

Alternatives to the “Race to the Bottom” in Vietnam

Minimum Wage Strikes and Their Aftermath

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This case study focuses on strategic mediating roles of labor newspapers. Concentrating on minimum wage strikes from 2005 to 2006, it shows the state’s pro-foreign direct investment policy, tensions between state bureaucracies and labor unions, and their debates. It demonstrates alternatives to the “race to the bottom” thesis. The larger implication is that labor organizing and spontaneous collective actions can be successful even within a one-party state. It remains to be seen how the new strike law ratified in 2006 addresses structural weaknesses of the labor unions and the state, and how it affects labor organizing for workers’ rights and interests.

Keywords: *Vietnam; East Asia; minimum wage; strike law; migrant worker; labor union; newspaper; socialist state*

Compelling evidence demonstrates that the “race to the bottom” is not inevitable and that spontaneous labor organizing in Vietnam is effecting positive changes on workers’ behalf. The minimum wage strike wave, which started at the end of December 2005 and intensified in January 2006, resulted in a victory, with a long-overdue 40 percent increase in the minimum wage in foreign-invested companies, after being frozen for ten years. The increase affected workers’ monthly wages at all three general work locations in Vietnam: higher for cities (870,000 VND [Vietnamese đồng] or US\$54), lower for provinces (790,000 VND or US\$49), and lowest for rural areas (710,000 VND or US\$44).

This article provides a concrete case study on the mediating roles of the labor newspapers, which triggered concrete responses from the labor unions and the state (Tran 2007). Focusing on the minimum wage strikes, I chronicle the historical context to show the policy of the state favoring foreign direct investment (FDI), the key events leading up to the minimum wage strikes and their aftermath, and especially

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the tensions between state bureaucracies and the labor unions and their debates in 2005. I present how the strikes were largely successful, starting from workers' spontaneous strikes, which triggered labor newspapers' actions to influence responses from the labor unions and the state at both local and central levels. The larger implication of this case study is that labor organizing and mostly spontaneous collective action, warranted by the political economic climate of 2006 (before Vietnam joined the World Trade Organization), can still be successful even within the context of a one-party state in a globalized environment. I argue that labor unions, empowered by their dynamic pro-labor newspapers, can respond positively and effectively to workers' plights.

Context for the Minimum Wage Issue: The Vietnamese General Confederation of Labor, the State, and Foreign Capital

The history and context of the minimum wage debates set the stage for successful strikes in December 2005 to increase the minimum wage in FDI companies. Vietnam's pro-FDI policy, dating back to 1999, influenced the behaviors of key stakeholders: the two ministries of Labor and Finance, the Vietnamese General Confederation of Labor (VGCL), and the FDI community. Within the pro-FDI context, the policy of the Vietnamese Ministry of Labor, Invalids and Social Affairs (MOLISA) created a wage structure that benefited capital more than labor. According to Decision 708, FDI workers were paid in Vietnamese đồng (VND) instead of U.S. dollars (USD), based on the exchange rate set by MOLISA, 13,910 VND per USD. Consequently, the highest minimum wage of \$45 USD in big cities was equivalent to 625,950 VND. In suburban areas, such as Binh Duong and Dong Nai, workers received an even lower monthly wage: 556,000 VND (about \$40 USD). However, for seven years (1999 to the end of 2005), even when the VND was devalued 15 percent, (from 13,900 to 16,000 VND/USD), MOLISA failed to adjust this minimum wage in VND.¹ Taking advantage of this inertia, global suppliers/managers still paid city workers the same wage in VND, irrespective of this devaluation. Therefore, as of 2005, if one used the devalued exchange rate, workers actually brought home only \$39 USD per month, which, according to the International Labor Organization (ILO), is one of the lowest minimum wages in the world, even lower than Cambodia's and China's (according to the *Laborer*, a union newspaper in Ho Chi Minh City, December 29, 2005, and confirmed in phone interviews with *Laborer* journalist Le in 2005). Moreover, on October 1, 2005, a 21 percent increase in the minimum wage for workers in the state sector (from 290,000 to 350,000 VND) had heightened the expectations of FDI workers to receive their minimum wage increase also.

Charged by the prime minister to draft the minimum wage increase, MOLISA consulted with the VGCL and the business community nationwide in 2005. Using the forums of the Vietnamese Chamber of Commerce and Industry (VCCI) in the last quarter of 2005, MOLISA obtained perspectives from the business community on

the minimum wage increase, in particular, chambers of commerce from the United States, Europe, Taiwan, and South Korea. The chronology in Appendix A shows key events leading to the minimum wage strikes and their aftermath. Three general patterns emerged: the pro-labor perspective of VGCL that proposed a 40 percent minimum wage increase (from the 626,000 VND since 1999 to 870,000 VND); the pro-FDI tendency of MOLISA, Finance Ministry, VCCI, and FDI community that proposed a smaller 26 percent increase (from 626,000 VND to 790,000 VND). The third perspective reflects local concerns that were most impacted: Ho Chi Minh City (HCMC) People's Committee and Labor Federation who argued for a 40 percent increase to compensate for the inflation rate and the VND devaluation. (This information was published by the *VCCI Forum*, January 5, 2006.)

The fight over raising the minimum wage in the FDI sector was not "if" but "when" and what would be the levels of the raise. The negotiations between the VGCL and MOLISA (in alliance with the VCCI and FDI community) to influence the prime minister's decision on the starting date of the minimum wage hike resulted in two plans being proposed in November 2005. The prime minister's delay in announcing his decision created an atmosphere of uncertainty that management took advantage of. MOLISA (as the principal player in charge of this task) proposed two plans to the prime minister: Plan A would raise the minimum wage based on the actual wage paid by FDI companies and the equilibrium wage in the labor market (the three-tiered structure for city/suburb/rural areas respectively: 870,000 VND; 790,000 VND; 710,000 VND); Plan B would raise the minimum wage less, according to an increase in the cost-of-living index: 790,000; 710,000; 630,000. (Information was found at *VnExpress.net* December 26, 2005, and the *VCCI Forum* in 2006). Le Xuan Thanh (2004), MOLISA vice director of wages and salaries, said that the prime minister still had not decided what proposal to adopt as of December 26, 2005. Thanh attributed this delay to several FDI companies who had lobbied the prime minister to push back the effective date so they had more time to prepare their 2006 financial plans based on calculations of input costs.

