Ear to Asia podcast

Title: As Vietnam scales the global value chain, what does it mean for its workers?

Description: Almost four decades since Vietnam abandoned Marxist central planning in favour of market socialism, Vietnam is now well integrated in the global supply chain and is an important manufacturing hub for labour-intensive industries like textiles, electronics, and even automobiles. The economic expansion -- powered by foreign investment and exports -- has reshaped Vietnam's labour market, creating higher-skilled jobs but also challenges like wage stagnation and worker abuse. For all the fanfare over investment dollars from the likes of Apple, Samsung, and Intel -- as well as a host of Chinese companies -- there are signs that the welfare of workers, both in terms of pay and working conditions, is far from a top priority. Meanwhile, restrictive policies around unionisation and dissent have served to hamper labour advocacy. So how to make sense of an uneven labour landscape overseen by a Communist party with long ties to workers? What can be done to ensure Vietnam's workers truly benefit from the country's hard-won place in the global value chain? And what can policymakers, businesses and civil society actors do better to protect the very people who underpin Vietnam's economic future? Vietnam labour experts Prof Angie Tran from Cal State Monterey Bay and Dr Tu Nguyen from Asia Institute examine the often fraught labour relations in Vietnam with host Sami Shah. An Asia Institute podcast. Produced and edited by profactual.com. Music by audionautix.com.

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Dr Tu Nguyen
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Voiceover: The Ear to Asia podcast is made available on the Jakarta Post platform, under agreement between The Jakarta Post and the University of Melbourne.

Sami Shah: Hello, I'm Sami Shah. This is Ear to Asia.

Tu Nguyen: Certainly the Vietnamese working class are given more choices, for their income for their livelihood, but those choices are not necessarily good choices. Every time they look for new opportunities to improve their lives, they are caught in the new situation of precarious working and living conditions.

Angie Tran: In Vietnam, there is a conflict of interest because management often selects the local leaders based on those who support them, who are loyal to them, most likely local union leaders, enterprise level union leaders are coming from HR -- human resources. They cannot really represent and fight for workers' rights because their job is on the line.

Sami Shah: In this episode as Vietnam joins the global value chain. What does it mean for workers?
Ear to Asia is the podcast from Asia Institute, the Asia research specialists at the University of Melbourne. Once a centrally planned economy, Vietnam's shift towards market socialism in 1986 catalyzed industrial growth, aided notably by foreign investments and exports. Almost four decades later, Vietnam is now well integrated in the global supply chain and is an important manufacturing hub for labor intensive industries like textiles, electronics, and even automobiles. The economic expansion has reshaped Vietnam's labor market, creating higher skilled jobs, but also challenges like wage stagnation and worker abuse. For all the fanfare over investment dollars from the likes of Apple, Samsung and Intel, as well as a host of Chinese companies, there are signs that the welfare of workers, both in terms of pay and working conditions, is far from a top priority. Low wages for many workers have meant precarious living conditions, especially following intermittent downturns in demand along the global value chain. Working conditions in some sectors are notorious. In one particularly bad example, it's been reported that close to half of women working in Vietnam's garment sector have been subjected to violence or sexual harassment.

Sami Shah: And it's not only Vietnamese workers in Vietnam who face risk and uncertainty. Migrant workers from Vietnam to other countries, often under bilateral labor agreements, also face potential exploitation. Meanwhile, restrictive policies around unionization and descent have served to hamper labor advocacy. So how to make sense of an uneven labor landscape overseen by a Communist Party with long ties to workers? What can be done to ensure Vietnam's workers truly benefit from the country's hard won place in the global value chain? And what can policymakers, businesses and civil society actors do better to protect the very people who underpin Vietnam's economic future? Joining me for this conversation are two experts on Vietnam labor issues. Professor Angie Tran of California State University, Monterey Bay, is a political economist who has published extensively on Vietnam and transnational labor migration. Her latest book is entitled *Ethnic Descent and Empowerment: Economic Migration Between Vietnam and Malaysia*, from University of Illinois Press. Doctor

Tu Nguyen is a lecturer in Asian Studies here at Asia Institute. Her 2023 book that touches on today's topic is *Law and Precarity Legal Consciousness and Daily Survival in Vietnam*, from Cambridge University Press. Angie and Tu. Thanks for joining me on Ear to Asia.

Tu Nguyen: Thank you for having us.

Angie Tran: Yes, thank you for the wonderful introduction and thank you for having us and for this conversation.

Sami Shah: Angie, just to give some historical context here, in 1986, Vietnam moved to shift its economic system from a centrally planned one to what it calls a socialist oriented market economy. Why was this change made?

