Building Labour relations institutions in former communist countries:

Reform through the lens of traditional IR theories in Vietnam

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Background and issues

• Overview
  – Vietnam one of the few remaining single party communist states
  – Since 1987 has embarked on a process of ‘renovation’ (*Doi Moi*) designed to build socialism with market characteristics
  – Has continued to seek and attract FDI
  – Has built a substantial foreign invested sector (FIE) contributing to economic growth
  – Growth of FIE has been accompanied by poor labour relations and a wave of wildcat strikes
  – Single trade union structure the Vietnamese General Confederation of Labour (VGCL) is poorly represented in FIE companies and has not led strikes
  – Calls for reform of union and labour relations assume convergence with such approaches in liberal democracies to resolve the issues.

• Question
  – Will Vietnam move towards union and labour relations practices similar to those of liberal democracies as its market economy grows?
Vietnamese government post 1975

• **Period of classical communism 1975 -1987**
  – Command economy
  – Party determines policy and implementation
  – Party controls all other institutions
  – Union federation in classical dualist role – lead role in integration & education

• *Doi Moi* 1987 The economic renovation policy (Constitution 1992)
  – Building socialism with market orientation
  – Method (Constitution)
    – Rule by law
    – Multi-component economy
    – Party leads state and society
    – Trade Union given degree of ‘independence within state/party
A political perspective on *doi moi*  
(based on Gainsborough 2010, Painter, 2003)

• Context of change internally
  – Long tradition of patronage, position and personal ties (Gainsborough, 2010)
  – Many centres of authority in state, regional and local organs of government, Ministries and the VGCL – power scattering (Painter, 2003)
  – VGCL Charter and Vietnamese Constitution reinforce Union role as constituent part of the political system.
  – Emerging interest of foreign invested sector

• External, pressures and opportunities
  – Foreign direct Investment
  – International agencies – aid and advice
  – Bilateral Free Trade Agreement with USA 2001
  – WTO membership obligations (2006)
  – ILO membership 2006 - obligations and advice
Change process characterised by accommodation to interests

- ... the development of any coherent reform strategy must steer its way through a complicated party-state combination of policy concerns and political interests. (Painter, 2003)

- Change is negotiated through myriad of internal and external interests and expectations

- Accommodation is reflected in long time scale for changes (e.g. Labour law changes 2012 took 4 years of intense discussion

- Party chooses to manage change at arms length to ensure long term stability and continue integration into global economy

- Preservation of Vietnamese characteristics in labour law changes

  (Deputy Minister for Labour Invalids & Social Affairs, Hoa, 2010):
  
  “In revising the Labour code the government and social partners in Vietnam have deliberated and explored new approaches in a creative manner to develop an IR model that fits with the social cultural, economic and political features of Vietnam”.
Trade Union organisation

- One Union Federation – The Vietnamese General Confederation of Labor (VGCL)
  - Successor to older federation founded in North in 1926
  - Active in mobilising opposition to French and later American forces
  - Part of state political structure

- Organised from above

- Complex structure – potential for confused relationships between union geographic organisation with State agencies and local and regional governments

- Focussed on sustaining commitment to labour standards at government level.

- poor representation at enterprise level in foreign invested export sector

- TU law and Labour Code progressively adapting role and focus of VGCL
What is the character of Vietnamese Trade Unionism? (Littler & Palmer, 1986; Pravda & Ruble, 1986)

**Classical Dualism**

- Unitary view of economic interests
- Axiomatic that industrial conflict does not exist
- Production function paramount
- Protection of members secondary
- Union subordinate to party
- No collective bargaining – Union practice does not include adversarial means

**Unions under Capitalism**

- Pluralist view of economic interests
- Representation paramount
- Production function secondary if at all
- Autonomous
- Adversarial collective bargaining the norm
The changing face of formal Union role

Trade Union Law 1994 (as amended 2002)

- VGCL part of party but can exercise independence.
- Unions must encourage productivity
- Unions to join forces with State to develop production
- Represent and defend workers’ legitimate and legal rights and interests
- Control execution of law on labour protection

Trade Union Law 2012

- VGCL component part of political system
- Encourage productivity in enterprises
- Represent workers and sign collective agreements
- Work with State agencies to resolve grievances
- Organisation and leadership of strikes as prescribed by law
- Organise talking negotiating, signing of collective labour agreement and regulation of grassroots democracy
Organisational Structure of the VGCL

Source:

The solid line represents direct control; the dotted line represents indirect control.
Impact of economic renovation on labour relations

• Labour relations in FIE sector suffers from:
  – Abusive and illegal practices by foreign managers
  – Poor representation by Unions – low union density
  – Company unions organised in response to legal pressure for workplace unions to be formed
  – VGCL does not lead enterprise action – focussed on political support for right issues

• Wildcat Strike wave reflects (Clarke, 2009)
  – Failure of government agencies or VGCL to detect and sanction illegal employer behaviour
  – Strikes though not sanctioned by law get action
  – Strikers rarely punished for illegal industrial action
  – Social protest and strikers behaviour does lead to police intervention
  – Immediate cause of strikes is economic reflecting inflation, inadequate wage levels and high cost of living in urban areas
Renewing the system

- **The labour relations analysis** (e.g. Clarke, 2009, ILO 2007)
  - Need a properly structure collective bargaining system
  - Independent Unions would address need to articulate worker interests more effectively
  - Strengthen trade union leadership in workplaces
  - Greater flexibility in wage rates and conditions

- **The government current response**
  - Regulation of work conditions
  - Greater role for Ministry (MOLISA)
  - Use Unions as instrument to order and control disputation, provision of advice and formal representation of employee interests (Labor Code 2012)

- **Could there be another path?**
  - Build a more pluralistic model of Unions on enterprise work protests?
Some preliminary conclusions

• Key aspect of current changes
  – Recent legislative changes suggest greater regulation of working conditions and improvements in processes for minimum wage adjustments.
  – Legislation aimed particularly at problems in FIE sector
  – Current labour law changes focus VGCL on representation and workplace leadership as means of improving rights and interests of workers.
  – MOLISA has and will be taking stronger lead under proposed legislative changes

• Are labour relations and trade union practices converging with those in the West?
  – State continues a process of negotiated change to maintain economic growth and social harmony
  – Trade Unions are not independent – remain an instrument of a polycentric state
  – Greater state regulation and control over enterprise level behaviour through agencies and MOLISA are characteristics of change
  – Collective bargaining extended as a mechanism for controlling pressures for adaption of labour interests
  – Improved inspection and information on poor labour practices consistent with international and treaty obligations
Are wildcats a new movement?

- Do demonstrate capacity for local action
- Latent leadership potential

- Nor a movement?
- Sometimes associated with human rights protests
- Unclear of connections