Borders and Migration
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Introduction

Since the mid-1980s, Vietnam has been successfully introducing the “Doi Moi” (renovation) policy, thereby gradually turning the centrally planned system into a more decentralised market economy. The opening up towards global capital finally led to the recent entry into the WTO, which can be regarded as a significant milestone in the economic transition. Following the development model of the so-called Tiger economies, Vietnam has implemented the strategy of export-led industrialisation. The cornerstone of this policy has been the erection of numerous export processing and industrial zones in the sub- and peri-urban areas of Vietnam’s metropolis. These clearly demarcated bordered zones are equipped with exceptional technical infrastructure and preferential tax regimes. In ultimate proximity to these globally integrated economic spaces, however, agglomerations of rather spontaneously evolved highly-dense informal settlements of migrant labourers with often precarious living conditions have emerged.


Zwar sind die Arbeitsmigranten für die Integration Vietnams in die Weltwirtschaft unverzichtbar, an ihrer Integration in den urbanen Kontext werden sie jedoch gehindert und stattdessen in informelle Wohn- und oft auch informelle Arbeitsverhältnisse gezwungen. Die Migranten weisen daher eine hohe Vulnerabilität auf. So mussten im Zuge der globalen Finanzkrise seit Beginn 2009 bereits ein Viertel der Migranten in ihre Heimatprovinzen zurückkehren.

Der vorliegende Beitrag stellt anhand umfassender eigener empirischer Erhebungen die Wohn- und Sozialsituation der Arbeitsmigranten im Großraum der Metropole Ho Chi Minh City (HCMC) dar und hinterfragt die Motive der staatlichen Ausgrenzungspolitik im Zusammenspiel mit den Interessen transnationaler Unternehmen.
living conditions have developed. In spatial terms, this contributes to a high degree of urban fragmentation. In social terms, this contributes to the local disintegration of the population. In addition, the existing household registration system creates severe legal barriers for migrants, which lead to further discrimination and social exclusion.

In the following chapters, the authors analyse the reasons for this development and question the motivations of the stakeholders involved.

**Industrial zones as ordered economic spaces**

In Vietnam, the development of export processing and industrial zones has been a crucial move in implementing the strategy of export-led industrialization and channelling foreign direct investments (WAIBEL 2009). The most important foreign investors come from Japan and the four first-generation Tiger economies of Taiwan, Singapore, South Korea, and Hong Kong. Following the "flying geese regional economic development model" (Akamatsu, 1962), the latter countries have outsourced labour-intensive industrial production to economically less developed countries in Southeast and East Asia. The main incentives for foreign companies to invest in Vietnam are low wages and a stable political environment. Furthermore, Vietnam benefits from the China-plus-one strategy of many trans-national companies that seek to achieve spatial diversification of their investments and to establish secondary manufacturing operations in the country (Bradsher, 2008). Labour-intensive production such as apparel, footwear and garments still accounts for the majority of exports. As in many other developing countries, this production is spatially concentrated to a large extent inside industrial zones. Within these large walled and guarded compounds, trade barriers are eliminated, bureaucratic requirements and taxes are lowered and outstanding infrastructure is provided. The demarcated mono-functional economic spaces emerged at a very early stage of transition and served as testing grounds and catalysts for liberal market-economy principles (Waibel/Jordan, 2005). As a result, the overall value of exports now accounts for over 70 per cent of the national GDP. Even if only the value-added component is included, this contribution amounts to a substantial 15-20% of Vietnamese exports to GDP (Ha/Phuong, 2009). So far, the number of export processing and industrial zones in Vietnam has risen to over 90, with about 26 more currently under construction (VEA, 2007: 60). Additionally, there are about 90 industrial parks that feature a comparable infrastructure. Export processing zones, industrial zones and industrial parks – henceforth summarized under the term “industrial zones” – employ a total of about 2 million workers in Vietnam (Le Cam, 2009: 54).

The Southern Key Economic Region, including Ho Chi Minh City (HCMC) and the surrounding provinces, has been especially successful in the operation of industrial zones. It includes about half of all industrial zones of Vietnam,
which channel about 80% of the country’s foreign direct investments (Waibel, 2009: 33). The surrounding provinces now increasingly serve as the industrial backyard of the metropolis of HCMC. In the extensive peri-urban industrial belt around HCMC, more than 500,000 workers are employed in industrial zones alone. Most of them are from 15 to 29 years old and predominantly female (65%) (AAI, 2005: 7ff; WAIBEL/GRAVERT, 2007: 14). The overwhelming majority of the labourers are migrants from all over Vietnam.

