

Neo-Imperialism and the Precarious Existence of Vietnamese Factory Workers During the Covid-19 Lockdowns in 2021

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Based on interviews with Vietnamese factory workers we discuss the impact Covid lockdowns had on their lives and illuminate how fragile their economic circumstances are in general. Both the government and major international corporations, such as Samsung and Nike, took extraordinary steps to keep workers on factory floors when covid infections started spreading in 2020. The government and businesses pressed laborers to work, sleep, and eat in their factories to stop the spread of the virus and to keep production lines moving. There was a determined push to get people vaccinated. It wasn't just the Vietnamese government that tried to get jabs in arms; ninety U.S. corporate executives urged the U.S. government to speed vaccine delivery to the country. Japanese, South Korean, and other Southeast Asian companies located in Vietnam also joined in these efforts. The purported reason was that supply chains had been disrupted by covid and exporters feared they would not have products on the shelves for the coming holiday season. We argue that focusing on supply chain disruptions obscures the fact that what is being transferred between developing countries and those in the core is not just television sets and tennis shoes but human labor power. It is a form of economic imperialism in which countries no longer conquer another nation to extract wealth but operate through international corporations unfettered by ties to any specific country. The Vietnamese government offers international corporations significant tax breaks and other benefits to set up shop in industrial zones. Their profit margins are high and come at the expense of workers, who must work overtime and enlist other family members in their labor force to survive. We conclude by identifying actions the Vietnamese government could take to alleviate the plight of factory workers.

Keywords: Vietnam, neo-imperialism, commodity and value chains, precarious labor, Covid lockdowns.

As of April 2022, upwards of 80% of all Vietnamese were fully vaccinated against covid-19. By contrast, the rate in the United States was 66% (Johns Hopkins, 2022). A heavy push to get Vietnamese workers vaccinated came from what might seem an unlikely source: multinational corporations. The reason? Their supply chains were fractured, and they needed products to sell. One business headline claimed, “Nike, Adidas, and Under Armour Face Ongoing Headwinds from Vietnam Factory Closures” (Cimet, 2021). For Nike, which sources 51% of its footwear and 30% of its apparel in Vietnam, closed factories presented a problem. In fact, the pandemic wasn't just a problem for Nike. Ninety CEOs of different U.S. companies urged President Biden to accelerate the donations of vaccines to Vietnam to keep the supply chain moving. After all, 50% of all garments sold in the U.S. at stores, like Walmart, Target, and Kohls, come from Vietnam (Minh, 2021). The investment newsletter, *Bloomberg*, warned in dire tones that tangled Vietnamese supply lines were a direct threat to the entire global economy (Jamrisko and Uyen, 2021).

Two important factors are obscured in discussions of supply-chain disruptions. First, a supply chain delivers not only steel or plastic in a Samsung refrigerator or washing machine. All goods, whether shoes, blouses, or a computer, have human labor embedded in them. The work done by scores of factory employees at each stage in the process of making a refrigerator or a pair of Nikes is as real as its material parts. It is labor that gives value to manufactured

goods. Second, what gets transferred from Vietnam to markets in China, South Korea, the EU, or the United States is not just a washing machine, it is the labor embedded in the product.

It is useful, then, to think of the links between developing and core economies as value chains (Suwandi, 2019) or commodity chains (Hopkins and Wallerstein, 1986). As Suwandi (2019) has ably demonstrated, this process of transferring labor power and its value from developing countries to core economies is a clear form of economic imperialism, though disguised by the fact that the exploitation is often invisible at the point of consumption. In the early stages of imperialism, described by Lenin (1916) and elaborated on by numerous Marxist scholars (Brewer, 1990; McDonough, 1995) imperialism referred to the seizure, usually by military force, of another country's resources and wealth. A prime example would be the British Empire which spanned the globe during the late 19th and early 20th centuries. A handmaiden in Britain's efforts to dominate the world economy was the British East India Company which, supported by Britain's navy and military force, along with its own vast army of 200,000 men, devastated the economy of India reducing its share of global GDP from around 24% to 2% by the time Britain ceded power to India in 1947 (Dalrymple, 2019).

