Social margins and precarious work in Vietnam
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What is This?
Social Margins and Precarious Work In Vietnam

Dennis Arnold

Abstract
Command economy carryovers and recently implemented labor relation models mark Vietnam’s engagement with global capitalism. Numerous social and economic entitlements are tied to household registration policies, whereas tripartitism is increasingly the mode through which labor and social protections are accessed. Trade unions have a newfound dual function—they must meet the needs of both party and workers. This structural framing shapes workers’ precariousness, marked by insecure work and changing “traditional” social support institutions, particularly the family and community. Insecure work and changing social protections orbit around one another, yet this precariousness is managed through new, worker-initiated support networks.

Keywords
Vietnam, precarious work, social protection, migration, globalized manufacturing

Insecure and uncertain waged work is increasingly prevalent in Vietnam. The decline or elimination of social safety nets and entitlements established during the socialist era, rising consumer prices because of inflation, and the gradual elimination of subsistence agriculture reinforce individual and household dependence on the labor market. This is part of regional trends driving the “informalization” of labor in Asia (Chang, 2009), which coincides with Vietnam’s deepening engagement in the circuits of global capital. Capitalist work has hardly ever been stable for workers in Vietnam. Yet precariousness not only affects labor markets and employment relations but also is a simultaneously enabling and undermining social condition (Barchiesi, 2011). Liberalization has undermined institutions including family, community, trade unions, and the state as sources of social support. Conversely, labor

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markets are not providing secure and stable employment, so workers increasingly depend on the family and community for access to goods and services. Precariousness in Vietnam is characterized by this paradox.

This article studies the confluence of precarious work and social precarity in Vietnam, together referred to as precariousness. Analysis of precarious work is centered on low pay and the lack of institutional support and representation at the workplace. Social precarity focuses on changing rural–urban migration patterns and the ways this is mediated by the household registration system. Issues including contract type, trade union organizing, housing, access to health care, and workers’ self-initiated social support networks are considered. Conceptually, the article seeks to move beyond the formal–informal binary system and its normative underpinnings that associate the informal economy with underdevelopment. The boundary between the informal and the formal often appears as a clear line marking inclusion and exclusion, yet this article argues that “formal” workers are often as marginalized as those considered “informal.” The concept of precariousness, on the other hand, approaches work as the result of both market discipline and workers’ agency to which institutions and employment practices react.

A defining aspect of Vietnam’s economic development is large-scale rural–urban migration. A significant proportion of migrants are employed in industry, a driving force of Vietnam’s postsocialist transition and integration into the global economy. Keeping people in a state of uncertainty is a well-known means of exercising control over them (see Gainsborough, 2009). Internal frontier formation, such as between rural and urban, formal and informal, male and female, or different ethnic groups, has been a means to regulate and control the marginalized and maintain their vulnerability in many contexts (Arnold & Pickles, 2011; Gainsborough, 2009; Walker, 2009). Remnants of the command economy, particularly the household registration system (*ho khau*), create marginalization and limit access to social and labor protections. This is particularly evident among rural–urban migrants working in the major export manufacturing centers. State-run trade unions have proven incapable of addressing the particular needs of these migrants, as will be demonstrated in a case study from Dong Nai. Although some union officials recognize the growing disconnect between union structure and workers’ needs, the sustained frequency and intensity of wildcat strikes through much of the 2000s have clearly signaled the chasm between workers and their “representatives” (Clarke, 2006; Clarke, Lee, & Do, 2007; Tran, 2008, 2011).¹

Migrants in Vietnam are often caught between two forces. On one hand, regulations on “spontaneous migrants” and the *ho khau* system create structures that presume limited mobility and fixed residence to access many social and labor rights. Yet livelihoods are increasingly bound to the ability to move both geographically and between jobs. Workers clearly navigate the system to find work in cities, yet this choice increases the likelihood of finding themselves in precarious situations. At the same time workers’ mobility and actions stimulate debate on the need to increase workplace democracy—a critical and sensitive issue in a “workers’ state” such as Vietnam. To demonstrate these points, the article is structured as follows. The first
Economic Growth and Precarious Work: Macro Trends

Since the launch of Doi Moi (“restoration” or the introduction of market socialism) in 1986, Vietnam has pursued gradual liberalization comparable to China, rather than abrupt liberalization, as was the case in many transitional economies in Eastern Europe. Vietnam has followed an export-led growth model, combined with prominent state-owned enterprises, which account for roughly 40% of output in 2011 (see Cling, Marouani, Razafindrakoto, Illiard, & Roubaud, 2009; “Hero to Zero,” 2012). Vietnam’s growth pattern has followed the experiences of certain East and Southeast Asian countries whose features include regional integration as an initiator of capitalist growth; deepening intraregional trade and foreign direct investment (FDI); high savings and investment; transformation of industrial structure; urbanization and rural–urban migration; and growth-generated problems such as income and wealth gaps, congestion, pollution, financial bubbles, and inflation (Ohno, 2009). Many have benefitted from this transition. In 1990, Vietnam was among the world’s poorest countries with a gross national income (GNI) per capita of US$130. GNI increased to roughly $1,000 in 2009 (World Bank, 2011), which means that the World Bank now classifies the country as a lower-middle-income economy.

From 2003 to 2007, Vietnam’s GDP growth hovered above 8%, yet according to the World Bank it has reduced to roughly 6% on average through 2012. Even with the slowdown, GDP growth in Vietnam and China has been the highest in Asia in the 2000s (Marx & Fleischer, 2010). This surge has been enabled by new trade opportunities resulting from conditional normal trade relations (NTR) with the United States beginning in December 2001, followed by permanent NTR status from 2006. This agreement has increased Vietnam–U.S. trade by more than 700%, from just more than $2 billion in 2001 to nearly $16 billion in 2009 (Hormats, 2010). In 2007, Vietnam became the 150th member of the World Trade Organization, further embedding the country in the circuits of global trade and investment.

