

Shadows of the Past

A look at Vietnam's household registration policy of 1954 and its conflicts with modern policies on industrialization and urbanization

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Vietnam's transition away from a planned economy and towards liberalization began with the *doi moi* reforms in 1986, and in the thirty years since the country has seen significant economic development. Relics of the planned economy however still exist within the country's institutions and their existence presents a troubling conflict for the Vietnamese Government. A prime example of this conflict is between the economic development policies focused on industrialization and urbanization, and the system of household registry, called *ho khau*, which was adopted from a similar system in China called *hukou* in 1964 (World Bank Group, 2016, p. 1). The household registry system limits citizens' freedom of movement which contradicts the principles of the free market. Today, in theory one has the choice of migrating to economic hubs in urban areas, but this choice comes with the cost of getting temporary residency in the new province as well as the cost of losing access to certain public services as well as employment in the public sector. The *ho khau* system has been relaxed some in the past 30 years, however its continued existence today presents limitations to Vietnam's sustainable and equitable development.

According to a study of the household registration system conducted by the World Bank Group and the Vietnam Academy of Social Sciences in 2015 "at least 5.6 million people lack permanent *ho khau* in their place of residence (and have only temporary status), including 36% of the population of Ho Chi Minh City and 18% of the population of Ha Noi" (2016, p. iv). All those included in this survey did have some form of temporary residency (p. x). Temporary residents are excluded from working in the public sector, and face limitation in access to public benefits such as education and health care. While the system has become drastically less restrictive since the *doi moi* reforms, "70% of citizens in surveyed areas believe the system limits the rights of people without *ho khau* and should be made less restrictive" (p. iv).

Origins of Ho Khau Policy

The current *ho khau* system traces its roots back to the mid 1950s, but was formally established in 1964 (World Bank Group, 2016, p.1). The system was created in war time at the request of the Minister of Public Security. The 1964 law established that “every citizen was to be registered as a resident in one and only [one] household in the location of his or her permanent residence, and movement could take place only with the permission of authorities” (p.2). The primary purposes of the law were for public security, economic planning, and controlled migration (p. ix). State officials at the time believed that migration to urban areas could spur a spike in unemployment and interfere with state planning (p.1).

Before the *doi moi* reforms in 1986, one’s household registration was deeply tied to every aspect of one’s life and well-being since it determined one’s access to “food rations, land, housing, education, health, and employment” (p. 4). The right of a citizen was thus established through the status of their *ho khau*. As La Back Duong explained, before *doi moi* “almost all of the civil rights of an individual can be guaranteed only with the presence of *ho khau*” (Hardy, 2001, p. 192).

Reform of Ho Khau Policy

The *doi moi* reforms marked an end to the ration system as well as cooperative landholding. This in turn eased the living conditions for those living without *ho khau*. One could pursue work in new provinces in order to earn the income needed to feed a family, rather than rely on a state operated ration system. More direct reforms to the system came years later.

The 2006 reforms relaxed the system in a number of ways. First, it simplified the system by reducing the number of registration categories from four categories to two, simply permanent and temporary. Second, citizens were no longer required to gain the permission of their home

government to move, they could now simply apply for their temporary registration once they arrived in the new province. Third, citizens were no longer required to provide evidence of employment or school enrollment in the new province (World Bank Group, 2016, p. 5). And finally, migrants were now only required to live in the new province for a minimum of one year to qualify for permanent residency where previously it had been three years (p. 5).

By 2013, an increase in applications for permanent residency spurred a backlash in policy. Citing concerns of rapid urbanization migrants were now required to live in the new province for a minimum of two years in order to qualify for permanent residency. Additionally, in reaction to several provinces going forward and setting their own restrictions, the central government decentralized decision making by providing provinces more autonomy. Local authorities were now officially permitted to set their own requirements for permanent residency (p. x).

The implementation of divergent restrictions in local provinces began two years prior to the official decentralization when Da Nang attempted to increase their restrictions to curb migration to their province. The 2011 proposal barred specific migrants from access to permanent registration, specifically those with a criminal record, the unemployed and renters (p.7). However, the proposed law was challenged in the courts. In the end the revised law shifted focus and went beyond restrictions in other cities and established strict requirements for dwelling size. The new law meant to qualify for permanent residency one would have to have a dwelling that was at least 22 square meters per person (p.7). In 2012, one year prior to official decentralization, Ha Noi instituted its own strict requirements as well when it increased the minimum year requirement for permanent residency to three years (p.5).

