Strike Wave in Vietnam

By Michael Giordano
Introduction

- Vietnam is in a unique situation - huge economics growth, unrelenting momentum of strike action.
- Vietnam has witnessed more strikes than any other asian country in the last decade despite its vibrant economy.
- Even with this many strikes it has not deterred foreign investors from setting up manufacturing facilities.
- Wages are about half of China’s.
- The country’s wave of strikes began in 2006, escalating to a total of 762 in 2008, and in 2011 reached another level of 857, the highest number recorded since the release of official strike figures.
Studies used in article

● Two major categories
  ○ Studies that try to seek out reasons why strikes break out.
  ○ Studies that ask why in some factories workers do not resort to strike actions and remain dormant under work conditions that may not necessarily be better.

● Kerkvliet documented and analysed social and political protests in Vietnam from 2001-08 and undertaken a comprehensive study of the strikes.

● Majority of the strikes in 2006 occurred at foreign-run enterprises, particularly Taiwanese and South Korean firms.
China as a Comparator

● In order to put Vietnam into perspective, the article uses China as a comparator.
● Used two research projects on global production chain and factory conditions in China and Vietnam.
● It was concluded that the footwear and garment industries happened to be the country’s two most strike-prone industries, and strikes in Taiwanese-owned factories occurred at the highest rate of all the foreign-funded factories.
Pre 2006 Relative Labor Peace

- The number of strikes in Vietnam took a sudden upward leap in 2006.
- Generally peaceful in the 1990s from a new economic reform Doi Mai.
- In the first decade of Doi Moi, the country’s state enterprises were forced to reduce their workforce of 1.4 million in 1985, to just below one million in 1995.
- became responsible for their own profits and losses, adopt a labour contract system, tighten workplace discipline and increase managerial power.
- Major labour disturbances did not often erupt because disputes were usually resolved peacefully through negotiation.
Figure 1. Numbers of foreign-funded enterprises and strikes in Vietnam (2001–10)
Post 2006 Labor Unrest

- The global economic recession caused a sharp dip in the number of strikes in 2009, but strikes quickly bounced back in 2010 and 2011.
- Three main factors of 2006 strike wave
  - The state and VGCL’s (Vietnam General Confederation of Labor) attitude regarding the strikes and how they handle them.
  - Strikes serve as a learning process for workers.
  - Strikes have resulted from the government’s macroeconomic policy, a salient factor that has generally been overlooked.
State’s and VGCL’s Attitude

- Labor code states that strikes are organized and led by a formally nominated representative.
- Strikes appear “leaderless”, no reports of having it led by someone like this.
- The lack of participation by the factory union gives the impression that the VGCL and local level unions have not been working on the side of workers.

<table>
<thead>
<tr>
<th>Do you think the trade union in your workplace represents workers’ interests?</th>
<th>Vietnam</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>894</td>
<td>85%</td>
</tr>
<tr>
<td>No</td>
<td>58</td>
<td>6%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>100</td>
<td>9%</td>
</tr>
<tr>
<td>Missing</td>
<td>2</td>
<td>&lt; 1%</td>
</tr>
<tr>
<td>Total</td>
<td>1054</td>
<td>100%</td>
</tr>
</tbody>
</table>
Strikes as a Learning Process

- After the strike wave commenced in 2006, experience in how best to strike and how to gain from them quickly spread among workers across workplaces and geographical regions.
  - Mostly done through media.
- When a strike ends in a victory for workers, the chance of going on strike again is higher.
- Became and effective bargaining tool, investors considered strikes to be very normal.

| Table 3. Repeated strike experience of workers in five sampled Vietnamese footwear factories |
|-------------------------------------------------
| Number of strikes experienced by a worker in the same factory | 1   | 2   | 3   | 4   | 5   | 6   | 7   |
|-------------------------------------------------
| Number of workers (N = 686)                       | 274 | 315 | 72  | 15  | 6   | 3   | 1   |
| Percentage of workers                             | 40% | 46% | 10% | 2%  | 1%  | 0.5%| 0.5%|

Source: Author’s data.
Macroeconomic Policy, minimum wage and living standards.

- Competition in the global cheap labour market is fierce and relentless.
- The legal minimum wage is one of the major macroeconomic tools that a government in a poor country can employ to regulate the economy.
- Can have repercussions if done poorly, if there isn’t a proper balance workers can suffer.
- Adjusting to inflation is also problematic
  - Inflation is continuous
  - Minimum wage only changes once a year.
Conclusion

- Vietnamese industrial relations have reached a crossroads.
- If the recession continues, the government may have to give in to foreign capital threatening to relocate to Cambodia or to Bangladesh where wages are much cheaper.
- The hope is that the VGCL can transform itself into a more vocal and effective trade union.