From 1990 to 2010, agriculture’s share of GDP was cut in half, whereas manufacturing nearly doubled (see Table 1). Vietnam’s employment structure corresponds to this shift, with agriculture declining from 73% of employment in 1990 to 54% in 2007 and industry rising from 11% to 20% (Atkinson, 2009). This has been enabled, in part, by the rapid expansion of the working-age population, known as the “demographic bonus,” with the total population increasing from roughly 48 million in 1975 to...
Table 1. Select Data, Vietnam

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>GDP (constant, trillion dong)</td>
<td>—</td>
<td>104.37</td>
<td>131.84</td>
<td>195.56</td>
<td>273.66</td>
<td>393.03</td>
<td>551.60</td>
</tr>
<tr>
<td>GDP growth (annual %)</td>
<td>—</td>
<td>3.81</td>
<td>5.10</td>
<td>9.54</td>
<td>6.79</td>
<td>8.44</td>
<td>6.78</td>
</tr>
<tr>
<td>Agriculture, value added (% of GDP)</td>
<td>—</td>
<td>40.17</td>
<td>38.74</td>
<td>27.18</td>
<td>24.53</td>
<td>20.97</td>
<td>20.58</td>
</tr>
<tr>
<td>Industry, value added (% of GDP)</td>
<td>—</td>
<td>27.35</td>
<td>22.67</td>
<td>28.76</td>
<td>36.73</td>
<td>41.02</td>
<td>41.10</td>
</tr>
<tr>
<td>Services, etc., value added (% of GDP)</td>
<td>—</td>
<td>32.48</td>
<td>38.59</td>
<td>44.06</td>
<td>38.73</td>
<td>38.01</td>
<td>38.33</td>
</tr>
<tr>
<td>Population, total (million)</td>
<td>53.7</td>
<td>58.8</td>
<td>66</td>
<td>71.9</td>
<td>77.6</td>
<td>82.3</td>
<td>86.9</td>
</tr>
<tr>
<td>Labor force, total (million)</td>
<td>24.8</td>
<td>27.6</td>
<td>31.6</td>
<td>35</td>
<td>38.6</td>
<td>43.2</td>
<td>—</td>
</tr>
<tr>
<td>Labor participation rate, total (% of total population ages 15+)</td>
<td>77.9</td>
<td>77.6</td>
<td>77.5</td>
<td>76.6</td>
<td>73.3</td>
<td>72.3</td>
<td>—</td>
</tr>
<tr>
<td>Employment in agriculture (millions)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>23.5</td>
<td>24.2</td>
<td>24.4</td>
<td>23.9</td>
</tr>
<tr>
<td>Employment in manufacturing (millions)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2.6</td>
<td>3.5</td>
<td>7.4</td>
<td>10.4</td>
</tr>
<tr>
<td>Other employment (millions)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>6.7</td>
<td>9.6</td>
<td>10.6</td>
<td>14.5</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2.3</td>
<td>2.5</td>
<td>2.7</td>
</tr>
<tr>
<td>Employers, total (% of employment)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.2</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Self-employed, total (% of total employed)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>80.3</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Wage and salaried workers, total (% of total employed)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>18.4</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Part time employment, total (% of total employed)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
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<tr>
<td></td>
<td>35.7</td>
<td>35.5</td>
<td>37.6</td>
<td>36.8</td>
<td>35.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


a. Not applicable.

approximately 87 million in 2010. Cling, Nguyen, et al. (2010) estimate that the “informal economy” contributes 20% of GDP. Other estimates put it at more than a third (37% on average in 2003–2006; Van, 2008).
Inflation in Vietnam has been high in recent years, reaching 23% in 2008 and 18% again in 2011. These rates, which are the highest in Asia, are figures that government censors have asked local journalists to stop reporting (“Hero to Zero,” 2012). According to the government’s General Statistics Office, food and drink prices in 2011 rose 34% over those posted the previous year (“Vietnam’s Inflation Rate,” 2011). Minimum wage increases have also been posted, yet the objective is to mitigate inflationary hardships rather than increase take-home pay (see Table 2). Indeed, within the pro-FDI context, Vietnam’s Ministry of Labor, Invalids and Social Affairs (MoLISA) has created a wage structure that benefits capital more than labor (Tran, 2008). The following section identifies select characteristics of Vietnam’s largely precarious labor force.

Informal Economy or Precarious Work?

Generally speaking, labor market data in Vietnam have been insufficient in scope, poor in quality, and piecemeal in sources, although improvements are being made (Phan, 2009). Still lacking are labor market data inclusive of internal migration; official statistics include only those who have changed residence in the past 5 years (Marx & Fleischer, 2010; Phan, 2009; United Nations, 2010). This is significant in a rapidly urbanizing country with tens of millions of seasonal, temporary, and circular migrants. 

