

12-16-2022

Vietnam Places Market Logic Above Workers' Rights

Angie Ngọc Trần

Follow this and additional works at: https://digitalcommons.csumb.edu/sbgs_fac

This Article is brought to you for free and open access by the Social Behavioral and Global Studies at Digital Commons @ CSUMB. It has been accepted for inclusion in SBGS Faculty Publications and Presentations by an authorized administrator of Digital Commons @ CSUMB. For more information, please contact digitalcommons@csumb.edu.

- East Asia Forum - <https://www.eastasiaforum.org> -

Vietnam places market logic above workers' rights

Posted By *Angie Ngoc Tran* On 16 December 2022 @ 10:00 pm In COVID-19, Economy, Industry, Vietnam | [No Comments](#)

Author: Angie Ngoc Tran, California State University, Monterey Bay

Vietnam's long-overdue 6 per cent regional minimum wage increase came into effect on 1 July 2022 after two and a half years of delay due to [COVID-19](#) ^[1]. The delay shows the neoliberal logic underpinning policy change by a self-proclaimed socialist state. This market-driven logic first appeared in the 2019 Labour Code revision and emboldens the market system while surrendering the role of the government to protect workers' rights and provide social protection for Vietnamese workers.



This so-called minimum wage increase is hollow and does not help to improve workers' livelihoods in Vietnam. While [the decree giving effect to the increase](#) ^[2] gave workers a 6 per cent boost — with the highest minimum wage increase in Region 1 (major cities) rising to about US\$190 per month or less than US\$1 per hour — it eliminated protections for the majority of workers that had been stipulated in a 2019 [decree governing similar issues](#) ^[3].

These losses include allowances above the minimum rate to supplement low wages. These included an additional 7 per cent for trained workers and 5 per cent for working in toxic, dangerous and arduous environments. So far the Vietnam General Confederation of Labour has only protested this elimination in vague terms by demanding that the government '[not decrease existing workers' rights](#)' ^[4]. Most factory workers had already been trained to do their jobs, so this 'minimum wage increase' provides no real increase in their wages.

The rationale of the Ministry of Labour [4] for dropping these crucial allowances is that there is no need for government intervention in companies' wage policies and that workers can negotiate for themselves. But even enterprise-level unions spoke up against this pro-market logic. In a petition to the prime minister, an experienced enterprise union president [5] pointed out that this new law weakens his ability to negotiate for workers' interests.

This erosion in Vietnam's minimum wage [6] is not new. The rate of increase has gone from 29.5 per cent in 2013 to 5.3 per cent in 2019, barring a small reversal to 5.5 per cent in 2020. But with 4 per cent inflation [7] in September 2022, the 6 per cent minimum wage increase in 2022 means only 2 per cent in real terms.

This erosion is connected to the rise of neoliberal institutions. Following the International Labour Organization's state-labour-management tripartite structure, Vietnam's National Wage Council [6] (NWC) included members from the Ministry of Labour (representing the state), the Vietnamese Chamber of Commerce and Industry (representing businesses) and the Vietnamese General Confederation of Labour (representing unions). But over the years, the labour contingent has been routinely outvoted by state and business interests whose combined power has been increasing at the bargaining table.

This erosion of workers' legal protections is enabled by the 2019 Labour Code [8], gutting the regulation that had included these allowances. These changes have allowed market logic to rule, with the fact that managers almost always win in one-to-one direct negotiation with labour. This also undermines the primary function of unions to represent workers in negotiations with management.

One small victory is that the combined forces of the labour media, unions [9] and independent economists [10] (who are non-voting members of the NWC) defied businesses' desire [11] to delay the minimum wage increase until 1 January 2023 and successfully moved up the start date to 1 July 2022.

The labour media, while under state constraints, has still championed poor workers' voices with a series of articles [12] promoting the July 2022 start of the minimum wage increase, with one titled 'Sweat not yet dried, money already dried up' [13]. This pithy statement sums up how workers have suffered, not only due to COVID-19 but also due to the lack of a minimum wage increase in over two years, despite inflation [7] increasing from 1.84 per cent in 2021 to 4 per cent in 2022.

With such non-liveable pay in the formal sector [14], more and more people have flocked to the informal workforce without any social protection from the government. The informal sector [15] had over 21.4 million workers at the end of the first quarter of 2022 according to the General Statistics Office.

But an alarming trend is that many employers in the informal sector do not sign formal labour contracts with workers — they do not have to pay minimum wage nor contribute to workers' social and health insurance funds.

Over 200,000 app-based drivers ^[16] are part of the growing informal sector. Labour scholars ^[17] have argued that they should be classified as workers rather than contractors and the Vietnamese General Confederation of Labour ^[16] has promoted opening up social protection policy to cover these platform drivers.

During COVID-19, while workers shared the pain with management by agreeing to work overtime and 'three-on-site ^[18]' shifts (working, eating and sleeping in the same area) to avoid disrupting global supply chains, companies ^[19] received a 30 per cent corporate income tax cut ^[20] and other financial relief measures ^[21] from the government. Now that the country is exiting the COVID-19 pandemic, workers are still not getting their fair share.

One lesson for other Southeast Asian countries is to promote robust independent labour unions. Vietnam has not yet ratified International Labour Organization Convention 87 on Freedom of Association. This would introduce competition with the one union in Vietnam — the Vietnamese General Confederation of Labour — in order to facilitate the most effective workers' weapon — strikes. This would allow workers to effectively bargain with management when the state turns a blind eye to their plight.