This form of power slowly slipped away during the Post-World War II period. Theorists, such as Kwame Nkrumah, thought, as the title of his book suggests, *Neo-Colonialism: The Last Stage of Imperialism* (1966) that a new era of political and economic freedom would emerge. Unfortunately, what evolved instead, and did not require military force, was the "free" market, which offers indirect means of exploitation. Instead of the British or Dutch East India companies, we now have multinational corporations whose wealth often exceeds that of the countries where they set up shop.

Exploitation is built into the very DNA of capitalism as owners of the means of production constantly seek out cheap labor power, energy, raw materials, and cheap land. The end result is a form of political economy that divides the world into a Global South and North. Cheng Enfu and Lu Baolin (2021) use the term neo-imperialism to call attention to the fact that imperialism still exists in its raw form throughout the Global South. Grounding their work in Lenin's (1916) brief treatise, *Imperialism, The Highest State of Capitalist Development*, they argue that "neo-imperialism represents a new expansion of international monopoly capitalism, as well as a new system through which a minority of developed countries come to dominate the world and implement a new policy of economic, political, cultural, and military hegemony."

Vietnam offered foreign investors the enticement of cheap labor, land, and low taxes, so they are locked into an international system in which monopoly capital and finance dominate and inequality is exacerbated. Low wages combined with the spread of covid-19 and zero-covid lockdown policies revealed just how precarious the lives of Vietnamese factory workers were. We spoke to twelve different individuals and families to determine just how their lives were impacted by covid lockdowns.

Precarious Lives:

Mrs. Tung¹, aged 45, and her family migrated from the Mekong Delta to Ho Chi Minh City (HCMC) in 2016 to find work. They left their small farm because they could no longer make a living, having been slowly squeezed out by the growth of industrialized agriculture and the deepening impacts of climate change (McNall, Dang, and Sobieszcyk, 2016). She found a job cutting cloth in a Chinese-owned garment factory that employed mostly women, and her husband found work as a security guard in a mall. Her 9-year-old daughter and 19-year-old son came with them. The daughter went to school under a special dispensation program (*tam tru*) for the school-aged children of migrant workers. Normally, all benefits, including the right to education, are tied to the province in which one is born. The son found work in a factory. Covid-19, first detected in early 2020, would not just disrupt supply chains it would worsen the Tung family's precarious financial circumstances, as well as those of many others. The poor would suffer the most.

Opportunities for jobs in the industrial zones surrounding Hanoi and HCMC pulled millions out of rural villages. Few had any education. Many, especially women who worked in garment factories, came alone. They sometimes left children with elderly relatives and sent money home to their extended family. Even a spouse might be left at home. This pattern of migration---sending one or more family members away from home to earn money---has been typical throughout Southeast Asia and the developing world (Massey, et al., 1993).

On July 9, 2021, the Vietnamese government locked down HCMC and other large cities to prevent the continued spread of covid-19. Thousands lost their jobs. Though most of the attention in the West has been focused on large companies, they only make up 2% of the total number of enterprises. Vietnam is a nation of small shopkeepers. In a country of 100 million, there are over 600,000 registered businesses, most of them in the service industry. People, already living close to the poverty line, suffered the brunt of the closures. Street food vendors, small shop owners, taxi drivers, construction workers, tour guides, and many factory workers found themselves without support (Johnson and Nguyen, 2021). HCMC, for the first time in years, quieted down. The din of motorcycles and scooters ceased, and street and nightlife quickly vanished.

The government was under pressure from both their frightened citizens to limit the spread of the virus and from export-oriented firms wanting to keep factories open and to keep goods flowing to consumers. To ensure they had enough workers to meet production targets, Mrs. Tung's firm, like many, instituted the "3 *tai cho*" strategy which required workers to eat, sleep, and work on-site to prevent the spread of covid-19. Though she wanted and needed to work, Mrs. Tung told us she had to take care of her daughter who, like others who could not work, was confined to the boarding house (*nha tro*); schools had closed and gone to virtual learning for those with computers---something her family could not afford. Her husband was also confined to their boarding house as he had contracted covid-19 at his place of work. Mrs. Tung's company had promised 50% of her salary, about \$1002, as compensation for quarantining, but after two months without work, she had not received any of the promised payments, nor did her unemployed husband and son. While in lockdown the family used up their savings on food and rent and relied on donations from non-profits and neighbors for "rice, noodles, vegetables, fruits, and duck eggs." Mrs. Tung also scoured local markets for cheap vegetables. She wanted to flee with her family back to her hometown, but they did not have the money for that because they would have had to pay \$6.50 for each family member to be tested and quarantined once they arrived, and there was no guarantee that their local government could help. They waited for vaccines so they could return to work, not knowing when that would be. When covid restrictions were finally lifted they went back home. So many migrants left HCMC that some factories lost between 30-40% of their workforce. It would take time before they could be lured back with promises of small bonuses and increases in wages.