Precarious work is not a commonly used term in Vietnam or in studies focusing on the country. There are four general, often interchangeable categories or terms to describe precarious or “informal labor” in Vietnamese: lao dong tu do (“free labor,” including no contract, short-term contracts, casual workers, and those “by

<table>
<thead>
<tr>
<th>Table 2. Monthly Minimum Wage in Vietnam (in dong)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
<td>FDI companies</td>
</tr>
<tr>
<td>Region 1</td>
</tr>
<tr>
<td>870,000</td>
</tr>
<tr>
<td>Region 2</td>
</tr>
<tr>
<td>790,000</td>
</tr>
<tr>
<td>Region 3</td>
</tr>
<tr>
<td>710,000</td>
</tr>
<tr>
<td>Region 4</td>
</tr>
<tr>
<td>100,000</td>
</tr>
</tbody>
</table>

| Domestic companies                             |
| Region 1                                       |
| 450,000                                        |
| Region 2                                       |
| 450,000                                        |
| Region 3                                       |
| 450,000                                        |

Source: http://www.amchamvietnam.com/?id=4773.
Region One = urban Ha Noi and Ho Chi Minh City (HCMC). Zone Two = rural Ha Noi and HCMC plus urban Can Tho, Da Nang, and Hai Phong. Zone Three = provincial cities and the districts of Bac Ninh, Bac Giang, Hai Duong, and Vinh Phuc. Zone Four = remaining localities. Region 4 was added January 1, 2009. Vietnam’s WTO accession (2007) requires wages alignment in domestic and foreign firms by 2012.

a. Not applicable
themselves”), *lao dong pho thong* (“popular labor,” meaning low-skilled labor), and *lao dong gian don* (“simple labor,” meaning unskilled labor). In certain instances they are also equated with *lao dong chan tay* (manual labor). Most available data relevant to precarious work are quite recent and are framed as “informal sector” or “informal economy” employment. This is primarily the result of recent informal economy studies by the International Labour Organization and the France-based Institut de Recherché pour le Développement and Développement Institutions & Mondialisation in cooperation with government agencies including Vietnam’s General Statistics Office (GSO) from 2006. The cooperation seeks to address this deficit.

Although these studies are comprehensive and recent (2009–2010), they are restricted to the Hanoi and Ho Chi Minh City urban areas. A primary objective is to set up a statistical system that would measure Vietnam’s informal economy and informal employment, in line with international standards and recommendations (MoLISA, 2010), for instance, by using the definition of the International Labour Organization (ILO) of informal employment. There is also a normative dimension—that the informal economy will give way to the formal economy with more precise application of policy measures (see Arnold & Bongiovi, 2013).

The Vietnamese government defines the informal economy as all private unincorporated enterprises that produce at least some of their goods and services for sale or barter, do not have a business license, and are engaged in nonagricultural activities (MoLISA, 2010). Work is considered informal regardless of employer–employee relationships. In other words, the self-employed and other groups are regarded as informal economy “employees.” According to the GSO, informal employment is operationally defined as unpaid family work and wage and salaried work without social security in nonagricultural sectors. It comprises work in the informal and formal sectors.

According to Cling, Razafindrakoto, and Roubaud (2010), 82% of employment in Vietnam can be defined as informal. These workers are found in not only the informal economy but also “formal sectors” including manufacturing, construction, trade, and accommodations. If the self-employed (own-account workers and employers) were classified as informal, informal work would compose 86% of the total in Vietnam (Cling, Razafindrakoto, et al., 2010). At the national level, manufacturing and construction is the largest informal industry (43% of total informal employment), followed by trade at 31% and services at 26% (Cling, Razafindrakoto, et al., 2010). In Ho Chi Minh City women represent 56% of informal employment, compared to only 42% in the formal economy. Men earn nearly 50% more than women in the informal economy in the Hanoi and Ho Chi Minh City urban areas, despite no significant differences in working hours, education level, or seniority (Cling, Razafindrakoto, et al., 2010).

Paradoxically, despite its economic and social weight, knowledge of the informal economy is extremely limited in Vietnam, as it is in most developing countries, and researchers, whether Vietnamese or foreign, have paid little attention to the subject (Cling, Razafindrakoto, et al., 2010). Cling, Razafindrakoto, and colleagues (2010) offer explanations for this situation:
First of all, the concept of what constitutes “informal” is vague with a multitude of definitions having been put forward by different authors. Secondly, measuring the informal economy is a tricky business since it operates on the fringes of the economy. Thirdly, the informal economy suffers from a lack of interest on the part of the authorities as it does not pay (or pays little) taxes and is seen more as a nuisance (especially in the towns) and a mark of underdevelopment inevitably doomed to extinction by the country’s economic growth. (p. 5)

Contrary to expectations, unregulated and unprotected work persists and is expanding not only in the informal economy but also in the formal economy. The informalization of the formal economy highlights the fallacy of policy interventions that link formality with social and labor protections. For instance, one area of concern has been declining duration or lack of contracts. In 2009, 70.1% of workers surveyed in the formal economy were on fixed-term contracts or verbal agreements or were without a labor contract, up from 67% in 2007 (see Table 3). This highlights the precarious nature of both formal and informal economy jobs in the country.

A fundamental problem with the formal–informal approach is that it tells us what employment relations and economies are not “formal.” For the few who are “formal,” labor and social protections are increasingly elusive. In Vietnam, formal employment has become the model on which access to labor and social protections is based. Reinforcing this approach, trade union organizing and interventions are centered on tripartitism, rooted in assumptions of formal labor relations. The “informals” are regarded as unorganized masses, waiting to be “rescued” by trade unions, NGOs, and international organizations (Barchiesi, 2011). The following sections address the pitfalls of applying tripartitism in the Vietnam context, while engaging alternative theoretical and empirical approaches that seek to delink social and labor protections from “formal” employment arrangements.

