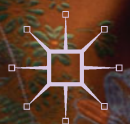
TRADING IN UNCERTAINTY

Entrepreneurship, Morality and Trust in a Vietnamese Textile-Handling Village

Esther Horat



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For my Family

Preface

The first time I was exposed to Vietnam (and Asia for that matter) was in 2006 when I went there as a visiting tourist. Having been impressed by the dynamic and forward-looking spirit prevalent among the people I encountered throughout my journey, I developed a profound longing to familiarise myself with the country, its people and their lives. I returned to the country in 2008 and stayed there for a period of six months in order to conduct ethnographic research for my master thesis, and again in 2011 to collect data for another research project on small- and middle-scale private businesses in Hanoi and Ho Chi Minh City. It was during my recurrent sojourns that I first began to take notice of the remarkable pace of transformation in the country.

It was not until July 2012, when officially I arrived in Hanoi for commencing the fieldwork stage of my Ph.D., that I embarked on a much longer ethnographic inquiry. Soon after settling in, I was constantly under the impression that a vibrant atmosphere prevailed wherever I went. This was in large part due to the countless and very-well-frequented shops lined along the streets of the city centre. The locals appeared to be constantly on the move. To my amazement, Hanoi had undergone even further change since my last visit. But this time in

addition to the bustling streets filled with even more cars, the painstaking traffic jams, the newly built high-rise buildings in the south-western part of the city, the conspicuous presence of shopping malls also drew my attention.

Scattered across the city, these brand new multi-storey malls now host international luxury labels, food courts and large entertainment areas with cinemas. Traditional marketplaces, which are still the favourite places for most Vietnamese to buy fresh foods and grocery as well as household articles, clothing and other items for daily life, exist next to these shopping malls. However, according to the state's vision of modernity and its developmental model, more and more of these traditional marketplaces are undergoing what the state refers to as an "upgrade", which in reality results either in renovation of the building or in changes made to marketplace ownership and their transformation into commercial centres. This process is not confined to urban areas but extends to places well beyond it. I became aware of this during my first visit to Ninh Hiệp, when I began to appreciate the various indicators of the pace and extent of marketisation. However, it was throughout the course of my fieldwork that I saw more vividly the centrality of the marketisation process to the lives of Ninh Hiệp traders. Although a great deal of this book is about the operation of the marketplace, it also addresses the broader topics of economic restructuring, governance and participation that inform the market.

Zurich, Switzerland Esther Horat

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Traders are no strangers to debt, and the completion of this book is indebted to the invaluable support I have received from various individuals, not all of whom I can mention here.

This work would never have seen the light of day were it not for the traders in Ninh Hiệp and their families, who not only readily accepted my presence in the village, but also allowed me into their everyday lives, invited me to their houses and shared their stories with me. Their cooperation helped me animate the theoretical arguments with ethnographic descriptions. I am especially grateful to cô Nguyệt and her family for offering me to stay with them, and for their openness towards me. I also appreciate the hospitality and willingness of many other traders in the village as well as their family members who supported the research in the various ways they could. In conversations, they opened up about their lives as well as about the village history. They introduced me to other fellow villagers, showed me the production sites in their homes, took me along to a business trip to China and let me stay at their stalls for long hours. In the interest of preserving their anonymity, their real names have been substituted with pseudonyms.

I am thankful to Mr. Khanh, vice chairman of the People's Committee of Ninh Hiệp, and to Mr. Sơn, chairman of the cooperative

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A number of scholars have provided insightful comments on earlier drafts of some chapters. In particular, I would like to thank Minh Nguyễn, Christine Bonnin, Ann Marie Leshkowich, Regina Abrami, Sarah Turner, Helle Rydstrøm, Lynne Milgram, Ben Kerkvliet and David Szanton. I would also like to extend my gratitude to colleagues, either at the University of Zurich or at the Max Planck Institute for Social Anthropology, who assisted me in the writing phase. I would like to thank Daniela Dietz, Jan Patrick Heiss and Anne Breubeck for their friendship and support. I would also like to thank Varsha Patel and Saheira Haliel for their readiness to discuss and comment on my work, and for accompanying me through the inherent ups and downs of a long-term research project.