Vulnerability of labour migrants

In HCMC, a significant part of the urban population is considered to be migrant population. Immigration already started during the US military engagement in Vietnam, when people fled from the countryside to the city to avoid frequent bombings. Subsequent to a short period of de-urbanisation after reunification in 1975, rural-urban migration accelerated considerably after the start of the reform process. Today, migrants represent about one third of the urban population of HCMC (Le Cam, 2009: 55), which amounts to approximately 8 million people. In contrast to the situation in the 1980s and 1990s, when many migrants from the countryside moved to inner-city locations to find work in the informal sector, rural-urban migration flows now concentrate in the suburban areas and the surrounding provinces of HCMC, where new employment opportunities for unskilled labour have emerged in the industrial zones (WAIBEL et al., 2007: 61).

In socio-economic terms, the 2004 Vietnam migration survey (GSO/UNPF, 2005: 5ff) revealed many aspects that are comparable to rural-urban migration patterns in other developing countries: The mean earnings of migrants are much lower than those of non-migrants. The differential of income between migrants and non-migrants is greatest in HCMC and the surrounding provinces. Nevertheless, 80% of migrants reported that their current earnings are higher than the income they had before migration. Often, migrant households maintain close trans-local networks to share and pool their incomes in order to increase resilience towards external stresses (GSO/UNFPA, 2006: 40). Also, migrants face difficulties in joining mass organisations like the “Workers’ Union” or the “Vietnam’s Women Union”, which usually serve as important social security nets. Often, informal networks of relatives and compatriots from their home towns and regions substitute for this handicap (GSO/UNFPA, 2005: 3).

As commonly noted, the working conditions in Asian industrial zones are rather challenging. Employees suffer from long working hours of 50-60 hours per week. Their monthly earnings only amount to 1-1.5 million Vietnamese Dong (US$ 60-90) on average. Asked about their living difficulties in general, migrants list low incomes as the main problem, followed by high rents, little leisure time and harsh working conditions (Noltze, 2008: 116). Migrant workers often do not have formal labour contracts or enjoy social security. They generally assess their employment situation as insecure (Klaus, 2009: 67).

Also, migrants face severe legal restrictions due to the household registration system (“Ho Khau”), a relic of the Socialist period. According to the Ho Khau system, people can only access public services at their place of residential registration. As a result, it is very difficult for migrants to send their children to schools or to receive medical care. It is also impossible for them to buy real estate and land. So far, banks and micro-credit organisations – even if run by international NGOs – in most cases do not provide credit or saving schemes for migrants (Noltze, 2008; GRAVERT, 2008: 74). To apply for permanent residency, migrants have to show a long-term labour contract and prove at least one continuous year of local residence, e.g. evidenced by a formal rental agreement. Usually, migrants do not meet these requirements (GRAVERT, 2008: 9ff.). All in all, the household registration system results in the discrimination of large parts of urban society. The manifold legal restrictions give migrants an insecure status.

Unstable working conditions on the one hand and the legal discrimination through the household registration system on the other hand mean that labour migrants are highly vulnerable. All this forces them into informal living arrangements, especially in the field of housing. In this way, migrants, who are indispensable for the success of Vietnam’s export economy, are degraded to second-class citizens (VET 2005).
Boarding houses: new slums in the urban periphery

In the course of the transitional process, the Vietnamese state has almost completely withdrawn from the role of supplying housing and has left this matter to the private sector. While the industrial zones and industrial parks usually offer an exceptional infrastructure, they were designed without a coherent effort to provide housing opportunities for factory workers. Therefore, labour migrants moved to spontaneously erected tenant house agglomerations in close proximity to their workplace. In Vietnam, such accommodations are called “boarding houses”. Some officials regard this kind of housing as “new slums” in reference to “old slums” – the squatter settlements along canals and railway tracks of the inner city. Boarding houses are rented and multi-shared small housing units. The dominant boarding house typology consists of long row houses with small one-room units. Such units usually feature one room of 9-15 square metres that is shared by 2-5 migrants in order to lower the individual costs (~25% of the income). Usually, a mezzanine allows for more living space, amounting to 5-6 sqm per capita on average (Klaus, 2009: 76). Sanitation and cooking facilities are often situated outside and shared by several households. A lack of public transportation limits the mobility of workers and has led to the boarding house agglomerations being erected directly at the borders of the industrial compounds. Public infrastructure is generally insufficient, as housing for migrant workers was usually designed without provisions for medical care, power and water supply, or waste management (Bose, 2007). A survey undertaken by the authors among boarding house inhabitants in 2006 revealed that the highest individual priorities for improvement of the current housing situation have been better provision of technical infrastructure, in particular toilets, sanitation and water supply (Waibel/Gravert, 2007). The provision of the latter comes under the responsibility of the state, which has neglected to meet its obligations.

