

# **RURAL TO URBAN MIGRATION IN VIETNAM**

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## **1. INTRODUCTION**

Migration in general, and rural-to-urban migration in particular is the process of rebalancing economic resources (human and physical ones) in order to set up a new stage of economic development. Industrialization always takes place in urban areas, and as soon as it starts, the labor force in urban areas becomes scarce, and it needs to be supplemented by labor from rural areas. Rural-to-urban migration although mainly caused by labor shortages in urban areas, the high population growth and, the inequality between urban and rural areas have in fact have triggered the migration so that the process becomes a problem and sometimes gets out of control.

Vietnam's industrialization has been taking place for the past decade. This process is characterized by an increasing a number of enterprises around cities, and the creation of dynamic economic zones in different parts of the country. In contrast, rural areas have been less dynamic and now are confronting the imbalance between human resources and land as a consequence of high population growth in past decades. A substantial share of farmers in rural areas are now unemployed or underemployed, and the living standards of these people are quite low. There is a shortage of labor in urban areas, and there is also a huge surplus of labor in rural areas, therefore rural-to-urban migration in Vietnam has been steadily increasing year after year for the last decade. In fact, cities like Ho Chi Minh city, Hanoi, Hai Phong, Da Nang, and some emerging economic centers such as Quang Ninh, Binh Duong, Dong Nai, and the like have become magnets, absorbing people from rural areas to come, settle, and work.

Rural-to-urban migration is an inevitable outcome of industrialization, and in fact is a rebalancing process to generate momentum for a new stage of development. However, confronted with a huge flow of rural-to-urban migrants and poor urban planning, migration is seen as a negative process. The solution to deal with it, therefore, has been to put strict controls on migration rather than building up a better infrastructure to absorb the migration flow adequately. As a result of this fact, on the one hand, the migrants have found jobs and incomes for themselves, however, on the other hand are facing huge difficulties with regards to social services such as health care, education and so on which would ensure stable living conditions for themselves and their families. The government

needs to re-evaluate its policies towards rural-to-urban migration in order to efficiently utilize the flow of migrants to promote industrialization, to efficiently control migration and to minimize its consequences for urbanization.

Besides the introduction and conclusion remarks, this paper includes four main sections. It begins by reviewing the theoretical framework of migration in general and rural-to-urban migration in particular. Section 3 discusses the factors that impact on migration in Vietnam such as population growth, industrialization and urbanization, and the impact of industrialization on rural industries. Section 4 discusses the main migration flows in Vietnam up to the present time including region-to-region migration and international migration. Section 5 looks in detail at rural-to-urban migration in Vietnam, in general and case studies on rural-to-urban migration in some provinces and cities in the South of Vietnam.

## **2. MIGRATION – BACKGROUND AND THEORY**

### **2.1 Dual economy and the causes of rural-to-urban migration**

Theoretically, migration is defined simply as a process of personal movement from one area to another. However, the nature of migration and the causes for it are complex, and there is no general agreement among researchers on the causes of migration. Arguments on the differences on migration causing factors exist not only among researchers from different disciplines, but also among researchers within one discipline.

Economists consider rural-to-urban migration as a process of labor movement from less-developed to more advanced areas. First, migration theory is based on the dual economy theory by Lewis (1954); subsistence areas referring to rural – the agricultural sector where the labor force is suffering from unemployment and underemployment, and modernized areas – the industrial sector where many employment opportunities are being generated and are also suffering from a labor shortage. Along the development course, the industrial sector is expanding and it requires more and more labor while the agricultural sector is stagnant with a labor surplus. Under these circumstances, the labor surplus in rural areas will supplement the labor shortage in urban areas, and in this way the rural-to-urban migration begins.

In the subsistence sector the marginal productivity of labor is very low and workers are usually paid subsistence wages, hence wage rates in this sector barely exceed marginal products. Contract wages in the modern urban sector are much higher. Due to

the differences in the wage rates migration occurs from the subsistence to the industrial sector. As long as the industrial process starts in urban areas the labor demand keeps rising, and therefore it triggers labor demand from the subsistence sector. This process continues until the wage difference between subsistent and advanced areas become zero.

Although the dual economy theory explains convincingly the causes of rural-to-urban migration as a result of wage rate differences, many other researchers have found it unsatisfactory because of a number of shortcomings (see for instance Todaro [1976]). First, although the wage rate differences are an important reason for person to move from a rural to an urban area, the movement of people from rural to urban areas should not to be seen as simply a case of wage differences. There are many other reasons that force people to relocate. Second, many people believe that the assumption of zero marginal productivity and labor surplus in rural areas are not very realistic. Third, the assumption that the rate of job generation in urban areas is high enough to absorb the labor from rural areas is not true in many cases. In general, industrialization in urban areas creates a high demand for labor, but nowadays under the strong threat of competition, many firms have not employed labor intensity technology, but capital intensity instead, and therefore the demand for labor in urban areas is not always high enough to absorb labor from rural areas. Finally, some researchers argue that migration from rural areas to urban areas, as observed from reality, does not always go to industrial sector as in Lewis's theory, but just comes to urban areas to work in low productivity and low wage sectors in the informal economy of the city – for instance as street-vendors, casual laborers or construction workers. All of these points indicate that while the neoclassical theory has explained beautifully the causes for a person to move from a rural to an urban area, it has oversimplified the causes of the migration. Lewis's model could explain well the model of the West, but it does not fully explain the rural-to-urban migration in the developing world nowadays. A special feature of the developing world today is the high population growth, and therefore the migration from rural to urban area is not only because of wage differences, and labor demand in urban areas.

## **2.2 Todaro's model of rural–urban migration**

During the 1970s, Michael Todaro published a number of papers on migration related issues, and his papers have contributed greatly to the understanding of migration. The argument on the causes of rural-to-urban migration is based on his observation that 'throughout the developing world, rates of rural–urban migration continue to exceed the rates of job creation and to surpass greatly the capacity of both industry and urban social

services to absorb this labor effectively' (Todaro [1976]). For Torado, rural-to-urban migration nowadays in developing countries is not a process to equalize the wage rate differences between rural and urban areas, but 'On the contrary, migration today is being increasingly looked on as the major contributing factor to the ubiquitous phenomenon of urban surplus labor and as a force which continues to exacerbate already serious urban unemployment problems caused by growing economic and structural imbalances between urban and rural areas' (Ayman [2002]).

Todaro suggests that the decision to migrate includes the perception on the part of potential migrants of a potentially higher urban income which will give them a better income, and therefore a better livelihood (Cornwell [2004]). According to the Todaro approach, migration rates in excess of the growth of urban job opportunities are not only possible, but also rational and probable in the face of continued and expected large positive urban-rural income differentials. High levels of rural-to-urban migration can continue even when urban unemployment rates are high and are known to potential migrants. Todaro suggests that a migrant will move even if that migrant ends up being unemployed or receives a lower urban wage than the rural wage. This happens because the migrants expect that they will end up with some kinds of job that gives them a good compensation, and therefore they are willing to be unemployed or underpaid and to wait for a better job opportunity in the future. This argument explains the high flow of migrants from rural to urban areas who come to urban areas but end up unemployed. A major weakness of Todaro's model is its assumption that potential migrants are homogenous in respect to skills and attitudes and have sufficient information to work out the probability of finding a job in the urban modern sector. In addition the assumption on 'expected' incomes made by Torado is also unrealistic in that the migrants are able to have enough information to project and to make a decision to move to urban area, and the Todaro's models do not take in account non-economic factors and abstract themselves from the structural aspects of the economy (Ayman [2002]).