Special thanks go to my Ph.D. supervisors Peter Finke and Kirsten Endres for their support on the research that laid the foundations for this book. I am deeply grateful to Peter for his continuous encouragement and support for the project. He has provided guidance throughout the different stages and has been an incessant source of inspiration. Kirsten, a Vietnam scholar herself with long-standing experience in the country, has opened many doors and continuously supported me in Vietnam as well as in Halle. It is also thanks to Kirsten that I had the opportunity to meet leading Vietnam scholars whose knowledge of the field provided me with valuable insights. The assistance of Annuska Derks, who became my third supervisor in the later stage of the research, was invaluable to this book project. Her enthusiasm and vigour as well as her professional qualities were fundamental for completing this book.

My research would not have been possible without the funding provided by the Max Planck Institute for Social Anthropology in Halle (Saale). I especially benefited from the conferences organised there, which provided opportunities for interaction and an exchange of ideas with scholars from various fields. I thank Jutta Turner for producing the maps of Ninh Hiệp. Furthermore, I would like to express my thanks

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and throughout the research and writing. I would like to thank my parents, Irène and Erwin Horat, for their unconditional support and their faith in me, and my sister, Isabelle, and my brother, Tobias, for always standing by my side. It is to my family that I dedicate this book.

***

All names in this book are pseudonyms. In citations and for names and places, I used Vietnamese characters, except for places that are well known in English, such as Hanoi and Ho Chi Minh City. Citations from conversations and interviews with informants are translated into English. When the original wording seemed relevant, I inserted the Vietnamese terms in brackets. All translations are my own unless stated otherwise. The photographs were taken by the author, and the maps were prepared by Jutta Turner (Max Planck Institute for Social Anthropology).

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1

Introduction: Neoliberal Governance and Market Socialism

"I've been a trader all my life. Since I got married at the age of nineteen, I have been buying and selling", 73-years-old Mrs. Sửu told me. Her fragile demeanour was the first noticeable thing about her when she opened the door and let us in the house. And yet her mood seemed to swing instantly towards vivaciousness when she began to tell her grandson Quân and me, in a firm voice, about her past: "Life was so hard back then, and being a trader was risky, because it was prohibited. But I was never afraid—I already went to Saigon in the seventies, to sell herbal medicine (*thuốc bắc*) to Chinese traders and buy cloth to bring back to Ninh Hiệp". Before she could go into detail, the two great-grandchildren she had been taking care of woke up in need of her attention. Promising to come by later, Quân and I left for the old state-owned market to pay his mother, Mrs. Quy, a visit. As we approached her stall, she was sitting in simple but colourful cotton clothes on a stack of wrapped merchandise, reading a newspaper. When I asked how her business had been that day, she replied that there had not been many customers in the market and that making a sale was proving more difficult by the year. With a slight frustration in her voice and nodding towards the new privately owned market, she said

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that competition was increasing and that she and her friends at the old market feared a change of market ownership might happen in the near future. Comparing the present to the past, she reminisced about the eighties, when she would frequently go to the market in Phố Lu, Lào Cai province, close to the Chinese border. Later on, she recalled, she would also cross the border in search of cloths. It was when Mrs. Quy explained how she had acquired a stall at the Đồng Xuân market in Hanoi in the nineties that Quân weighed in: "I used to help my mother with her business from early on, starting from the 2000s, when I was around 15 years old. Since 2008, when my mum rented a stall here [in Ninh Hiệp], I would go to China to buy merchandise for her. However, when it came to business, we didn't get along so well and I wanted to do something else, not trading clothes". That "something else" would be a café Quân opened next to the new market. But this, he explained, was not just a café like the ones that already existed, but rather, it was one that took orders from vendors and brought the drinks inside the market. With this business model, he seemed to fare well—so well that one could see his workforce, consisting mostly of adolescents who migrated from faraway places close to the Laotian border, continually growing to meet demand.