Angie Tran: So I may have to kind of go back to 1975 at the fall of Saigon. Um, at that time, after the fall of Saigon, essentially, Vietnam defeated the US. And at that point, the North Vietnamese government unified the whole country into one called the Socialist Republic of Vietnam and essentially imposed the Marxist Leninist classic socialism regime to the whole country with the dominance of the state and I would say cooperative sectors throughout the whole country. And mind you that after that victory, the Vietnamese economy was in a shambles, exacerbated by the 20 year plus US trade embargo on Vietnam. So there had been a lot of fence breaking activities in Vietnam. And essentially that means bottom up people initiated informal market activities contradicting and circumventing state policies. And that led up to the momentous 1986 sixth party congress, which led to the acceptance of the market system in Vietnam, acknowledging private interests coexisting with public interests. But I have to also mention a momentous thing. Well, 1987, the first foreign direct investment law was legislated, but then in 1989, a very important year, if you recall, the fall of the Berlin Wall, that happened. And that led to the disintegration of the former Soviet Union bloc to which Vietnam was. One of the satellites. That momentous change brought Vietnam to rethink their mindset and their ideology. Since then, the Vietnamese government engaged in the so-called market socialism, or the market economy with socialist orientation. It's called *kinh tế thị trường định hướng xã hội chủ nghĩa*. It means that the government retains the legitimacy of a one party state and one, one and only general confederation of labour. The Vietnamese General Confederation of Labour VGCL.

Sami Shah: So, if I may interrupt right there, what does that change mean for ordinary citizens and workers at the time?

Angie Tran: It means that foreign investment can enter Vietnam and set up shops, set up factories in Vietnam and hire Vietnamese workers. That means that Vietnamese

entrepreneurs can also set up, you know, small mom and pop stores and factories. And that means that market system can happen to coordinate activities of the populace.

Sami Shah: All right, so if we switch tactics from looking at the past now to looking at the present, Angie, fast forward to recent times, how has Vietnam emerged as a key player in the global value chain?

Angie Tran: So a lot of events happening between Vietnam joining the World Trade Organization in 2007. Um, I think I mentioned earlier that the US imposed, a trade embargo on Vietnam from 1975 until 1995. Clinton administration lifted the trade embargo in 1995 for so many, many complicated reasons. One of those that Vietnam withdrew from Cambodia in 1989. So after the US lifted the trade embargo and reestablished normal relationship with Vietnam, it's sort of like opened the floodgate for foreign investment and allowed Vietnam to apply for the World Trade Organization, which the US were the last country that approved the Vietnamese entering the WTO. Once that happened, as you asked Sami, then floodgates have been opened for investment to come in for Intel to come in, for Samsung to come in to set up shops, set up big factories for electronics, smartphones, component parts to be assembled in Vietnam.

Sami Shah: Electronics. I mean, you cannot talk about that technology without talking about China as a manufacturer. Is Vietnam becoming an important part of China's linked supply chains a major change for the country in the modern era? Or is it just harkening back to some of the relationships it had already developed during the Communist phase? Angie.

Angie Tran: Um, after Vietnam withdrew from Cambodia in 1989, in 1991, Vietnam and China normalized their relations. So. Right. So the two countries started to talk to each other and engage in commercial activities and whatnot. What we see in recent years, given the trade embargo from the US towards China, we see a lot of relocation of factories from China to Vietnam to do all of these manufacturing. But there have been a lot of commercial relations between the two countries since the re-establishment of the relations between the two countries in 91.

Sami Shah: So moving to Tu now, uh, Tu can you tell us a little bit about what's been the role of the foreign direct investment in shaping Vietnam's current labor landscape?

Tu Nguyen: Um, I think it's a big question. Um, certainly foreign direct investment contributes a lot to the Vietnamese economy, especially the export sector. Um, currently, the FDI companies or foreign direct investment companies account for approximately 70% of the value of exports coming out of Vietnam in the early days in which Vietnam welcomes foreign

direct investment, there was a lot of attention or coverage of factory strikes, with workers going on strikes as a way to demand better wages and working conditions. There's one point, very quickly, that I want to mention, following on from what Angie mentioned earlier, about what the change to a market socialist system means for the Vietnamese people. In labor relations during the central planning system, the workers the state employees enjoy benefits under the socialist social contract provided with a living wage and other benefits, lifelong employment. And they basically are the state employees. But when Vietnam shifts to a market economy, the law also needs to change to acknowledge, to establish the new labor relations that are in line with the market principles. So the labor law was introduced, first introduced in 1994, and it was implemented a year later that set up labor relations in Vietnam according to the market principles. It stipulates workers individual rights, benefits, as well as the systems for collective bargaining and resolution of labor disputes. However, as I mentioned before, in the early days when the foreign companies were set up in Vietnam, there were a lot of violations of labor rights, and hence workers have taken their problems to the streets to go on strike, to demand better wages and working conditions.