Many of those who accepted the challenges of eating, sleeping, and working for their companies were unhappy with their situations. Companies put up tents with foil mats and a blanket for sleeping and gave people a box to secure their personal effects. But sleep could be hard to come by. Mr. Mau, a young man of 24, who worked for a Korean tire factory with 5,000 workers, told us that "areas for sleeping were crowded and noisy, because the factory had multiple shifts." One woman confined to her factory complained that her meals consisted only of rice and fish sauce. Many who were born after the end of the civil war in 1975 experienced hunger for the first time. Mr. Mau complained he could never get enough to eat, "the meals are inadequate. I have to buy food on the street, which is difficult because of the lockdown." Mau's greatest worry was that at the beginning of the pandemic there were no clear plans for getting everybody vaccinated and he was afraid he might get covid-19 because people he was working with people who had it. For working under hazardous conditions, his pay was bumped up to \$8.80 a day, about a \$1 increase (Economic Research Institute, 2022). He also received a bonus of one month's pay for staying on-site, was required to be tested every four days, and had to be covid-free to continue working.

When factories closed, workers lost the option of eating and sleeping at their factories. When 24-year-old Mr. Han's factory---a small Vietnamese-owned mattress company---closed, he received half wages of \$4.40 a day from his employer, not enough to survive on his own. He lived with his mother and father. "Only my father works at this

time; we depend on him,” he said. Their family and many others depended on donations of “rice, instant noodles, and vegetables.” Their boarding house owner discounted the rent by 50% of the rental price: “It helps us somehow.” When the mattress factory finally reopened, Mr. Han went back to work; he had no choice if he wanted to help his family.

The choices all workers faced were harsh and limited. If they wanted to eat, they needed to work. Companies treated their employees differently, depending on their resources and the external pressures on them to deliver products. Mr. Dara, 24 years old, worked for a plastics factory owned by a Singapore company. At first, while he was required to quarantine for 14 days, he received his regular salary and goods from the company: 22 lbs. of rice, a bottle of cooking oil, some vegetables, and shampoo. When he decided not to go back because he felt it was too dangerous, he got nothing.

Mrs. Rich and her husband, (both 32 years of age) migrated out of the Mekong Delta town of Soc Trang in 2019 leaving their two children, 3 and 9, in the care of her parents. Neither she nor her husband had any formal education. Like others with no education, they took jobs as unskilled laborers earning between them less than \$500 a month. She worked for a Chinese-owned sportswear company whose workforce totaled 800, most of whom were other women. She packed boxes of clothes for export. Both she and her husband were laid off because of the covid lockdowns, even though he volunteered for the work, sleep, and eat program at his factory. Her company originally offered \$145 a month, about half pay, to wait out the pandemic but that aid ceased after a month. The Riches lived in a boarding house for which they had to pay rent, as well as pay for gas and food. With no income, they relied on donated food and their savings to survive. One of Mrs. Rich’s main concerns was her children. “I was worried because I could not send money home and my parents had no income. I tried to explain to my parents how they could eat less and take care of the children.” Finally, with their savings exhausted and unable to work, they returned home to live with her parents.

Though a job might have been easy to find in pre-pandemic times, housing was not, especially for those migrating to the vibrant South. Some workers had secured accommodation in one of HCMC’s new high-rise apartments that sprang up out of former rice fields next to the glistening new buildings of international corporations such as Intel. A lucky few, with good jobs and better educations, were sometimes able to buy tiny apartments for their families. Though not members of our sample, their circumstances are worth noting. Mrs. Thu purchased a 30 square meter (322 square feet) apartment for her four family members by paying \$65 a month for seven years. Mr. Nhat’s apartment is 60 square meters (645 square feet), which allows his household to have a separate loft for the children to use as a study area with a large common room for sleeping and cooking (Quynh Tran, 2017).