### **2.3 'Push and pull factors' approach**

To some extent, the 'pull and push factors' approach to find the cause of rural-to-urban migration is a combination of neoclassical and Torado's approaches. Lee (1966) develops a 'general schema into which a variety of spatial movements can be placed' based on the argument in which he divided the forces influencing migrant perceptions into 'push' and 'pull' factors (see also Ayman [2002]). The former are 'negative' factors tending to force migrants to leave origin areas, while the latter are 'positive' factors attracting migrants to

destination areas in the expectation of improving their standard of living. According to Lee the 'push factor' could be more important than the 'pull factor', which the difficulties in rural areas, such as poverty, unemployment, land shortages are driving forces that urge the farmers to leave their native area the homeland to find a new place to settle and to work. These push factors are basic factors which produce migration.

The 'pull factors' refer to job or income opportunities outside the farmers' homeland that are so attractive that people cannot stay where they are. By these means, the job and income opportunities in urban areas or advanced sectors (as mentioned by neoclassical economics) are pulling factors that pull the people to the urban areas to settle and to work. Although migration can be produced either by 'push' or 'pull' factors, according to Lee migration mostly is a result of a combination of both 'push' and 'pull' factors that are associated with the areas of origin, destination and are also governed by personal factors 'which affect individual thresholds and facilitate or retard migration' (Lee [1966: 51]).

### **3. FACTORS THAT HAVE IMPACTS ON MIGRATION IN VIETNAM**

#### **3.1 Population and employment pressure**

For the past few years, the Vietnamese population has been brought under control well with a population growth rate at about 1.5 percent per year. However, until recently Vietnam has experienced very high population growth rates for a couple of decades. The 1970s through to the early 1990s was the time when the population of Vietnam was booming with the rate of growth around 2 percent per year. The census data indicates that for decades from the 1970s-1990s on average each year the Vietnamese population was growing by 1.2 million people (Development Analysis Network [2001]). This high rate of population growth has in fact put a lot of pressure on the economy to generate enough jobs, and the pressure has become stronger and stronger in recent years as the percentage of young people looking for work keeps rising. The share of the population of working age (aged from 15 to 60) has increased steadily. In 1979, the share of the working age population was 47%, this figure was 52.6% in 1989, and increased to 57.5% in 1999 (Development Analysis Network [2001]). This means that year-by-year the number of young people entering the labor force has been larger and larger. It was estimated that for period 1979-1989, on average there were about 900 thousand young people entering to the labor force each year, and for period 1989-1999 the figure soared to 1.2 million per

year.

The booming population has made economic resources imbalanced. For centuries, the economy, especially the rural economy, has been stable with a balance between human and land resources, but the booming population in past decades has made land scarce, and human resources abundant. However, production technology has not been improved properly to deal with the imbalance, and therefore, the economy has left a part of the population underemployed or unemployed.

The booming population, combined with a high density of people living in some areas of the country, has made the situation worse. For a long time, the Red River Delta has been known as the most crowded area of the country. According to the Statistical Yearbook 2003 (General Statistical Office [2004]), for 2002, the population density of the Red River Delta region was about 12 persons per hectare of natural land (of all kinds) and about 20 persons per hectare of agricultural land – or about 1,350 square meters per person, too small a plot to sustain someone. At the same time, land in other regions was quite abundant. The figure of population per hectare of natural land in 2002 for the Mekong River Delta was 4.2, for the South East Region 3.6, and for the Central Highlands 0.8. It is the same for agricultural land; it was 5.6 for the Mekong River Delta, 7.5 for the South East Region, and 3.4 for the Central Highlands, much lower than the figure for the Red River Delta. Therefore, the population in the Red River Delta has suffered seriously from land shortages, and it is difficult for people to survive if relying only on farming activities. In fact, people in the Red River Delta have to work both as farmers, and non-farm workers to find enough to earn a living, and under these circumstances movement from rural areas to urban ones is inevitable.

### **3.2 Industrialization and urbanization in Vietnam**

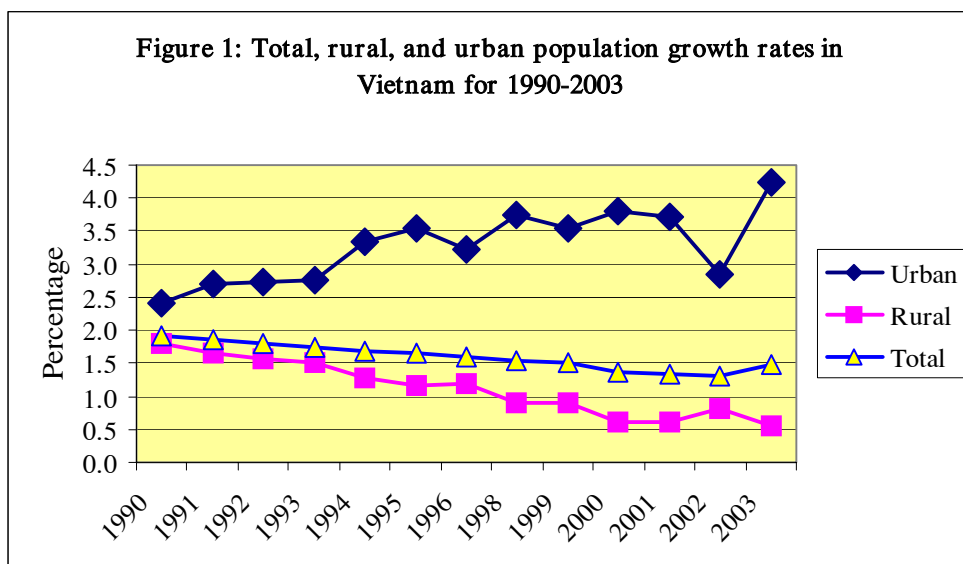
The economic reform which was launched in the early 1990s has generated a momentum for a new period of development – a period of industrialization and modernization. For more than a decade, Vietnam's economy has experienced remarkable changes; the share of industrial and service sector in GDP has been rising, while the share of agriculture has been declining steadily. The share of agricultural sector in GDP has declined from 40 percent in 1990 to about 20 percent in recent years, and the industrial sector has almost doubled its share in total GDP to 40 percent in 2003 from 23 percent in 1990 (General Statistical Office [2004a]).

Industrialization usually takes place in urban areas with the expansion of the existing enterprises. Cities such as Ho Chi Minh City, Hanoi, Hai Phong and the like in fact comprise a number of enterprises, which were built earlier, but since the 1990s have been expanding by upgrading the production capacity and employing more workers. However this process soon encountered the limitation of land, and infrastructure, and therefore new industrial zones (including processing zones) located nearby cities have grown up. The last decade has witnessed a fast increase in the number of industrial/processing zones all over the country. In addition to the giant industrial zones such as Song Than, Viet-Sing and the like in the South, small industrial zones (so called industrial clusters) have also mushroomed in different provinces. The industrial clusters were in fact built for local and small enterprises with a light infrastructure system, and these clusters have been initiated by local authorities with smaller amounts of capital.