Sami Shah: We have, however, seen some references in the media and in global conversations around Vietnam's labor market about a shift towards higher skilled jobs. Has this been a direct result of the FDI? Angie.

Angie Tran: I'm glad you asked that question because, um, It's a big fat no. And if you look at the history of foreign investment pattern into Vietnam since 1987, yes, a lot of investment have been poured into Vietnam. But primarily into cutting, making, trimming, or assembling or processing imported raw materials or parts coming from outside. So if you're looking at FDI statistics, you need to be very careful. If you're looking at FDI-led, export-oriented manufacturing, you really need to look at the net export coming out of Vietnam. You should not just look at the total export, the value of the total export coming out of Vietnam, because it does include inputs which came from outside of Vietnam. So economists often talk about industrial deepening or industrial upgrading, which means that it requires domestic backward linkages. It means that it requires the country's ability to use domestic products, domestic raw materials. For example, if you're talking about textiles, garment, footwear, then it has to use fabrics, all sorts of inputs to make those products, not just using from imported materials. So as of this point, when I look at the statistics given by economists, I always question – you have to subtract the value of the imports from the total export value to see the real value added, which does stay in the country. Well, if you ask me, what is the value added is for is basically to pay low wage labor.

Sami Shah: And Tu, you mentioned this a little bit. So I just want to come back to you about this a little bit more. What if the skills development, you know, many foreign workers or local

workers in Vietnam have had to upskill for some of the manufacturing that's taking place? Some of the industries that are investing in the company. Has that resulted in a skills development that makes them more acceptable or more enviable in an international market.

Tu Nguyen: For the garment and footwear industries, which I'm more familiar with in my research, I can say very limited skill upgrading. The workers are employed to work on the assembly lines, doing assembly jobs, completing simple tasks, completing the quotas set up by the company every day, and then they repeat the tasks every day and every week. The workers are admitted into the factories to work without any requirement of qualifications, and the companies will provide the training for the workers. But basically, the only demand that the companies have with the workers is that they work hard, they work diligently, they attend to their jobs regularly. For the new tech industries, so I know that there's been a lot of attention of Vietnam shifting to the higher tech industries. But I want to note that for those companies, low tech companies that are established in Vietnam, most of the labor force that are supplied from Vietnam to work in those factories are still very low skilled assembly jobs. So I don't see significant skill upgrading or skill requirements in that shift in industry. And with the workers working continuously in hard and hazardous environment, their health also deteriorates over the years. And usually what what is often the case is that for the workers who reach the age of 35 or 40, the employer no longer sees them as productive, as efficient as younger workers, and the factories would tend to find ways to dismiss or to layoff these workers.

Angie Tran: Um, can I just kind of follow up on the point that Tu just made? I was nodding in agreement, as you can tell, but you guys cannot see it in the audio. But I cannot agree with her more. And I just want to add one more point about the feminization of the labor force. I have to bring gender into this whole thing, because FDI companies rely on on women workers, female workers, because of the very socially constructed patriarchal expectation that they think that female workers are more compliant, submissive and nimble with nimble fingers. So the latest studies coming out on the industrial parks in Hanoi in the north Samsung factories, majority of the workers are women and they are young. So young female workers working with low wages and as du said, for a short term because they ate faster than we think. They want to get their social insurance out faster than what would be optimal for them, which is really sad.

Sami Shah: Angie, we're hearing about so many challenges for the Vietnamese worker. Where are the labor unions in all of this? Are they present in the business landscape, in the political landscape? And what? Proportion of the labor is unionized.

Angie Tran: Okay. Historically speaking, under the socialist years, the tripartite relations between, um, the labor scene, so to speak, was supposed to be harmonious. Well, of course, it is an idealized situation, right? Well, because at that point, before 1986, the workers were working for the state. There was no capitalist there. So the union was supposed to be basically a conduit between the workers trying to work hard and deliver some quotas and then to be procured by the state and to be distributed after that. But with the introduction of the capitalist global capital into the Vietnamese, um, labor scenes, things are much, much, much more complicated. I think I alluded to earlier about the one and only the Vietnamese General Confederation of Labor, VGCL, sanctioned by the Vietnamese government to represent the workers. And by the way, it is not just a union. It is a social and political organization. And because of that, as of this point in the market system, in the market socialism, as I mentioned earlier, the Vgcl is not equipped to really, truly represent the interests of the workers for various reasons. I mean, I did a lot of fieldwork in Vietnam.