**Migration and Social Precarity**

Vietnam’s population has been increasingly spatially mobile over the past 30 years. Internal migrants were the foundation of Vietnam’s export-oriented economic boom from the late 1990s through the 2000s. Vietnam is in the process of transitioning from an agrarian society and is rapidly urbanizing. For example, in 2009 an additional 7.3 million people lived in urban areas of Vietnam compared to the prior decade, representing 77% of the country’s population growth during this period (United Nations, 2010). It is almost certain that the actual population residing in urban areas is larger than official statistics indicate, considering the underrepresentation of seasonal and short-term migrants in census data. In some provinces, up to 42% of households are estimated to include one migrant member (United Nations, 2010). According to Marx and Fleischer (2010), 88.7% of Vietnamese households received some form of remittance from migrants. Thus, social support systems change as migrants increasingly provide remittances to families in rural areas (Niimi, Pham, & Reilly, 2009). Despite
the importance of migrants in Vietnam’s economic development and increasing centrality of remittances in livelihoods, migrants are a highly vulnerable group. Data from the 2008 Migration Impact Survey show that 94% of migrants found “precarious and temporary jobs” in which they were not protected by the labor code or able to access other social services and protections. This is largely because of social controls initiated during the socialist era that have not sufficiently been amended post–Doi Moi to meet Vietnam’s changing engagement with the Asia regional division of labor.

Until the early 1990s, “organized migration” was the most common form of internal movement observed in Vietnam (Niimi et al., 2009, citing Guest, 1998; Dang, Tackle, & Hoang, 2003). Since the mid-1990s, state-backed migration has been replaced increasingly by “spontaneous migration.” Doi Moi has been the main driving force behind the shift from organized to spontaneous migration in Vietnam (Niimi et al., 2009). For example, it has been argued that the Doi Moi policy has affected internal migration in three distinct ways: (a) decollectivization in the agricultural sector has rendered farmers less tied to the land; (b) the marketization of the economy has

### Table 3. Cross-Tabulation Matrix of Wage and Salaried Employment Shares by Contract Type and Mode of Payment (percentage)

<table>
<thead>
<tr>
<th></th>
<th>Fixed salary</th>
<th>Per day/hours</th>
<th>Paid per product</th>
<th>Paid on commission, interest or in kind</th>
<th>Unpaid</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2007</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent contract</td>
<td>28.0</td>
<td>1.1</td>
<td>3.1</td>
<td>0.2</td>
<td>0.0</td>
<td>0.2</td>
<td>32.6</td>
</tr>
<tr>
<td>Fixed-term contract</td>
<td>15.3</td>
<td>3.8</td>
<td>5.1</td>
<td>0.3</td>
<td>0.0</td>
<td>0.1</td>
<td>24.7</td>
</tr>
<tr>
<td>Verbal agreement</td>
<td>4.3</td>
<td>17.4</td>
<td>6.2</td>
<td>0.8</td>
<td>0.0</td>
<td>0.1</td>
<td>28.9</td>
</tr>
<tr>
<td>No contract</td>
<td>3.3</td>
<td>6.3</td>
<td>2.9</td>
<td>0.6</td>
<td>0.1</td>
<td>0.1</td>
<td>13.4</td>
</tr>
<tr>
<td>Other</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>51.2</td>
<td>28.7</td>
<td>17.4</td>
<td>1.9</td>
<td>0.2</td>
<td>0.5</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>2009</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Permanent contract</td>
<td>26.3</td>
<td>0.4</td>
<td>2.6</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>29.4</td>
</tr>
<tr>
<td>Fixed-term contract</td>
<td>17.8</td>
<td>2.2</td>
<td>5.6</td>
<td>0.2</td>
<td>0.0</td>
<td>0.1</td>
<td>25.8</td>
</tr>
<tr>
<td>Verbal agreement</td>
<td>6.4</td>
<td>20.2</td>
<td>6.8</td>
<td>0.3</td>
<td>0.0</td>
<td>0.0</td>
<td>33.7</td>
</tr>
<tr>
<td>No contract</td>
<td>3.0</td>
<td>5.3</td>
<td>2.4</td>
<td>0.1</td>
<td>0.2</td>
<td>0.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Other</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>53.5</td>
<td>28.1</td>
<td>17.4</td>
<td>0.7</td>
<td>0.3</td>
<td>0.1</td>
<td>100.0</td>
</tr>
</tbody>
</table>

allowed people, particularly those in the urban sector, to be considerably less depend-
ent on government subsidies and rations for their daily necessities; and (c) the
increased flow of FDI has attracted migrant workers to the regions that have been the
main recipients of FDI (see Niimi et al., 2009). In fact, Hanoi and Ho Chi Minh City,
the country’s two leading economic regions, attract some 85% of FDI, whereas only
38% of the population lives in these regions (Cling et al., 2009). This has reinforced
regional disparities in rural and urban earnings that have provided incentives for
migrants. Pham and Reilly (2007), for example, report that the average hourly wage
rate in Ho Chi Minh City is approximately 50% higher than the national average.

Current migration controls differ from but are affected by those of the past. Indeed,
one Vietnamese researcher, writing for the United Nations Economic and Social
Commission for Asia and the Pacific (UNESCAP), contends,

Any discussion about migration, migrants’ well-beings and social protection in
Vietnam should take into account the so-called ho khau, or the household registra-
tion. For over five decades, the household registration has been used by the govern-
ment to control population and their mobility by binding a person’s whereabouts
with his or her economic, social and political entitlements. (Le, 2009, p. 18)

The blurred transition from the socialist to market socialist eras has contributed to
creating and reproducing social precarity. Migration flows in the past were strictly
controlled by a combination of government migration policies and the household reg-
istration system (ho khau), a system adopted from China in 1955. In Vietnam, every-
one has to be recorded as belonging to a household (ho); the name of every household
member (khau) has to be entered, at declaration of birth, in a booklet registered at a
particular place (Hardy, 2001). From the 1950s through to the Doi Moi era, people
had to depend on government subsidies and rationing for their daily necessities, espe-
cially in urban areas (Le, Tran, & Nguyen, 2011). The household registration booklets
allowed individual claims of food provisions and other commodities, as well as access
to social services, including education and health care. In other words, the ho khau was
used not only as a system of identification but also for administering access to rights
and services (Le et al., 2011).