The demand for housing in the many industrial zones of Vietnam is very high; for this reason, the national government is allowing developers to proceed with building apartments of only 25 square meters (270 square feet) to house some of the 1.8 million people working in industrial parks who don’t own their own homes (Tuyen, 2017). Even with the building boom, many workers, including those in our sample, lived in boarding houses where they were confined when not eating, sleeping, and working at a factory. Boarding houses are cheap, small, and often rundown, ranging in price from \$35 to \$53 a month, which can add up to one-fourth of a factory worker’s salary. Many are no more than a small room carved out of somebody’s existing home. Some boarding houses have concrete floors, others only dirt. Frequently an entire family might be crowded into no more than 160 square feet, and blocks of these boarding houses are separated from one another only by a narrow street cluttered with bikes, toys, and other goods that won’t fit inside. Workers will endure such conditions when their goal is to save in order to send money back to family members they have left behind.

The need for rental housing in Ho Chi Minh City with its 22 industrial parks and export processing zones and over 400,000 factory workers is significant, as it is in the industrial zones of the Mekong River Delta. To address this need and to improve the quality of housing for workers and their families, incentives are being provided by the national government to landlords to improve their rentals. Landlords must agree, among other things, to provide

a door and window for the occupants and provide at least five square meters (53 square feet) for each occupant, a significant improvement for many (Vietnam News, 2021).

On October 1, 2021, when the lockdown ended in HCMC, thousands poured out of the city. Buses were crowded: three and sometimes even four people could be seen balancing on motorcycles clutching bundles of their belongings as they headed for their hometowns. Police initially tried to block this exodus, because officials were afraid workers might spread covid-19 to their hometowns. The police eventually gave up as the pleadings and numbers of people were simply too great to hold them all back. People needed to go home, not just because they were hungry, but because in Vietnam where people were born and registered determines where they can receive medical care, childcare, or education for their children while working in an industrial zone. By the time returnees reached their hometowns, many were financially and emotionally exhausted and required the assistance of local councils that strained to find the resources to quarantine them as well as provide food and medical care (English Review, 2022).

Regardless of where people worked---a garment factory, a shoe or tire factory, or some other manufacturing facility---the stories people told us were remarkably similar. They spoke of the hardships imposed by living in the factories, or if in quarantine, the need to rely on friends and family members or charities to help them. Many went into debt if they could even borrow. They worried about children and elderly relatives left at home who depended on them for money but there was none to send home. They also worried about their own personal safety and if, and when, they would receive a vaccine. They were participants in the international division of labor; part of a global value chain that transferred the worth of their efforts to core economies.

Eventually, the Vietnamese government received over 2 hundred million doses of the vaccine, enough so that each of its 100 million people could get two shots. The country received a wide mix of different shots because the kinks in Vietnam's supply chains were a problem for many international companies. Some vaccines came from the international effort (COVAX) to distribute vaccines to low-income countries, and some from individual nations including the U.S., China, India, and Russia. Those firms with some of the highest levels of foreign direct investment (FDI) in Vietnam were South Korea (609 enterprises), China (342), Japan (272), and Singapore (248). South Korea's Samsung has its largest production facilities in the world in Vietnam churning out washing machines, refrigerators, and cell phones for a global market. Samsung employees were among the first to receive their shots.

Vietnam is now the 10th largest trading partner of the United States and is fully integrated into the realm of global capitalism. Though Vietnam refers to itself as a socialist-market economy, it relies on many of the same practices of efficiency as do core economies. It also offers extremely low wage levels and just-in-time manufacturing to attract foreign capital. There are no labor unions; the government and its currency are stable and foreign firms located in export zones are granted considerable tax benefits. Why did a country which sought to free itself from a history of colonialism and war choose the path it took, and what have been the consequences?

The Path Chosen:

Vietnam was historically a poor country. Substantial numbers of its population lived below the poverty line. Its decades-long efforts to drive out imperial powers, including the Japanese, French, and Americans, and unify under a communist government, devastated the country. The United States' involvement, which ended in 1973, was responsible for much of the destruction. Under the leadership of Air Force General Curtis LeMay ("We'll bomb them back to the Stone Age with air power."), tons of bombs were dropped on harbors, ports, cities, factories, bridges, and supply lines. Amadeo (2020) estimates that North Vietnam lost over 1 million soldiers and upwards of 2 million civilians were killed in both the North and South.