Angie Tran: I talked with many, many, many labor leaders, union organizers, many of them at the district and at the lower level, village and ward level, their heart is in the right place. They are really, truly pro-labor. But as you move up to the central level, officials tend to be a little bit far removed from the local suffering from the local grievances, from the worker grievances. So that's one point about the complexity of the VGCL at different levels. Secondly, the VGCL at various levels on the books, companies are supposed to form union to establish union by law, they have to form unions, which is fantastic. I think it's better than the US in that sense. But there is a conflict of interest because management often selects the local leaders based on those who support them, who are loyal to them. And you see that conflict of interest? Most likely your local union leaders, you know, enterprise level union leaders are coming from HR, human resources. And then you have it right. There's a big conflict of interest. So they cannot really represent and fight for workers rights because their job is on the line, too.

Sami Shah: Tu, would you agree with what Angie just said? I saw you nodding quite vehemently at some points.

Tu Nguyen: Yeah, I certainly agree with the point about the limitations of Vietnamese union in representing the workers. There's very, um, interesting aspect to how the government or the state is framing labor relations as well. I mean, with the change from the socialist system to a market socialist system, the government still retains the rhetoric of keeping harmonious, stable labor relations. So the idea is to maintain harmonious and stable labor relations. And it's stated in the labor court as well as in various government policies. And I think it's ironic in a sense that, you know, the government acknowledges that in a market economy, the interests of labor, the interests of capital can be conflicting. But the government's role is to

keep things in check, keep the the interest between them in harmony. And so what that means is that if we look closely at the government policies, it refers to the way in which the government can regulate labor disputes to ensure that labor disputes and factory strikes are reduced, and to to make sure that strikes which violate the legal procedures are prevented or preempted. So I think that is quite, um, an interesting aspect in terms of the political rhetoric about Vietnamese labor relations system.

Angie Tran: Yes, I agree that the government tries to preserve industrial peace, so to speak. But one has to also bring in the role of lobbying from global capital. And they play tremendous role in influencing the writing of the Labour code, the revisions of the Labour code, to make sure that the government has full control over labour conflicts, to maintain harmonious relations, to maintain labour peace because they need political stability for stable production. So therefore, this is coming from my own fieldwork in Vietnam. When I participated in one of the many, many, many fora they put to get in inputs from independent scholars from the local public in the writing up of the 2019 Labour Code. And when I saw the final version of the 2019 Labour Code, it is a much watered down version of what we've discussed. It's a much weaker version of the rights to strike. It's limiting quite a bit, including the role of the worker representative organizations. The NROs is a very important addition in the 2019 Labour code, but my point is that you need to add in the very powerful, influential role of global capital by way of chambers of commerce in the writing of the labour laws of Vietnam.

Sami Shah: You're listening to Ear to Asia from Asia Institute at the University of Melbourne. And just a reminder to listeners about Asia Institute's online publication on Asia and its societies, politics and cultures. It's called the Melbourne Asia Review. It's free to read and it's open access at melbourneasiareview.edu.au. You will find articles by some of our regular Ear to Asia guests and by many others. Plus you can catch recent episodes of Ear to Asia at the Melbourne Asia Review website, which again you can find at melbourneasiareview.edu.au. I'm Sami Shah and I'm joined by Vietnam labor researchers Doctor Tu Nguyen and Professor Angie Tran. We're talking about how workers are faring in Vietnam under an increasingly globalized economy.
So let's talk then about government policies aimed at labor issues. How has government met challenges through policies in areas of, for example, minimum wage regulations? Uh, Tu. Could you start?

Tu Nguyen: Yes. On the minimum wage. Um, in Vietnam, there's a National Wage Council that deliberates on the minimum wage rise every year, and there has been some halt to it due to the COVID-19 pandemic. So the recent, uh, minimum wage rise was after COVID was over. And the minimum wage rise is meant to provide the basic minimum wage for

workers to ensure their minimum living standard. The reality is that many, many years there has been a concern that the minimum wage doesn't meet workers, minimum living needs. And that's one point I want to also add is that in Vietnam they have the two wage system. So the wage system that is applied to private sector, the private employees is divided into four categories – four regions – is called regional minimum wage. And for high growth cities and provinces like Ho Chi Min City and Hanoi, they enjoy the highest regional minimum wage level. One of the concerns that has been raised for so many years is that there is still a gap between the minimum wage and workers minimum living needs, despite the fact that in the labor court, it states that the minimum wage has to ensure minimum living standards of workers and their families. The reality is that in many of the factories, FDI factories is reported that their wage is usually better than those in the domestic private sector. However, the income that workers earn is mostly due to their commitment to excessive overtime because the wage that they earn usually is unable to meet their living needs. They have to commit to excessive overtime, usually without their consent, and I think that is one of the key factors that has led to workers discontent with the management discontent about their working conditions.