Up to this moment, apart from Dung Quat or Chu Lai economic zones, there have been 106 industrial zones covering an area of 20 thousand hectares, and there have been 124 industrial clusters with a total area of 6500 hectare allocated around country (*Tap Chi Cong San*, No. 72/2004). Industrial zones are industrial centers within the country where there have been a lot of local and foreign invested firms operating. It is estimated that industrial zones have attracted about 36 percent of the total foreign invested projects in Vietnam so far, with 30 percent of registered capital, equivalent to US\$ 11 billion. These industrial zones also are places for local enterprises to invest with the total amount of capital at VND 72 trillion. It is also estimated that industrial zones have absorbed about 600 thousand workers and about one million indirect workers (who do not work in the zone but have businesses linked to enterprises in the zone) (*Tap Chi Cong San*, No. 72/2004).

The development of cities and industrial zones has speeded up urbanization. Many economic, business centers as well as administrative centers have been founded, and therefore the urban population has increased from 20 percent in 1990 to about 26 percent in 2003, almost a half of one percent per year. Urbanization is a consequence of economic development, and this process is fairly rapid during industrialization.

According to statistical data (General Statistical Office [2004a]), it is clear that on the one hand the urban population growth has been much higher than the total population growth, but on the other hand, the rural population growth is much slower than the total population growth (Figure 1). It is true that the urban population has grown quickly in past years, and the rate of urban population growth has increased year by year, this means that rural to urban migration in recent years in Vietnam has created a significant change in the Vietnamese population structure.



Source: General Statistical Office (2004a)

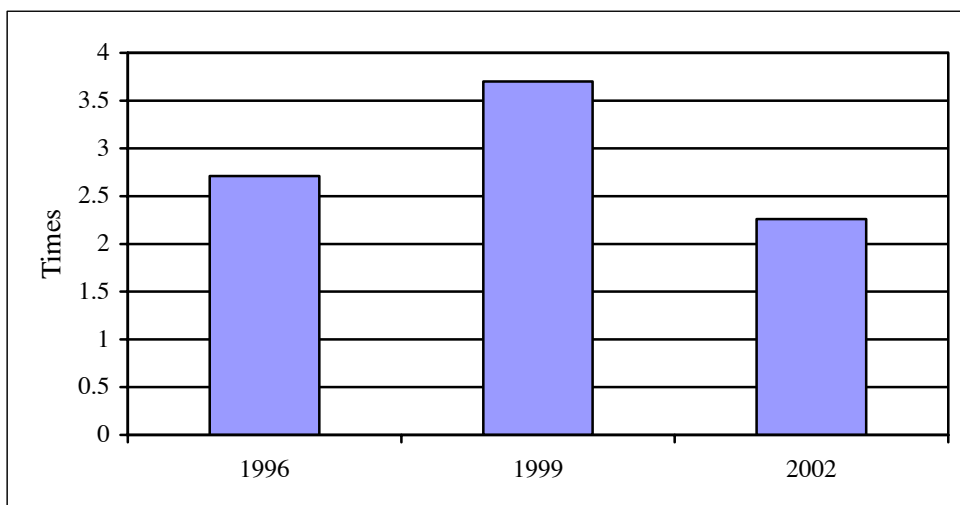
Hanoi, Ho Chi Minh City, Hai Phong and some other big cities have long histories of development, and in past years these cities have urbanized very quickly as they take the lion's share of the country's urban population. According to the 1999 Population Census (General Statistical Office [2001]), Ho Chi Minh City's urban population accounted for about 23 percent of the total national urban population, Hanoi's accounted for 8 percent, and other provincial capitals only accounted for less than 3 percent. However industrialization and modernization have not only taken place in the big cities, this process has also occurred in many other different localities. It is easy to find examples of localities that just a decade ago were only rice cultivation villages, but now they are an industrial centers, industrial clusters already, and these centers and clusters are cores of the new urbanization areas. Some provinces have experienced high economic growth rates, and therefore urbanization also has developed quickly. It is true that some provinces have had a surprising urban population growth. This has been the case in Hung Yen, Binh Duong, Ha Bac, and some other provinces. The average urban population growth rate for the period 1996-2003 of Hung Yen Province was 25 percent per year, Bac Ninh Province was 13 percent, and Binh Duong was 11.5 percent (General Statistical Office, [2004a]). This means that the rural to urban migration process is not simply a population reallocation between rural and urban areas, but it also a process of inhabitant reallocation within an area, especially in secondary cities on the outskirts of big cities. It can be



evaluated that this population reallocation is a positive process because it prevents the cities from being over-populated, which could lead to an imbalance of living conditions in big cities. However it should be noted that the development of secondary cities in Vietnam in past years has still been limited in some areas, and the big cities such as Hanoi and Ho Chi Minh City are the main economic centers, which are now facing many imbalances due to fast urbanization in recent years.

The economic reforms in past years have accelerated the performance of the economy and improved the livelihoods most of the people as the poverty rate has been reduced substantially. However, the reduction in poverty does not mean the reduction of the income gap between the rich and the poor. Inequality is not only a phenomenon between the rich and the poor, but it also can be found between rural and urban areas. According to the Vietnam House Living Standards Survey in 2002, the income gap between the top and the bottom income quintile groups in 1996 was 7.3 times, and it was 8.9 times in 1999, and 8.03 times in 2002 (General Statistical Office [2004b]). The average income of urban people is about double the average income of rural people. In addition to that, the income gap also can be found between different regions of the country. The average income of people in the richest region (South East Region) and the average income of the people in the poorest region (North West Region) increased from 2.1 times in 1996 to 2.5 times in 1999 and 3.1 time in 2002 (Figure 2).

**Figure 2: Income gap between rural and urban area**



Source: General Statistical Office (2004b)

Industrialization on the one hand has improved the livelihoods of people as personal incomes have increased and people can enjoy goods at better prices and consumption rates have also increased. However industrialization and modernization do not always positively impact social economic development. Industrialization, especially the establishment of industrial clusters in rural areas in recent times and the arrival of manufactured products in all local markets have severely damaged rural industries. First, the development of industries, introduction of new items, and new materials for production have changed substantially the population's consumption patterns. Traditional products, which have been produced and available for a long time in rural areas, have now been quickly swept away and replaced by new, modern, and cheaper products. The emergence of the plastics industry is a typical example. For a long time, people have used household products made from bamboo, but as soon as plastic versions became available, the bamboo ones were made obsolete. The rural traditional weaving industry is also another example. In the past, traditional weaving was available in many villages in rural areas, but the development of the textile industry has left the rural weaving industry unused, and the habit of using local weaving products has also been replaced by modern and well-designed textile products. Of course the collapse of traditional rural industries should not be blamed only on industrialization. Economic integration and the import of foreign made goods have contributed significantly to the collapse of these industries as well.

Traditional rural industries have played an important role in the rural economy in all villages of Vietnam, especially for villages in the Red River Delta. These industries have been facing huge challenges from fierce competition of manufactured items both domestic and imported. During these changes some villages have adapted very well and have a bright future. However a number of villages have suffered severely and the village industry is being eliminated from their rural economy. The people in these villages have been facing difficulties in finding work. Some of these people have no other option but to look elsewhere for employment meaning, in most cases, migrating to the city.

