

1.3. Transitions in the Labor Market: Macro and Micro Readings

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(Re-transcription)

1.3.1. Context and Objectives

Mireille Razafindrakoto

First of all, I want to tell you how happy I am to participate for the fourth time in this Summer School. Thanks to Stéphane and to Trang, to the Academy of Social Sciences for having invited us again this year.

This morning we will discuss the concept of transition in an economic perspective and present two complementary approaches: one is based on the macro perspective of the DIAL team in partnership with the General Statistics Office of Việt Nam (GSO); this team is made up of François Roubaud, Jean-Pierre Cling, Nguyễn Hữu Chí and myself. The other is the micro perspective of the socio-economist, Christophe Gironde. This “double entry” study allows us to establish a parallel between our approaches and methods. We will see if it is possible to establish dialogue, to bring out synergies, to perceive divergence and convergence of our respective analyses. This session will also

form an introduction to the workshop “How is Economic Transition Experienced and Perceived by the Population? Analysis of the Complementarity Between Quantitative and Qualitative Approaches”, which will benefit greatly from the presence of the socio-anthropologist, Christian Culas.

This presentation will address economic transition – especially the movement from a planned economy to a liberalised economy, urbanization linked to urban transition (migration from the country to the cities) and their consequences for the labor market (shift from agricultural to non-agricultural activities). The economic transition in Việt Nam is characterized by strong economic growth and a certain reduction of poverty. Nevertheless, parallel to that, we see a rise in inequality, not only between rural and urban areas, but also within these zones themselves. What does the development of these inequalities mean in terms of the integration of the different sections of the population into the labor market? Our objective is to understand the trends in progress and to measure their evolution.

The main initial aspects for analysis were the following:

- impact of economic growth and of urbanization in terms of restructuring and diversification of revenue sources;
- specific dynamics of different types of environments - urban, rural etc.;
- influence of the proximity of major urban centers;
- role and place of the informal sector;
- characteristics of the informal sector, in terms of working conditions and its links to the rest of the economy.

To address these themes, two methodological approaches were adopted. First, we took a macro approach to studying the evolution over time of four types of environments:

- urban communes of two large cities, Hà Nội and Hồ Chí Minh City;
- peri-urban zones around Hà Nội and Hồ Chí Minh City;
- urban communes other than Hà Nội and Hồ Chí Minh City;
- rural communes.

Christophe Gironde will then present a study undertaken in two districts of the province of Hưng Yên, rural districts which nevertheless have similarities with peri-urban areas. This time, the focus is more micro-level and socio-economic.

These distinctions between areas bring up questions, especially about the relevance of the definition of urban and rural in Việt Nam. We have, nevertheless, chosen to adopt the administrative (official) definition for urban and rural communes. This definition is open to question, and sometimes may not correspond to field realities. But our plan was to use this definition to analyze the

observable phenomena in each zone, and their specific characteristics in terms of the dynamics of the labor market. Three criteria are used to define an urban commune:

- over 65% of the active population employed outside agriculture;
- total population of over 4,000;
- demographic density of over 2,000 inhabitants/km².

Using the study led at the national level and the micro study in the Khoái Châu and Văn Giang districts, we will present several snapshots, on different scales, according to different analyses, and we will show you their complementarity. We need to set local situations in a wider context in order to analyze the dynamics at the national level and the opportunities that the population has when it migrates. Similarly, when working with observations at the macro or global scale, it is useful to have a more precise view so as to shed light on regional mechanisms, the specific characteristics of provinces, the internal logic of communes, households, etc.

I will first present the principal significant facts that characterize the current restructuring of the labor market – in particular the size of the informal sector. This macro reading will be followed by an intermediary interpretation, with a comparison of the characteristics of the informal sector in urban and peri-urban areas. We will look at the different types of activity in the informal sector; working conditions, integration with the formal economy and prospects for evolution. Christophe will then set out a micro-level interpretation, addressing the agrarian transition and the development of non-agricultural activities. We did not necessarily ask ourselves the same questions initially,

but in the end we have many themes and issues in common. Our colleague has taken the agrarian transition as his starting point, while we have chosen the phenomenon of urbanization. Ultimately, we discover the importance of informal micro-units within the economy.

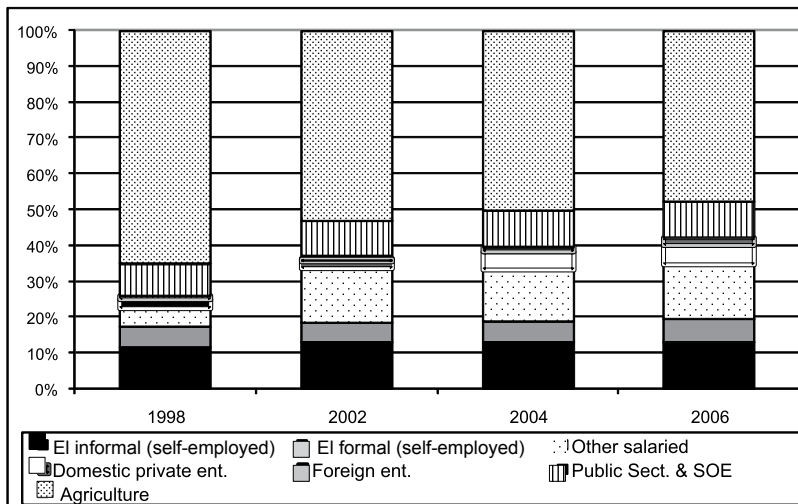
1.3.2. Urbanization and Recent Dynamics in the Labor Market

Principal Determining Facts affecting the Labor Market 1998-2006

Four significant facts should be recognized:

- employment in the agricultural sector is diminishing;
- this favors the growth of the private non-agricultural sector;
- individual non-agricultural enterprises are playing a greater part in the labor market;
- salaried employment is growing.

Figure 11 Evolution of Employment by Sector in Việt Nam



*IE: Individual Enterprises.
Sources: VLSS 1998, VHLSS 2002, 2004 and 2006; authors' calculations.*

Restructuring of the Labor Market

We will concentrate particularly on these groups: individual enterprises and salaried employees in these enterprises, as well as informal self-employment and formal self-employment.