What unfolded in the days before the onset of the strikes reflected the divide between a pro-labor group (VGCL) and a pro-FDI group (MOLISA and other relevant ministries), as well as the powerful role of the HCMC People's Committee (government), the HCMC Labor Federation, and the HCMC Export Processing and Industrial Zones Authority (HEPZA). Also, the joint resolution of the MOLISA minister and the former VGCL president (discussed below) provides insights into this tension. Before the massive wave of minimum wage protests, a management-advocate newspaper published by the VCCI noted that the Ministry of Labor, Ministry of Finance, and the VCCI, together with a majority of foreign investors in the FDI community, gravitated toward Plan B (raising minimum wage to only 790,000), because, according to the *VCCI Forum*, "it is more optimal than Plan A" (which would raise the minimum wage to 870,000).² Representing a vital local interest, Nguyen Thien Nhan (then vice chairman of HCMC People's Committee) argued that the *real* wage should take into consideration an increase in the inflation rate (28 percent) and the devaluation of the

Vietnamese currency (relative to U.S. dollars) of 14 percent, since workers receive Vietnamese đồng and not U.S. dollars. These two aspects added up to 42 percent which may explain the 40 percent minimum wage hike pushed forward by HCMC Labor Federation.

The ambivalence of the state, seen through the hesitation of the prime minister in announcing the effective date for the minimum wage increase, reflects the dilemmas of a socialist state integrating into the global market economy: wanting to promote FDI policy, and also having to deal with structural changes in the state sector. On January 4, 2006, Dang Ngoc Chien (vice-president of the VGCL who worked with the MOLISA unit charged by the prime minister to propose plans for minimum wage increase in FDI companies) attributed the delay in raising the minimum wage to a pro-FDI policy: "The state ministries were afraid that such increase might affect the policy to attract FDI into Vietnam." Moreover, there is another form of inertia: economic restructuring problems in socialist Vietnam. Raising it in the FDI sector would create pressure to raise the minimum wage throughout the state sector, which includes *both* civil servants and state workers. This may have added to the indecisiveness of the prime minister's decision: according to Thanh, Salary and Wages Department, MOLISA, "The delay was also due to the big gap between minimum wage in the state sector and the FDI sector." Moreover, the financial implication means a higher state contribution to social security and health care based on higher minimum wage for all pensioners. MOLISA already announced the road map to arrive at one common minimum wage for all sectors by 2010 to accommodate structural changes in the state sector's employment.

Would raising the minimum wage really help workers? That question opens many other issues that show the tension between the state and the VGCL. From a state perspective, more efficient negotiations and bargaining skills of labor unions and workers rather than raising the minimum wage would improve workers' conditions. For instance, Thanh (as reported in the *VCCI Forum*) slightly nudged the VGCL to strengthen its ineffective enterprise labor unions in negotiations with FDI management (see Tran 2007 for VGCL structural weaknesses): "The government always encouraged FDI companies to pay higher than the minimum wage, and this effort relies on the role of enterprise-level labor unions to bargain with FDI management." Fighting for a living wage, rather than the rock-bottom minimum wage, is another state perspective critical of the VGCL leadership role.

Role of East Asian Capital

To understand the significance of East Asian factories in strikes, one needs to understand the structure of FDI in Vietnam. Foreign capital began entering Vietnam most notably after 1986, when Vietnam formally engaged in the market system.³ East Asian investors expanded first to China and then to Vietnam as global suppliers for Western retailers in flexible global production discussed in the "Third Sleeve"

article (Tran 2007). The top five investors in Vietnam as of mid-2006 are from East Asia: Taiwan, Singapore, Japan, South Korea, and Hong Kong (as reported in the *Laborer* in January of 2005 and a Ministry of Planning and Investment [MPI] report of 2006).⁴ These investors manufacture a wide range of products such as textile/garment, electronics, leather/shoes, household, mechanics, wood, service, and jewelry. But in labor-intensive industries such as garment/textile and footwear manufacturing, most FDI ventures come from Taiwan and South Korea, and most of their factories concentrate in the south of Vietnam (Norlund 2004; also found in an MPI Report of 2006).

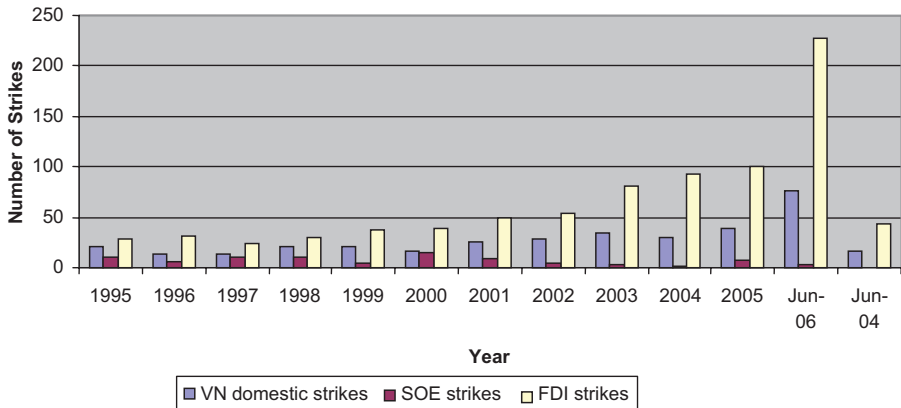
To be sure, labor dissatisfaction and industrial conflicts occurred in *both* FDI and Vietnamese factories under flexible production.⁵ However, it is not only that protests in state-owned enterprises (SOEs) are subtle and implicit; there is also a sense of “political correctness” when focusing on foreign enterprises, because they “represent the capital that only recently had been viewed as dangerous and exploitative” (Norlund 2004, 126).

As shown in Figures 1, 2, and 3, most strikes occur in companies with foreign capital and management, especially from Taiwan, South Korea, and Hong Kong, and in southern industrialized provinces, such as HCMC, Binh Duong, and Dong Nai. Figure 1 focuses on strikes by ownership types. Most reported strikes occurred in the FDI sector; this can be explained by the shrinking number of SOEs (being privatized or “equitized”) and increasing numbers of FDI companies. To be sure, state workers do protest, but labor disputes in SOEs, rather than open strikes, take the forms of petitions and complaint letters sent to local labor newspapers, local departments of MOLISA, and district labor unions (Phone interviews with Le, *Laborer* journalist, June 2005.) Since strikes were legalized in 1995, over twelve hundred strikes have erupted as of this writing. While there is a discrepancy on the number of strikes from different sources, which may be because of different ways in which strikes are defined, most sources agree on two points: (1) most reported strikes occurred in the FDI sector; (2) most strikes were spontaneous and without labor union leadership.⁶ Figure 2 shows the geographical distribution of strikes. Most FDI factories are concentrated in the south of Vietnam, especially HCMC and industrial provinces such as Binh Duong and Dong Nai, and much less so in the north. Figure 3 focuses on nationality of capital (where FDI comes from), which is significant because most FDI companies in HEPZA are from East Asia, namely Taiwan, South Korea, Hong Kong, Japan, and Singapore. The strike that sparked the wave of strikes demanding a minimum wage increase in December 2005 occurred in Freetrend Industrial, a 100 percent Taiwanese leather/shoe company.