***Box 1: Current situation of village industries in Bac Ninh Province***

Bac Ninh is one of the centers of traditional village industries in the Red River Delta. It is well known with industries such as bronze casting, weaving, folk painting etc. However Bac Ninh village industries have been suffering severely in past years. Among total of 125 communes and wards, at present 35 communes and wards have traditional industries, including 62 villages (53 handicraft villages) in three districts: Tu Son, Yen Phong, and Du Tien where there are 38 villages, accounting for 61%). Based on current business performance, these villages can be sorted out into three categories as follows:

- Good performance: 20 villages, taking 32%, which include villages producing wood, steel, bronze, paper, weaving products. These villages have products meeting market demand, and there are big investments in these villages.
- Poor performance and hard to develop: 26 villages, accounting for 42%, which include villages of food processing, animal raising, silk products, and carpenters.
- Very poor performance and would-be-lost: 16 villages accounting for 26%. These villages produce goods that no longer fit market demand due to strong competition from manufactured items. These products include: ceramics, production tools, traditional painting, and bamboo products.

*Source:* Ministry of Industry website (<http://www.moi.gov.vn>)

## **4. MAIN FLOWS OF MIGRATIONS IN VIETNAM**

### **4.1 Domestic migrations**

In the past, there were migrations initiated by government migration policies. According to these migration policies, a quite large number of Red River Delta inhabitants were moved to Northern upland areas (including the North West and North East regions). Also under the government-planned migration, there was a big migration of Red River Delta inhabitants into the Mekong River Delta and Central Highlands, of which the migration to Central Highlands was huge. The government-planned migration to the South in fact happened in 19970s and 1980s. In addition to these government planned migrations, there have been many other free migrations which include the migration from the Northern Uplands to the Red River Delta, to the South East region, the Mekong River Delta, and to

the Central Highlands. Of these, the migrations to the South East Region and the Central Highlands are most remarkable.

The migration to the Central Highlands is the migration of farmers looking for land. The migrants to the area include farmers from the Red River Delta, the Central Coast, and a number of minority people from the Northern highlands. As shown in the Table 1, in the Central Highlands area, in 1999, of 100 inhabitants, 7 people were not born in the region. The Central highlands are such an attractive area for people to come because there is plenty of arable land. The land in this area is also very fertile. At the same time in other regions land is scarce or not very fertile. Under these circumstances, migration to the Central Highlands was inevitable. In addition, migration into the area was also triggered in the 1990s because the area experienced a coffee export boom, which generated quite a large amount of export turnover.

**Table 1: Migrations from region to region 1994-1999**

Unit:‰ (One per thousand)						
Region	Migration -in (Person)	Migration -in rate <sup>1)</sup>	Migration -out (person)	Migration -out rate <sup>2)</sup>	Difference (person)	Net migration rate <sup>3)</sup>
North East	175361	16.15	298987	27.53	-123626	-11.38
North West	29486	13.24	32428	14.57	-2942	-1.32
Red River Delta	344572	23.28	482621	32.61	-138049	-9.33
North Central Coast	86146	8.61	319913	31.97	-233767	-23.36
South Central Coast	111121	17.02	194116	29.74	-82995	-12.71
Central Highlands	264066	86.24	49665	16.22	214401	70.02
South East	868338	68.33	340625	26.80	527713	41.53
Mekong River Delta	237274	14.71	396584	24.59	-159310	-9.88

Notes: 1) Migration-in rate is a ratio of number of migrants-in over total local inhabitants

2) Migration-out rate is a ratio of number of migrants-out over total local inhabitants

3) Net migration is a ratio of net migrants (migrants-in minus migrants-out) over total local inhabitants

Source: General Statistical Office (2001)

Table 1 indicates that the South East region is the most attractive area for migrants. Although the net migration rate is not as high as in the Central Highlands, the number of

migrants coming into the area is the biggest. About 4 percent of total inhabitants are people who were born in other regions. Unlike the migration to the Central Highlands, the migrants to the South East region are not predominantly farmers looking for land, the majority of migrants are ones who come to the region to look for non-farm jobs like workers, traders, and so on and so forth. The South East region comprises many industrial zones. It is the most dynamic area of the country, and there are many big cities such as Ho Chi Minh City, Bien Hoa, Binh Duong, and big industrial zones such as Song Than I, Song Than II, Tan Tao, Vietnam – Singapore and others.

While the Central Highlands and the South East region have attracted a huge number of people from different regions to come, the Central Coast (including North and South Central Coasts) is the region where the net migration-out rate is the highest. The cause for strong migration of people from the Central Coast is quite clear. The area is the most severe region in country to live, the land fertility is low, natural disasters are frequent, and therefore the living standards of people in the region are quite low. Although the living standards of people in the Central Coast area are higher than in some other areas such as the Northern uplands, because being located next to some economic centers such as the Red River Delta, South East region, the differences in living standards are easily visible, and this in its turn strongly induces people to move out of their homelands. It is important to note that immigrants, not only from outside the Red River Delta but also within the Red River Delta, to Hanoi are sizable. Therefore, although the net migration rate of the Red River Delta is negative, urbanization has occurred in Hanoi.

**Table.2: In and out migrations in late 1990s**

Unit: %

		Residence places						
		Red River Delta	North East	North West	Central Coast	Central Highlands	South East	Mekong Delta
Prior residence	Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Red River Delta	66.6	4.0	0.6	1.4	14.1	4.6	0.2
	North East	29.6	93.1	2.0	3.0	24.1	13.0	3.7
	North West	2.6	2.4	94.6	9.7	9.1	11.9	2.7
	Central Coast	0.5	0.4	1.4	77.8	40.4	7.8	1.0
	Central Highlands	0.0	0.2	0.3	4.9	11.2	0.2	0.5
	South East	0.0	0.0	0.4	2.7	0.8	42.1	6.3
	Mekong Delta	0.2	0.1	0.0	0.5	0.3	15.8	84.3

Note: The shade cells are main regions that contribute lion share(s) of migrants

Source: General Statistical Office (2000)

Table 2 indicates the population distribution by birthplace. This Table on the one-hand shows the magnitude of migration of people from different locations into a certain area, on the other hand shows the percentage of people who were born in the region. The migration magnitude of people into a location such as in the North East, the North West, the Central Coast and the Mekong River Delta are rather low because most of inhabitants were born in the place of their present residence. In contrast, the Red River Delta, South East, and Central highlands are the regions that have experienced a huge arrival of people from other regions. The high net migration rates in Table 1 indicate the huge migration flows to the Central Highlands, and the South East, however these net rates of migration cannot show the full picture of migration in Vietnam because the Red River Delta also is one of the best destinations of migrants. However, as can be seen in Table 2 there has been a huge flow of migrants coming to the Red River Delta from the North East because 30 percent of inhabitants originated from the North East.

The great migration into the Central Highlands and the South East can also be found in Table 2. Most of local inhabitants of the region were born or resided in other places. The Central Coast (including Northern and Southern parts) is the region that contributes most of migrants to the Central Highlands, and it is followed by the North East, and the North West regions. The Red River Delta also contributes a great share of migrants to the Central Highlands. The North East, the North West, the Central Coast, and the Red River Delta are also the regions which contribute a great percentage of migrants to the South East region. The South East region is an attractive place for migrants among Mekong River Delta inhabitants who account for the greatest share of migrants to the South East region.