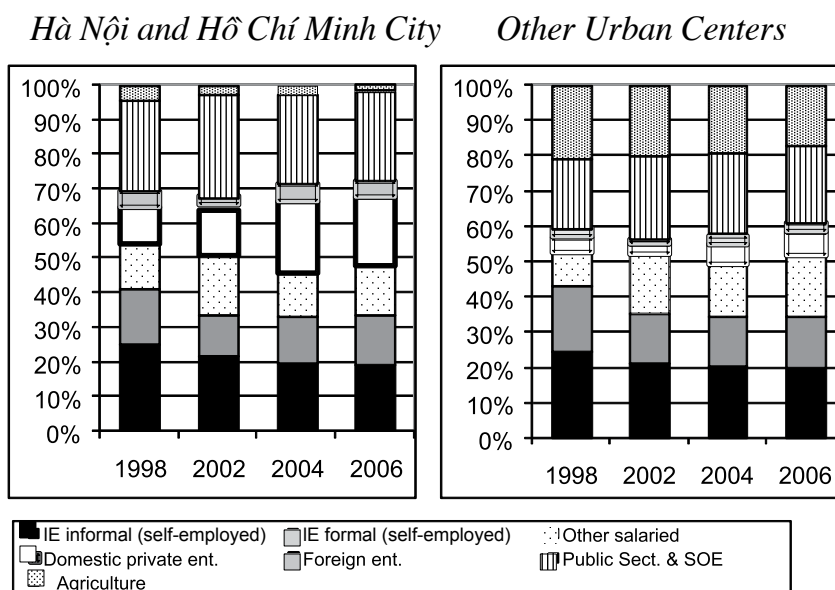
Our first observation is the decrease in agricultural employment and the stability of the public sector. There is a gradual increase in the non-agricultural private sector, which includes all private and individual enterprises. In terms of self-employment, we do not see any particular trend on a national scale. However, a clear rise in the rate of salaried employment in individual enterprises and

therefore, a rise in the number of small business employees, is perceptible. The domestic private sector (with national capital) is growing as well.

What exactly is happening in the urban communes of HỒ Chí Minh City and Hà Nội?:

- agriculture represents an almost negligible share of employment;
- public sector employment is stagnating;
- foreign companies have a tendency to increase in importance;
- domestic private enterprises are growing strongly and the share of each of the three groups of enterprises remains stable.

Figure 12 Evolution of proportion of employment, by sector



IE: Individual Enterprises.

Sources: VLSS 1998, VHLS 2002, 2004 and 2006; authors' calculations.

For other urban zones, excluding Hà Nội and Hồ Chí Minh City:

- the proportion of employment in agriculture remains important;
- the proportion of employment in the public sector is not really evolving;
- the proportion of employment in foreign and domestic private companies is rising less markedly than in the two metropolises;

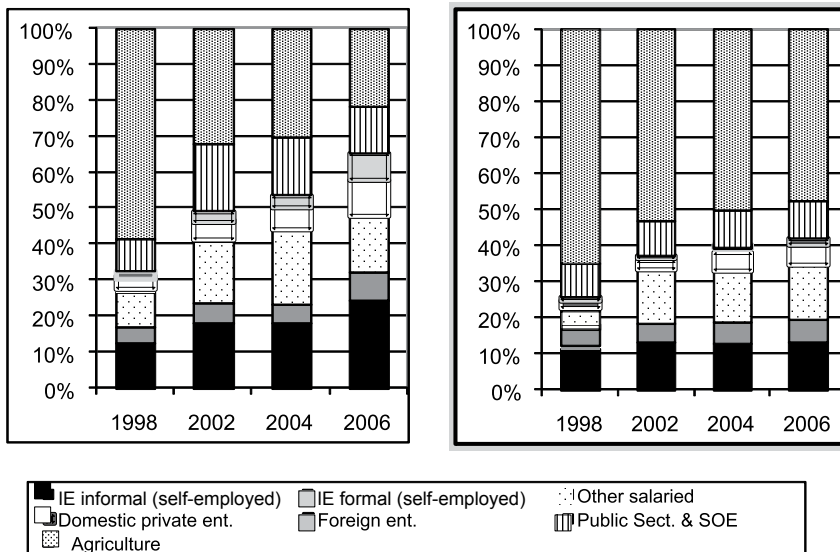
- the proportion of employment in individual enterprises (self-employment or wage labor) is stagnating.

Thus, the proportion of informal self-employment is considerable – around 20%. If we add all those who work in these non-agricultural production micro-units, the proportion is 50%, as it is in Hà Nội and Hồ Chí Minh City.

Figure 13 Evolution of proportion of employment, by sector

Peri-urban Hà Nội and Hồ Chí Minh City

Rest of Rural Environment



IE: Individual Enterprises.
Sources: VLSS 1998, VHLSS 2002, 2004 and 2006; authors' calculations.

In rural environments, apart from the usual stability of the public sector, we note:

- a decrease in agricultural employment;
- a significant increase in people who work in domestic private enterprises;
- above all, a sharp rise in salaried employment in individual companies.

In the peri-urban zones there is a particularly pronounced dynamic, with rapid transformation in the agricultural sector, and a rise in the number of foreign and domestic private enterprises. The individual micro-units

are increasing as well, from 25% in 1998 to nearly 50% in 2006.

Are peri-urban zones undergoing a transformation from rural to urban? Will the structure of the labor market in Hà Nội and Hồ Chí Minh City remain stable or will it continue to evolve?

At the political and economic level, when we mention industrialization little importance is given to small individual units – which are for the most part informal – even though they represent around 30-40% of the labor market in Hà Nội and Hồ Chí Minh City.

Table 2 *Rate of Pluri-activity; Economically Active People Combining Agricultural Work with Another Type of Activity*

	1998	2002	2004	2006
Urban HN HCMC	3.3%	0.8%	1.7%	1.0%
Other Urban	14.9%	15.4%	16.0%	12.7%
Rural HN HCMC	32.7%	20.1%	25.5%	19.2%
Other Rural	33.3%	32.5%	35.6%	34.8%
Total	28.9%	27.7%	29.7%	28.1%

* HN: Hà Nội; HCMC: Hồ Chí Minh City.
Sources: VLSS 1998, VHLSS 2002, 2004 and 2006; authors' calculations.