The Case of Freetrend Minimum Wage Strikes

To what extent did these wildcat strikes have organization and leadership? Who were the strikers? How did the HCMC Labor Federation, HEPZA, and enterprise

Figure 1
Strikes by Ownership Types



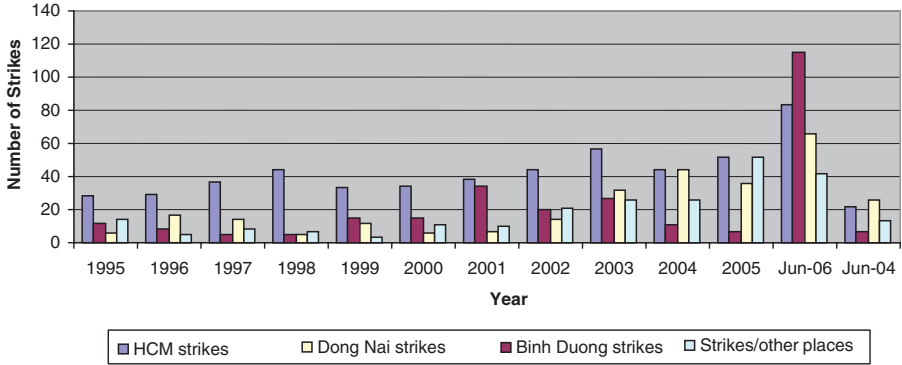
Source: Data from the Legal Department of the Vietnamese General Confederation of Labor.

labor unions respond to workers’ strikes? How did the state respond? What was the role of labor newspapers? To answer these questions, I focus on the first minimum wage strike, which was sparked in Freetrend Industrial, a Taiwanese supplier for Nike and Adidas, in one of the premier export processing zones (EPZs) in HCMC: the Linh Trung I EPZ. (See Appendix B for photographs.)

Relatively high labor unionization rates and some financial independence of enterprise labor unions in Freetrend do not necessarily mean that workers’ rights and interests are safeguarded on the factory floor. For their own production stability interests, Freetrend’s management offers labor contracts, and participates in social and health insurance programs to maintain a steady supply of workers for continuous production. They allow enterprise unionization: 68 percent unionization in 2004 (16,185 union members out of a total workforce of 23,730, according to the *Laborer*, March 2004). Having three full-time union representatives, paid by membership fees, is not adequate to interact with over 23,000 workers, much less efficient in standing up to management to fight for their workers’ interests. Many migrant workers at Freetrend complained that they had never met these three union representatives while working there for years. For instance, when line leaders from management side hit workers who made mistakes with the shoes they assembled, those three labor union representatives did not intervene (correspondence with Ms. Hong, a *Laborer* journalist, August 2006).

From the workers’ perspective, their collective action did not happen overnight but was gradually aggravated by a series of unfulfilled promises made by foreign

Figure 2
Strikes by Industrialized Provinces in the South and other Places

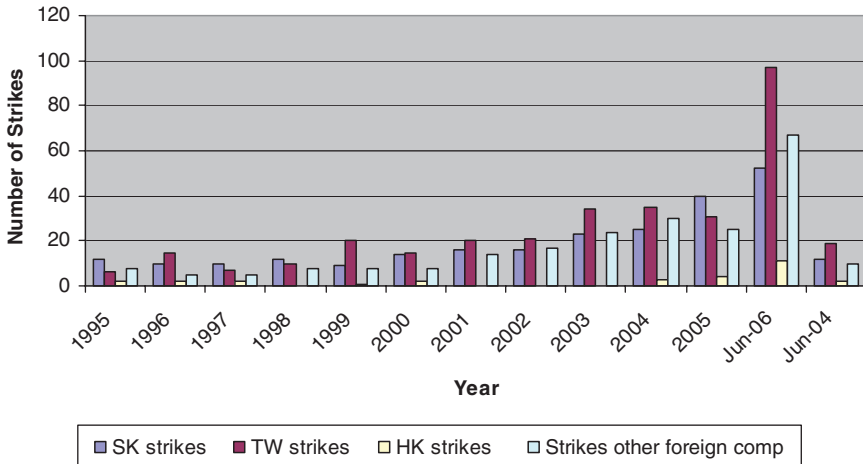


Source: Data from the Legal Department of the Vietnamese General Confederation of Labor.

management. In the case of Freetrend, when workers witnessed a 21 percent increase in the minimum wage of state workers starting in October 2005,⁷ they spontaneously demanded that management match that raise, to which they received a management promise of a 30 percent minimum wage increase effective in November 2005. In December 2005, they received a fixed raise of only 100,000 VND per person/month (about \$6.25 USD), less than state workers who received a 21 percent increase in their minimum wage starting October 1, 2005. Only after a massive number of workers went on strike did Freetrend’s management agree to raise skilled workers’ wage by 220,000 VND per month and trainees by 162,000 VND per month. Still, this raise of about 25 percent was less than the 30 percent raise that Freetrend’s management promised back in 2005 (according to the *Laborer*, December 28, 2005).

Then came the biggest strike that sparked the minimum wage strike waves in December 2005. The outcome was an unprecedented strike of eighteen thousand workers, the highest number at the time of writing, which showed workers’ self-organizing power and discipline. Workers gained a 40 percent increase in the minimum wage which had been frozen for the past ten years (1996–2005). The three new levels of the minimum wage are 870,000 VND (about \$54 USD), 790,000 VND (\$49 USD), and 710,000 VND (\$44 USD). No violent outbursts occurred: strikers stopped working and sat in front of the factory in Linh Trung I EPZ. Workers out of desperation went on strike against foreign management, a more “politically correct” target to achieve a raise, rather than striking against the government, whose crackdowns on dissenters provide a credible deterrence. On the common question of whether the government was behind these strikes, no evidence can be found, plus it is not in the pro-FDI government’s interest to disrupt their relations with the FDI community.

Figure 3
Strikes by Type of East Asian Capital



Source: Data from the Legal Department of the Vietnamese General Confederation of Labor.

The minimum wage strikes ran for ten days (from December 28, 2005 to January 7, 2006) with fourteen large and small work stoppages, involving a total of about 42,000 workers (in three FDI companies), pushing the state to raise the minimum wage levels by 40 percent in FDI companies effective February 1, 2006. The first three massive spontaneous work stoppages took place in three nearby FDI factories in Linh Trung EPZ, (according to the *Laborer*, December 2005); then this wave spread to other FDI factories. The first spark was on December 28 in Freetrend Industrial with eighteen thousand strikers; then on December 29 and 30 it spread to Kollan company (South Korean–owned; see Appendix B) with four thousand strikers, and then Hugo (South Korean–owned) with one thousand strikers. Note that the new rates are intended for low-skilled workers only; workers who had on-the-job training were to receive at least 7 percent higher than those minimum wages. (This information was found in Prime Minister Decree No. 3/2006/ND-CP, and in the *Laborer* in February 2006.)