By the end of the war, the average per capita income was around \$80; today the World Bank pegs it at around \$2800. By any measure, this represents a major turnaround. Nevertheless, \$2800 may not go very far because, depending on

what a person tries to buy in Vietnam, they will be faced with prices determined internationally. For example, a top-of-the-line Dell laptop computer will cost 66.3 million Dong in Vietnam or \$2893, the same as it would cost at Best Buy in the U.S., and more than many workers make in a year.

After the war's end, Vietnam continued to receive some support from its allies, China and Russia, but it needed to find its own path out of poverty. In 1982 it chose what would in essence be the same model China used in its early stages of economic development; one that would rely on exports fueled by low-waged labor and one that allowed some of their countrymen and women to embrace the free market.

The collective efforts to transform their economy, termed *Doi Moi* (Renovation/Innovation), also provided significant encouragement for foreign companies to invest in Vietnam. Consulting groups such as Healy (2022) have been quick to tout the reasons why. Benefits include reduced tax rates of up to 10% for 15 years, corporate tax exemption for up to four years for approved projects, and a 50% reduction on personal income for foreign employees.

Vietnam's leaders were also determined to rely less on agriculture and more on manufacturing and services. One thing they had learned from the Soviet Union and China was that collective farms were remarkably inefficient, so they broke them up and allocated farm plots to individual families. A major economic transformation occurred in 2000 when the Enterprise Land Law came into effect. It allowed those who had been given land by the government to transfer, exchange, inherit, rent or mortgage it; a key element in any free-enterprise system and a boon for some entrepreneurial Vietnamese, who were able to leverage assets in the land to create new businesses.

As Hong Anh Tuan (2009), former political counselor at the Vietnamese Embassy to the U.S., explained, a major part of *Doi Moi* involved a realization that Vietnam's security and prosperity would depend on maintaining friendly trade and diplomatic relations with *all* countries. After the normalization of relations with China in 1991, the dissolution of the USSR, and the establishment of diplomatic ties with the U.S. in 1995, Vietnam's growth accelerated. Since 1991 it has been one of the five fastest-growing economies in the world.

The International Monetary Fund and the World Bank both contributed to the rebuilding of infrastructure destroyed by warfare and supported Vietnam's transition to a market economy. At the same time, Vietnam became a member of numerous trade organizations that allowed it access to the economies of developed nations. In 2000 it signed a free trade agreement with the U.S. After eight years of negotiation, it became a member of the World Trade Organization in 2007. This freed it from restrictions on textile quotas, as well as restrictions on exporting a vast array of agricultural products and manufactured goods such as furniture to other countries. Since 2007, it has signed over ten free-trade agreements with Southeast Asian countries. This has been a bonus not just for Vietnam but also for the companies that have chosen to locate in Vietnam because they can export into those same markets. As a result, Vietnam is one of the most export intensive of all countries in the world. As the writers for *The Economist* (2021) have calculated, this trade is driven in large part by direct foreign investments, and it is foreign firms that account for the greatest number of exports. Over the past decade, foreign-owned companies' exports have risen by 442%, while domestic firms' exports have risen by 137%.

As we noted earlier, a significant reason foreign companies have flocked to Vietnam are the low wages paid to Vietnamese workers. The government has set minimum wages which vary by region, ranging from a high of \$154 in the industrial zones surrounding HCMC to a low of \$105 for the mountainous and central regions of the country. Nobody can live on the minimum wage alone. Most factory workers usually make double the minimum wage but those working in small grocery stores, noodle shops, or repairing bikes and motorcycles may earn less. But even double wages disguise how difficult factory work is and how little workers benefit from their efforts.

Consider a well-known brand of tennis shoes, Nike. A pair of Men's Air Max 201's listed for \$299 on Amazon in 2022. There are cheaper pairs of Nikes that cost about \$100. The cost of labor and materials to Nike, regardless of

the model, is about the same: \$10 for materials and \$3.00 for labor. By the time the shoe lands in the United States, the total cost to Nike is about \$50; the normal retail markup is 100% or more. Nike is not directly involved in making the shoes; new designs are created in Beaverton, Oregon and then shipped to an affiliate in Korea to design the molds and machines to be used in production. Korean and Taiwanese-owned factories in Vietnam are subcontracted to make the shoes, which means they are responsible for wages and working conditions. The subcontractor's share of each shoe produced is around \$1. These factories are huge; one in Dong Nai province that shut down because of covid-19 employed 42,000 workers (Reuters, 2021).