Does the shift of people from the agricultural sector to the non-agricultural sector result in multi-activity, by which I mean the pursuit of agricultural activities accompanied by the development of non-agricultural activities? The analysis often shows a total abandonment of agricultural activities. Indeed, in peri-urban zones, the number of economically active people who combine agricultural and non-agricultural activities decreases sharply over a short period of time (from 1998-2006) – from 33% to 19%.

Size of the Informal Sector

The development of informal employment is particularly important between 1998 and 2006, whether in terms of the number of

companies (55% growth) or the number of jobs (73% growth). Informalization accompanies urbanization. These calculations were based on the “Việt Nam Household Living Standard Survey,” which was not primarily intended to quantify the informal sector.

In 2007 and 2009 we carried out a specific study to measure the informal sector – comprising all activities that are non-agricultural and non-registered – which confirmed its major significance in all zones: in Hà Nội and Hồ Chí Minh City, other cities, rural areas, but above all in the peri-urban zone (up to 37% of employment). On the national level, the informal sector constitutes the primary source of non-agricultural employment.

Table 3 *Size of the Informal Sector*

N° of enterprises and jobs in the informal sector

	N° of enterprises			N° of jobs		
	Level 2006	Growth 1998-2006	Growth 2004-2006	Level 2006	Growth 1998-2006	Growth 2004-2006
Urban Hanoi HCMC	637 096	-6%	-6%	940 511	-21%	-2%
Other Urban	1 770 922	17%	7%	2 694 674	11%	8%
Rural HN HCMC	218 045	55%	16%	407 200	73%	61%
Other Rural	4 677 396	-6%	-5%	6 855 213	-18%	-6%
Total	7 303 459	0%	-2%	10 897 598	-11%	-1%

- ⇒ **Strong growth of IS in the urban centers besides HN and HCMC**
- ⇒ **and above all in peri-urban zones**

Sources: VLSS 1998, VHLSS 2002, 2004 and 2006; authors' calculations.

Table 4 *Size of the Informal Sector*

Employment by Sector in Việt Nam

Institutional Sector	Urban Hanoi HCMC	Other Urban	Rural Hanoi HCMC	Other Rural	Total
Public	25.5%	23.7%	13.5%	6.0%	10.7%
Foreign Enterprise	5.5%	2.5%	7.6%	1.3%	2.0%
Domestic Private Enterprise	19.4%	8.2%	10.7%	3.5%	5.7%
Formal Individual Enterprise	16.9%	16.8%	6.9%	4.7%	7.8%
Informal Sector	30.3%	31.9%	36.9%	20.4%	23.5%
Agriculture	1.3%	16.5%	24.1%	64.0%	50.0%
Total	100%	100%	100%	100%	100%

- ➔ **Informal Sector (IS): Primary source of non-agricultural employment**
- ➔ **23% of total employment**
- ➔ **50% of non-agricultural employment**

Source: LFS2007, GSO; our own calculations.

1.3.3. Comparison of Characteristics of Urban and Peri-urban Area Informal Sectors. The Case of Hà Nội and Hồ Chí Minh City

What are the characteristics of the informal sector in urban and peri-urban zones? Are there significant differences between the big cities of Hà Nội and Hồ Chí Minh City and the peri-urban zones?

Type of Activities, Working Conditions and Performance

We note that informal activities are generally made up of services and commercial activities, especially in the urban areas. We also note a differentiation between urban and peri-

urban zones: in urban areas, services are more prevalent; in peri-urban zones, commercial and manufacturing work is predominant.

Why are we so interested in the informal sector? Not only because of its size, but also because this informalization can be problematic, in terms of integration, inequality, instability and working conditions. It involves micro-units, where self-employment is the rule – 73% of production units include only one person. Most jobs are not contractual, and there is a general absence of social protection. Earnings are for the most part very low despite a certain heterogeneity. Informal sector earnings are clearly inferior in peri-urban areas.

Table 5 *Type of Activities*

Sector of Activity	Urban Zone		Peri-urban Zone	
	N°. IPU's %	N°. Jobs %	N°. IPU's %	N°. Jobs %
Hanoi	100	100	100	100
Industry	14.5	21.7	23.2	35.2
Commerce	27.8	24.3	50.1	42.5
Services	57.7	54.0	26.7	22.3
HCMV	100	100	100	100
Industry	20.0	28.5	30.0	34.5
Commerce	31.7	27.7	34.6	32.7
Services	48.3	43.7	35.3	32.7

⇒ **Predominant Services in Urban Zone**
(small restaurants, repair and transportation services)

⇒ **Industry in Peri-urban Zone**
(transformation activities for common consumption goods)

Source: Study of households and informal sector enterprises (HB&ISS),
Hà Nội and Hồ Chí Minh City (2008), GSO-ISS / IRD-DIAL. IPU – Informal Production Unit.

Table 6 *Principal Outlets: household consumption*

Economic Activities	Urban Zone					Peri-urban Zone				
	Public or para-public	Formal Enterprises	Individual Enterprises	Households	Auto-consumption	Public or para-public	Formal Enterprises	Individual Enterprises	Households	Auto-consumption
Hà Nội	0.7	1.2	7.5	90.4	0.1	0	6.8	40.3	39.4	0
Manufacturing	2.0	0	2.4	95.4	0.2	0	11.8	36.9	35.0	0
Commerce	0	0	6.9	92.5	0.2	0	0	0	0	0
Services	0.5	3.9	12.4	83.1	0	0	0.0	47.6	47.0	0
Hồ Chí Minh City	0.1	10.8	12.3	76.8	0.1	0.2	1.6	36.0	61.4	0.7
Manufacturing	0.2	10.7	23.4	65.4	0.3	0.0	8.4	24.5	64.0	3.1
Commerce	0	16.7	9.8	73.6	0	0	0	41.8	58.2	0
Services	0	2.2	5.8	91.9	0	0.3	0	38.8	60.8	0.1

Only the industrial IE sell a part of their production to large formal enterprises

Source: Study of households and informal sector enterprises (HB&ISS),
Hà Nội and Hồ Chí Minh City (2008), GSO-ISS / IRD-DIAL.

I have already pointed out the importance of the manufacturing sector in peri-urban areas. Can the informal sector keep up with national economic growth? Is it integrated with this economy, or does it remain at the margins of the current growth dynamic? When we analyze the sales outlets of these informal production units, we see that these

units address household consumption and not that of large companies. Here again, we should distinguish between urban and peri-urban areas: in the latter, a large part of production is for other individual companies. Also, it is generally manufacturing activity that is integrated with other companies.