Most Freetrend strikers were migrant workers from the north and central provinces; while no labor organizer officially emerged from this huge crowd, they were effective in labor organizing. This provides evidence of the creation of new working classes, that is, migrant workers, producing strong labor movements in these new sites of flexible production (Tran 2007). According to some *Laborer* journalists who witnessed the strike scenes and did follow-up reports, the workers collectively

made a very strategic and wise decision, since they knew that if they acted as a group, management would be unable to identify the strike leaders and suppress them. These journalists found that the strikers had accumulated years of discontent and frustration with the substandard pay and working conditions; thus as soon as some activist workers secretly suggested work stoppage, although many workers had no idea who the initiators were, they followed suit spontaneously (interviews and correspondence with *Laborer* journalists Le, Hong, Pham, and Nguyen in July, August, and September 2006).

What would be the roles of the labor unions and the state in setting up a framework to cope with this development? All three levels of labor organizations—the HCMC Labor Federation, the HEPZA labor unions, and Freetrend labor unions—became involved to resolve this unprecedented huge strike. At the height of the Freetrend strike, Lieu Quang Vinh, the chairman of Freetrend labor unions, pleaded with workers not to engage in violence. Workers agreed, but they pressured him to negotiate on their behalf: “We believe you, but with such low wages, how can we survive? Why don’t you do the math for us: with only several hundreds of thousands VND per month [less than \$60 USD], how can we survive? Why don’t you come in to negotiate with management on our behalf and we wait outside?” Vinh’s voice trembled when he pleaded “Please do not destroy the factory.” Then he joined the labor union representatives from HEPZA and HCMC Labor Federation, and local state officials (from the Department of Labor in HCMC and the HCMC People’s Committee) in a closed-door meeting. The strike leaders were not present in that meeting. Consequently, eighteen thousand Freetrend workers kept their promise and did not resort to violence. This workers’ discipline facilitated the negotiations and resulted in Freetrend management’s promise to raise and adjust wages to compensate for rising inflation rates and increased costs of living (account reported by the *Laborer* on January 17, 2006).

Local state officials’ motivations were not immediately pro-labor. At the beginning, local state bureaucracies, the HCMC People’s Committee, and HEPZA management blamed labor newspaper reports for instigating and spreading the strikes. One explanation for this reaction is that the local state was responding to strong pressure from the business/management side, such as Amcham, Eurocham, VCCI, other East Asian chambers of commerce (as revealed in a joint Chambers of Commerce letter of January 11, 2006). However, when pushed by the labor press, they did intervene. All personnel of the HEPZA management team and HEPZA Labor Union spent the night in the Freetrend factory’s vicinity to calm both management and workers and to respond to any exigencies. The HCMC People’s Committee, DOLISA, and the police force were also there to resolve the conflict. They advised workers to be calm and to wait for the government to raise the minimum wage in FDI companies. As soon as the HCMC People’s Committee sent the communiqué to the prime minister to confirm the severity of these massive strikes, the prime minister responded immediately on the side of the workers in a struggle against FDI companies. This prompt response indicates the central state’s fear of possible political

upheaval as a by-product of industrial conflicts in a strategic city such as HCMC where problems (economic, social, and political) would ripple throughout the country. (This information was obtained from an interview with *Laborer* reporter, Ms. Le, March 2006.)

Steering Wheels for Workers: The Role of Labor Newspapers in Minimum Wage Decision

"Taking on the steering wheels for workers," as aptly expressed by a VGCL official, the labor newspapers acted as an advocate for workers by exposing these strikes in a matter of hours (as Tran Van Ly revealed in an interview in August 2006). These accounts then pushed the HCMC People's Committee and DOLISA to act, criticized MOLISA for their indecision in labor policy, and ultimately pressured the prime minister to arrive at a concrete decision in response to workers' requests (see chronology, Appendix A). During the whole strike period, HCMC Labor Federation and the HEPZA Labor Union distributed the key labor newspaper in southern Vietnam, the *Laborer*, for free to tens of thousands of workers in the Linh Trung I EPZ. See photograph in Appendix B titled "Dana Vina Workers reading complimentary *Laborer* newspapers.")

The *Laborer* and an allied newspaper *Labor* exposed these strikes promptly as they occurred while clearly announcing the pro-labor position of HCMC Labor Federation (see chronology, Appendix A). Several hours after the first spark, the *Laborer* had same-day coverage of the strike in Freetrend on December 28, 2005. Then, one day after the first three strikes, on December 29, 2005, two very important articles appeared in the *Laborer*. "Wait until When?" was the first and it criticized MOLISA on their minimum wage policy, which tends to promote management's interests rather than those of workers. In this on-the-spot coverage of the strikes, the journalists openly critiqued MOLISA for kowtowing to foreign capital: "Continuing to postpone the increase in the minimum wage in FDI companies, it seems that MOLISA had 'favored' FDI companies too much at the expense of millions of workers who were anxiously waiting every day for this increase to improve their hard and struggling lives. Workers will have to wait until when?" "Increasing the Minimum Wage in FDI Companies: We Can Wait No Longer!" was the second piece in which the *Laborer* estimated the accumulated costs of the seven-year consequences of MOLISA Decision 708 on Vietnamese workers in FDI companies in terms of lost wages and social security benefits to the tune of about \$430 million USD.

Interestingly, evidence shows that the labor press, consisting of two key labor newspapers, supported each other during these strikes. They took turns "taking the heat" and pressuring *both* the local government and central bureaucracy to respond

to workers' requests. When the *Laborer* was criticized by the HCMC People's Committee and MOLISA as being an "instigator," the *Labor* joined in by reporting those strikes, which had now spread to other FDI factories in the south, beyond Freetrend Industrial. The *Labor* could do so because it had no direct political constraints, since it is not under the "jurisdiction" of HCMC People's Committee (according to Le, *Laborer* journalist, August 2006) (see chronology, Appendix A). While events back then gave hope for an arguably emerging "autonomous" labor press, the lack of reports on crackdowns on several workers, who allegedly belonged to a non-VGCL labor union, in November 2006 shows the limit to labor newspaper coverage, especially when power of the state and the VGCL are at stake. More in-depth research is needed on this issue.

Arguably, back then the newspaper arm helped the VGCL to be a relatively more autonomous body vis-à-vis the state bureaucracy to represent workers' rights and interests. These timely reports made public the viewpoints of the top VGCL leadership at the most critical time, which helped workers' collective action (see chronology, Appendix A). First, they forced the top leadership of the VGCL and MOLISA to respond to overwhelming workers' demand. Two days after these two important articles, Cu Thi Hau (then president of the VGCL) worked with Nguyen Thi Hang (minister of MOLISA) on a joint resolution, which was submitted to the prime minister on December 31, 2005. This resolution confirms those articles' arguments about the pro-FDI tendency of MOLISA, the power of spontaneous workers' strikes, and the effectiveness of the labor press in timely response to these strikes. It proposed Plan A (the higher three-tiered wage structure) and recommended January 1, 2006, as the starting date of the minimum wage hike instead of four months later, April 1, 2006, as proposed by MOLISA. It reiterated the real life conditions that necessitated a 40 percent increase in minimum wage in FDI companies, consistent with the HCMC People's Committee's perspective.