Impacts of Ho Khai

In the post *doi moi* era Vietnamese citizens have gained more freedom of movement, the status of one's *ho khau* is no longer directly tied to basic needs such as food rations. However, migrants still face barriers to public services – such as education and health care - and often live in precarious situations as a result of their status.

The precarious nature of migrant life has direct consequences such as limited access to services, but it also leads to situations where this population's hidden existence means they are less likely to be represented in national surveys of poverty. In a 2008, study from Pincus and Sender the authors found the design of the national poverty survey led to “an underestimation of the total number of very poor people and specific groups of the poor. Certain groups, most notably people who migrate in search of wage employment, are essentially absent from the surveys” (p. 111). The authors further argue that by inaccurately defining the problem of poverty, policies meant to address poverty will not be affective. Furthermore, “the failure to capture migrants in surveys that aim to measure living standards in a rapidly urbanizing country in which the labor force is experiencing profound structural change leads to questions concerning the intent, representativeness, and accuracy of the surveys” (p. 113). While attempts to correct this survey have been made, the data on the migrant population remains weak, this weakness spurred the World Bank Group to conduct its own Household Registration Survey in 2015.

The 2015 household registration survey reported that while service gaps are not as severe as stated in previous reports, a gap remains. “Children with temporary registration are substantially less likely to be enrolled in school at the lower and upper secondary levels” (World Bank Group, 2016, p. xi). Temporary registered families face an additional cost for education given that children in lower levels of education are more likely to be enrolled in private schools rather than public. This appears to be due to enrollment priority going to children with permanent

status (p. xi). In the area of health care, Vietnam has a policy which provides free health insurance for all children under the age of six. However, one quarter of temporary registered children under the age of six do not have health insurance (p. xi).

Migration and the restrictions of the *ho khau* system have a number of effects on the children of migrant families. For one, the children of migrants face limited potential for “intergenerational mobility” (p. 64). An additional effect on these children is the decision by migrant parents to leave them behind in their home province, so they *can* access free education and health care. This phenomenon has been observed in China and is referred to as “left behind children,” and it has been seen to have a negative impact on the children (p. 83).

Where ho khau conflicts with urbanization and economic development

The *ho khau* system was originally meant to control the growth of urban areas, therefore once the system began to relax after the *doi moi* reforms, it is no surprise urban growth increased. The numbers illustrate this reality, with the urban population at 19.5% in 1990, growing to 30% in 2009 (World Bank, 2011, p.4). Given the potential for undercounting the migrant population as stated above, this number is likely even higher. The Vietnamese government, even after *doi moi*, has attempted to control the urbanization trend. Their attempts have proven to be a losing battle in the end however. The series of attempts to halt urban growth and the eventual acceptance of it is described in the Vietnam Urbanization Review conducted by the World Bank:

Government Decision No. 10 (1998) on the Urban System and Development Strategy to 2020 called for the development of medium and small sized cities while containing the growth of the largest cities. Subsequently the Government accepted the possibility of the rise of mega-cities with populations over 10 million (Government Decision No. 445 in

2009). The 2011-2020 Socio Economic Development Strategy de facto accepts that urbanization will be necessary to promote the country's goals of industrialization and modernization (p. 3).

Recently, the emphasis has shifted toward putting a focus on the relationship between urbanization and Vietnam's economic development. As the Deputy Prime Minister Nguyen Sinh Hung stated in 2009 "Vietnam will have only one chance to get urbanization right. If we fail at urbanization, we will fail at industrialization and modernization" (p. xv). Coinciding with the rapid urbanization trend is "an increasing economic transition toward industrial manufacturing as a share of both employment and economic output" (p. xvi). These economic policies create a need for labor which the migrants population is responding to, but they are facing burdens along the way.

The major urban hubs in the country, as well as the manufacturing hubs, contain large populations of short-term temporary registered migrants. For example, 72% (1.4 million people) in Binh Duong, 36% (2.9 million people) in Ho Chi Minh City, 18% (1.3 million people) in Ha Noi, 12% (120,000 people) in Da Nang, and 7% (40,000 people) in Dak Dong (World Bank Group, 2016, p. 11). According to the 2015 Household Registration Survey three-fourths of employees of foreign firms located in the surveyed areas do not have permanent registration.¹ Additionally, "seventy percent of temporary registrant workers are in the private sector (twice the rate among permanent registrants)" (p. xi).