Table 7 *Subcontracting and Custom Work*

Economic Activities	Urban		Peri-urban	
	Sub-contracting	Custom	Sub-contracting	Custom
Hà Nội	0.7	4.4	3.4	12.7
Manufacturing	2.8	27.5	7.6	31.9
Commerce	0.0	0	1.6	5.0
Services	0.2	0.3	0.0	13.9
Hồ Chí Minh City	0.9	8.4	0.7	13.6
Manufacturing	3.1	40.9	2.1	45.2
Commerce	0	0	0	0
Services	0	0.3	0	0

⇒ **Sub-contracting is marginal (only exception is industrial activity in Hà Nội: 8%)**

⇒ **Custom work: much more, especially in the industrial sector in the peri-urban zone.**

Source: Study of households and informal sector enterprises (HB&ISS), Hà Nội and Hồ Chí Minh City (2008), GSO-ISS / IRD-DIAL.

Integration of Activities with the Rest of the Economy

There is a well-known dynamic in the peri-urban areas, with craft villages where there is a chain of activities and production that involves small enterprises supplying other small enterprises, who then in turn supply other small enterprises. Ultimately, the last link in the chain can send its product to large companies, sometimes

for export. Here, the size of the informal sector, its integration with the rest of the economy and its use of sub-contracting are at their most meaningful. Contrary to preconceptions concerning informal sector integration in the Asian economy, *i.e.* that it profits from formal sector growth through sub-contracting, this mechanism actually remains extremely limited, especially in Hà Nội and Hồ Chí Minh City.

It is also common to hear that migrants constitute the majority of those in informal employment, such as street merchants. According to the figures, this interpretation

is erroneous: informal employment is mainly composed of non-migrants, people who live locally.

Table 8 *Proportion of Migrants Employed in the Informal Sector*

	Urban				Peri-urban			
	Migrant %	Residential registration			Migrant %	Residential registration		
		Temp. Card - 6 mo +	Temp. Card 6 mo less	Not registered		Temp. Card - 6 mo +	Temp. Card 6 mo less	Not registered
Hà Nội	8.7	53.5	35.0	11.5	2.6	68.2	7.4	24.4
1 Industry	21.9	41.0	45.5	13.5	4.3	87.6	12.4	0.0
2 Commerce	3.7	38.2	61.8	0.0	1.3	50.2	0.0	49.8
3 Services	5.6	77.7	10.6	11.7	2.7	32.0	0.0	68.0
HCMC	17.4	46.6	38.5	14.8	18.2	62.0	37.1	0.9
1 Industry	30.0	35.4	47.4	17.2	21.2	69.6	30.4	0.0
2 Commerce	7.8	63.0	30.5	6.5	24.0	37.0	63.0	0.0
3 Services	15.0	57.7	27.9	14.5	10.6	89.9	6.0	4.0

Source: Study of households and informal sector enterprises (HB&ISS), Hà Nội and Hồ Chí Minh City (2008), GSO-ISS/IRD-DIAL.

Perspectives of the Informal Sector

Finally, what do people employed in the informal sector experience and feel about integration? We have conducted a few qualitative interviews. Thus, the questions “would you like your children to take over your activity?” and “do you think your activity has a future?” received a majority of negative answers, which illustrates the precariousness

of the sector, although pessimism is less prevalent in the peri-urban areas. The informal sector is envied by the peasantry, but is not perceived as an acceptable aspiration for the majority of those who wish to join the formal sector of the economy, by occupying salaried positions with the government or with large companies, considered as a sign of modernity.

Table 9 Perspectives of the Informal Sector

Activity Sector	Urban		Peri-urban	
	PU head considering future exists for activity (%)	PU head wanting children to continue activity (%)	PU head considering future exists for activity (%)	PU head wanting children to continue activity (%)
Hà Nội				
Formal	70.4	34.8	88.6	46.5
Informal (IPU)	30.8	13.3	56.5	27.8
HCMV				
Formal	61.8	41.8	84.7	47.6
Informal (IPU)	28.2	16.1	42.6	23.2

⇒ The heads of IPU are systematically more optimistic in peri-urban zones than in urban zones concerning their future

Source: Study of households and informal sector enterprises (HB&ISS), Hà Nội and Hồ Chí Minh City (2008), GSO-ISS / IRD-DIAL.

1.3.4. Agrarian Transition and Integration in the Labor Market

[Christophe Gironde]

Before presenting the transformation in integration with labor markets for the inhabitants of Tân Dân, I would like to make a few remarks on the categorization of zones and populations. First, rural migrants, who are a component of the economic and urban transition which was just presented – in China called a “floating population” – are not always counted when in the city. These populations are categorized as rural, in reference to their communities of origin (birth or home after marriage) although they spend part of their time in urban and peri-urban areas. Still, we should note that commune administrations now distinguish a category of “people registered in the commune, but who do

not live there”. It would be useful to create new categories, corresponding to changes in systems of activities of the population. Secondly, the criteria of categorization could justifiably be reconsidered: in fact, we can classify the Tân Dân community in the “urban” category because of its population – 13,447 inhabitants – and the importance of its non-agricultural activities, because 66% of households are involved in these. Given the accessibility of Hà Nội, Tân Dân could be qualified as peri-urban. However, if we look at the evolution of employment, the case of Tân Dân is more similar to the rural communities analyzed by Mireille Razafindrakoto.

The community of Tân Dân is situated in the Khoái Châu district in the Hưng Yên province, 40 km southeast of Hà Nội or 40 minutes away by motorized vehicle. The community is well

linked to the capital and other cities of the delta by a dense network of roads practicable all year long. Also, the seven villages in the community have been linked to each other since the 1990s by cemented roads.

My research consisted for the most part in semi-structured interviews with households, focusing on changes to their systems of productive activity, aiming to find out about (1) access to productive resources, (2) planting and livestock raising systems, non-agricultural activities and activities outside of the village, (3) the productive and economic output of the

households. This study addresses the period from the mid-1980s to today. The starting point, the years 1985-87, corresponds to the time when all households were given land and taken out of the production brigades and the cooperative system. Most of the research was carried out between 1996 and 1998, then in 2009. At that time, I asked the same questions of a panel of households which I had interviewed 12 years before. Apart from the question “*what do you do today?*” I studied the productive activities of their children in order to see if the Red River Delta population is reproducing itself as a peasantry.