A January 2006 *Labor* interview with then-VGCL leader Cu Thi Hau clearly indicated tensions between MOLISA and the VGCL. As soon as spontaneous strikes erupted in FDI companies, Cu met with the MOLISA minister on December 31, 2005, and January 1, 2006, to unify their positions about the minimum wage hike (in both timeframe and amount). In general, she supported the workers' demand: "While the strike procedure was not legal, workers' request was legitimate," and was very attentive to the timely needs of migrant workers: "The VGCL considered that strikes in FDI factories to raise the minimum wage are legitimate. So, we need to urgently resolve this wage increase for workers; if not, sympathetic strikes (*dinh cong day chuyen*) would become even more serious, especially in the most sensitive time near Tet [the Vietnamese Lunar New Year often occurs in February] when workers get ready to return home with their families."

She was outspoken about the delayed actions of state bureaucracy, notably MOLISA, which was charged to advise the prime minister on a road map for minimum wage increase:

In reality, in the last several years, the VGCL had proposed to the Prime Minister many times about the need to raise the minimum wage in the FDI sector. Specifically, in 2004, this minimum wage increase was one of the ten major recommendations we put forward to the Prime Minister who charged MOLISA to lead the effort to plan for this increase. Again in November 2005, the VGCL continued to reiterate this minimum-wage recommendation to the Prime Minister [Phan Van Khai at that time] which prompted him to issue a formal Decision [December 8, 2005] to push MOLISA to work with the VGCL and other relevant ministries to come up with concrete recommendation.

On coordination between the VGCL and relevant state bureaucracies, she said: ". . . the extreme delay of state bureaucracy in consultation with the Prime Minister had resulted in these massive strikes. I think the need to respect and genuinely listen to recommendations from the VGCL are key lessons to improve the coordination between VGCL and state bureaucracies" (reported in *Labor*, January 2006).

From the local state perspective, after having read the *Laborer* reports, Nguyen Thien Nhan, then vice-president of the HCMC People's Committee, visited these strikes, and on the following day sent a communiqué to the prime minister requesting his response to these strikes (January 4, 2006). On January 6, 2006, the prime minister formally signed Decision 03 to raise the minimum wage in FDI companies, which took effect in February 2006.

From management's perspective, given the pro-FDI position of MOLISA and the state's indecisiveness in announcing the effective date, there might have been genuine confusion among some international members about the timing of the minimum wage increase in the FDI sector and the percentage increase. (This information was gathered from interviews with representatives from FES, Yujin-Kreves Company, Global Standards, MAST industries Far East Ltd., August 2006.) On January 11, 2006, a letter from the Joint Chambers of Commerce claimed to have expected a minimum wage increase to take place in April 2006 and not February 2006 (MOLISA's original position), and also contended that there was inadequate consultation with them, for which they claimed to be unprepared. Thanks to workers' spontaneous collective action that led to MOLISA's change in tone about the minimum wage issue, its formal response on January 27, 2006, to that criticism clearly showed the pro-labor position and implied that mistakes were made by management in most cases: "The occurred pay disputes have shown that some issues in relation to labour such as salary or salary scale, labour norms, labour conditions, working time and relaxation time, etc., haven't been carried out completely and unanimously in accordance with the regulations of Labour Legislation." Moreover, Nguyen Manh Cuong, Director of International Relations Department, and Nguyen Thi Dan, Director of the Wages and Salaries Department of DOLISA in HCMC, expressed doubts about these management criticisms during interviews in August 2006: "Management understands the complex ramifications of the raise and they would benefit from a delayed state announcement on the effective date; however, workers cannot wait any longer and fully expected some raises, therefore they went on strike."

Aftermath of Minimum Wage Strikes: Reactions of Local State and Newspapers

The reactions of local state and labor press to expedite the implementation of this decree were extremely fast. The local state response was relatively pro-labor, in recognition of the lack of effective enterprise labor unions. The HCMC People's Committee allowed some workers' representation at the negotiating table with other stakeholders in nonunionized factories. On March 6, 2006, the vice-president of HCMC People's Committee signed Ordinance 35, Decision on Protocol for coordination and preliminary resolution of wildcat strikes in HCMC. This protocol, enforced only in HCMC, charges district/ward people's committees to form a group of state officials who temporarily represent workers in nonunionized factories until the immediate higher-level VGCL labor unions (such as district level) establish official enterprise labor unions (according to Nguyen Thi Dan during an interview in July 2006). With the revised Chapter 14 on strikes, a nationwide ordinance will be issued to guide its implementation in July 2007.

These quick reactions of local state and labor press show conscious efforts are being made to address weaknesses in implementing labor policies. Response came in only five days compared with the months that had been common practice. Moreover, the labor press was very effective in preempting potential management evasions of the law to protect workers' rights and interests. On January 11, 2006, only five days after the issuance of the Prime Minister's Decree No. 03 on January 6, 2006, MOLISA issued a formal Ordinance No. 120 to instruct all local state bureaucracies and labor unions (including HEPZA) to properly implement the Prime Minister's Decree, as well as all state media to disseminate these decisions and instructions to ensure management compliance.

On the same day, a *Laborer* journalist interviewed a key representative from the Department of Labor (in HCMC) and reported key issues to ensure that workers got paid properly according to their skill levels (skilled workers should receive higher than the rock-bottom minimum wage), and to preempt management from finding ways to evade this minimum wage hike. For instance, companies are not permitted to cut social security and health benefits to compensate for a minimum wage hike, and companies have to be transparent and post information about salary levels and raises. Moreover, these labor newspapers continue to be a forum for workers' requests. For instance, the "Counseling on Labor Laws" section presents direct dialogues between workers and management. As exposed in a query entitled: "Adjusting wages according to the new minimum wage law," a worker in a joint venture in HCMC questioned why she did not receive an increase in minimum wage even after the new law went into effect in February 2006, to which the personnel director promised to consult with local labor agencies to resolve her complaint (as reported in the *Laborer* in March of 2006).

Challenged by the strikes, the VGCL accepted its own structural weakness and supported some temporary forms of workers' representation in nonunionized factories. But it still wants to preserve its monopolistic power on worker-management relations. Conscious efforts have been made by the VGCL leaders to better connect with local labor unions, to improve their budget for greater union activities, and to alleviate some inequity arising from pro-FDI policy.⁸ They come down to meet and listen to local labor unions in southern strike-prone areas and use their pragmatic solutions to address VGCL structural weaknesses on workers' behalf.