Boarding houses emerged when local families near industrial compounds, realising the demand for low-priced rental housing, began to rent out their backyards. In the recent past, more and more large compounds of up to 1000 housing units have emerged, usually constructed by local landowners. As the demand for workers in industrial zones continuously kept growing in the past, the demand for housing commonly exceeded supply, leading to overpriced rents. Parts of the local population benefitted from the legal exclusion of migrants, because they have been able to generate large amounts of money with relatively small investments (Waibel/Gravert, 2007).

Recent attempts of the local government to provide adequate housing for workers have proven generally ineffective. For example, some management authorities erected housing compounds for labour migrants inside the industrial compounds. However, it has been reported to the authors that this has not proven to be an efficient solution, since prices there were higher than at the boarding house agglomerations outside and because the migrant workers were afraid of overly tight social control within the zones.

Migrants’ perspectives: self-imposed and systemically enforced exclusion

Interviews with boarding house dwellers have shown that the migrant workers – although they do not really have a choice – mostly accept the precarious housing conditions. When selecting their accommodation, they tend to focus on low rents, flexibility and close proximity to their place of employment. They regard their living situation only as a temporary solution allowing them to save as much money as possible and transfer money home to their relatives, with whom they usually keep close ties. Workers complain about low wages and insecure labour conditions, and in recent times, this has even resulted in demonstrations and wildcat strikes. The low minimum salaries lead to a situation in which most migrants even agree to work extra hours in order to maximize their income (KLAUS, 2009).

The self-conception of being temporary residents is reinforced by the legal discrimination through the household registration system. The latter constitutes a severe barrier for the integration of migrants into urban society. In addition, the migrants are even further isolated due to underdeveloped public transport connections. The majority
of them – although living only a few kilometres away from the ‘Central Business District’ (CBD) of HCMC – report that they have never visited the inner city (Noltze, 2008: 116). After work, they engage in the usual social activities such as dinner with friends and sometimes karaoke, but they mostly stay among themselves. Interaction with local (permanent) residents is reduced to a minimum. As civil society is still rather weak in Vietnam, there are only very few small initiatives trying to promote community-building efforts (Klaus, 2009). Community-building is further hindered by the heterogeneous origins of the labour migrants, who come from all over Vietnam.

Social exclusion as a consequence is therefore both self-imposed and systemically enforced.

As a result of all these obstacles, HCMC is surrounded by spatial enclaves of migrant workers that are apparently not at all rooted in the urban environment. Boarding house dwellers comprise a rather homogenous social group of mostly young, low-income migrant workers with long working hours, who exhibit a different way of life than the adjacent local population. In contrast to the walled compounds of the industrial zones, there are no physical borders separating the boarding house agglomerations from the rest of the city, but very strong socio-economic and legal borders are in place. This immense urban fragmentation may be typical for a neo-developmental state such as Vietnam. However, it indisputably contributes to high levels of petty crime, drug abuse, and prostitution in these areas (AAI, 2005; Waibel/Gravert, 2007).

The State’s perspective: The dilemma of simultaneity and conceded informality

The state’s perspective may be explained by a multi-level view. On the macro-level, the national government has put economic growth on the agenda as its primary goal. In consequence, the creation of favourable economic conditions for foreign investors was prioritised from the very beginning of the transitional process. Mono-functional economic spaces, such as export processing zones, were planned and erected in sharp contrast to other – less ordered – parts of the urban environment at that time. Notwithstanding, the provision of accommodation for the labourers of these zones was neglected. The reason for this can be traced back to, among other factors, a typical transitional phenomenon that is labelled the “Dilemma of Simultaneity” (Offe, 1991). This refers to the challenge that governments experience in promoting the reform process equally across all policy and sectoral fields. Due to budget constraints and aspects of opportunity costs, however, the state usually has to prioritise its fields of action. Against the background of the “dilemma of simultaneity”, the provision of housing for millions of migrant workers was not tackled with the same degree of intensity as the provision of economic spaces for international investors. In this respect, the perpetuation of the household registration system from the Socialist period turned out to be very useful. It had originally been introduced to restrain and control urbanization in the Socialist era. The advantage of keeping this system was that it relieved authorities from providing costly infrastructural facilities for migrants and thus saved financial resources. In this way, the national state benefited from the legally induced informalization of the migrant population. This might also be described as a policy of “Conceded Informality”. Furthermore, as formal housing was unattainable for the migrant population, informal housing was the only possibility to accommodate enough workers in proximity to industrial zones. The conceding of informality may therefore have been an inevitable necessity to attract international investors in the global competition for foreign direct investments in the labour-intensive industry, particularly in the first phase of transition.

