

No Network, No Business

For visiting tourists, market traders and street vendors embody much of the flair of Asian countries, and their stalls and pitches teeming with colorful consumer goods or fresh fruit and vegetables are photographed countless times. Yet Vietnamese markets aren't just places for goods to change hands; they also comprise complex webs of social relationships and political structures in which power struggles are played out. These aspects are a key focus of **Kirsten Endres** and her research group at the **Max Planck Institute for Social Anthropology** in Halle.

TEXT **BIRGIT FENZEL**

Wealthy citizens in a strong nation" – this was the motto espoused by communist Vietnam as it followed in the footsteps of its larger neighbor, China, more than 25 years ago on its way to implementing a socialist market economy. Much has happened in the single-party state since it embarked on the path to reform in 1986. As part of the restructuring measures aimed at establishing a market economy, private trade – previously stigmatized as unproductive or selfish – is now not only permitted, but actively promoted. "But this doesn't hold true for everyone," notes Kirsten Endres from the Max Planck Institute for Social Anthropology in Halle. She and her research group, "Traders, Markets, and the State in Vietnam," have been

studying the impact of socio-economic transformation on Vietnamese marketplaces since 2010 and have observed that many of the steps leading from socialism to a market economy entail a tricky balancing act.

MODERNITY COMES TO HANOI

"There's not as much theft as before," reminisces the fruit vendor selling pineapple chunks on little skewers to passersby on the roadside in Hanoi. Now she rather fears the police raids, given that the Hanoi People's Committee has tightened its legislative measures against street vending in recent years. The official reason cited by the city authorities for this decision is the need to bring order to the streets, and to improve food hygiene and safety. For social anthropologist Kirsten En-

dres, however, this reasoning is a mere pretext. "The street vendors with their wooden shoulder poles or handcarts don't fit the image of a modern Asian city," she explains. Those caught plying their trade in certain streets within the metropolis have their goods and utensils confiscated. This isn't exactly what Endres would call "wealth for all" as proclaimed by the Party. As a result of this policy of displacement, particularly those at the bottom end of the urban economy are deprived of their means of earning a living. "This also holds true for many of the traders selling their wares in the old indoor markets in the inner-city districts," says Endres. It's processes like these that make markets an interesting field of research, not only for economists, but also for social anthropologists like Kirsten Endres and her team. "The fact

Waiting for market customers is easy in the comfort of a perfectly-sized space within the fabric storage system.

Photo: Corbis





Just pull over and stop at the curb: Customers don't even need to get off their scooter to shop. Street vendors present their vegetables on the sidewalk in Lao Cai.

is, markets aren't just places for the exchange of goods – they are also politicized social spaces in which conflicts and power struggles are played out," Endres points out. Her group investigates the complex and entangled webs of social ties, informal networks, political structures and economic conditions that shape the lives of small-scale traders in Vietnam.

SUPERMARKETS TOUT IMPORTED GOODS

Stallholders who ply their wares in the city's many small markets need not fear the police. Their businesses operate on a legal footing, though this apparently doesn't prevent them from being forced off of their pitches. This is possible because the traders don't own their market stalls – they have merely leased them from the state for a certain period of time. All this went well until

the state decided to go one step further in its market development policy and approve an ambitious master plan that envisages the modernization of public markets throughout the country. By 2030, the old market halls will be renovated, refurbished or simply torn down and replaced with modern supermarkets, retail centers and shopping malls. "Private investors are explicitly being encouraged to put their money into the new markets," says Endres. The program has seen large swathes of state-owned real estate in downtown Hanoi privatized or converted into joint ventures. Less than ten years ago, there were only a handful of supermarkets in the entire country – in Saigon and Hanoi – where predominantly foreigners shopped for mainly imported goods. Local residents, in contrast, bought their fresh fruit, meat and vegetables from the traditional markets that could be found in every district.