The abolition of the state subsidy system in the late 1980s made individual move-
ment possible. To ordinary Vietnamese it may be regarded as a “precarious liberation”
(Barchiesi, 2011). On one hand, the party’s power to control people’s movement has
been greatly reduced (Hardy, 2001). Removal of the rigid restrictions on individual
movement and the dependence on the subsidy system meant people increasingly could
seek income from their labor rather than maintain dependence on the state. On the
other hand, migrants’ precarity in Vietnam is in large part the result of the marketiza-
tion of former state subsidies, without the full elimination of the ho khau system as a
means to control rural–urban migration and other population movements. Many social
rights are still linked to residence; the implications are numerous and contribute to
spontaneous migrants’ marginalization.
First, migration-related social policy comes under the mandate of many different ministries and as a result lacks clarity because of the diffusion of responsibilities across ministries, laws, and policy documents. MoLISA lacks a plan or specific policy tailored to the needs of spontaneous migrant workers (Marx & Fleischer, 2010). Furthermore, government-provided services, such as health care (including reproductive health and HIV care and treatment), schooling, and access to poverty reduction services, are tied to registration.

Second, migrants’ housing is inadequate and problematic. Le et al. (2011) find that most migrants seek accommodation in low-quality boarding houses in neighborhoods with poor physical infrastructure. Migrants pay higher charges in temporary residents (without ho khau) for electricity and piped water and other charges such as fees for community sanitation, rubbish collection, road and lane reparation, security, and so on. Lower-quality houses mean unfavorable physical conditions, exposing the residents to conditions that may negatively affect their health, for example, bad weather or pollution (Le, 2009). According to the United Nations (2010), many migrants also live on site at their place of work, most notably in the construction sector. To save money, they minimize their expenses by paying for essential needs but often spend very little on food or health care.

Third, migrants tend to be particularly vulnerable compared to local residents, especially in the labor market, with female and ethnic minority migrants at a particular disadvantage in this regard. Although concentrated in certain sectors, they are subject to less job security and lower-paid work and have no access to social, health, and employment insurance if they are not covered by a labor contract (Le et al., 2011; Marx & Fleischer, 2010; United Nations, 2010). In practice, employers consider the registration status of prospective employees, although they are legally not permitted to do so (Le et al., 2011; United Nations, 2010). The United Nations (2010) confirms that migrants are less likely to hold a labor contract; one survey shows that 95% of the migrants do not have one (Le et al., 2011).

In sum, migrants are caught between competing demands. On one hand, household registration limits “official” mobility and results in a lack of social and labor protections. On the other hand, flexibility and mobility are critical aspects of firms’ flexible production cycles and workers’ necessity to respond to job opportunities in different geographic locations and sectors. Yet migrant experiences are not totally determined and overwhelmed by political economic structural forces (Mezzadra, 2011). Strikes are commonplace, workers organize through “commune networks,” and workers can affect the perceptions and approaches of institutional actors including trade unions and other “mass organizations,” as they are known in Vietnam. The following section looks at these issues.

Workers’ and Trade Unions’ Responses

The focus of this section is trade unions’ and migrant workers’ efforts to mitigate precariousness. This is a critical and highly sensitive issue in Vietnam, officially a “workers’ state” seeking to maintain legitimacy among the population while deepening
engagement with the global economy. The previous section demonstrated that ho khau social controls bind a person’s whereabouts with social, economic, and political entitlements. Yet for many, the lure of “spontaneous” mobility outweighs the benefits associated with ho khau entitlements. Manufacturing production networks’ need for low-wage, flexible labor in industrial zones exacerbates migrants’ marginalization. In fact, many of these networks are dependent on maintaining a floating, precarious labor reserve. However, workers are not passive victims. The number and scale of strikes, in addition to increasing labor shortages, have affected labor-intensive light manufacturing in Vietnam. State-run trade unions recognize these and other trends as critical challenges, but as of yet they have failed to address them.

**Dong Nai Case Study**

Dong Nai is an important industrial area with a population of 2.5 million in 2010. There are 600,000 industrial workers in the province. The Dong Nai Labour Union (DNLU) estimates two-thirds are migrants (interview, Mr. Huynh, vice-chair, DNLU, December 10, 2010), an estimate confirmed by Institute of Sustainable Development for the South of Vietnam (2009). The main industries are shoe and leather products, textiles and garments, electronics, chemicals, plastics, and wood products. Companies like Nike and Pou Chen are key employers. Pou Chen, a Taiwan-based shoe manufacturer, employs about 20,000 people in one facility, an indication of the scale of many factories. According to the DNLU, 100,000 workers produce for Nike, one of the major buyers in the area. DNLU figures state that 32 countries and territories invest in the province and 12,000 domestic enterprises are registered in the private sector. In short, it is a key industrial engine, making Vietnam’s south the “economic powerhouse” of the country.