Table 10 2009 Sample - Demographic Benchmarks

- 83 households interviewed – 153 adults registered (>18 yrs)
- Average age of household head: 40 yrs – Average age: 35 yrs

Age Category	Number	Distribution
> 55 yrs	14	17%
46-55 yrs	13	16%
36-45 yrs	11	13%
26-35 yrs	29	35%
18-25 yrs	16	19%
Total	83	100%

Source: Author.

In 1997-1998, 37 households were surveyed in two villages of Tân Dân (Dương Trạch and Thoa Bình); 35 of them were studied in 2009; to these 35 households we added the study of their children’s activity – some in households of their own, others not – to reach a total sample of 83 households and 153 adults (>18 years) for whom productive activity was

recorded. In 2009, the mean age of the head of the household was 40 years, the median age 35 years.

In this presentation, I will concentrate on the second period studied (1998-2009), but I must first recall the great transformation observed in the period 1986-1998.

First Phase of Agrarian Transition, mid-1980s to the End of the 1990s

The first phase of agrarian transition for Tân Dân and its inhabitants is marked by:

- labor and capital intensification (inputs and mechanization of certain agricultural operations and transportation) for agricultural production systems;
- diversification of agricultural and livestock systems away from a production system based on rice production and pig farming;
- increase in non-agricultural activities in the commune – commercial and service activities mostly linked to the agricultural transformation: sale of inputs, initial processing of the harvest, sale of common consumption goods, trading of agricultural surplus, services and salaried employment in transportation and construction (private housing);
- increase in salaried activities outside the commune, which is the case for poorer households.

At the end of the 1990s:

- three-quarters of the sampled households undertook both agricultural and non-agricultural activities;
- 17% of the households undertook only agricultural activities. This was in general the more socially established households, who had already started to accumulate land: rice fields at auction, acquisition of parcels of gardens around the house, etc. This phenomenon was also found among the older households, which lived off “comfortably” large gardens, developed into very lucrative plantations (peppers, decorative plants);
- 8% of the households practiced only non-agricultural activities: this is the case for wholesale merchants and the larger service (repairs and assembly of vehicles) or craft (wood and metal for the home) workshops. These households were forming family enterprises which could pay a few regular employees.

Box 1 *Importance of Non-agricultural Activities in 1997*

A pluri-active familial economy (1997)

- Households having agricultural and non-agricultural activities: **75%**
- Households having agricultural activities only: 17%
- Households having non-agricultural activities only: 8%

Non-agricultural Activities

- **34% of household revenue in 1997**
- > 40% of revenue for half of households

Activities Outside of Residence Community

- **15.6% of total household revenue in 1997**
- > 40% for temporary migrants

Source: Author.

Thus, non-agricultural activities represent one-third of total household revenue, and more than 40% of total revenue for half the households. Activities outside the commune make up 15.6% of total household revenue, and more than 40% for temporary migrants; for example, workers who remain for several months on construction sites in Hà Nội.

Besides the transformation of systems for productive activity by the household, the first phase of the agrarian transition is distinguished by an intensification of city-country inter-relations:

- peasants “go to town” to get supplies, sell, work, train, get information, and live temporarily;
- urban actors invest in the countryside – especially suppliers of industrial products (agricultural inputs, construction materials, consumption products, etc.), and the buyers of agricultural products who come to Tân Dân, sign contracts, make down payments in cash or in kind.

Thus the agrarian transition of the end of the 1990s depends on the development of rural people’s pluri-activity (agricultural and non-agricultural) and mobility, synonymous with pluri-locality for some of them. It also depends on the opening and integration of village economies with markets and networks on a

regional, national or even international scale (*i.e.* trade with China).

However, the agricultural progress of the commune is limited – concerning diversification of crops – and in any case is insufficient to meet the growing economic and social needs of the population. There was less development of non-agricultural activities locally than in the neighboring communities of Minh Châu (commerce and services) and Bình Minh (transformation and commerce of agricultural products). To supplement, the inhabitants of Tân Dân had to look for outside work, notably in the ceramic workshops of Bát Tràng, 15 km away, and on the construction sites of individual houses in the capital. These were the specialties of the inhabitants of Tân Dân.

Second Phase of Agrarian Transition, End 1990s to 2009

Where are we in 2009 with the same households and with the activities of their children? I will mainly focus on two age categories: 18-25 year olds and 26-35 year olds (age of the heads of household), who are the principal actors in the agrarian transition and who represent around 55% of the economically active population sample that I studied.

Decline of the Agricultural Sector

Box 2 Figure Cultivated Areas

- Decrease of one third (-34%) of the average cultivated area by household

1997: 6.9 sao 2009: 5.6 sao
 - Reasons for this evolution
 - Demographic growth
 - Conversion of agricultural land for industrial zone (0.4 sao / household sold to the city)
 - But decrease in proportion of households that plant
 - 2009: 4 households out of 10 (38.6%) had never cultivated land of their own.
 - 68% for 26-35 year olds
 - 86% for 18-25 year olds
- End of “young peasants”
 ➤ Farms are pluri-active, and pluri-local

Source: Author.

We first observe a decline in the agricultural sector in terms of the area cultivated: it has shrunk by one fifth – 2,480m² in 1997, 2,020m² in 2009. This decline is more noticeable than during the period 1986-1998, which may be due to demographic

growth and the conversion of arable land for the construction of an industrial zone (one third of the decrease). However, the proportion of households that cultivate the land has also decreased.

Table 11 *The “Decline” of the Agricultural Sector: Arable Areas*

1997: all households have arable land

2009: nearly one household out of two (44.6%) does not have arable land
1 out of 5 for households of those under 35 years old

2009	Households without arable land	Households with arable land
Total	44.6%	55.4%
> 55 yrs	0.0%	100.0%
46-55 yrs	7.7%	92.3%
36-45 yrs	0.0%	100.0%
26-35 yrs	68.2%	31.8%
18-25 yrs	85.7%	14.3%

Source: Author.