This short ethnographic prelude provides a brief glance at the themes that will be covered in this book. Not only the vast spatial reach of trade relations, but also the resourcefulness and the flexibility of Ninh Hiệp people are remarkable. Quân's family is not a single case, but fairly typical in several ways: in many families trading has been an occupation that was passed down from one generation to the next, and along with it knowledge, skills, and networks. Travelling up the vertical ties within families are acts of physical, emotional and financial care. Thus, favours and affects reinforce each other in both directions. As the political and economic environment has undergone considerable transformation in the last couple of decades, the social and spatial organisation of trade has changed as well. Quân, Mrs. Quy and Mrs. Sửu all have or had to deal with challenges embedded in the context of a particular time. To be confronted with situations of risk and uncertainty—albeit different ones—is also what connects their experiences with trade: risking to be caught when trade was banned; fearing to lose one's stall in the wake

of the growing trend of privatisation; and not knowing whether the investments in a new business will pay off. This last point needs to be seen in relation to the incertitude adhering to new markets—not only in terms of economic performance, but also regarding the collaboration between investors and state officials, shaping the way the market is managed. Underlying these uncertainties is the state's complicated relation with trade and its effort to maintain control while not suffocating it. Moreover, moral ambiguity of money, boiling down to the question of how to be wealthy and good, looms large in post-reform Vietnam. Attempting to understand the reasons for and the nature of uncertainty that the people in contemporary Vietnam experience in many aspects of their lives, it is not enough to refer to the integration into the world market and its volatility. Instead, I suggest looking closely at the Vietnamese state and its mode of governance, which shifted from socialist to a mix of socialist and neoliberal. Exploring what this entails is the aim of the following pages.

Neoliberalism, a rather vague term with a wide range of usages, is often associated with a particular kind of free market ideology that saw its heyday during the Reagan-Thatcher Era in the 1980s. Although the ascent of neoliberalism seemed inevitable, the ideology of free market supremacy suffered a blow due to the financial crisis of 2007–2008. Neoliberalism, however, is not only about market deregulation, privatisation and minimal state interference. It is also a mode of managing populations. A central rhetorical theme within neoliberalism is the strong emphasis on the individual as entrepreneur. This entrepreneurship is not strictly limited to one's pursuit of economic interest. More broadly, it signifies the incorporation of certain norms related to the optimisation of one's person and one's life. It is through the promotion of these norms and lifestyles, as well as through laws and decrees that the state as well as powerful transnational companies and international organisations secure their influence. Although the neoliberal logic sounds gender-neutral, it is not necessarily the case. Thus, in this book, economic change is seen from a perspective that takes the gendered effects of neoliberal governance into account.

It bears emphasis that much like any other economic model, the image conjured up by "neoliberalism" does not necessarily jibe with

the complex real-world in which economic agents interact and operate (Brenner and Theodore 2002). Rather, economic processes are always embedded in particular historical, political and social contexts. Ideology and practice do not only diverge, but there are also distinct forms of neoliberalism; consequently, the Western—or more accurately the American or the British—model should not be seen as the standard from which others deviate (Ong and Zhang 2008). This tension between economic model and lived reality lies at the heart of the ethnographic investigation presented in this book.

Writing about neoliberalism in a Socialist Republic like Vietnam may seem like an inherent contradiction at a first glance. However, when understanding neoliberalism not as a hegemonic system or a stage in an evolutionary sense, but rather as one logic of governance among others (Ong and Zhang 2008; Schwenkel and Leshkowich 2012), neoliberal processes become palpable. In that sense, neoliberal governance is not all-encompassing and does thus not replace socialist governance, but the two are interwoven. I argue that the combination of these two logics leads to ambivalent outcomes not primarily because they are incompatible, but rather because they are applied in an inconsistent manner. Illustrating how the neoliberal logic, in combination with a socialist rhetoric, works in Vietnam, and also how it is being adopted or challenged is one of the main tasks of this book.

Although this book is an attempt to shed light on some of the inner workings of neoliberalism, it does not get bogged down with abstract market principles and formulas. Instead, the centrepiece of this book is people, their actions, stories and perceptions. The people I encountered during my 1-year stay in the village of Ninh Hiệp, the majority of whom work in their own family businesses related to textile trade and who literally make the economy, animate my arguments. It is particularly through the focus on family businesses that the inextricable interweaving of the social and the economic becomes apparent. From the outset, my investigations were inspired and guided not only by a curiosity about the trajectory of market evolution, but also by how traders experience, and navigate through, the changes and challenges brought about by marketisation. The process of "marketisation"—it should be borne in mind—does not automatically imply an external enforcement, but rather, a mix of internal *and* external dynamics.