Angie Tran: Um, I'd like to just backtrack just a tad about the formation of the National Wage Council. So the point that I would like to make here is that the Vietnamese government would respond in terms of legislation changes when people took to the street, as Tu mentioned earlier, if you're looking at the chronology of labor strikes in Vietnam, when strikes were allowed in the 1995 Labor Code, starting from that year. Strikes continue to go up against the violations, labor violations and the exploitation in factories peaked in 2011. At that point, the government said, oh, shoot, we have to do something to stem the waves of strikes. Then with the ILO, International Labour Organization helped with the tripartite framework, which means that three sides would have to sit at the table, i.e. the government, the capital and labour. So, MOLISA, Ministry of Labour in Vietnam, representing the State and Chamber of Commerce – VCCI – representing the capital, and then VGCL the union representing the labor. But I argued that that and there's evidence to this that so-called tripartite structure is very lopsided, in which state and capital tend to ally with each other at the expense of the worker. So if you trace the increase in minimum wage, as Tu mentioned, you see that it's not livable because VGCL is very weak and outvoted by the state and by capital. That's the first point.

Angie Tran: The second point is that, and this is kind of reflective of Vietnamese policy, to give in one hand and take back the other hand under the influence of capital. The most recent minimum wage increase 2022 6%, right, 6% wage increase. At first blush we say, oh wow, this is wonderful. 6% increase. And if you look more into the detail is not that great in region one, as Dou said, which is the big cities Hanoi, Ho Chi Minh City, the average wage is

$190 per month. That's hardly a living wage. First point. The second point is that, well, giving workers 6% increase, but taking back two very important things, two allowances that would complement a supplement, low minimum wage. The first one is a 7% increase for trained workers. The second one is a 5% to pay for toxic hazardous working environment. Both of those are lost. They are lost. And when the VGCL argued with the MOLISA, why? Why are you taking this away from the workers? And then the response was that, well, the workers can fight for those because they're stated on the labor code. It doesn't make any sense because workers cannot negotiate one by one, one on one with management to demand the 7% or 5%. So that 6% increase essentially means nothing to workers. Even Vgcl complains about that, albeit weakly.

Sami Shah: Let's turn to some detail, then to Vietnam's social insurance program. Tu, you've written quite a bit about this. Can you explain the social insurance system in Vietnam and how it is intended to work?

Tu Nguyen: Um, certainly the social insurance system is a key pillar of Vietnam's broader social security agenda, which is to enhance the welfare and well-being of the population. The Social Insurance scheme is designed to support the Vietnamese employees under the labor contract, when they suffer from loss of income or reduction of net income due to sickness, maternity leave, occupational accidents, diseases or during retirement. And according to the law, when workers and employers sign the contracts, both sides have to contribute a certain amount of money to the worker's social insurance premiums. If the workers pay into social insurance premiums for at least 20 years, and when they reach their legal retirement age, they will be able to receive the monthly pension in their retirement. Um, so the system basically is designed to support workers during their employment as well as in their retirement and pension is a key pillar of that social insurance agenda. The way in which is working is that each individual worker will be assigned, or will have their individual social insurance book or account in which there's a record of their contributions and the employer's contributions. But all of the employees or the workers social insurance premiums are kept under the state, under the Vietnam Social Security Fund. And there's been concerns and issues raised about, you know, the regulation and the management of that social insurance fund by the government.

Sami Shah: So, many Vietnamese workers are choosing to withdraw the social insurance early. Why is that? And what's been the official response to that trend?

Tu Nguyen: I think this is a key problem that has surfaced over the past few years, or even longer. I think over the year because of precarious working and living conditions. The Vietnamese workers do not see pension an attractive option or a feasible option for them.

Many of the workers do not work until their legal retirement age. So the Vietnamese law allows the employees to withdraw their social insurance money within one year after they quit their job. Compared to other countries, it's relatively easy for people to access that money early. So one of the common reasons for workers to withdraw the social insurance money is when they lose their job, and within one year they are unable to find a new employment, they will consider withdrawing that social insurance money. That's a very common perception among the workers that that social insurance money is their money is their savings. And again, I think that perception is coming from the workers everyday struggle because they have so limited savings, if at all, so limited emergency savings when they lose their job, even if they have the unemployment insurance to help them overcome some financial hardship is not enough, and they will tend to consider withdrawing social insurance money as a way to help them and help their family.

