to the problems of unemployment or under-employment in the DCs. However, this has not, up to now, met the expectations, and, besides, it is impossible to

give results in a short period of time. It has even come to decreasing the share of man-power employed in industry and manufacturing industry within the overall labour force. The total number of unemployed or under-employed went in the seventies up to 300 million. According to the World Bank's estimates, approximately 550 million jobs will have to be opened in the DCs up to the year 2000. This is related also to the fast rate of growth of the total labour force in the DCs.

Consequently, DCs are faced with high unemployment and lack of skilled workers. The share of the skilled workers is much lower than the set objectives require. Thus, the problem of man-power training has become very important and requires adjustments to the needs and conditions in DCs.

In addition, measures at the international level for preventing the brain-drain have to be introduced. Namely, the brain-drain has become a large problem of DCs. For example, for India it represented in the mid-seventies a quarter of all graduates, for Sri Lanka 18%, for Philippines 11%, etc. The problem gains momentum when one has in mind that these experts go abroad in their most productive age (nearly four fifths of all the experts employed in the USA in the seventies were between 30 and 44 years of age). In the seventies the estimated cost of the per year brain-drain from DCs to the USA, Canada and Great Britain was US\$ 3,8 billion, far more than the DCs get from International Development Agency. Brain-drain is in fact reversed transfer of technology.

Industrial commodities, technology and investment

trends among DCs were accompanied by man-power fluctuation within the Third World itself. However, here dominate the unskilled workers, although, undoubtedly, there are also skilled workers, but they tend to stay for a shorter period of time and they are not accompanied by their families.

The collective self-reliance concept, stresses the need for data pool on skilled man-power, as well as the need for a co-ordinated man-power training and planning.

Regarding the international man-power trends it should be pointed out that the basic principles of the New International Economic Order (NIEO) also take into account:

- 1) equality of interests of the migrants-receiving and migrants-giving countries;
- 2) in bilateral and multilateral agreements the labour migration should be looked upon in the context of industrial development and economic development in general, aiming at diminishing the distinction in economic development of the migrants-receiving and migrants-giving countries, the division of material effects included;
- 3) migration planning and regulation, including residents abroad and their return into the countries of origin.

The NIEO should legalize, within the framework of global independence, compensations to the migrants-giving countries, above all from developed ones. This is the only way of making the international migration a positive factor for all the parties concerned. This is not a new idea though.

The question of the usage of migrant workers' foreign-currency remittances also deserves attention. This

phenomenon gained momentum in the last few years. The remittances grew from US\$ 3.5 billion in 1970 to US\$ 24 billion in 1980. The Middle East OPEC countries are responsible for the biggest share in remittance growth from their workers abroad.

Many countries receive more in remittances than they make from export; e.g. North and South Yemen's almost only foreign currency sources are the remittances; they account for big shares of the total exports of Egypt, Yugoslavia, etc.

In spite of the fact that migrant workers' remittances form an important item in balance-of-payments of many DCs there is almost no doubt that they cannot compensate the capital invested in the education and training of workers now employed abroad.

Two studies published by the World Bank on Pakistan and Bangladesh prove that remittances do not cover the losses these two countries suffered by educating and training workers now employed abroad. These remittances are usually given for personal and not for investment consumption. This happens in Yugoslavia, too.

The World Bank, therefore, recommends the governments of the migrants-giving countries to stimulate the return of their migrants and to encourage them to establish small-scale industry, thus using their abilities, experience and earned capital for the improvement of the production and services in the countries of origin.