This book offers an ethnographic exploration of how a long-standing small-scale production and trading community resourcefully adapts to global capitalist formations and actively shapes its local economy. It is, equally, an ethnographic account of the micro-level interactions and processes within the broader context of neoliberal economic reforms that have swept across much of the world, including Vietnam. As the word "ethnography" readily suggests, this body of work offers a perspective "from below", that is, through the lived experiences of people in the village of Ninh Hiệp in northern Vietnam. Strategies employed by traders to cope with changing conditions are central to this study. Particular attention is paid to the social organisation of trade, the centrality of the family for business, the crucial role of trust in the trade system and notions of morality informing actions of traders. In this sense, this project investigates the dynamic relation between state, society and market, and makes a contribution to anthropological understandings of economic restructuring and social change.

Neoliberal Governance in Vietnam

Since the introduction of the Open Door Policy in 1986—known as Đổi mới—Vietnam has been undergoing a thorough process of transformation from central planning to a socialist-oriented market economy (*kinh tế thị trường định hướng xã hội chủ nghĩa*). While the Đổi mới policies aimed at restructuring the economic sector, the political system remained untouched on the face of it, as Vietnam continues to be a one-party state led by the Communist Party. Among the major changes resulting from the economic reforms were de-collectivisation of land, dissolution of cooperatives coupled with the promotion of the family as economic unit and a multisector commodity economy with the newly permitted private sector as a thriving motor for growth.

Along with the launch of economic reforms, restrictions on trade and physical mobility were loosened, leading to a sudden multiplication of commercial activities at different levels and with different scopes. In the mid-1990s, however, in an attempt to re-regulate the economic sector, a new set of policies aimed towards a strong regulatory state and

the construction of "civilised" markets was introduced. Following up on this, the Vietnamese government issued a decree in 2003 aimed at developing the country's marketplaces by upgrading existing markets while at the same time establishing new ones. This trend has been reinforced in rural areas since the passing of the resolution "Building a New Countryside" (*Xây dựng nông thôn mới*) in August 2008. As a consequence, many marketplaces throughout Vietnam underwent substantial renovation, and some were subject to a change of ownership from state-owned to privately owned. This process becomes particularly interesting when seen in the light of Tania Li's (2007) work, where she shows how development projects are depoliticised by being rendered technical. Developing the Vietnamese countryside is similarly framed as mainly a matter of improving the infrastructure when in fact it involves a highly political issue, namely access to land and change of ownership rights, as communal land rights are being sold to private investors. Ninh Hiệp is a case in point: the increasing number of marketplaces and villagers turning to cloth and clothing trade in Ninh Hiệp—a visibly intensified phenomenon in the last 10 years—are the consequences of the marketisation process. The state's vision of modernity (*sự hiện đại*) and civility (*sự văn minh*) on the one hand and the trend towards new public–private relationships on the other are clearly reflected in the type of market recently constructed in Ninh Hiệp, namely privately invested multi-storey market buildings. The state's effort to regulate economic activities by supporting private market projects indicates the emergence of new public–private relations that are central to the current governing strategy of the Vietnamese state and are implicated within changing power structures. This suggests that in spite of the liberalisation of the economic sector through the introduction of the Open Door policy, the post-reform era is not marked by a general retreat of the state, but rather by new modes of governance. If the strong presence of the central state, direct interventions, and consistent socialist rhetoric and practices mark "old modes" of governance, "new modes" of governance are characterised by a seemingly distance of the central state as well as an ambivalent use of socialist and neoliberal ideologies. These new modes of government shall be examined closer in the following pages.

There is a consensus among scholars that neoliberalism is a contentious term, yet what it denotes is worth studying in its particular and contextualised manifestations. However, it should not be taken as an overarching and all-explaining trope. Drawing their inspiration from Foucault's notion of "governmentality", scholars in different parts of the world have recently examined neoliberalism as a mode of governance (Rose 1999; Ferguson and Gupta 2002; Ong 2006; Li 2007; Ong 2007; Ong and Zhang 2008; Ferguson 2010). Consequently, they pay particular attention to the state's role in creating a liberal, responsible, governable citizenry through techniques of self-governance. Taking a look at Vietnam and its northern neighbour, China, it becomes apparent that neoliberal calculation is to be found not only in liberal democracies, but also in late socialist regimes.