Angie Tran: I would like to add, um, a historical perspective to the social insurance problem that Tu had just mentioned almost ten years ago. In 2015, there was a massive strike of over 90,000 workers in the south of Vietnam in a huge Taiwanese owned shoe factory and other subsidiary factories, ostensibly against the social insurance state policy that was to be implemented in 2016. And workers wanted to be able to continue to withdraw one lump sum. So this massive strike was ostensibly overtly against state policy that would disallow that possibility for the workers, that option for the workers. But beneath that is another factor that is very, very important. And that is against the practice of global capital that refused or delayed paying social insurance to contribute for the workers. So I characterize that as cicada capital in Vietnamese. It's uh *kim thiền thoát xác*. Essentially, it is akin to a practice, the molting practice of cicada insects, where the insects, the cicada would leave their mold, their shell, the empty shell behind to escape from predators. But in this scenario, global capitalism are the predators who have been fleeing, leaving workers stranded behind in empty factories because most of the machinery were rental machineries anyway. So workers would have no back pays, no social insurance and no unemployment insurance because the owners fled the factories. And that problem happened two decades ago when I wrote my book in 2013 and happened in 2015 and continued to happen to this very day, and at present, throughout Vietnam, companies face the problem of fleeing owners or owners, delaying paying social insurance contributions to the workers, costing social insurance offices throughout Vietnam millions and millions of dollars. So my question is that there was a strike wave of 90,000 workers back in 2015. How about now? What I'm seeing now is more like individual, um, workers actions, like posting or calling hotlines to ask questions about these practices and what should they do, or seeking out legal consultation with local unions. So the question is why? And that would take another episode to explore this question.

Sami Shah: We've talked right at the start about the fact that the conditions for Vietnamese workers are not limited to the domestic labor market. Angie, can you tell us a little bit about Vietnamese workers going to foreign countries and how they're treated there? You know, places like Saudi Arabia, for example, to work? What conditions have they encountered?

Angie Tran: Well, if you recall, in 1989 at the fall of the Berlin Wall, disintegration of the former Soviet bloc. A lot of workers or students sent to study and to work in the former Soviet bloc were sent home. Yes, not all of them came home. Of course. Quite a few of them stayed there in Poland, in the Czech Republic, back then, in Czechoslovakia. And because of that, the Vietnamese government had a need to find other markets for their workers. So in 2006, they legislated a law to legalize sending Vietnamese workers to work overseas under contract – short term contracts, meaning to work there and then to return. At this point, about over half a million Vietnamese had been sent to work in over 60 countries and territories in Asia, in North Africa, in the Middle East, and especially within the Middle East, the Arabic Gulf states. So the big picture is that there is a need to send workers overseas, and the Vietnamese government has the whole infrastructure to do so. I call it structural violence because they have the whole system to do it. They have bilateral agreements signed by labor ministries from both countries, and then they have their domestic recruitment companies to do it, and then to come out to poor rural areas to recruit not only the king. You know, there are 54 ethnic groups in Vietnam. We belong to the king, the majority, and there are 53 ethnic minorities in Vietnam to also recruit ethnic minorities, including underage workers, to go work overseas.

Sami Shah: Angie, would you concur that the treatment that is being meted out to these workers in places like Saudi Arabia is not up to international standards?

Angie Tran: So the structural violence that I mentioned earlier is started with bilateral agreements between the two countries, and I call them, um, the concept called labor brokerage state. And what that means is that the governments have become brokers, labor brokers, and they do that through their recruitment companies. In the context of Vietnam market socialism, you have to see things not in binary terms, you know, state or non-state. You have to see quasi state as well. So there are a lot of quasi state owned recruitment companies that go out there and recruit workers to go to go work overseas. And in response to your question about how about labor standards? Well, Vietnam has not ratified the convention, number 189, and that is protection for domestic and migrant workers. Vietnam has not ratified that yet.

Sami Shah: Is there a reason for it to not have ratified that? Is there pressure on it to not do so, or is it just negligence?

Angie Tran: Well, I do not think that the US has ratified that either, by the way. It is to the state government's interest to not ratify it, because sending workers to work overseas has been benefiting the government in terms of remittances, in terms of foreign exchange, you know, and a lot of government officials benefit from that. So it is to their interest not to ratify that. And plus, there hasn't been pressure on them to ratify that. The pressure is to ratify 87, which is independent labor union. Well, that's a big ticket item right there. But about about migrant workers overseas that has not been spotlight shed on that. So there's no oversight, there's no monitoring. The latest piece that I wrote about this in the Journal of Labor and Society, and also in New Mandala, is to shed light on this bilateral labor agreement between Vietnam and Saudi Arabia that is about to renew this year. It started in 2014 and with automatic renewal clause renew in 2019, and under melbourneasiareview.edu.au COVID-19 secretly and now about to be renewed again as a conscientious activist scholar, I broadcasted that and I said, “Hey, this is the year that they will renew it without any protection for workers, without any standard employment contract, which I made an argument in this latest article that Cambodia and the Philippines had done that they had done that on the year that they started the bilateral agreement. Vietnam has not yet done that.”
And it was brought to their attention numerous times by me and by other scholars, to no avail, because on that standard employment contract signed by four stakeholders, by the Vietnamese workers, by the Vietnamese recruitment companies, by the Kafeel, which is the employer and head of household, and then the Saudi recruitment companies with clearly stated stipulation on rights and responsibilities of the workers and of the Kafeel, the employer that has not been established yet in Vietnam. Hence the sense of urgency.