OXFAM, the British-founded charity organization, tells the story of a 32-year-old woman who works in a shoe factory in Dong Nai province under the sweatshop-like conditions many workers endure. Like many other rural women migrants, Lan had left her children behind with her parents. She sent a fourth of her income home. She works on 1200 pairs of shoes a day, sewing heels and soles together. For this effort, she makes about \$8 a day, which isn't enough to support her family and still pay for her own rent and food. She can't afford to take a break to visit her children and must take two additional jobs: one as a tailor two evenings a week and another working at a restaurant serving food on Sundays, the only day she gets off work (OXFAM, 2021). The salary Lan earns for stitching up thousands of shoes a month would not allow her to buy a single pair of Nike's Air Max.

Though the Vietnamese government has laws on the books to protect workers, they are sometimes reluctant or unable to enforce them, especially at the provincial level. Provincial governments have an interest in keeping factories open. Workers may be forced to stay until they meet quotas, are not given breaks, and are required to work overtime, even if they don't want to. The Fair Labor Association collected data from 13,000 garment workers over a three-year period (Elven, 2019). They found that although workers earned double the minimum wage, which would be about \$250, they still needed to work 50 hours of overtime a month to make ends meet. Overtime is not voluntary; if you don't work extra hours, you can lose your job. With a six-day workweek that's another two hours a day added to an eight-hour shift on a production line making furniture or bent over a sewing machine. The government clearly recognizes the need for overtime because they allow companies to impose up to 200 hours of it a year. To make up for lost production due to covid-19 in 2021, they discussed raising the cap to 300 hours, about 6 more hours a week. One could argue that the government serves as the agent of international corporations by allowing this kind of exploitation.

The garment trades have been singled out as having some of the harshest working conditions. Major fashion brands such as Zara and H&M, and sportswear companies like Under Armour and Nike, are sourced in Vietnam. There are over 6,000 garment factories employing over 3 million people. Ms. Vien, one of our respondents, works for a Chinese-owned clothing manufacturer. She came to HCMC at age 26 as a single woman and lives in a small boarding house. She sends money home to her family, leaving her little to live on. Working six days a week, she has no social life, and she has no money left over for entertainment. Work is her life. Yet even that could be uncertain because of the erratic nature of her work.

A subcontractor making clothes for a major fashion house can experience several abrupt challenges to the flow of work, all of which will have an indirect impact on its workers. A company in Europe, Korea, or the United States, may require samples of fabric and samples of the work to be performed, and then may refuse to pay for these costs. They may ask for a speed-up in delivery of a product or even a delay in accepting the product. They might cancel future deliveries, leaving the producer to search for new customers. The stopping and starting of production lines to switch from one product to another can mean a loss of income for low-skilled workers. Yet for companies seeking to have garments manufactured in Vietnam, speed and low wages are offered as a bonus.

The Vietnamese-owned Dony Garment Company makes uniforms as well as other clothing for major brands. They offer customers the opportunity to develop new designs in multiple colors, print private labels, and a sample fee of only \$100, which will be paid back if a bulk order of at least 500 items is placed. "The lead time is just 3-5 days

for samples and 2-5 weeks for [a] normal order.” If buyers don’t like what they receive, they are offered a 100% return rate (Dony, 2020). Dony pivoted quickly to making masks and personal protective equipment during the pandemic, and overtime was required for this quick transformation. Companies like Dony are the backbone of the “fast fashion” industry.

It isn’t just companies that compete with one another at the expense of low-wage workers; it is also the export processing zones (EZs). The Tan Thuan zone, with a seaport, was losing investors to Long An and Dong Nai, which offered more tax incentives and lower costs for renting land. The Tan Thuan zone countered by building multi-storied workshops of 10,000 square feet each to attract small and medium-sized businesses (Vietnam Briefing, 2018). As in the United States, cities and states offer tax breaks, land, and infrastructure to attract businesses. So does Vietnam. Vietnam has the added advantage of having no independent unions.