Since the early 2000s, Vietnam’s textile, garment, and shoe exports have expanded quickly, making Vietnam the world’s second largest producer in both sectors from the mid-2000s to 2010, behind only China. Vietnam has emerged as a low-cost sourcing option that can also deliver more complex, fashion-sensitive goods. This is important for many major buyers in the largest markets (the European Union, Japan, and the United States) who attempt to manage market uncertainties with an increasing focus on shorter lead times and lower inventory. The highly competitive conditions lead many manufacturers to squeeze labor costs since they are left little negotiating space on price from buyers, which may remain stagnant or decline, in addition to other costs including shipping and fabrics, leather, and other inputs. These trends reinforce labor market flexibility in manufacturing and other nodes of production networks. In Vietnam this has multiple implications, including low wages and excessive overtime (OT) work requirements.

GDP per capita in Dong Nai province is roughly $100 higher than national averages, yet workers continue to face difficulties because of low wages. In late 2010, the starting wage was about 1.5 to 1.6 million dong per month, above the statutory Region 2 minimum wage at the time (see Table 2). In the past, consumer goods prices were more stable, but in recent years they have fluctuated because of inflation. According to
Mr. Huynh of DNLU, minimum wage has increased about 10% per year, but inflation rates are higher, and consumer prices in Dong Nai are among the highest in the country. A second critical issue in Dong Nai is OT. According to the law, it should not exceed 300 hours per year, but many enterprises indeed exceed it. One reason for forced OT is to compensate for acute labor shortages in Dong Nai (see below; interview, DNLU, December 10, 2010).

According to the DNLU, low-wage and excessive OT are central factors driving discontent among workers in the province, and labor relations are quite poor. Statistics from the Dong Nai Legal Aid Center, an organization operating in close cooperation with the DNLU in shared office space, show that the strike frequency in the province is among the highest in the country: 132 in 2010, up from 70 in 2009 (interview, Dong Nai Legal Aid Centre, December 10, 2010). The DNLU does not lead strikes; rather, factory-level DNLU representatives tend to act as mediators between workers and employers. The Legal Aid Centre, established in 2009, is a service agency and is not legally entitled to lead strikes. The organization focuses on worker education, particularly legal rights, including the right to strike. Clearly, conditions are difficult for workers, a situation exacerbated by the role trade unions play.

**Trade Union Responses**

Le and colleagues (2011) contend that migrant workers face multiple vulnerabilities at the workplace because of the poor enforcement of Vietnam’s Labor Code, the low “legal literacy” of the workers, and the dysfunction of the trade unions. Like the ho khau system, trade unions operate on a model ill equipped to deal with workers’ precarious engagement with the changing Asian regional division of labor. Reformulating trade unions’ mandate has proven a difficult task for the party. Historically the focus of the Vietnam General Confederation of Labour (VGCL) has been on domestic, state-owned enterprises. The mediating efforts of state enterprise unions and the patron–client relationships in domestic enterprises have been effective in diffusing strike intentions (Chan, 2011). Outside of its traditional and more comfortable role in state-owned enterprises, the VGCL’s focus is to equip the organization with the ability to engage tripartite negotiations with private sector FDI enterprises. Yet tripartism typically comprises employers, the state, and workers. In Vietnam, trade unions and the state are easily perceived as synonymous. Yet trade unions have an increasingly dual function—to meet the needs of both the party and workers. This means that workers’ institutional and representational terrain is unsettled and, as is discussed below, contested.14

Despite the representational gap, the ILO has been actively helping the Vietnamese government to set up a tripartite structure to establish a platform for dialogue among the state, employers, and workers (Tran, 2011). Vietnam has initiated a rights-based system for the regulation of industrial relations in its emerging market economy. The labor law regulates that employment relationships and collective agreements, individual contracts, and disputes are to be settled on the basis of the rights inscribed in those instruments (Clarke et al., 2007). However, this system has not been effective in
practice. Clarke and colleagues (2007) contend that, on one hand, trade unions and labor administration have been unable to ensure that employers respect these rights. On the other hand, Vietnamese workers have not pursued their interests through the institutional channels provided for that purpose. Generally speaking, trade unions show little inclination or ability to stand up to employers on behalf of their members. The primary reason for this, as put forward by scholar–activist Ms. Tuyet Huynh, is that “Vietnam’s trade unions are still in between workers and employers” (interview, December 10, 2010). One result is Vietnamese workers show a preference for direct action over representation through highly bureaucratic industrial relations structures (Clarke et al., 2007). These weaknesses prevent meaningful negotiations that might preempt workers from taking industrial action (Chan, 2011). In short, it is largely an issue of representation of interests (Clarke, 2006).

A central reason for this institutional malaise is that Vietnam’s unions are still under direct control of the party from the district to national levels (interview, Ms. Huynh). However, factory-level unions are typically not under this mandate because they lack sufficient numbers of party members to set up a committee. This opens an obvious question: If they are not party committee members, then who are they? Typically they are appointed by and serve the interests of management. Ms. Huynh went on to say that workers’ ability to select leaders at the factory level is the critical issue. People within the state and provincial trade union committee, like Mr. Huynh in the DNLU, are aware of these structural problems. The trade union law and representational mechanisms create and maintain precariousness rather than mitigate it. Mr. Huynh asserts that any new legal mechanisms (the trade union law is under revision) “should enhance democracy for workers. The Dong Nai Trade Union has proposed [to the working group drafting the law] that democratic stipulations are included in the law,” which currently lacks them. He goes on to recognize that the problem with the existing law is it “is not suitable for engaging the global economy and production.” However, this is a view not shared by cadre across different provinces. Dong Nai is nearly industrialized and facing labor shortages (see below). Poorer provinces, and officials in those provinces, are more concerned with attracting investments than promoting workers’ rights and workplace representation mechanisms.