In conclusion, the great population growth, the deterioration of land, the inequality of living standards in combination with natural disasters have stimulated great migration flows in Vietnam in past years. Among these flows, there are three which are most significant. The first is the migration of Northern Highland inhabitants to the Red River Delta. The second is the migration to the Central Highlands of which the biggest contribution is inhabitants from the Central Coast, the Northern Highlands, and the Red River Delta. The third is the migration to the South East region to which the Mekong River Delta inhabitants contribute the greatest share, followed by the Central, Northern Highland, and Red River Delta regions. Among these, the migrations into the Red River Delta, to the South East regions are the ones that comprise the largest flow of rural-to-urban migrants because these two regions include the biggest cities and the biggest industrial zones.

## **4.2 International migration**

Up to the present time, there have been two major international migrations of Vietnamese workers to other countries. These include the migration to the former Soviet Union and Eastern European countries, and current migration to Asian and Middle Eastern countries. The migration to the former Soviet Union and Eastern European countries happened on quite a large scale during the 1980s. However due to the collapse of these countries in late 1980s migration has been declining sharply and at present, just a small number of Vietnamese workers are living and working in these countries (Vu Quoc Huy [2003]).

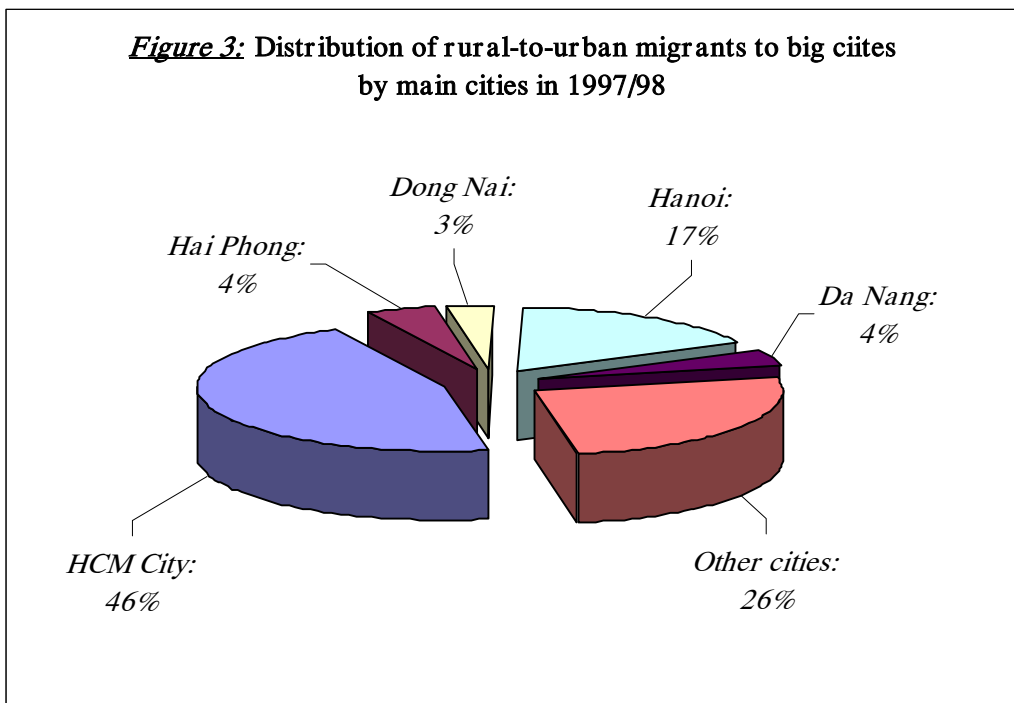
Nowadays as the relationship between Vietnam and other Asian countries have been normalized and improved, the economic relationships with these countries have been strengthened, and therefore migration to these countries has increased remarkably. Under the name of 'labor export', this kind of service is being run by enterprises under the supervision of the Ministry of Labor and Social Affairs. The number of Vietnamese workers working in East Asian and Middle East markets has been increasing rapidly year by year for last decade. In 1993, the number of Vietnamese workers working in East Asian and Middle East markets was just 4 thousand, this figure increased to 46 thousand in 2002, and it is planned to increase to 70 thousand in 2005. In the early 1990s, the share of overseas Vietnamese workers working for African markets (mostly for Middle East countries) was about 10 percent of the total, but this figure has been declining, and most of overseas Vietnamese workers are in East Asian markets such as Japan, South Korea, Taiwan and Malaysia. Overseas Vietnamese workers have contributed significantly to country's foreign exchange earning as their remittance is about US\$ 1.5 billion per year during recent years.

## **5. RURAL TO URBAN MIGRATION**

### **5.1 An Overview**

During the course of development, especially industrialization and modernization, which has ended up by creating big cities, rural-to-urban migration is inevitable. In recent years, under the impact of industrialization, urbanization has been accelerating rapidly in both big cities and in areas, which used to be rural. Industrialization in the cities has made the cities larger and larger, industrialization in rural areas has created secondary cities,

and these cities (the primary and the secondary ones) are the places where migrants come and work. Actually a number of the secondary cities have been built up in recent times, but the role of these secondary cities in attracting rural employees is still limited, and the big cities such as Ho Chi Minh City, Hanoi, Da Nang, and the like are still the main destinations for rural migrants. Data from the VLSS 1997/98 survey indicates that the big cities were the main centers absorbing most rural-to-urban migrants, and of these cities Ho Chi Minh City, followed by Hanoi, were the best destinations for migrants (General Statistical Office [2000]). Although other big cities such as Hai Phong, Da Nang, absorbed quite a large number of migrants, the share of migrants to these cities was small compared to Ho Chi Minh City or Hanoi. If migrants to towns and provincial cities are counted as migrants to cities, Ho Chi Minh City alone held the biggest share of rural-to-urban migrants, 29 percent, which was followed by Hanoi, 11 percent, and other cities and provincial towns just took less than 4 percent per each. And if only migrants to big cities (provincial capital or cities) are counted as migrants, Ho Chi Minh City and Hanoi were the dominant locations for migrants to come and work as shown in Figure 3



Source: General Statistical Office (2000)



The data of VLSS 1997/98 shows that most of migrants to urban cities were those who were looking for new jobs, and they were of an average age of 33. Normally, we tend to believe that the young are the most likely group to migrate. However data from the VLSS 1997/98 show the group of middle-aged people (from 30 to 40) was of ones that were most likely to go to cities to look for jobs. Among people who migrated to urban areas, 95 percent finished primary school, 65 percent completed secondary school, and about 37 percent finished their high school education (pho thong trung hoc). Although most migrants have a fairly good education background, they were lacking in job training. According to VLSS 1997/98 data, 20 percent of migrants to urban areas over 13 were unskilled workers who had not received any job training, only 1.4 percent had job training certificates, 3.5 percent had job training degrees, 8.2 percent had technical training, and 1.2 percent had college degrees. This picture of job training reflects the slightly distorted system of job training in Vietnam which is biased towards theoretical rather than practical training. As a matter of fact, the percentage of people with high working skills is low while the share of people who have theoretical training (college and university) is much higher, and as a result enterprises are still suffering from a shortage of skilled laborers (Development Analysis Network [2001]).