Thus, although a socialist-oriented market economy (or short: market socialism) is often seen as an oxymoron, it is not intrinsically contradictory—what are considered socialist or neoliberal logics and practices can coexist and even be mutually constitutive (Ong and Zhang 2008; Nonini 2008; Schwenkel and Leshkowich 2012). In this vein, neoliberal forms of self-management actually help sustain socialist rule. "Socialism from afar", as Aihwa Ong and Li Zhang (2008) dub this type of governance also discernible in China, is thus marked by a widening space between the socialist state and individually controlled everyday activities. Yet, even though the state operates from a distance, it is by no means less penetrating or less powerful. To give an example for neoliberal self-governance, we could take the notion of "civilisation" (*văn minh hóa*), an omnipresent idea in contemporary Vietnam that is not enforced upon, but rather promoted among the people to better oneself and advance the country. Civilisation, a concept whose origin lies in eighteenth century France and England,[1] is interpreted in its own way in the Vietnamese context: "The notion of being 'civilized' combines colonial ideas of cultural evolution and modernist aspirations for economic and scientific 'progress' with the ideal of a timeless spiritual past capable of providing an ethical-moral counter to the unruly forces of Western capitalism" (Pettus 2003, 83). The contexts, in which the notion of civilisation appears, will be presented in more detail at a later point.

In practice, "hybrid forms of governance" (Nonini 2008), even if not internally conflictive, are marked by ambivalence. Sometimes, they support global exchanges; at other times, they pursue a conservative, repressive cultural and political line (Nguyễn-Võ Thu-Hương 2008, 245). At the core of it is a fundamental problem with the concept of "freedom". According to official state rhetoric, there is freedom in regard to entrepreneurial and consumer choices in contemporary Vietnam. This rhetoric is strengthened by contrasting the present to the pre-Đổi mới period, a time marked by "a lack of choice in production and consumption of both material and cultural goods", and thus equated with a lack of freedom in retrospect (Nguyễn-Võ Thu-Hương 2008, 245). Yet, the most important aspect of this narrative is that the present is portrayed as a time of freedom when in reality the line between what is tolerated and what is not is sharply pronounced, and crossing it entails serious consequences. For Nguyễn-Võ Thu-Hương (2008, 246), this means that "Vietnam has two faces when it comes to freedom", expressed by the state employing distinct modes of governance to different segments of the population: one is encouraging middle-class subjects to be responsible for making choices (in regard to their health and well-being); the other is direct repression and coercion of lower-class subjects by the police.[2] What we see here is in fact the "normalization of the middle class" (Bélanger et al. 2012), a process that does not only inform consumption patterns by consolidating particular desires and tastes, but it also shapes notions of femininity and masculinity. In this sense, neoliberal governance does not target a small and exceptional part of the population, but is promoted as the new standard among a wide range of citizens. This leads to an adaption of Ong's (2006) argument when applied to contemporary Vietnam: rather than looking for the neoliberal logic in isolated, specialised economic zones, it is to be found in the urban centres.

An analogous paradox of this new mode of governance is that while the ability of well-educated individuals to climb the social ladder by working hard is celebrated, the actual possibilities are rather restricted. For the acquisition of licences and access to land, political connections are crucial. In fact, the privatisation of property has actually reproduced the class and social inequalities of the pre-revolutionary period in some

ways, as these developments "have favored foreign investors and the upper echelons of Vietnamese society more than anyone else" (Harms 2012, 421). Drawing attention to simultaneous processes of the proliferation of new property rights and of the seizure and confiscation of land, Erik Harms notes that regarding the use of force, contemporary forms of land appropriation are not different from those carried out at various times in the history of Vietnam under different regimes, just that now investors collude with the state:

> Instead of blanket neoliberalism, power relations in Vietnam work like a bricolage of neoliberal precepts and classic top-down power; neoliberal celebrations of individual self-mastery combine with nationalist assertions of what's best for the country, creating a flexible and dynamic approach to power for those with the will and the means to assert their authority over others. (Harms 2012, 410)