Sami Shah: Tu, I want to ask you, what about uniquely Vietnamese cultural factors? Be that might influence their current approach to the labor issues. Is this something that could only happen in the way it's happening in Vietnam?

Tu Nguyen: Yeah, I can only draw from my observations about workers in Vietnam rather than workers going overseas. There are three main cultural factors that I can see that make Vietnam's labor relations rather unique. The first one is, as I mentioned before, the rhetoric of keeping harmonious and stable labor relations. I think the rhetoric, or the narrative of keeping things in harmony is pretty much mirroring the neo-Confucian values. That has kind of characterized a lot of regulatory approach in Vietnam. The second thing that struck me is that when I look back at my research on labor disputes and strikes in Vietnam, one of the popular demands that workers raise during strikes is the death bonus. That means the Vietnamese Lunar New Year is the most important public holiday in Vietnam, when people usually take one week or even more days up to visit their families to spend time with their

family. The Tet bonus is not legally required on the employers, but because of the low wages, many workers would usually hope to be able to receive the Tet bonus before they spend time on the New Year holiday, the Lunar New Year holiday. So when the companies haven't announced the rate for the Tet bonus, the workers were anxious and they would go on strike.

Tu Nguyen: And in the Dong Nai province, when I did my fieldwork back in 2014 and 2015, that demand for the Tet bonus is the third common demand for strikes in that province during several years, and the third cultural issue that I also can draw on based on my previous research on workers demands during strikes, as well as in their, um, discussions about their working conditions, in their letters sent to the unions, to the company unions, or to the state authorities to make their voices heard, to demand better wages and working conditions. In those demands, workers tend to raise the moral narrative, the moral rhetoric, as a way to justify their claims for better wages and working conditions. Besides, you know, using the rhetoric of the law, besides accusing the employers of violating certain aspects of the law, the workers also rely on narratives like calling for sympathy or compassion from the unions or from the state authorities towards their plight, towards their poor conditions. And I think it reflects the, um, moral expectations that people usually have towards the upper level authorities, the authorities in our society.

Angie Tran: I'd like to add to to what Tu just said. Maybe we need to be a little bit sensitive about not essentializing the so-called cultural values in Vietnam, because as I mentioned earlier, we have 54 ethnic groups in Vietnam. We, both of us, Tu and I belong to the Kinh – K-I-N-H – ethnic group, the majority. But there are 53 other ethnic groups in Vietnam with different languages, different cultural resources. So I wrote a book, my recent book of 2022, talking exactly about ethnic differences. And I would posit that different ethnic groups might draw from their cultural resources, if you will, cultural capital to respond to exploitation, to respond to state policies of the in various ways, you know, collective action or verbally through informal spaces. So I met that much more nuanced argument in my book. But my caution here is that different ethnic groups may have different responses, and we cannot just say that, okay, these are the essential cultural values. They're not because they have different ethnic cultural resources languages to draw from.

Sami Shah: We've looked so much at the past and at the present. So now let's move towards the future. Angie, given current economic conditions, would you care to predict future trends in Vietnam's labor market?

Angie Tran: Okay, so this is very dangerous to make any kind of prediction. I, as a monitor of labor relations in Vietnam, what concerns me is that since the end of 2021, the implied

informal gag order on social media, labor journalists in Vietnam are fantastic or have been fantastic when they were allowed to. Their freedom is very, very fragile, so they're not allowed to report on violations on labor issues, both domestically and transnationally. That is a big red flag to me. So the second concern here is that in that kind of suppression of, um, a shrinking space for civil society. There's recently a leaked document and it's been analyzed by some analysts. It's from the Politburo, it's directive 24. Essentially, the Vietnamese Communist Party, to be exact, wants to make sure that they have total control over everything that has to do with the Vietnamese integration into the global economy and wants to control and manage and suppress to ensure the one party state. I mentioned earlier about the um convention 87 that Vietnam has promised to ratify the end of last year during the pre ratification conditionality negotiation with the EU, they promised to do that. And the end of the end of 2023 came and went. Nothing happened. Now with that so-called secret directive 24 which is published in activist circles, I am concerned about the elusive ratification of independent labor union. I'm concerned about the suppression of the press. I'm concerned about the shrinking space for civil society. Sorry, such a dark picture that I'm painting.