## **5.2 Rural-to-urban migration: a case study in Ho Chi Minh City, Long An and Binh Duong provinces**

The data to analyze migration, especially the migration from rural to urban areas at a large scale in Vietnam is not available. The surveys over migration in Vietnam are normally combined in multi-purpose surveys such as Vietnam (Household) Living Standards Surveys. Because of their multi-purposed nature, the information is not available in detail in regards to migration such as information on individual's characteristics, type of jobs, living conditions etc. This analysis has employed the results of a survey made by the author regarding labor issues in some provinces in the South of Vietnam. The survey was conducted in 2004 with total of about 600 rural-to-urban migrants in three city and provinces: Ho Chi Minh City, Long An and Binh Duong Provinces. Ho Chi Minh City as mentioned above is the most attractive destination for rural-to-urban migrants in Vietnam and it absorbs the main share of these migrants compared to other cities or provinces. Binh Duong is one of the most dynamic provinces in the South of Vietnam where industrialization has been implemented rapidly with a large number of industrial zones having been built. Long An is a bit backward compared to Ho Chi Minh City and Binh Duong Province, and industrialization has only recently started. The survey was based on

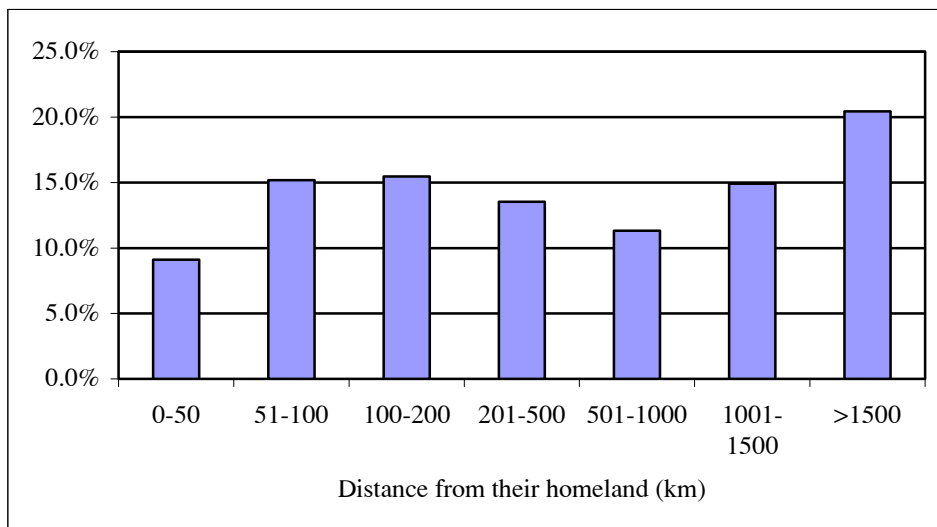
a questionnaire completed by over 600 migrants gathering information on the type of job they are doing, the income they get, their living conditions etc.

### **5.2.1 The migrants**

Ho Chi Minh City and Binh Duong are the most dynamic economic areas in the South, and in whole country as well. The speed of industrialization in these places has been very rapid. The industrialization in these areas has required quite a large number of workers, and the local labor force has not satisfied the demand for employment. The shortage of employment has generated a migration flow of people from surrounding rural areas and people from other regions of the country.

The survey data of three provinces are consistent with the conclusions we made earlier that the migration to the South East region is a movement of people from different regions of the country. The migrants into the areas include those who came from surrounding villages, and those who originate from provinces hundreds of kilometers away, and a number of them departed from very distant villages, more than a thousand kilometers away. The estimation from the survey data regarding those who came to the region as first migrants shows that the share of people who came from places less than 500 kilometers away and more than 500 kilometers away are almost the same (53 vs. 47 percent).

**Figure 4: Distribution of first time migrants by the distance to their homeland**

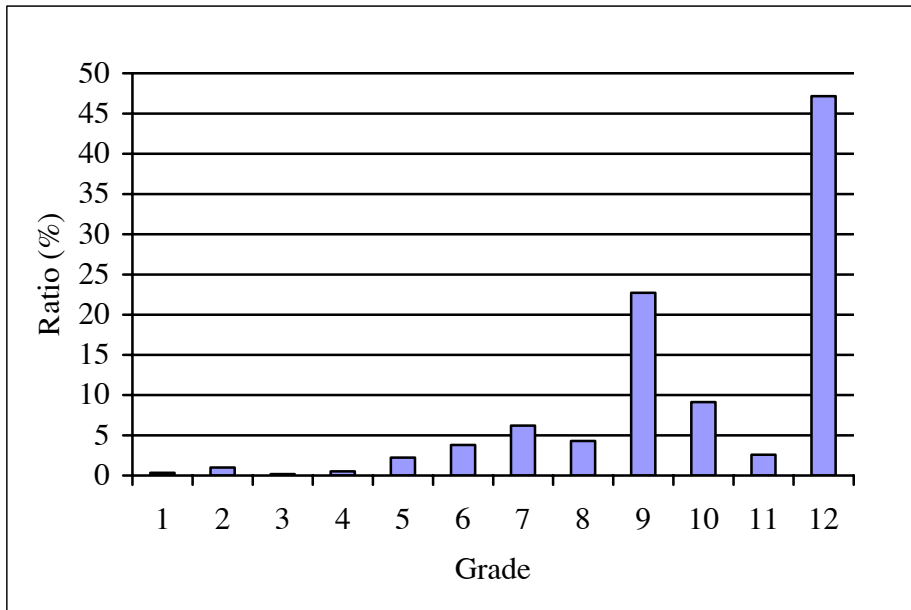


*Source:* calculated by author

As indicated in Figure 4, there are a big percentage of people who came from villages more than a thousand kilometers away. Those who have traveled more than a thousand kilometers away from their villages are ones from the North and Central Parts of Vietnam. Under the pressure of employment and earning a living, people have had to leave their villages to go to very far away places where the living style, and traditional cultural customs are quite different.

Responding to a question about employment before leaving, 10 percent said they were jobless. However the share of jobless migrants is much higher if we include the percentage of migrants who, before leaving, were students or recently demobilized from the army; the total in this case would be 54.6 percent. Among the migrants not unemployed before leaving, farmers are the biggest group, accounting for about 20 percent. Beside farmers, employed migrants include small handicraftsmen, traders, hired workers, government civil servants, and workers doing other types of jobs. As the share of jobless migrants is greater than the share of non-jobless migrants (54.6 vs. 45.4 percent), it seems that the 'push factor' in fact plays stronger role than the 'pull factor' for people who have left the region they were born in to the surveyed area. However with the figure of 45.6 percent of total migrants who had jobs back home before they migrated, the 'push factor' is not determinant, and a significant share of migrants coming to the urban area were induced by the hope of a better life, and better income in the urban area. This can be confirmed by additional information that among the migrants, only 25 percent of them said that their families back home were poor and 70 percent said their families were not poor although were not rich, and a small percentage of them said their families had good living standards.

In general, the migrants to the survey areas had fairly a good educational background. Most of them could read and write, and 80 percent finished secondary school or high school. As indicated in Figure 5, the share of people who had only a primary school education was quite low, and the average education was people who had completed grade 9. The share of people who completed grade 10 and 11 declines, but then the share of those who finished high school increases and takes the biggest share of migrants. The fact that 80 percent of migrants had a secondary school education indicates a high education level of migrants to the surveyed area. The data of this survey shows the higher level of education of migrants comparing to the data of VLSS 1997/98 where the share of those who have the minimum education level as primary school was 65 percent. This may be influenced by the improvement of the country's education in recent years.