In 1997, all households had arable land. In 2009, one out of two did not have arable land – with the exception of a garden plot next to their house. This tendency is even more prevalent among those under 35 years old:

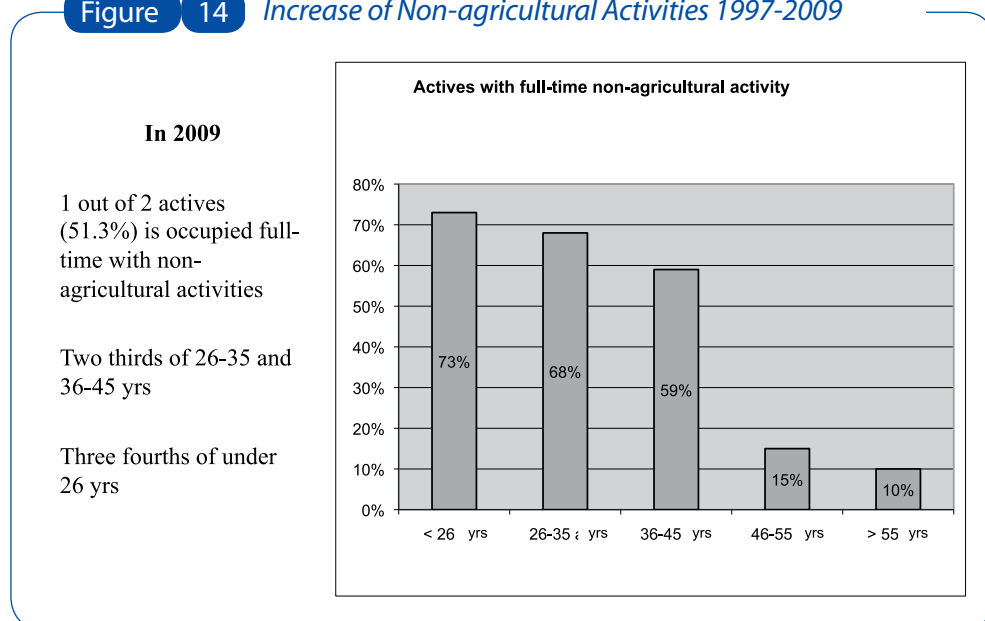
- for the 26-35 year old category, 68% of households do not have arable land;
- among the 18-25 year olds, 85% do not have arable land.

In 2009, four out of ten households had never cultivated land other than small gardens on their parents’ land before establishing their own household. This proportion rises to nearly 7 out of 10 (68%) among 26-35 year olds and almost 9 out of 10 (86%) among 18-25 year olds. We are seeing, at least provisionally, the beginning of the end of young peasants.

Besides the demographic factor (increase in population and population/arable land ratio), this phenomenon can be explained by the flattening out of agricultural revenue of “ordinary” peasants, the growing gap between agricultural and non-agricultural revenues and the differential in opportunities between the villages and the city. The phenomenon is reinforced by the growing economic and social needs of the populations. As a consequence of rural people looking for work, *labor markets* – it is more pertinent to call them hiring networks in my opinion – develop.

Increase and Transformation of Non-agricultural Activities

Figure 14 *Increase of Non-agricultural Activities 1997-2009*



Source: Author.

In 2009 in Tân Dân, one economically active person out of two was employed full-time in non-agricultural activities, a proportion which rises among the “youth” to two-thirds of 26-45 year olds and three-quarters of the under 26 year old age group. Unlike the preceding period, characterized by pluri-activity in three-quarters of households, the difference is now clearer between non-agricultural households (if agricultural activities subsist, they are only residual or occasional) and agricultural households, the latter benefitting from areas left (on loan or rental) by the former.

How do non-agricultural activities evolve? First, we observe a rise in salaried employment – 53% of economically active people have salaries – as opposed to self-employment

which accounts for 46% of the active population. The employment transitions for the inhabitants of Tân Dân provide an illustration of what we see at a national level. The proportion of self-employment activities and commerce decline: the supply to rural merchants of drinks, detergents, fertilizer, etc. is done more and more by industrial enterprises; motorcycle maintenance is not very lucrative because of the large number of “stations”; street commerce on bicycles only brings in a small amount of revenue. These activities, characteristic of the years that followed the restoration of family farms, suffer from market saturation in rural communities and competition from industrial enterprises. The gulf between local and external job opportunities is growing just

as much. Factory work is more lucrative than many non-agricultural commercial activities, services and craft making; the inhabitants are unanimous on this point. The phenomenon

is particularly noticeable in a community like Tân Dân, which is near the urban centers and now 15 minutes by bicycle from an industrial center (Yên Mỹ).

Box 3 Evolution of Non-Agricultural Activities 2009 / 1997

- **New Activities**
 - KCBT, independent or as an employee, ‘specialty’ of the community
 - Development of industrial wage labor
 - Sectors of Activity in 2009
 - Construction: 29% of active population
 - Industry: 27%
 - Services and commerce: 44%
- **Places/Poles of Employment Change**
 - 1990s: surrounding communities, Bat Trang, Hà Nội
 - 2009: Yên Mỹ (F), Hai Phong and Quang Ninh (H), Hà Nội, abroad

Source: Author.

Among salaried activities, we observe an increase in the proportion of industrial employment, almost inexistent for the inhabitants of Tân Dân at the end of the 1990s. Among the active population counted in 2009, 27% worked in industry, 29% in construction and 44% in service and commerce. Women are the principal workers in shoe and parts manufacturing (electronics, transportation vehicles). Employment hubs change, especially with the factories built in 2000-2005 along route 39 surrounding the agglomeration of Yên Mỹ and the industrial zones around Hà Nội. Industrial employment was consolidated, meaning that it became more sustainable over the years: in 2006, women reported going to the factory doors

each morning to see if there was work “that day”. The opportunity to work was therefore erratic: one day, several days, rarely more than two or three weeks in a row. The length of the job corresponded then to contracts received by the companies. The work was sometimes only paid after the delivery of the products by the company. The activity of industrial enterprises, and with it employment, was regularized; workers could now think about opportunities for overtime.

In Việt Nam, specialties can evolve quickly: in 2009, the inhabitants of Tân Dân no longer work in Bát Tràng. Many men are still in construction; as a proportion of all male workers they are even more numerous.

A new specialty was formed: cement cutting – often indicated by its initials *KCBT* – on construction sites, to make openings for doors and windows. At least one active person in 70% of the households interviewed in 2009 practiced this activity. *KCBT* is an independent activity – workers are recruited for the length of each project –, as salaried employees, or as apprentices, which is a way to get into a hiring

network and learn a trade – not for cutting the cement itself, but for managing the worksite. This trade is therefore one for men, but women play an important role because they often help on the worksites managed by their husbands, namely by cooking for the workers. Hải Phòng and Quảng Ninh provinces are the principal destinations for workers from Tân Dân.