Angie Ngoc Tran is a Professor of Political Economy at California State University, Monterey Bay.

Twitter ^[22]

Facebook ^[23]

Reddit ^[24]

LinkedIn ^[25]

Pocket ^[26]

Email ^[27]

Print ^[28]

Article printed from East Asia Forum: <https://www.eastasiaforum.org>

URL to article: <https://www.eastasiaforum.org/2022/12/16/vietnam-places-market-logic-above-workers-rights/>

URLs in this post:

[1] COVID-19: <https://www.eastasiaforum.org/2022/02/25/covid-19-distracts-from-vietnams-long-term-development-plans/>

[2] the decree giving effect to the increase: <https://thuvienphapluat.vn/van-ban/Lao-dong-Tien-luong/Nghi-dinh-38-2022-ND-CP-muc-luong-toi-thieu-nguoi-lao-dong-lam-viec-theo-hop-dong-515984.aspx>

[3] decree governing similar issues:

<http://english.molisa.gov.vn/Pages/Document/Detail.aspx?Id=39349>

[4] not decrease existing workers' rights: <https://nld.com.vn/cong-doan/vi-sao-nghi-dinh-ve-luong-toi-thieu-khong-de-cap-muc-7-doi-voi-lao-dong-da-qua-dao-tao-20220617121712493.htm>

[5] enterprise union president: <https://nld.com.vn/cong-doan/cong-doan-cong-ty-tnhh-nidec-viet-nam-goi-tam-thu-cho-thu-tuong-ve-tang-luong-toi-thieu-vung-20220616110115103.htm>

[6] erosion in Vietnam's minimum wage:

<https://www.taylorfrancis.com/chapters/edit/10.4324/9781315762302-16/contradictions-multistakeholder-labor-relations-vietnam-angie-ngper-centE1per-centBBper-cent8Dc-trper-centE1per-centBAper-centA7n?context=ubx&refId=5eeb08ac-8066-409b-b80f-4119cbd3f3d6>

[7] 4 per cent inflation: <https://tradingeconomics.com/vietnam/inflation-cpi?continent=asia>

[8] 2019 Labour Code: <https://nhankiet.vn/vi/r2579/The-Labor-Code-2019--Effective-Jan-01-2021.html>

[9] unions: <https://nld.com.vn/cong-doan/tri-hoan-tang-luong-toi-thieu-vung-cong-nhan-vat-va-thiet-thoi-20220420201450624.htm>

[10] independent economists: <https://nld.com.vn/cong-doan/tang-luong-toi-thieu-vung-cang-som-cang-tot-20220421201638146.htm>

[11] businesses' desire: <https://tuoitrenews.vn/news/business/20220420/in-vietnam-business-associations-labor-experts-in-minimum-wage-rise-controversy/66699.html>

[12] series of articles: <https://nld.com.vn/cong-doan/khong-nen-tri-hoan-tang-luong-toi-thieu-20220418200808048.htm>

[13] Sweat not yet dried, money already dried up: <https://nld.com.vn/cong-doan/tri-hoan-tang-luong-toi-thieu-vung-choa-rao-mo-hoi-da-het-tien-20220419211638934.htm>

[14] formal sector: <https://www.eastasiaforum.org/2022/10/18/doi-mois-time-comes-again-for-vietnam/>

[15] informal sector: <https://e.vnexpress.net/news/trend/growing-numbers-quit-regular-jobs-move-to-informal-sector-4459458.html>

[16] 200,000 app-based drivers: <https://thanhvien.vn/thu-nhap-cua-tai-xe-cong-nghe-tu-7-12-trieu-dong-thang-post1455508.html>

[17] Labour scholars: <https://fulcrum.sg/app-based-drivers-in-vietnam-more-workers-than-contractors/>

[18] three-on-site: <https://restofworld.org/2021/samsung-worker-factories-pandemic/>

[19] companies: <https://www.eastasiaforum.org/2022/09/27/vietnam-fights-for-foreign-investors/>

[20] 30 per cent corporate income tax cut: <https://www.vietnam-briefing.com/news/vietnam-issues-tax-breaks-businesses-individuals-resolution-406.html/>

[21] financial relief measures: <https://www.tilleke.com/insights/government-vietnam-announces-financial-relief-measures-covid-19/>

[22]

Twitter: <#>

[23] Facebook: <https://www.eastasiaforum.org/2022/12/16/vietnam-places-market-logic-above-workers-rights/?share=facebook>

[24] Reddit: <https://www.eastasiaforum.org/2022/12/16/vietnam-places-market-logic-above-workers-rights/?share=reddit>

[25] LinkedIn: <https://www.eastasiaforum.org/2022/12/16/vietnam-places-market-logic-above-workers-rights/?share=linkedin>

[26] Pocket: <https://www.eastasiaforum.org/2022/12/16/vietnam-places-market-logic-above-workers-rights/?share=pocket>

[27] Email: <https://www.eastasiaforum.org/2022/12/16/vietnam-places-market-logic-above-workers-rights/?share=email>

[28] Print: <https://www.eastasiaforum.org/2022/12/16/vietnam-places-market-logic-above-workers-rights/#print>

Copyright © 2019 East Asia Forum. All rights reserved.