Implications of the New Strike Law

News coverage of National Assembly debates since 2005 demonstrates important tendencies of frank and open perspectives from local state, and labor unions, especially from strike-prone provinces and cities in the south (according to the *Laborer*, August 11, 2006 and *Vietnam News*, August 2006). The failure of the strike protocol (Chapter 14) in the Labor Code passed in 1995 deeming all strikes illegal led to many VGCL and MOLISA debates since 2005 for the November 2006 revision. These debates reflected progressive and pro-labor viewpoints of delegates from strike-prone provinces such as Dong Nai, Binh Duong, Binh Phuoc, Kontum, and HCMC. Most supported the workers' right to strike and their right to representation in nonunionized factories. The November 2006 revision of Chapter 14 (strikes) in the Labor Code reflects a tremendous effort to address the weakness of the VGCL at the enterprise level and the lack of state arbitrators/mediators. Also, while trying to balance different interests, these clear procedures directly address the weakness of the previous strike law, which contributed to thousands of wildcat strikes.

At this writing, only textual analysis can be done, since this new strike law does not go into effect until July 1, 2007. This new law represents some compromises among three main interests: VGCL, state, and FDI community. While the strike protocols are more streamlined and clearly defined with time limits, they underscore the role of labor unions and local state in leading strikes. It remains to be seen how the new strike law addresses the weakness of the enterprise-level reconciliation committee (because of enterprise unions' salaries being paid by management and state mediators being few and far between (interview with Ms. Nguyen, Director of the Wages Department of HCMC Department of Labor, July 2006)). The main thrust seems to be the establishment of arbitration committees beyond the enterprises to preempt strikes in nonunionized factories. At least in principle, this new law does not rely on the enterprise labor unions (considering their weakness) to arbitrate with management when there are labor violations.

On the right to strike and workers' representation, while allowing workers the right to organize, even in nonunionized factories, the VGCL underscores their role

in leading strikes. Two protocols with clearly defined roles of local state and labor unions indicate the official position of not recognizing any independent form of labor organizing, sustaining their power grip on labor–capital relations and desire for political stability.⁹ Recall the nationwide debates from 2004 to 2006 on sensitive issues of what to do with spontaneous labor organizing and strikes in companies without unions or with ineffective enterprise labor unions; several outspoken delegates in strike-prone provinces throughout Vietnam even expressed doubts about VGCL effectiveness.¹⁰ Some even suggested temporary recognition of some forms of independent labor representation, not within the purview of the VGCL.¹¹

Clearly, compromises had been made to appease the FDI community on workers' right to strike. The connections between types of disputes (rights-based or interest-based) and the right to strike are very significant to workers, because when basic wages are not livable (a reality), other allowances become vital to their survival. This new law clearly distinguishes between disputes on rights (violations of basic stipulations on wages, work hours, overtime hours, and compensation, stated in the collective bargaining agreements) and disputes on interests (violations of allowances such as raises, bonuses, social security, health and unemployment benefits, beyond collective bargaining agreements). Thus, it rejected the progressive position of some outspoken southern delegates on the inseparability of rights and interests.¹²

The protocol for group disputes (rather than individual disputes, which are separate in Chapter 14) indicates that it is more difficult to strike on rights-based disputes, with the labor/people court designated to be the last resort.¹³ By institutionalizing several key committees, the new strike protocol tends to embolden the roles of local state agencies and labor unions and to curtail spontaneous strikes. It requires the formation of enterprise-level reconciliation committees (*hoi dong hoa giai co so*) in factories that do have enterprise labor unions or provisional labor union executive committees (*ban chap hanh cong doan lam thoi*).¹⁴ The key difference is to ensure an equal number of representatives from both sides (labor and management) on this committee. In case this committee cannot be formed, a local labor arbitrator/mediator (*hoa giai vien lao dong*), appointed by the local department of the Ministry of Labor at the city/provincial level, will arbitrate the conflict. At the city level, a labor arbitration committee (*hoi dong trong tai lao dong*), established by the local people's committees, is responsible for resolving the factory-level conflicts. It consists of representatives from the local labor federation, the local department of Ministry of Labor, management, and labor relations experts.

The two sets of protocols for dispute resolution, one rights-based and the other interests-based, clearly define the timeframe, relevant arbitration committees, and their responsibilities. For the rights-based dispute protocol, local state leads the effort: within five working days after the receipt of letter of complaints, the chairman of the people's committee (in the affected area) calls for a meeting consisting of representatives from all sides. They include members serving on the enterprise-level reconciliation committee (if nonexistent, a local labor arbitrator is needed),

immediate higher-level of labor unions and other relevant agencies (if needed), and the last resort is the people’s court at city/provincial level. If the time limit runs out when the dispute is still not resolved after having exhausted all the above channels, then workers can proceed to strike. For the interests-based dispute protocol, a more broad-based labor committee leads the charge: within seven working days after the receipt of letter of complaints, the labor arbitration committee calls for a meeting consisting of representatives from all sides. They include members serving on the enterprise-level reconciliation committee (if nonexistent, a local labor arbitrator is needed) and immediate higher-level of labor unions and other relevant agencies (if needed). If the time limit runs out when both sides are still not satisfied with the resolution suggested by the labor arbitration committee (or one side did not attend the meetings) and after the meeting minutes are distributed to all sides within one day, then workers can proceed to strike. The strike limit is one year since the date of labor violations.

Conclusion

This case study demonstrates that there are alternatives to the “race to the bottom” thesis. To the extent permitted by the state, there is space for resistance in Vietnam: evidence shows that migrant workers are able to organize and protest, albeit primarily for short-term basic worker rights, against serving as “cheap labor” for global capital in a socialist country that has to deal with ramifications from its pro-FDI policy.

Evidence also shows that top leadership waited until some critical articles and interviews appeared in the *Laborer* before they actively responded to workers’ protests. Acting within a permissible space, the dynamic media arm has strategically empowered local labor unions and effectively pushed central labor unions and the state to effect policy changes on workers’ behalf: as immediate as the policy to raise the minimum wage in January 2006, and as long-term as the new revised strike law ratified in November 2006. However, at the time of writing, crackdowns on dissenters in Vietnam plus social consequences of the ongoing equitization process of state-owned enterprises disadvantaging workers necessitate further research on the limits of state tolerance for labor organizing and protests beyond the “permissible” foreign capital sector.

Appendix A

Chronology on Minimum Wage Issue and the New Strike Law

1990: The government set the minimum wage to \$50 USD (U.S. dollars) per month in foreign direct investment (FDI) companies in major cities like Ho Chi Minh City (HCMC) and Hanoi.

1992: They reduced it to \$35 USD, succumbing to global capital pressure. This led the Vietnamese General Confederation of Labor (VGCL) central level to join forces with HCMC

(continued)

Appendix A (continued)

Labor Federation against Vietnamese Ministry of Labor, Invalids and Social Affairs (MOLISA) and to demand resuming the minimum wage to \$50 per month (the state-set level in 1990).