Vietnam, with its zero-covid policies, powered through the pandemic, although frequently with high costs to workers. Rahul Kitchlu, the World Bank’s Acting Country Director for Vietnam was optimistic about future economic growth. “While downside risks have heightened, economic fundamentals remain solid in Vietnam, and the economy could converge toward the pre-pandemic GDP growth rate of 6.5 to 7 percent from 2022 onward” (World Bank, 2021).

The Vietnamese government tried to soften the impact of lockdowns and factory closures on workers by implementing Resolution 68 in the summer of 2021. Limited unemployment compensation of \$80 was provided if a person had been out of work for 15 days and \$162, if out of work for a month. If an unemployed worker had children, they were given \$44 per month for each one. A food allowance of \$3.50 per person per day was offered to those being treated for covid-19. Tour guides and artists impacted by the lockdowns were given \$161 a month. They also allowed companies to temporarily reduce contributions to social insurance, a fund for occupational injuries, as well as retirement and death funds (ACCLIME, 2021). The Deputy Prime Minister of Labor, Invalids, and Social Affairs, Vu Duc Dam, urged companies to take care of their own workers instead of relying on the government and in the event of a future outbreak, paying at least part of their salaries (Tienphong News, 2021). The national budget had been stretched thin.

Companies did their best to lure back workers who had fled to their hometowns. Some companies offered small bonuses of around \$88; while others promised a bump in hourly pay of about \$1. HCMC lost upwards of 1.3 million workers between July and September of 2021. The city government offered free transportation and a month’s lodging if they returned to work. By the beginning of the new year, 2022), most businesses had resumed full production.

What gets lost in all the discussions about supply chain disruptions and the pain this might cause companies and consumers is the fact that human labor is embedded at each step in the production process. As companies like Samsung, Nike, and Intel along with major retail distributors like Walmart, Target, and H&M seek out ever cheaper labor and materials, we are seeing the rise of neo-imperialist regimes. Today, imperialism is practiced not by national governments, but by multi-national corporations unfettered to any specific country.

Implications and Value Chains:

When the covid-19 pandemic struck Vietnam in 2020, it revealed the slender grasp many Vietnamese workers had on a decent life. As our interviews with twelve individuals and families made clear, even under normal circumstances, the minimum wages earned were insufficient to meet the basic needs of workers and their families. It did not matter whether they were driving a truck, working in a cement or electronics factory, sewing garments, making shoes, tires, or furniture, their circumstances were remarkably the same and very precarious.

Some workers were trapped inside factories, working, eating, and sleeping there. If they were stuck in place, the quality of food and living conditions were inadequate. If they were confined to a boarding house or their own home, they sometimes had only half of their previous wages or nothing at all. They relied on loans from family, donations of food from non-profits, and sometimes minimal assistance from local councils. When some of the Covid restrictions were lifted in the fall of 2021, upwards of 40% of HCMC's labor force left for their original homes, suggesting that life as a low-waged worker was not worth it. In short, neither the government nor the factories that employed workers were prepared for the pandemic. The plight of the Vietnamese worker was largely hidden from consumers in core countries, who were focused on whether something they wanted was back ordered.

Most of us learned about the impact of the covid-lockdowns in terms of stories about disruptions in the supply chain, meaning people might not get a particular item for the 2021 holiday season. But the concept of the supply chain, which is simply a way of tracing the steps it takes to get a particular item to a customer, hides an important story about the nature of capitalism. As noted above, capitalism, by its nature, will always seek out some combination of the cheapest labor, raw materials, and energy. These do not usually come from the same place. For example, a cell phone will contain precious metals mined in the Democratic Republic of the Congo, code written in India or the United States, designed in Silicon Valley, and an instrument put together in Vietnam or China (OECD, 2022). We don't think of the cell phone as having value added in each country, or at each stage of development; we think of it as coming from the last place to ship it. In business, the purpose of *value chain analysis* is to see how much value can be created at each stage in the creation of a product. In short, a corporation focuses on how to squeeze more value, or increase its margin of profit, out of each stage of the production process (Porter, 1985). Consumers forget that, embedded at each stage of a product's creation and production and giving it value, is human labor power.