Changing employment relations have presented a major challenge to the rights-based institutional forms of regulation of labor relations established in the early stages of reform, which have proved slow to adapt to the new circumstances in which disputes are interest based (Clarke et al., 2007). The persistence of strikes in the 2000s has led the government to pay increasing attention to industrial relations issues, yet the approach remains confined within the legalistic framework of the state socialist era and recently introduced tripartism. As a result, workers’ social and economic rights are increasingly marginalized, even for those with labor contracts in the “formal economy.” For those outside of this rigid framework, there is little if any opportunity for institutional representation. In the short to medium term, it appears that unions are able to mitigate workers’ precariousness. In this context it would appear that a more direct engagement with workers’ subjective practices is the clearest path to mitigating pre-
cariousness. This may, in turn, foster better-informed strategies for activists and institutions interested in engaging workers on their own terms.

**Dong Nai Workers Associations**

Spontaneous collective actions have elicited modest gains in Vietnam, even within a context of the inability of trade unions to act as workers’ representatives (Tran, 2008). Migrant workers find their own ways to organize and act collectively within structures and institutions that clearly are not operating in their interests, namely ho khau and state-run unions. Responses vary, from the wildcat strikes identified above to bypassing work in labor-intensive industries for other sectors to organizing around social support networks, which is the focus of this section. Furthermore, organizations are finding ways to reach these workers at the margins of trade unions’ mandates. This means that precariousness is not just a blow from market forces but also a condition for strategizing alternative possibilities for organizing and labor movements (Barchiesi, 2011).

Groups of rural–urban migrant workers in Dong Nai, and presumably other provinces, are often known as *nyom dong huong* (literally group-same countryside, or “commune networks”). They are people from the same villages or communes who form social networks in urban and periurban areas. Members of these networks tend to work in the same factories or other workplaces, live in the same dorms, borrow money from one another, help find work for friends and family, and so forth. A central strategy of the Legal Aid Centre (LAC) in Dong Nai is to target these groups rather than focus solely on specific workplaces. The migrant networks are self-formed and often lead to mutual trust, understanding, sympathy, and sharing among workers (Institute of Sustainable Development for the South of Vietnam. 2009). These networks are more likely than a workplace to consolidate long-lasting relationships. Informal networks have existed in Dong Nai and other migrant areas for quite some time, presumably since large-scale migration began in the 1990s.

The commune networks foster social safety nets (Institute of Sustainable Development for the South of Vietnam, 2009). The social networks also help with material and spiritual sharing, which fosters more knowledge and skills to improve their own lives (Institute of Sustainable Development for the South of Vietnam, 2009). These groups have only recently established a connection with “official” organizations such as the LAC and indirectly with the DNLU via the LAC. The relationship among commune networks, mass organizations (trade unions), and local authorities remains loose (Institute of Sustainable Development for the South of Vietnam, 2009). A primary focus of the LAC is to help strengthen these informal commune-based networks and link them to provincial authorities and mass organizations like the DNLU. The LAC focuses on legal rights and disseminating knowledge of the law, as well as discussing issues such as insurance, marriage, and family life. In the process they try to identify issues not covered by the legal system and offer suggestions to improve legislation. They operate primarily by mobile clinics that go to housing areas in the proximity of industrial parks. The organization targets all migrants in the area, not only factory workers, though most who attend sessions are factory workers.
Clearly, the LAC’s strategy reflects the social and work patterns of the migrants themselves. Although LAC may not be the first organization in Asia to employ such tactics, it is a new approach for an “official” labor organization that has close working relations with a provincial trade union center. The LAC’s links with Vietnam’s labor movement mean that calls for increased transparency and direct worker representation in factories are on the table in negotiations over labor law reform. A potential shortcoming of the approach is that focusing on legal issues may be an attempt to replicate the centrality of the labor contract in Keynesian models, in a social order where work in the changing Asia-regional division of labor is, by definition, insecure and uncertain. The return to the “glory days” of the Fordist, tripartite-mediated labor contract is unlikely if not unwanted for those “traditionally” marginalized by it—women and migrants (Vosko, 2010). Furthermore, this approach is prone to the formal–informal “trap,” which has created a false distinction between the regularly employed, with access to their legal rights, and those underemployed or out of work who have no such recourse. Of particular importance, and a matter for further research, is whether workers view such initiatives as empowering or an attempt by the state’s mass organizations to exert or regain control over their lives.

**Conclusion**

One explanation for Asia’s informalizing workforce centers on the lack of institutionalized labor protection, economic expansion without a balanced distribution of wealth, and the integration of agrarian populations into capitalist social relations (Chang, 2009). These workers, according to Chang (2009), are fully open to market despotism and bullying by public authorities, without institutional protection either from unions or the state. This is a succinct theorization of certain processes shaping marginalization in Vietnam. Yet understanding insecurity is not just about the paralyzing blows from inscrutable macro-scale political economic forces (Barchiesi, 2011). The concept of social precariousness recognizes insecurity driven by global capital trends, but also how this is codetermined by work and social life and institutions and subjectivities. These competing forces are context specific and are continually being rearranged and contested, creating both opportunities and challenges.