Box

4

More Stable, More Sustainable Non-agricultural Activities

- 1990s: non-agricultural activity (still) occasional
 - Pluri-activity (except the forming of familial non-agricultural enterprises)
 - Majority of households: 3-4 month stays as workers on construction sites in Ha Nội, then return
- Years 2000: development of industrial salaried employment
 - Daily search for work in Yên Mỹ
 - Not working every day, salaries paid late
- 2009: more regular hiring in factories of Yên Mỹ, overtime

Source: Author.

Workers from Tân Dân will therefore go beyond the neighboring communities to find work. They also leave more often “as a family”, meaning with the spouse, children and sometimes the grandmother who looks

after the children because the two parents work full time. Work in a factory or on outside construction sites does not offer the same organizational flexibility as agricultural work in the village.

Box 5 More Sustainable Migration... Urbanization

- In 2009, 1 adult out of 3 lives mainly outside of Tân Dân
 - 1997: 1 out of 20
- Proportion reversed for the youngest: 2 actives out of 3 (18-25 and 26-35 yrs) live outside of Tân Dân
 - contrast with 1997: young households are formed by independent agricultural activities (cultivated areas other than that of their parents)
- Nevertheless, some return: from 45-50 years old, people 'retire'
 - Return to the community about long term migration
 - Gradual transfer of agricultural land to children (according to their material comfort)

Source: Author.

With non-agricultural activities, migration evolves: it concerns the whole household and not only the economically active person, for longer periods of time and for more distant

destinations. This transformation is linked to the relaxation of the residential permit system.

Table 12 Where Do They Live?

Principal place of residence of parents in 2009 and in 1997

	2009		1997	
	Tân Dân	Outside Tân Dân	Tân Dân	Outside Tân Dân
Total	65 %	35 %	95 %	5 %
> 55 yrs	96%	4%	90 %	10 %
46-55 yrs	77%	23%	100 %	0
36-45 yrs	68%	32%	89 %	11 %
26-35 yrs	54%	46%	100 %	0
18-25 yrs	36%	64%	100 %	0

(Average age of 2009 sample: 40 yrs; from 1997: 44.4 yrs)

Source: Author.

In 2009, one adult out of three lived principally outside of Tân Dân, as opposed to one out of twenty in 1997. Among the younger active populations, 18-25 and 26-35 year-olds, two out of three lived outside of Tân Dân during the 2009 study. Another census is needed in order to understand this phenomenon. The contrast is marked in relation to the end of the 1990s, when young households set up their own independent agricultural activity on land other than that of their parents. Finally, if migration intensifies (in number and duration), it would also be necessary to consider the return of migrants who “retire”, after periods of five, six or fifteen years spent outside of the community.

Conclusion

[Mireille Razafindrakoto]

The presentations have shown the wealth of information provided by the combination of macro and micro readings and the numerous convergences that emerge from it. We observe the development of non-agricultural activities, a specific dynamic in the zones close to the large cities and a particular relationship which is formed between these two zones.

The micro aspect shows the opportunities open to the inhabitants of the Khoái Châu and Văn Giang districts with the development of salaried employment and industrial zones. From the macro point of view, the size of these large enterprises or industries remains very limited on a global level. Eventually, should individuals move toward informal activities? Will this phenomenon last despite the development of formal enterprises? How will this dynamic

of peri-urban zones toward urban zones and toward industrial enterprises continue?

The significance of migrations must be underlined. On the macro level, migrants are not numerous, particularly in the informal sector. However, on the local scale, in the zones near the large cities, migration toward these zones is very sizable. We could be tempted to link informalization to migrants, who add to the number of people looking for work. However, we observe at the macro level that the migrants do not constitute the principal component of the labor force in the informal sector; this is formed more by locals. Thus, the informalization phenomenon may last, because it's not just an accompaniment to urbanization. Migrations are nevertheless very significant around the large cities – namely Hà Nội and Hồ Chí Minh City. Links between sectors and between zones should be strengthened.

Thank you.

Exchanges...

Rodolphe De Koninck

I have two questions after this very interesting and rich presentation. What proportion of agricultural workers are women? One of the characteristics of Southeast Asia is the feminization of agricultural work. Do women retain their share of employment as agricultural work declines? You spoke little about land issues which are fundamental in peri-urban regions. Is there speculation? Are the price and sale of land linked to the decline of agriculture and agricultural employment in these communities?

François Roubaud

On the national level, 50% of the labor force is female if we consider all categories of employment; they make up 52% in agriculture. Most of the growth of the female labor force is because of hiring by foreign companies, much more than in agriculture; two out of three jobs in foreign companies are held by women.

Christophe Gironde

I wouldn't say feminization of agricultural labor; the situation can be very different from one commune to the next according to professional specialization. Women are present in non-agricultural activities, notably in commerce, even doing manual labor on construction sites; the husbands are left to carry out the agricultural tasks. The industrial wage labor in Yên Mỹ for example is composed mainly of young women, their husbands working in agriculture. Certain commercial activities are often exclusively reserved for women: for example, in the commune neighboring Tân Dân, Minh Châu, women have long ago developed a triangular commerce – Minh Châu - Hà Nội - Lạng Sơn (trading Chinese products). The reason is fairly trivial and simple: if the men went to Lạng Sơn, they would spend more money than they would bring back!

Concerning land, there was a very sharp rise in land prices, especially plots for habitation and plots along the principal axes of communication which are good venues for commercial, craft or service activities. The price of agricultural land is rising as well, in line with the value of its product; the greatest price increases are for rice fields, which can be converted into orchards. The rise in land prices also surely reveals speculation,

especially for areas close to or along roads which will be widened or opened or near future industrial zones.

Đào Bích Hà, Social Sciences and Humanities University - Hồ Chí Minh City

Can you quantify the migratory aspects? The male/female ratio?

Yves Perraudau, Nantes University

You're touching on the problem of abrupt changes. In economics and economic history, there are two major schools of thought: one is brutal, with the notion of revolution, industrial revolution, where we find the Rostovian model; the other proposes transitions, more gentle and gradual changes, and here we find the work of Asselin and the phenomenon of proto-industrialization with Mendels or Doyon. Do you think that we are in an example of proto-industrialization which will lead us not to an industrial revolution and a brutal rupture, but more toward gentle change?