Following Suwandi (2019) and Enfu and Baolin (2021), we see value chains as a primary means of expropriating labor power from developing countries and transferring it to core economies. *Value chains are, then, a form of economic imperialism, hidden behind the complex processes by which human labor power from across the globe is embedded in the goods we consume.* As we've noted, though the government has many policies in place to protect workers, there is continued downward pressure on wages, as corporations seek to increase their margin of profit by demanding tax breaks, paying low wages, and failing to provide workers with resources to deal with injuries suffered on the job, or sufficient retirement or sick benefits. Some do not pay into unemployment schemes. Among those in our small sample, only half received any unemployment compensation. Those who did received from \$83 to \$131, depending on how long they were laid off. Others received nothing because they quit, which meant they were not laid off; or they got nothing because they were eating, sleeping, and working in their factory.

What then can be done to enhance worker security? Much of the burden will fall on the government of Vietnam. One of the challenges will be their desire to strengthen the economy by focusing on services and technology. That and the desire to raise rates of productivity will require an educated workforce. At present only 58% of children graduate from high school. As that number pushes up, graduates will demand jobs that pay more than the minimum wage or require them to labor as their parents now do. There are other challenges to be met and some are created by the very model of reform (Doi Moi) the Vietnamese Communist Party (VCP) adopted in 1982.

The VCP recognized the need to open the country to free trade and at the same time offer up cheap labor and other resources to attract foreign investments and corporations that could put thousands of citizens to work. Over the years the VCP has had to perform a delicate balancing act between meeting favorable conditions for investment and protection of workers from exploitation. It has remained, as Duiker (1989) termed it, "a revolution in transition." Two generations of workers have been trapped in low-waged work with little opportunity to dramatically change their economic circumstances. Pressure continues to be put on the government by international labor and trade organizations to improve wages and working conditions (International Labor Organization, 2016).

Many trade agreements have required Vietnam to agree to protections for laborers. By 2021 they had agreed to ratify 25 International Labor Organization (ILO) conventions including the right to collective bargaining and the prohibition of forced labor or child labor (IOL, 2021). The Party, however, has been slow to implement many of the conventions and has actively stifled civic associations and unions. Unions are under the control of the VCP. They originated, first, in state-owned enterprises (SOE) and then became more common in corporations that grew out of SOE's (Tran, 2017). Virtually all unions are enterprise unions, meaning they affect only one plant, not all of those that make clothes, shoes, or computers. Workers are not able to organize within a sector or within regions or collect fees to build an infrastructure to support worker rights. Under the Labor Law of 1994, bargaining is allowed, but workers are not free to choose who represents them (Tran, 2017). Workers have little recourse, then, when the government decides it is in the interest of the larger economy to side with employers, as they did during the covid lockdowns of 2021. To maintain political and economic stability and protect its own legitimacy the VCP needs to address a range of issues of which they are well aware, and which have also been identified by international organizations such as OXFAM and the ILO.

The government must raise the minimum wages in all zones because, without this step, there will be continued downward pressures to pay only the minimum wage. It should prohibit industrial zones from competing against one another, which would include offering cheap or free land to corporations. Taxes should be raised on all companies in order to build a social safety net for Vietnamese workers. This would include a guaranteed base salary in the event of closures due to a pandemic or other crisis. The government needs to set tighter regulations for overtime and make sure workers have a choice and are adequately compensated for this work. Workers, particularly in the garment industry, must be involved in discussions about how to improve working conditions. A radical step for a socialist-market economy would be to give workers agency and allow them to create industry-wide unions. These, though needed, are not easy or simple steps to undertake, and they will be resisted by export-oriented industries. Yet, to note take them risks social disorder.

More pressure also needs to be exerted internationally, because it has proven effective in initiating change (San Juan, 2020.) Free trade needs to give way to fair trade. If this seems utopian, consider the consumer-driven drive for fair-trade coffee, where growers are now compensated with a sustainable wage. International pressure caused Nike to switch to water-based glues for the soles of their tennis shoes after consumers learned of the deadly effects that solvent-based glues had on workers. Remember, the next time you go to buy a pair of pants, shoes, or a blouse, the markup is 100% or more. Imagine what \$1 more added to the cost would mean if that went to the person who labored to produce those goods.

Endnotes

1 All names have been changed. The interviews were conducted by Ly Quoc Dang with families and individuals from the Mekong Delta.

2 The dong to dollar conversion used was \$1 million Dong = \$43.51 USD.

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