**Figure 5: Distribution of migrants by education background before leaving**

*Source:* calculated by author

It is so frequent to observe similar findings from different surveys that in general the education background is fairly good for the majority of the labor force, but conversely the job training is quite poor. Among trained workers the share of those who had theoretical training at college or university level is high, skilled laborers, technical staff on the other hand is low. Among those surveyed, about 70 percent had not had any job training at all. Most of these migrants came to urban areas to find unskilled, difficult, and low-paid jobs. Among the trained workers, those who had a degree such as technical school, university accounted for about 15 percent, but those who got job training (of a more practical kind) account for only 7%, and the skilled workers who got training at a factory (not at school) account for about 10 percent.

### **5.2.2 Jobs of migrants**

With job training experience as mentioned above, most migrants to new locations are workers who take simple jobs such as factory work, hired work in shops, or become small traders or street vendors. Apart from a small percentage of people who work in public sectors, 60 percent of migrants are workers in factories, and 30 percent are small traders, small service providers or street vendors who carry out different types of work such as

selling groceries, coffee, food, or to work as barbers, porters, carriers, and the like. Although the unemployment rate in urban area has risen to a fairly high level, 6-7 percent, the surveyed data indicates that the unemployment rate for migrants is fairly low, about 2-3 percent. It could be supposed that due to the lack of experience and strong pressure to make living, migrants are willing to take any job they are able to find provided that the job can give them some return, and therefore the unemployment rate among migrants is fairly low.

A large percentage of migrants are working for enterprises in the formal sector including both domestic and foreign invested ones. As a result of the high speed of industrialization in recent years, the surveyed areas became places where many foreign and domestic enterprises are located and running businesses. This has induced a strong flow of migration into the areas to work for enterprises. Not all migrants are working for enterprises because they do not meet the requirements, and they work instead as service providers.

It is a big surprise that foreign invested firms have played a very important role in job generation to absorb the migrants. The survey area is a place where the infrastructure is good with a number of industrial zones strung together to support each other, and hence many foreign investors have come and run businesses in the areas. Among the investors to come and invest in the areas, especially in Binh Duong Province, the Japanese, Taiwanese, South Korean are the main ones who have invested in some labor intensive industries (especially garment and footwear) to take advantage of the low labor costs.

**Table 3: Distribution of employment of migrants in 2004  
by economic sectors**

<b>Economic sector</b>	<b>Share (%)</b>
Public service	2.79
State enterprises	3.84
Domestic private enterprises	10.29
Small/informal enterprises	25.14
Join ventures	14.31
100% foreign invested firms	43.63
<b>Total</b>	<b>100</b>

*Source:* calculated by author

Table 3 indicates that the migrants are working in different economic sectors including the public service sector, state owned enterprises, foreign invested ones, and in small or informal enterprises. The roles of the public service sector and state owned

enterprises to absorb the migrants are quite limited. Domestic private enterprises (formal sector), although they have been booming in past years, are not a major engine to generate jobs for migrants as these enterprises have absorbed only about 10 percent of migrants. On the contrary, the foreign invested ones (including the joint ventures and 100% foreign invested firms) have generated many jobs for those people. The foreign invested firms and joint ventures in surveyed area have absorbed about 60 percent of total migrants in the area. Besides the foreign invested firms, the informal sector has shown its importance for migrants as it has accounted for about 25 percent of total employment for migrants.

Industrialization has happened very rapidly, and it has totally changed the face of the areas. Until middle of 1990s, the areas were totally rural, but nowadays there are many enterprises producing many different types of goods, especially goods for export such as footwear, plastic, wood processing, garment products etc. The local labor force cannot meet the labor requirements of these enterprises, and a number of enterprises suffer from a shortage of labor. Labor from rural areas including neighboring and faraway provinces has been mobilized either by job centers, or by laborers themselves, and even by enterprises, which come to rural areas to recruit workers.

Needless to say, enterprises cannot absorb all the migrants from rural areas, and they only recruit ones that are young, and skillful enough. However the migrants of many different ages, with different work skills, hence a great share of migrants have to find jobs outside enterprises working as small traders, street vendors, and so on to earn a living. The surveyed data indicates that those who have a better education background or better work skills are normally working for enterprises offering stable jobs, and those who do not have a good education, or work skills end up doing unskilled or non-stable work. As shown in Table 4 very few well-educated people are working for the informal sector.

Those who have a poor educational background, especially those who have not had any job training occupy the greatest share in the informal sector (32.7 percent), while those who held a university degree, or high skills participate in this informal sectors at a low ratio, less than 5 percent. Similarly, those who have not had any job training take the smallest share of those who work as permanent and contract-signed workers, and at the other end, well-educated and skilled workers are mostly working with long-term contracts and stable jobs.

**Table 4: Employment by education background and working skill**

Unit: %

	Working for informal enterprises	Long term contract workers	Other type of works <sup>6)</sup>	Total
Skilled worker <sup>1)</sup>	2.16	43.88	53.96	100
University	4.88	60.98	34.14	100
Technical workers <sup>2)</sup>	7.5	47.5	45	100
Well trained worker <sup>3)</sup>	9.52	54.76	35.72	100
Primarily trained worker <sup>4)</sup>	11.54	38.46	50	100
Unskilled worker <sup>5)</sup>	32.71	35.98	31.31	100

Notes: 1) One that has had good working skills but does not have any job training certificate or education degree.

2) One that has had job training at a government school (normally two years).

3) One that has had some short training course of about one year.

4) One that has entered a very short course of training of three to six months.

5) One that has not entered any job-training course.

6) 'Other type of work' refers to seasonal, short contract, or public service and other works.

Source: calculated by author

### 5.2.3 Income and livelihoods of rural-to-urban migration people

At the cost of leaving their home region, family, habitual life, migrants come to a new place with high aspirations of finding a job and earning a living for themselves and their family. Most migrants get compensation, which is much better than the income they were able to get where they used to work. The average monthly income of migrants to urban areas according to the surveyed data is about 1.46 million VND with the minimum being 350 thousand VND and the maximum being 10 million VND. The average income of migrants in the surveyed area is about 3 – 4 times higher than the average income in rural areas and this is the reason, which explains the rationale of rural-to-urban migration to the surveyed area.<sup>1</sup>

<sup>1</sup> According to the Vietnam Household Living Standards Survey 2002, the average per capita monthly income of population over 15 years old in Mekong River Delta was 543 thousand VND, and per capita monthly income of population over 15 years old working in agricultural sector was just 294 thousand VND. (*Vietnam Economic Times*, 22/02/20005)

**Table 5: Monthly income of rural-to-urban migrants  
by working skill and education<sup>2</sup>**

	<b>Average income (000 VND)</b>
University	2457.9
Technical training school	1521.9
Skilled labor	1424.3
Well-job-training	1333.4
Primarily-job-training	1129.5
Unskilled	1196.5
<b>Total</b>	<b>1461.4</b>

*Source:* calculated by author

The income of migrants differs from group to group depending on their productivity. Those who have had a good educational background are the ones that have stable jobs, and they get the highest average income. Monthly, by summing up all kinds of incomes, a person at university or college education degree gets an income of 2.46 million VND, a person with less education gets an income of 1.52 million VND, and those who have the lowest working skills (untrained) have average monthly income of 1.13 million VND. The average income gap between the most skilled group and the least skilled group is more than two times. The average income gap does not seem very big, but the gap between a person with the highest monthly income and the one that gets the lowest monthly income is quite big, about 30 times (10 million VND vs. 0.35 million VND). In any case, the income gaps (both either between the skilled and unskilled or between the highest and the lowest) indicate the disadvantages of the untrained and unskilled workers in the competition for jobs.