Sami Shah: And on that dark note, Tu, would you like to add any final statements about where you think things could end up, or any directions they could go in, and how we might avoid some of the darker ones?

Tu Nguyen: Um, I also don't have any optimistic things to share, I think with the, um, observations that I have about the jobs, markets and the duration of employment of a typical worker in Vietnam. I can say that employment is becoming more and more precarious. I've talked to, you know, state workers who worked in their state owned companies for several decades, even after the state company was privatized. And then later, when I talked to people working in the foreign in, uh, FDI companies, their working period is shorter than those of the state, previous state workers. And now I'm reading some reports on Samsung workers and stuff in the tech industries in the north. Their working duration is even shorter. They only work in the factories for a few years, and then they switch to informal employment doing other odd jobs. So what I can say is that employment is becoming more precarious, and it puts a great pressure on the government to provide care, provide welfare and support for these workers in times of hardship and later on, in retirement. There's one important factor that we didn't mention, which I think is crucial to understanding labor in Vietnam, which is migration, domestic migration. Lots of people move from rural to work in the urban areas to look for better income, opportunities in the urban areas. And because of the precarious trend that I described earlier, what have happened and what have raised concern in recent years is that we are seeing reverse migration with people moving from the urban areas back to their rural hometown to look for other source of livelihood.

Tu Nguyen: So what I see is that it's a perpetual cycle of precarity that people are caught within. Every time they look for new opportunity to improve their lives, they are caught in the new situation of precarious working and living conditions. It pushes people to be more creative, to be more tactical and strategic. But it doesn't necessarily improve their condition. One last thing that I would say is that with the new investments coming to Vietnam previously, we see foreign direct investment pouring into certain regions of Vietnam, and now we see more tech industries growing in the north. And then people have the option of going overseas to work through the labor export scheme, etc. certainly, the Vietnamese working class are given more choices for their income for their livelihood, but those choices are not necessarily better or good choices. And as I mentioned before, what I'm seeing that is a perpetual cycle of precarity that people are caught within. Yeah, I don't know. I don't see a way out of it. Unless we give workers more voices, more spaces to raise their demands and to have their voices heard.

Angie Tran: I want to add one optimistic factor into this whole conversation, which is the rising role of civil society organizations both domestically and transnationally. So domestically, they have played a very important role during the negotiation of the EU-Vietnam Free Trade Agreement back in 2018. And because of that, even though the EV FTA doesn't have binding of financial sanctions against the Vietnamese government if they do not fulfill their promises, such as not ratifying convention 87, they do stipulate that the Vietnamese government would have to include civil society organizations by ways of DAC, domestic advising groups – DACs – and they did do that. And these groups are very active. They're very compassionate, very passionate, and they're working with international. So we did a study and I worked with them on this. Fern, Fern is one of the DACs in Europe. And they did a study on wood processing in Vietnam essentially still the same story, you know, just packaging processing would import from outside because wood in Vietnam is gone. They wiped out wood in Vietnam, and they imported goods from Africa, from Canada, from the US, even, and China to be assembled in Vietnam. But long story short, here is that in that study, I can see the working side by side between DACs in Vietnam and international DACs.

Angie Tran: That's one. And secondly, we have this really dynamic network called Asian Roundtable on Social Protection Network, precisely on the issue that is missing right now in Vietnam. And there is the voice of 52 different organizations and individuals from 14 countries to zero in on what is lacking in Vietnam, which is the social protection for migrant workers in Vietnam and also migrant workers transnationally. So I have hope in them. And I really hope that listeners to this podcast would question, would trying to put pressure on, for example, the products that they buy use your power as is presented to you to question the companies that sell you these products, to put pressure on supplier companies in Vietnam,

to respect labor standards, to respect environmental standards. We haven't talked about environment, tremendous issues there in Vietnam to respect those things. If not, vote with your feet, don't buy the products anymore. That's boycotting. And finally, support these organizations, support these civil society organizations, and put pressure on companies to respect what they promise to the consumers through due diligence and do corporate social responsibility promises.

Sami Shah: And on that optimistic note, our guests have been Professor Angie Tran of California State University, Monterey Bay, and Doctor Tu Nguyen from Asia Institute at the University of Melbourne. Thank you very much both.

Tu Nguyen: Thank you so much for having us.

Angie Tran: Thank you.

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