While migrants may play a significant role in the economic growth of the country, there are limitations on their upward mobility. The Household Registration Survey found that "the

¹ Surveyed areas include Ho Chi Minh City, Ha Noi, Da Dang, Binh Duong, and Dak Dong. (WB_HRS, p. iv)

wage premium associated with permanent registration in 2009 had disappeared by 2015, and average wages, expenditures, and income of temporary registrants are now similar or slightly higher than those of permanent registrants” (2016, p. xi). One would assume this is great news, however temporary residents are still barred from starting businesses or simply registering their motorcycle (p. 64). These restrictions limit the potential for further economic stimulus for the country. However, the survey found that 51% “of all temporary registrant households report having sent some remittances” to their home provinces (p. xi). Leading one to believe that the migrant remittances could be acting as a form of rural stimulus.

Stuck in the middle: barriers to permanent residency

The 2015 survey identified two main barriers faced by migrants in their pursuit of permanent residency. The barriers are the limitations established by the official requirements, such as the years required to live in the province and the minimum dwelling size requirement. Aside from the official requirements, applying for permanent registration requires paperwork that can often be challenging to obtain, setting unrealistic expectations for those seeking to change their status (World Bank Group, 2016, p. xii). This situation has been seen to induce corruption, leading to higher costs associated with regularizing one’s status (p. 41). The 2015 report concluded “the large number of people who have held temporary registrant for many years, despite an expressed desire to obtain permanent status, suggests that barriers to changing registration are still formidable” (p. xii).

Author’s Personal Observation

During a recent visit to Hanoi, I asked a local woman what her thoughts were on both the possible stigma of those with temporary status and what she knew about the barriers to attaining stable registration status. She explained that there was a stigma in her opinion, that when

someone from the city decides to marry someone from a rural area it is seen as strange. While this was not entirely an answer to the stated question it did reflect a perception that migrants are representative of a rural population that is possibly backwards or distant from those living the urban life. She finished by stating that changing one's status was actually not very challenging, and that all one had to do was purchase a small apartment to qualify. This final note struck me as potentially out of touch. Upon further investigation her comment was a stark contrast to recent World Bank estimates which state that "perhaps 5% of the population in Hanoi can afford to buy properties" in the current market (World Bank, 2011, p. 159). This encounter is clearly anecdotal. The 2015 World Bank report found a range in public opinion on the subject of the *ho khau* system.

Conclusion and a connection to the United States

The relic of household registry in Vietnam directly conflicts with the principles of the free market and the government's push towards industrialization and urbanization. The historical purpose of the system was partially meant to prevent urbanization, since *doi moi* and the relaxation of *ho khau*, urbanization as expected has increased and is now seen as a mode for economic development. This is one of many areas in which the Vietnamese Government faces contradiction in their policy making. With one foot in the past they are pushing for economic policies which require a more mobile labor force. As the 2015 survey showed, the standard of living for these migrants may not be as poor as reported earlier, however there remains a divergence between those with permanent status and those with temporary status. Given the continued connection between one's status and their access to basic citizen benefits, this policy puts migrants into a different class from their fellow citizens leading to the potential for stigmatization and social cleavage. Furthermore, given the clandestine nature of the migrant

population, they are often not represented in counts of the greater national population including surveys of the poor. By inaccurately defining the problem of poverty, the Vietnamese government is destined to implement miss-informed policy.

The Vietnamese dilemma bares some resemblance to the debate in the United States on the undocumented immigrant population and the role it plays in the national economy. According to the Pew Research Center as of 2014, unauthorized immigrants account for 5% of the U.S. civilian workforce and “are overrepresented in farming and construction occupations (25% and 15% respectively). In all industries and occupations, though, they are outnumbered by U.S.-born workers” (Pew Research Center, 2017). Similar to the temporary residents this labor force provides significant contributions to the greater economy but lives in a precarious state. The clear difference between these examples lies in the fact that the Vietnamese migrants are citizens and most if not all attain legal temporary resident status in the location of their work. However, one could argue both populations contribute more than just labor to the national economy. The 2015 Survey reported that “a cross-provincial statistical analysis [showed] that an additional person is associated with greater expenditure, revenue, and transfers” (World Bank Group, 2016, p. xiii). A further comparison between these two cases could be informative.

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