Erik Harms and Nguyễn-Võ Thu-H*ương* both point out that ironies of freedom and privatisation are part of the everyday experiences of Vietnamese citizens and that rather than retreating, the state operates through various modes of governance. Similarly, the introduction of new technologies, such as automated teller machines (ATMs), and the availability of a wide range of consumer goods, which were promoted as heralds of modernity, mobility and freedom, has imposed new constraints in Vietnam. New banking technologies were not developed with the aim of financial inclusion, but so as to create "a system for orderly and legible economic exchanges" (Truitt 2012, 135). A decree issued by the government in 2007 demanded all state employees receive their salaries through the domestic banking system. Yet, rather than enhancing individual freedom, ATMs and banking services are experienced as bringing more restrictions for customers, as ATMs are often broken or out of cash and thus fail to deliver money, and banks do not take people's strategies of handling money into account. Elizabeth Vann's (2012, 2005) research revealed that famous, foreign-branded consumer goods, strongly desired by people belonging to the emerging middle class, were imported in the first years of market reforms, but as Vietnam became a major production site for consumer goods itself, shoppers lamented

what they perceived as an increasingly domestic economy. Finally, although citizens are encouraged to consume, they are supposed to do so in accordance with state ideals, a process Ann Marie Leshkowich (2011, 2012) terms "rendering [consumption] moral". The rhetoric of morality in regard to consumption naturalises middle classness and in this way conceals the impact of structural inequalities on individual consumption practices. Thus, these apparently liberalising processes, furthered by the state, resulted in frustrating experiences for Vietnamese citizens who felt the limitations on the ability to act outside state and national boundaries (Vann 2012, 166).

Although the Vietnamese state and its representatives appear as powerful proponents of particular policies and forms of knowledge, one should be cautious to not overlook the influence of other actors, such as international organisations, ranging from the International Monetary Fund (IMF), World Trade Organization (WTO), World Health Organization (WHO), United Nations (UN) to grassroots nongovernmental organisations (NGOs) and transnational corporations (Schwenkel and Leshkowich 2012, 388). These non-state actors, promoting the expansion of foreign knowledge systems and capital investments, do not fit the typical top-down or bottom-up model of state–society relations, but cut across these "spatial imaginations of statehood" (Ferguson and Gupta 2002). Here is where the concept of "transnational governmentality", developed by Ferguson and Gupta (2002), is useful, because it draws attention to processes that construct vertically encompassing state power, and at the same time highlights the importance of mechanisms of governmentality that take place outside or alongside the nation state.

Altogether, the scholarship on Vietnam cited above holds the view that the reform era is not a time of declining state power and that deregulation and privatisation are avenues for state actors to secure their influence, rather than giving it away. One of the strongest advocates of this view is Martin Gainsborough (2010), who argues that instead of change, emphasis should be put on continuity and the reworking of existing power structures. Findings of one of his earlier

studies indicate that companies in Ho Chi Minh City rely very much on the state for access to land and capital, licences and protection (Gainsborough 2003). Hence, this suggests that entrepreneurs need to have very intimate ties to the state to be successful, either by working as officials themselves or by having parents who belong to the political elite (Gainsborough 2010, 16). Tô Xuân Phúc (2012) follows a similar line of argument, based on his research on the practice of land right purchases in the countryside by *đại gia* (urban rich). People referred to as đ*ại gia* are wealthy urbanites who possess properties. They form a special segment within the greatly expanding middle class, not because of their disposable income, but because of their ability to acquire recreational property. According to Tô Xuân Phúc, the interest of *đại gia* in aesthetically pleasing locations to build weekend villas has resulted in substantial changes in the control of land in villages as the land rush has driven up the value of land in certain areas and led villagers to sell their land. In addition to offering relaxation in a beautiful environment, weekend villas also serve the purpose to perform a middle-class identity by celebrating a modern and "civilised" way of life. As an important matter of fact, among the *đại gia* are many government officials and their relatives as well as people otherwise intimately related to the state. These links "produce a strong belief that the *đại gia* derive their wealth from the state, but not through their official salaries, which could never support the construction of weekend villas and luxury goods", as Tô Xuân Phúc (2012, 152) notes. At the same time, they also contest the principle of egalitarianism and thus question the legitimacy of the state.

My study shares the view of the importance of the role of the state and the continuity of power relations and offers an example of seeming liberalisation and choice when in fact this process brings heavy constraints. While it is suggested that everybody can become a trader, it is in fact a matter of a combination of factors whether and in which way people can participate in the market as the level of access has been rising in the last couple of years. However, the study does not posit a determined power hierarchy, but acknowledges the existence of individual opportunities.