The income of migrants is much higher than the income of rural people, however the higher income by itself is not sufficient to guarantee the better livelihood because expenditures in urban areas is much higher than in rural areas. These costs include housing, water, transportation, and the like. However the calculation of the income and expenses shows that, generally the migrants' income is sufficient to pay for living expenses. On average, the monthly expense of a migrant is about 738 thousand VND with the minimum of 120 thousand VND. Therefore, in general, the expenses of migrants are lower than their incomes and this means that migrants can survive with their new jobs, new lives in urban areas. It should be noted that the livelihood of some migrants in urban

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<sup>2</sup> Please see the classification of skill and education as in Table 4.



areas is still very low, especially for the new comers whose income is quite low and who do not get any social support. The income of newcomers is just enough to keep them alive, and in the best case it is enough for them to buy the basics for their physical needs without having anything left for cultural or entertainment services.

To get a better income than in a rural area, migrants have to work much harder in terms of working intensity and length of workday. On average, the working time of migrants in the surveyed area is 8.8 hours per day. While a small ratio of migrants work less than 8 hours per day, most migrants work 8 hours (65 percent). A large number of them work more than 8 hours per day (about 35 percent), and a group of them have to work even longer, up to 12 hours per day (8 percent). The long hours they work explains the good income they got compared to the income they got before migrating as mentioned above. Their income not only helps them to survive, but is also partially remitted to their families back home in order to help them. Among the surveyed migrants, a half of them send a remittance to their families back home every month. Of migrants sending remittances, 70 percent send an amount of 250 thousand VND (about US\$ 18) per month, on average, the rest send about 500 thousand VND (about US\$ 35) to their homeland. Migration to urban areas is not only a solution to find a job for migrants themselves, but is also a measure to relieve the hard life of their families still living in rural areas.

One of the most difficult problems that migrants are facing is the housing problem. Fast urbanization and poor planning and management of the urbanization process have resulted in a huge gap of housing as the population has increased quickly because of migration. It is easy to observe people living in sub-standard housing in newly urbanized and in big cities. Most migrant housing is in poor condition without the basic facilities such as toilets or bathrooms. The average area that migrants live in is about 3-4 square meters per person, and 2.5 square meters per person in some places (Vietnam Net, 01 November 2004). Surveyed data show that 60 percent of migrants are living in badly built houses, and 10 percent of migrants are living in houses like shelters that are not good enough to keep bad weather out. The survey data indicates that more than a third of migrants (35 percent) are still sharing common toilets of which 40 percent are not hygienic.

Beside these difficulties, migrants have also been facing problems of administrative regulations. The government policies discouraging migration, which are still effective, make the life of migrants more difficult. Migrants are not recognized as permanent registered inhabitants at the location where they are living, but are seen as non-permanent citizens. Only those who have owned houses can be registered as

permanent inhabitants in the area. The lack of permanent registered inhabitant status in fact is a barrier for them to access to some social services such as health care or education for their children. For example, under the current policy, only children that have permanent inhabitant registration status can enroll in the public schools, otherwise they have to enroll in private ones where tuition fees are much higher. Among the migrants in the surveyed area, only 16 percent had permanent registered inhabitant status, 80 percent had non-permanent ones, and the rest were non-registered inhabitants. The fact that a large percentage of migrants did not have permanent security number or did not register at police stations indicates that the administrative system is so restrictive that it creates difficulties for these people. In other words, the rural-to-urban migration is not recognized officially even though this is an inevitable phenomenon during the course of industrialization or development. The control over the migration flow into cities or economic centers is necessary in order to avoid them being overpopulated. However if the controls are too restrictive and if they are preventing people from getting access to some basic social services such as education and healthcare, it could have a negative impact on long-term social-economic development.

Although facing a number of difficulties, migrants still feel that their lives in urban areas are better than their lives in rural areas. When asked whether their current livelihood was better than the livelihood before migrating, 87 percent of migrants answered ‘yes’, only 11 percent answered ‘there is no big change’, and just a few migrants were not happy with current lives. However the fact that a high percentage of migrants responding positively in regards to their livelihood only indicates that their income is better than before migrating, it does not mean their lives are stable and they are satisfied with their livelihood. This is the reason why just a half of migrants think they will stay and continue living and working in their current place (48 percent), some migrants answered they were planning to move to other places, and a large group (43 percent) answered they were not sure about their plans for the future.

## **6. CONCLUSION**

Rural-to-urban migration is an inevitable result of industrialization and modernization. In terms of economic resource rebalancing, migration is a positive phenomenon through which the economic resources (physical and human ones) are better utilized. By the same token, rural-to-urban migration is a process of recombining the underemployed human resources in rural areas and production facilities in urban areas to generate a new momentum for a better economic development.

Industrialization and modernization process has developed rapidly in Vietnam in recent years and it has triggered a migration of people from rural areas to urban areas. Cities and economic centers have become magnets that have absorbed the labor force coming from villages. In past years, Ho Chi Minh City, Hanoi, Hai Phong, Da Nang and some other big cities have become the ideal destinations for migrants from countryside areas. In addition, industrialization has generated a number of secondary cities, which are located next to these big cities, and these secondary cities have been increasing their importance by helping to absorb the labor force coming from rural areas.

Migration is a big journey and the migrants sometimes have to travel thousand of kilometers from North to South, from uplands to cities in deltas. A large percentage of migrants to urban area are those who are jobless due to a lack of arable land, just entering the labor force, or recently demobilized from the army. However, a significant share of migration people from rural to urban area in Vietnam, as shown by a case study, are not unemployed people. Rather they had jobs in the countryside, but come to cities with the hope of having a better life. Regardless of whether they are employed or unemployed, the vast majority of migrants to urban areas are unskilled, and therefore have to take simple jobs either in factories or in the informal sector.

In general, the strong development in cities and industrial areas has generated enough jobs for migrants who are willing to work and take any jobs that are available. As a result, most of them have earned an income that is much better than what they earned in their rural areas. The income of migrants in general is enough to support themselves, and a significant share of migrants can send some remittance to their families back home to ease them from their difficult lives.

Even though migrants are quite satisfied with the jobs and the incomes they have earned in urban areas, they are still confronted with a number of difficulties. The migration boom to urban area and the poor urban management of authorities have worsened their situation in regards to housing, education for their children, health care services and the like.

The rural-to-urban migration has created a problem for urban governments and this in its turn has led to strongly biased policies against migrants. Rural-to-urban migration should be viewed fairly. On the one hand it has supplemented the labor shortage in urban areas, and on the other hand it sometimes gets out of control, and therefore it has created problems in urban areas. The policies to deal with migration issues should be based on this point of views, and policy makers need to create a friendly environment for migrants to stay and have stable lives in urban areas. They also need to set up effective measures to control the flows of migration rather than to be so restrictive as current regulations are. In addition to that, if the migration from rural to urban area is perceived as an inevitable phenomenon, the investment to build up a sound infrastructure either by government or private capital should be encouraged.

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