Inflation fuels social unrest in Vietnam

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In the first two months of this year, more than 20 strikes have been reported in Vietnam, triggered by surging inflation. Most of the stoppages were in foreign-owned garment, footwear and electronic companies, which are notorious for low wages and poor working conditions.

Most recently, about 3,000 workers at the Yamaha motor plant in Hanoi went on strike on March 8 for higher pay and benefits. The strikers demanded an increase in the basic monthly salary from 1.65 million dong ($US78.57) to 2.03 million dong, along with higher housing and other social allowances.

On February 23, more than 3,500 workers at Sao Viet Joint Stock Company, a shoe producing company in the southern Dong Industrial Zone, stopped work. Their demand was for a monthly salary increase from 1.75 million dong to 2.2 million dong. In addition, they asked the company to improve the quality of meals and reduce Saturday's extra working hours.

Also last month, about 20,000 workers at Taekwang Vina Industrial Company, a South Korean shoe maker in Dong Nai province, staged a one-day strike, demanding higher pay and bonuses for Vietnam's traditional Tet festival.

Other industrial action has been reported over demands for festival advances. Workers at a South Korean firm in Da Nang struck on January 25. They also complained of poor-quality meals, too many extra shifts and no guarantee of social insurance, despite paying for it regularly for the past two years.

Inflation is affecting workers' wages drastically. Last month, the official consumer price index hit a two-year high—an annualised rise of 12.3 percent—and the government increased gasoline and diesel prices by 17.5 percent and 24 percent, respectively. On March 1, the government raised electricity charges by a record 15 percent. Transport companies increased transport fees by 15-20 percent and rail companies are expected to lift charges by 25 percent by April 1. Vietnam Civil Aviation is also seeking higher fares.

These rampant price increases are especially hitting the working class and rural poor. The majority of workers are migrants from impoverished rural areas. AusAid, an Australian government aid agency, estimates that half the country's 90 million people live on less than $2 a day. Even according to a survey by the Vietnam General Confederation of Labour (VGCL), the official trade union body that presides over the low-wage regime, Vietnam's average minimum wage is 20 times lower than in Europe and three times less than in other ASEAN countries.

Housing prices compared to income are among the highest in the world. State employees would have to go hungry and save their salaries for 25 to 26 years to afford a house, *Vietnam Net online* estimated.

Nguyen Thu Trang, a 25-year-old mother of two in Hanoi, told *Vietnam Net*: "Prices increase every day. Workers like us now cannot earn enough to feed our children." A one-kilogram tin of formula milk cost more than 400,000 dong ($US19), up from some 360,000 dong about a month earlier. With a monthly salary of 4 million dong, she could only afford milk for her infant son, so the food intake for her three-year-old daughter had had to be cut.

Many people are forced to find extra jobs to increase their income. Nguyen Thi Hang, a retired teacher, explained: "Life has become more difficult than in the past. Salaries have not increased, while prices have risen sharply, so people's real income is decreasing. My pension is not enough for my life, so I have to look for work. I've worked as a tutor for a group of students as an extra class for them."

This situation has caused growing discontent. The above VGCL survey, conducted on 2,100 workers in seven cities and provinces in late November 2010,

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reported that only 3.9 percent of the respondents were satisfied with their salaries, while 50.9 percent expressed dissatisfaction. Last year the Ministry of Labour and Social Affairs recorded 216 strikes.

Dang Quang Dieu, head of the VGCL, told *Vietnam Business News* that the minimum salaries for labourers at foreign-backed enterprises had risen only by 2.54 times over the previous 10 years. By contrast, "economic growth in the past ten years recorded a 3.6-fold increase, or around 6.8-8.5 percent per year, the consumer price index doubled and spending on essentials tripled".

An editorial in *The Thanh Nihn* noted that workers were removing meat and fish from their daily meals, selling their motorbikes and turning to bicycles because of fuel price rises.

In order to reduce the impact of the global economic crisis on its export sector, and cut the $13.24 billion trade deficit, the Hanoi government devalued its currency for the fourth time in 15 months on February 11. Since December 2009, the dong has been devalued by about 17 percent.

Devaluation has been aimed at helping locally-based employers compete in world markets through cheaper exports. However, it has also pushed up the cost of imported raw materials, and driven up the prices of many essentials.

Flowing from its embrace of pro-market policies, the Vietnam Communist Party (VCP) government is trying to overcome the economic crisis at the expense of country's 40 million-strong workforce and the poor, while handing tax cuts and other concessions to business.

At the same time, the Stalinist regime is nervous about mounting unrest and determined to crush any political opposition. Last month, the police detained a dissident, Nguyen Dan Que, a 69-year-old doctor, after he allegedly called for a "Middle East-style popular uprising".

Last October, courts imposed nine- and seven-year prison sentences on three labour activists who had distributed leaflets supporting workers' rights at a factory. They were accused of "disrupting security".

The VCP's "market reform" has produced a deep gulf between rich and poor, which will only grow as the regime seeks to maintain the country's "international competitiveness" against its rivals in Asia. The outbreak of strikes over wages and conditions is just one indication of the country's increasingly explosive class tensions.

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