Lê Hồ Phong Linh, Economic Research Institute, Hồ Chí Minh City

It seems to me that the proportion of immigrant workers in the informal sector is slight. How have you done your sampling?

Mireille Razafindrakoto

I will answer the question about migration which highlights the limitations of the different approaches and the complementarity of a macro and micro reading. What do we manage to get from the figures from the official surveys of the GSO? This will depend on the definition of the sample. Whereas, when we study Hà Nội or Hồ Chí Minh City, the sample is composed of people who are already counted as residents

in these cities. Some of these people slip through the cracks; part of the labor force is not identified as being local. What is the real significance of this migrant labor force? Therein lies the question.

Jean-Pierre Cling

If we limit ourselves to the question of employment, the transformation of employment in Việt Nam is very rapid. We find ourselves in the first type of abrupt change. Look at the numbers: 65% of jobs were agricultural in 1998, less than 50% in 2006. The decrease in agricultural employment is marked and it continues. Also, industrial employment is growing by around 20% per year. These are indicators of a rapidity of change that is almost unique in the world, with the exception of maybe China.

François Roubaud

I think that there is no ambiguity about the agrarian transition's starting point, which is the decline of agricultural employment. The big question is to understand where this transition is leading. In the aggregated statistics presented yesterday, industrialization was evident, but which kind? We see here that it principally involves an informal industrialization. The formal industries like the large factories that you can see on the road to the airport in Hà Nội – Canon or Panasonic, for example – remain a minority. Foreign companies represent fewer than two million jobs for a total of 50 million. So, is this shift to the informal sector transitory (an ante-chamber) or is it meant to last? For the majority of the Latin-American countries, for example, or for a certain number of emerging countries in Asia, such as Indonesia or Thailand, it is the latter – a sort of trap for countries with

intermediary revenue. For Vietnam, therein lies the question. The first movement from agriculture toward something that resembles industry is done. However, the transition of these informal industrial jobs toward modern, formal industry is absolutely not guaranteed. In the short and medium term, it is very clear that these industrial jobs will remain informal for a long time.

Christophe Gironde

A short word on the proto-industrialization that we could look for in familial non-agricultural enterprises. In the first phase, these enterprises have grown, with for example the development of metal working or the improvement and perfection of product quality. However, as early as the 1990s, there were some companies that were manufacturing plastic bags or cardboard containers. In 2009, I did not observe a noticeable evolution in the production process: only the revenue or the volume of activity had evolved. Despite imitation and competition, I did not see the emergence of bigger units, nor did I see the accumulation of machines that performed better or allowed for the production of different products.

Rodolphe De Koninck

I would like to come back to the nature of industrialization. How do we measure it? What is its process? If we consider the case of South Korea, Taiwan or Japan, which benefitted from a very rapid agrarian transition – which depended on a specific state policy and on American financial support –, a characteristic of this small industry is that it was mostly developed with strong links to agriculture which was both client and supplier. Is Southeast Asia in the same situation? It is possible in Malaysia,

for example. How can we measure this interweaving theme?

Lê Xuân Thọ, University of Hà Nội

Is it possible to extend your results to the entire country? What are the official data for Việt Nam? Finally, can you explain why you have made a division into four zones and not into two – urban and rural?

Nguyễn Thị Thanh An, AFD

The informal sector is a major component of the economy in Việt Nam. However, this domain is neglected by the government. In the context of your work, have you made recommendations in terms of public policy to the local and national authorities?

Lê Thị Hồng Hải, Việt Nam Academy of Social Sciences

Mr. Gironde, could you describe in detail the methods used to carry out your field work: duration, number and classification of the samples?

Christophe Gironde

I conducted my study for three weeks in the fall of 2009. My sample was composed of thirty or so households, which were part of my sample of 37 households in 1997. The construction of the sample was not intended for a “national coverage survey”, it was rather a purposive sample. It is a mode of sampling we can use when we spend a long time in a commune. As always in such a case, the authorities choose the first households to be interviewed. After that, the construction of a purposive sample is veritable research work; it involves an iterative process, a search for differences and similarities among the households selected.

Concerning the seasonality of activities, the most important fact to note is the transition from a system of productive activities based on the agricultural calendar to a regular system of activities “directed” by its most important component, industrial wage labor. Workers stay at the factory, like other non-agricultural workers who do not want to stop work to go back to the village to plant or harvest rice. Seasonality is no longer a major characteristic of non-agricultural employment of rural people.

Mireille Razafindrakoto

Public policies ignore the informal sector. It was neither identified nor quantified before our studies. We are now in contact with officials from different ministries who now realize its importance. Several questions have come up: how to encourage this sector to modernize and formalize without disrupting its dynamic? How can we improve its integration with the rest of the growing economy? How to protect jobs in this sector, which has precarious working conditions?

Concerning migrants; just a reminder that the official studies do not necessarily register all migrants because of the definition of survey basis in official studies done in Việt Nam. Nevertheless, changes have begun recently.

Why did we choose to create four zones: urban communes of Hà Nội and Hồ Chí Minh City, peri-urban zones surrounding Hà Nội and Hồ Chí Minh City, urban and rural communes? We were interested in the urbanization phenomenon and the process of economic transition. We noticed that there were dynamics surrounding the large cities; some ancient, such as the craft village phenomenon, others more recent. This choice of division allows us to shine a light

on very specific dynamics, totally obscured by the traditional urban / rural division. It is nevertheless imperfect – for example, peri-urban areas exist in the country's other large cities –, and the methodology should be revised so that we can address more satisfactorily the questions brought up here.

François Roubaud

The authorities have until now placed little importance on the informal sector. They consider it as a transitory state in the shift from the dominance of countryside-based agriculture to an industrial modernization. Judging from the historical experience of countries more advanced in the transition from rural to urban, this vision is naive. As of today, we have had little response to our work in terms of any drafting of policies specially designed for the informal sector. It will surely take time, as the subject is very new in this country. In the meantime, we imagine that the recommendations to implement will come initially not from the government, but rather from NGOs, such as Oxfam; they are closer to the field and have started to show a strong interest in this sector.

Reading (tamdaoconf.com)

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