Furthermore, the lack of capacity at the level of the city administration played a substantial role. Socialist planning bureaucracy was not sufficiently experienced or capable to deal with market-economy conditions at the beginning of transition. Therefore, urban development control over economic spaces was usually handed over to special-purpose associations. The latter focussed on the erection of mono-functional economic spaces and generally did not implement coherent urban development projects that might have integrated other functions such as housing, commerce or leisure.

Although the boarding house agglomerations do not even come close to meeting legal requirements of building regulations, this deficiency has been pragmatically tolerated by local administrations. One reason might be that some local authorities are unable to prevent informal developments. Another even more important factor might be that the informal status of the boarding houses leaves much room for corrupt officials to absorb some of the profits gained by local landlords. Here again, a policy of “Conceded Informality” appears to be in place, in this case at the micro-level.

Meanwhile, the media as well as politicians are increasingly acknowledging and reflecting the precariousness of these housing conditions. However, as long as local officials in cooperation with local landlords stand to gain from such developments, it seems likely that boarding houses will continue to be conceded.

This may only change once Vietnam’s export economy ceases to depend on the provision of a cheap labour force. In fact, the global economic crisis will accelerate the restructuring and upgrading of the Vietnamese economy, which might imply tremendous consequences on the handling of migrants and their living situation.

Impacts of the global financial crisis

The strategy of export-led industrialisation brings with it a high degree of exposure to developments in the global economy. The export sector, and especially the electronics, apparel and footwear industries in Vietnam have been severely disrupted by the global financial crisis (Waibel/Gravert, 2009). Massive lay-offs of migrant workers have been the consequence. Many strikes took place, not least because some companies stopped paying their workers (PHAM, 2009). About one quarter of all migrant workers had to move back to their places of origin, at least temporarily, according to media reports (VNS, 05 June 2009).

However, the labour-intensive industry in Vietnam had already been under pressure before the global economic crisis set in. This is due to external and internal reasons:
Global competition in this low wage segment is extremely fierce, and less developed countries such as Cambodia or Bangladesh have been increasingly able to outpace Vietnam in the global race for foreign direct investments. Salary levels in Vietnam have increased significantly in the past due to the overall economic progress of the country. Therefore, it became more and more difficult to attract a labour force willing to work in the textile industry, where wages cannot exceed a certain level due to global competition. As a consequence, there have been labour shortages, especially in the HCMC metropolitan region.

To reach further economic growth, Vietnam’s industry has to manage the shift from a labour-intensive to a more capital-intensive industry. In order to advance along the value chain, Vietnam needs to provide for a more skilled and better educated labour force, for example. In this context, it would be an important step to give migrants better access to education and gradually abolish the household registration system.

Conclusion and outlook

The policy of export-led industrialisation resulted in Vietnam’s successful integration into the global economy. The main factors for this rapid economic development were low wages, political stability and the prioritisation of economic growth. Other sectors, such as social affairs or housing, were neglected – a typical phenomenon for transitional countries that is often referred to as the “dilemma of simultaneity”. One result is an increase in urban fragmentation. The latter is spatially manifested by the contrast between clearly demarcated bordered industrial zones and unordered boarding house agglomerations. Inside the walls that separate industrial zones from their surroundings, massive public investments are made, except that physical infrastructure is provided, trans-national companies are given legal privileges, and trade barriers are reduced. Outside, technical infrastructure is lacking, and the migrant population faces social exclusion, legal discrimination, and insecure and precarious conditions in labour and housing. In an approach that might be labelled “conceded informality”, the state largely tolerates the vulnerability of migrants. It can be assumed that the high degree of informality in the peripheral of industrial zones is conceded, because this guarantees the provision of cheap and flexible labour force without stressing state budgets. Accordingly, the local disintegration of migrant workers can be interpreted as part of a strategy to foster the country’s global economic integration. Industrial zones seem to be better integrated into the global economy than into their local settings. Boarding house agglomerations are not well integrated into their local settings either, although this is due to other factors. Dwellers of boarding house agglomerations are not separated by physical barriers, but with legal and socio-economic borders that relegate them to the status of second-class citizens.

The global economic crisis will reinforce the implementation of industrial upgrading strategies. Therefore, education and training have to improve. As part of this development, barriers for migrants must be abolished, as they not only cause social exclusion and the discrimination of a large part of society. They also lead to the underutilization of labour force and the structural reproduction of poverty.

References