1994: When HCMC Labor Federation called for a nationwide wage hike to \$50 USD per month, MOLISA finally agreed that a wage rise in FDI companies was needed to keep pace with inflation and to compensate for the reductions in the dollar–VND (Vietnamese đồng) exchange rate in 1995 (Stromseth 1998).

1996: Both sides ended in a compromise of \$45 USD. The state chose the (lower) MOLISA position, which raised it to \$45 USD in Hanoi and HCMC, \$40 in big cities/provinces, and \$35 in other areas (Stromseth 1998).

1997: Because of the Asian financial crisis, the minimum wage was adjusted downward to as low as \$30 in poor areas (as revealed in a communiqué from Cu Thi Hau & Pham Thi Hang to the prime minister, December 31, 2005).

1999: MOLISA issued Decision 708 to pay workers in FDI companies in VND instead of U.S. dollars according to the exchange rate of 13,910 VND per dollar. So, the highest minimum wage of \$45 USD is equivalent to 625,950 VND. This level of minimum wage was kept for seven years (1999 to the end of 2005), but the exchange rate had increased from 13,910 VND per dollar to about 16,000 VND per dollar. So, in reality, the highest minimum wage level in Vietnam was not even \$40 USD, the lowest minimum wage in the world according to the International Labor Organization (ILO) (as revealed by Ms. Le, *Laborer* journalist, December 2005).

2004: VGCL put forward ten major proposals to the prime minister. The minimum wage hike in FDI companies is one of these proposals.

October 1, 2005: Minimum wage of state sector and state-owned enterprises (SOEs) increased to 350,000 VND (from 290,000).

November 2005: The VGCL worked with Prime Minister Phan Van Khai to once again propose the minimum wage increase.

November 2005: Two plans from MOLISA to the prime minister: Plan A adjusts minimum wage based on the actual wage paid by FDI companies and equilibrium wage in the labor market (870,000; 790,000; 710,000); Plan B adjusts the minimum wage according to an increase in cost-of-living index: 790,000; 710,000; 630,000 (according to *VnExpress.net* December 26, 2005, and 2006 *VCCI Forum*).

December 8, 2005: Prime Minister Phan Van Khai issued a formal Decision to push MOLISA to work with the VGCL and other relevant ministries to come up with concrete recommendations (as in *VnExpress.net* Dec 26, 2005).

December 28, 2005: Spontaneous strikes spread among three companies in Linh Trung EPZ–HCMC: Freetrend (eighteen thousand strikers) on 12/28, Kollan (four thousand strikers), and Hugo (one thousand strikers) on 12/29 and 12/30. From December 28 to January 7, 42,000 workers participated in fourteen large and small strikes (reported in the *Laborer*, January 7, 2006).

December 29, 2005: The *Laborer* critiqued MOLISA in its article “Wait until when?”

December 29, 2005: The Labor Union page of the *Laborer* expressed clearly its position in another article “Increasing the Minimum Wage in FDI companies: We Can’t Wait Any Longer!”

January 1, 2006: Cu Thi Hau (VGCL) and Nguyen Thi Hang (MOLISA) joined forces and forwarded a communiqué to the prime minister to request a 40 percent increase in the minimum wage in FDI companies.

January 2, 2006: Cu Thi Hau announced that the prime minister's office had agreed with the resolution of VGCL and MOLISA asking for the 40 percent increase.

January 4, 2006: Nguyen Thien Nhan, vice-president of the HCMC People's Committee, chaired the meeting with relevant state apparatus and representatives of thirty-four companies to find "solutions to reduce the heat of L-K conflicts."

January 4, 2006: Dang Ngoc Chien (vice-president of the VGCL who worked with the MOLISA unit that was charged by the prime minister to propose plans for minimum wage increases in FDI companies) agreed that the reason for the delay in raising the minimum wage is that "the state ministries were afraid that such increase might affect the policy to attract FDI into VN" (reported in the *VCCI Forum* on 2006).

January 5, 2006: Lê Vinh Danh, vice-president of Ton Duc Thang (a labor unions university in HCMC) opined that "from a different perspective, all these strikes had forced state agencies responsible to make policies on wages to resolve these conflicts in more expedited and timely manner." Cu Thi Hau affirmed, "There is a need to resolutely resolve issues recommended by the VGCL to the Prime Minister. Not fulfilling the charge of representing and protecting workers' rights means that the VGCL does not fulfill its responsibilities."

January 5, 2006: In the Sixth Conference of the Ninth Congress of the VGCL, Cu Thi Hau earnestly requested to all labor union participants: "In the last several days, workers had actively gone on strike to demand a raise in minimum wage. I recommend that we concentrate on finding solutions to this problem in order to protect workers' right."

January 5, 2006: The role of security and police forces is heightened—a show of increasing state surveillance—on the question of potential violence in strikes. Nguyen Thien Nhan said, "If violence occurred, within ten minutes, security force will be dispatched to deal with it. At the same time, we will use four local representatives from: the company, security forces, state apparatus, and labor unions to deal with and prevent violence. In addition, HCMC People's Committee immediately requested to establish a mobile force to timely deal with these circumstances, preventing them from going overboard."

January 6, 2006: Decree No. 03/2006/ND-CP to raise the minimum wage levels on average by 40 percent effective February 1, 2006, in FDI companies. The three levels (higher for big cities and lower for provinces/rural areas) are 870,000 VND (from 626,000), 790,000 VND, and 710,000 VND. Note that these are minimum wages for low-skilled workers only, which were frozen for the past ten years (1996–2006) (reported by the *Laborer* in February 2006).

January 11, 2006: Only five days later, MOLISA issued a formal Ordinance No. 120 to instruct all local state offices (people's committees), DOLISA, labor unions, and HEPZA to properly implement the Prime Minister Decree No. 03 issued on January 6, 2006, and for all forms of state media to disseminate these decisions and instructions to make sure that management has to implement these raises (reported by the *Laborer*, January 11, 2006).

January 11, 2006: *Laborer* interviewed a DOLISA representative on key issues to make sure that workers properly get paid according to their skill levels, and to preempt management from finding ways to evade this minimum wage hike (reported January 11, 2006).

October 1, 2006: Minimum wage in the state sector increased to 450,000 VND (from 350,000); in an effort to equalize the minimum wage between state and nonstate sectors by 2010, MOLISA intended to separate state employees in government ministries/agencies from SOE workers by 2009 (reported by the *Laborer*, September 13, 2006).

November 29, 2006: The National Assembly Tenth Congress voted and issued a resolution to revise and update Chapter 14 (on strikes) in the Labor Code, to take effect starting July 2007.

Appendix B



Freetrend workers' minimum wage strike, Linh Trung export processing zone, Ho Chi Minh City, December 28, 2005.