This article has drawn attention to the intersection of Vietnam’s market socialist transition and its deepening engagement with global manufacturing and resulting social precariousness. This perspective highlights former state-socialist “guarantees,” including entitlements administered through the (ho khau) household registration system. Removal of rigid restrictions on individual movement and dependence on the subsidy system meant people increasingly could seek income from their labor rather than maintain dependence on the state. However, the state maintains administrative remnants of the system, with wide-ranging implications for migrants’ access to health care, housing, and other social claims. The continued functioning of trade unions along socialist bureaucratic lines is another example of carryovers from pre–Doi Moi
to the present. Trade unions are “reforming,” yet these reforms generally are geared toward implementing tripartite modalities initiated and designed for particular political economic growth strategies in the West, and later reformulated “successfully” in other postwar contexts, particularly Japan. This arrangement has, for the most part, failed to meet the changing needs of workers divorced from the labor contract. According to dominant approaches to labor and development the informal economy is to give way to the formal, enabling workers to engage tripartite institutions. This “modernization” is expected to contribute to shared wealth and political stability. However, hypermobility characterizes work in contemporary global capitalism. Models that seek to fix labor and social rights and protections to particular workplaces are, so to speak, sticking square pegs in round holes.

Organizing to demand social and economic rights is prevalent in Vietnam, despite the lack of institutional protections for internal migrant workers. This has been most noticeable in urban and periurban industrial areas. State-run media have generally portrayed these workers’ protests in a positive light, and for these and other reasons the state is less inclined to react with heavy policing, crackdowns, and even violence against protest leaders, which are common in neighboring Cambodia and Thailand (Arnold & Pickles, 2011; Arnold & Toh, 2010). Vietnam’s political context may open space for workers’ struggles to mitigate precariousness that is not present in other countries. Yet there remains a wide gap between certain state institutions’ interests in maintaining power and a central role in the labor politics, and the strategies of migrants’ social networks that seek to mitigate marginalization. Migrants’ networks are responses to the blurred divisions between work and life, a defining element of precariousness (Neilson & Rossiter, 2008; Precarías a la Deriva, 2004), whereas the state appears set on maintaining rigid distinctions from both the command economy era and the newly adopted tripartite labor relations. An open question is whether Vietnam’s trade unions will take steps to meet the unique needs of precarious workers. Less clear is whether workers are actively encouraging and engaging such changes or are looking to alternative possibilities.

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Notes
1. Wildcat strikes are defined here as strikes organized not by the official unions but by workers themselves, and without going through legal procedures.
2. See Karadjis (2011) for analysis on labor in state owned enterprises.
4. Others have conducted thorough reviews of data sources, surveys, and methodologies employed to collect labor force information; see Phan (2009) and Cling, Razafindrakoto, and Roubaud (2010).
5. Other terms include lao động (theo) thời vụ (seasonal labor).
7. According to Cling, Razafindrakoto, et al. (2010),

Before our work was conducted, statistical information on the informal sector’s economic weight (in terms of labour, income and production) in Vietnam was scarce. Information on the informal sector was based solely on case studies and small unrepresentative surveys. Aside from this, the only statistically representative data available concerned household businesses in general drawn from the GSO business censuses and surveys, which cover only part of the informal sector. (p. 14)

8. In fact, Niimi, Pham, and Reilly (2009) find that migrants possessing the most temporary form of registration status remit the most, reflecting the lack of stability in terms of work in a particular sector and the migrants’ higher degree of reliance on their family in rural areas.
9. As in China, a key initial aim of the registration system was to restrict the activities of “counter revolutionaries and criminals” (Hardy, 2001). Household registration served, as it was originally intended, as a powerful technology of surveillance for internal security.
10. It is estimated that 41% of urban households in Vietnam lack one of the following: durable housing, a sufficient living area, access to an improved water source, access to improved sanitation, or secure tenure (United Nations, 2010).
11. Surveys that compare labor contracts inside and outside of industrial zones are needed, as are comparisons across sectors, for instance, garment and electronics manufacturing, and industry to services.
12. This section draws on fieldwork in Hanoi and Hai Phong and in Ho Chi Minh City and Dong Nai in February 2008, February 2009, and December 2010. Interviews with trade union officials, NGO representatives, International Labour Organization staff, employers, and researchers were conducted.
13. The Pou Chen Group is the largest branded athletic and casual footwear manufacturer in the world, with production capacity of more than 250 million pairs of shoes per year. The group, including its Hong Kong subsidiary, Yue Yuen, accounts for approximately 20% of the combined wholesale value of the global athletic and casual footwear market (see http://www.pouchen.com/English/1.aspx).

14. Union officials at the central level in Hanoi (interview, Vietnam General Confederation of Labour [VGCL], December 6, 2010) and Hai Phong province (interview, Hai Phong Labour Union, December 3, 2010) reported that the union had no intention to focus on informal economy workers, but rather on those who already possess “formal” contracts. In theory, the trade union mandate provides space for informal economy workers to organize at the grassroots level (interview, Thu Ha, May 29, 2012). Professional associations are another kind of worker organization through which workers with similar jobs in a certain geographical area can organize (interview, Thu Ha, May 29, 2012). In practice there are a few professional associations, and only one informal economy association affiliated with the VGCL had been established by 2009—a porters association at a popular tourist destination.

15. Jee Young Kim (2011) found two salient factors causing workers to strike or not: the presence or absence of grievance procedures and management’s responsiveness to such grievances.

16. From the late 2000s, labor shortages have been reported in many of Vietnam’s industrial zones. A Fair Labor Association representative explained that shortages are the result of low wage, workers’ preference to work in factories closer to their home province, and competition from electronics and other sectors that offer better pay and work conditions (interview, Mr. Lam, Hanoi, December 10, 2010). He said that “[i]n the past small help wanted signs were posted at factory gates, they were hand-made and shabby looking, now help wanted advertisements are large banners with propaganda on the benefits associated with working at the factory.” Representatives of the Dong Nai Legal Aid Center affirmed the sentiment and added that “now the textile and garment factories will recruit about anyone as long as they are old enough” (interview, December 10, 2010). The DNLU claims that it is now more common to employ older workers than it was in the past.

References


Bio

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