Former president of Ho Chi Minh City export processing zone labor unions (HEPZA) explaining wage/salary policy to Kollan's workers, January 2006.



Kollan workers' minimum wage strike, Linh Trung export processing zone, Ho Chi Minh City, December 29, 2005.



Between-shift meals at Kollan Company with a visit from the president of Ho Chi Minh City Labor Federation, January 9, 2006.



Danu Vina workers (Linh Trung I EPZ [export processing zone], Thu Duc District, Ho Chi Minh City [HCMC]) reading complimentary *Laborer* newspapers, distributed by the labor unions of HCMC EPZs (HEPZA), January 6, 2006.

Source: All images courtesy of *Laborer* newspaper.

Notes

1. It is unclear whether the state benefited from this difference.
2. Of course, the meaning of “optimal” would be for the interest of capital, not of labor.
3. Legalized since the late 1980s, there are three basic types of foreign investment in Vietnam: 100 percent foreign-owned, joint ventures (foreign and Vietnamese counterparts), and commercial contracts (a small share of the total foreign investment), according to the Ministry of Planning and Investment (MPI), and Department of Foreign Investment, July 2004.
4. By focusing on East Asian capital, I also capture the indirect impacts of Western/American capital, which used these East Asian companies as their global suppliers and contractors. There are direct-invested Western European and American companies in Vietnam, but there have been few reports of labor conflicts in these companies, a topic I discuss elsewhere.
5. I discussed elsewhere different forms of protests in state-owned enterprises (SOEs): most state workers sent their complaint letters and petitions to labor newspapers, state offices, and labor courts. Moreover, as SOEs are waning in the process of being “equitized,” state workers endure a lot of problems which I discussed in another manuscript. Briefly, equitization is a process in which former SOEs sell shares to become limited-liability companies, leading to hundreds of thousands of state workers being laid off.
6. According to statistics from the International Labor Organization (ILO) Final Report on Labor Relations in Vietnam (2006, 11), only nine hundred strikes erupted from 1995 to 2005.
7. This 21 percent increase in their minimum wage rate amounted to 350,000 VND per month (from 290,000 VND per month). However, in state-owned factories, while receiving a very low wage, state workers enjoyed other allowances such as transparent levels of raises, bonuses, and health and social benefits.
8. For instance, Dang Ngoc Tung met with local labor unions in Binh Duong and Dong Nai, two strike-prone industrialized provinces. In particular, labor unions at the province, export processing zone (EPZ), and enterprise levels of Binh Duong meet often to coordinate their activities. At the meeting with

Dang Ngoc Tung, sixty-five labor union representatives from foreign direct investment (FDI) companies in Binh Duong showed up and proposed a change to Decision No. 53—removing the exemption that FDI companies had been enjoying: not having to submit 2 percent of total wage funds toward labor union activities, a practice observed by most domestic factories (in *Labor*, August 12, 2006). This unfair treatment to domestic companies has been rectified by a recent decision of the prime minister, who requested FDI factories to also contribute 2 percent to labor union activities (in *Labor*, March 7, 2007).

9. Back in 2006 however, the National Assembly Standing Committee even proposed allowing temporary non-VGCL labor organizing and negotiations until “official” labor unions could be established. For instance, a cohesive group of workers at a workplace can elect three representatives to participate in negotiations and to organize strikes if necessary (in *Laborer*, September 27, 2006).

10. On the issue of the VGCL as the only organization that can lead strikes, Nguyen Thi Hong Khanh (the southern Dong Nai province delegate) expressed her concern and posed a pointed question: “I am very worried about assigning trade unions to organize and lead strikes . . . So would it be feasible to assign responsibilities to an organization that had not yet led any strike?” (Since 1995, over twelve hundred strikes had occurred that had not been organized or led by the labor unions.) She proposed that the Labor Code should allow “other bodies to organize and lead strikes” (reported in *Vietnam News*, no. 5316, August 2006). Bui Sy Loi (delegate from Thanh Hoa province) agreed with Khanh’s viewpoint and said that the root cause of spontaneous strikes was “not only because of the Labor Code’s low feasibility, but also the trade unions’ weakness” (reported in *Vietnam News*, no. 5316, August 2006) (Thanh 2004).

11. Recognizing the reality then that 85 percent of domestic private companies and about 60 percent of FDI companies were not unionized, many delegates advocated worker representatives in negotiations and in strike organization. For instance, Nguyen Duc Dung (Kontum, a province in the central highland), Tran Hong Viet (Hau Giang), and Ngo Sy Huong (Thai Nguyen) recommended that the revision should allow for worker representatives to lead strikes, in view of the absence of enterprise labor unions in most cases which automatically make all strikes “illegal.” Furthermore, Nguyen Duc Dung analyzed: “Even in factories that have labor unions, but not strong and often in alliance with management so they have conflict of interest to lead the strikes, we should allow workers to elect their representatives to lead the strikes. If we only allowed labor unions (at enterprise and higher levels) to have legitimacy to lead strikes, then that is not realistic nor feasible, and thus making workers, who go on strike for their legal rights, de facto violate the laws” (reported by *Vietnam News Agency*, August 10, 2006). There were even proposals about allowing workers to strike if no resolution was reached after three days (reported in *Labor*, August 2006.)

12. Nguyen Thi Hong Khanh (from southern Dong Nai province) recommended that the Labor Code *not* distinguish between collective disputes on rights and on interests because they are interconnected as discussed earlier. Her proposal, shared by other delegates, is to maintain the workers’ right to strike as the “last weapon” to protect their rights and benefits. Nguyen Nghiem (southern Binh Phuoc province) agreed with that argument: “We must consider the right to strike as the basic workers’ right. Without that ‘weapon,’ workers do not have other ‘weapons’ (in their negotiation with management)” (reported in *Laborer*, August 11, 2006). Nguyen Dinh Loc of Ho Chi Minh City (HCMC) agreed and added, “In reality, rights and interests of workers are interconnected; it’s very difficult to separate these two concepts. So, if we allowed strikes in case of interests, and outlawed strikes in case of rights, we would curtail workers’ rights” (reported in *Labor* and *Laborer*, August 11, 2006). Tran Hong Viet (delegate from southern Hau Giang province) also agreed that it is impossible to separate interests from rights (reported in *Labor*, August 11, 2006).

13 This protocol used a weak version of Hau’s argument in the previous National Assembly debates in August 2006: “From our perspective, rights-based conflicts (when management violates stipulations in the Labor Code) need to be resolved at the factory level. If that effort failed, then representatives of workers have to inform state bureaucracy to investigate it. If state bureaucracy cannot resolve it satisfactorily, then workers can stop working (*ngung viec*) and can bring this conflict to the labor court for resolution.”

14. However, it remains to be seen how well the enterprise reconciliation committee functions; their past weaknesses were well recognized by many National Assembly delegates from strike-prone provinces who recommended eliminating them.

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