Many of them have since disappeared. They have been replaced by stores with a more contemporary feel, and not only in Hanoi. Each of the country's more than 60 provincial capitals now has at least one supermarket; shopping malls are springing up in the big cities, and international retail chains are tapping into this new growth market. "All in all, there are about 20 shopping malls and 110 supermarkets in Hanoi today," reports Lisa Barthelmes, a member of the research group whose dissertation project examines, among other aspects, how the state urges citizens to adapt to its visions, policies and laws.

TRADERS MAKE WAY FOR PRIVATE SHOPPING MALLS

The "Hang Da Market" in Hanoi's old quarter is one of the markets that have been converted from state-managed to

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The vegetable traders were banished from the old market to the basement of the "Hang Da Galleria," where they complain about the stale air and lack of customers.

private property. Within the space of two years, a five-story shopping mall with an area of some 17,500 square meters appeared in its place and now operates under the name of "Hang Da Galleria." Lisa Barthelmes was there when it opened two years ago. "A great many local residents and curious onlookers came to watch the spectacle," she says, describing the crowded scenes on the first day. The long-established traders obviously didn't suit the shiny new look of the place, which is why they were banished to the basement. As Barthelmes learned from one of the women selling vegetables there, the traders must now pay the equivalent of about 80 euros a month to rent their stalls and cover service charges – far more than in the old market. This is a bad deal for them, given that their earnings have literally gone through the floor. Owing to a lack of customers, the vegetable vendor is left

with her perishable goods at the end of the day, as are most of the others. As Endres herself noticed, "The market vendors are difficult to find and to access down there. The customers stay away because it's much more convenient for them to buy from the street vendors who have set up shop next to the mall."

PURCHASING POWER ALONE DOESN'T FILL STORES

However, things didn't work out for the investors, either. When the researcher went back to Hang Da Galleria a year later to see what had become of the ambitious plans, she found the shopping paradise deserted. "On the first floor, all I could see were abandoned stores and naked mannequins standing forlornly in the corner," she says, describing the dreary emptiness that pervaded the building just 12

months after the pomp and splendor of the opening ceremony. The second-hand clothes market on the ground floor, which had already been in the old "Hang Da Market" prior to refurbishment, was the only place where she came across a few customers. "The stores upstairs had to close because nobody wanted to shop there," was the answer she received when she inquired with one of the female stallholders.

For Barthelmes, it is beyond dispute that the "Hang Da Galleria" is a failed investment. She cites several planning errors as the reasons for the failure. For instance, the planners' ideas of how urban markets would develop were based on the premise that the consumer behavior of the urban population would change, which evidently didn't occur to that extent. Although the economic conditions are in place for their assumption to hold true, purchasing power alone can't fill a shopping mall. Even though continuous growth rates of between 5 and 10 percent in gross domestic product over the past ten years have facilitated the emergence of a well-off middle class that, according to studies, strongly values consumption and consumer goods as expressions of personal wealth, the goods sold in the malls are evidently too expensive for most people. "Even Hanoi's middle class apparently isn't willing to spend 100 euros on a pair of Birkenstock sandals," says Barthelmes, explaining the absence of customers in the new shopping malls.

That's what the planners get for completely ignoring the shopping culture of Hanoi's population, adds the research group leader. "In a country where people drive to the market stall on their scooter and make their purchases without even getting off the saddle, it should come as no surprise to anyone that customers won't frequent any market hall that has



The entrance hall of Coc Leu Market, the biggest in the city of Lao Cai and the province of the same name in northern Vietnam: More than 700 traders ply their wares here, most of which have been imported from China. Both the local population and Vietnamese and Chinese tourists shop here.

been banished to the basement of a shopping center,” says Endres, joking that “drive-in malls would probably fare better.”

FROM SLEEPY VILLAGE TO COMMERCIAL CENTER

The village of Ninh Hiep in the Red River Delta, in contrast, is an example of successful market restructuring. Unlike in Hanoi, where traditional marketplaces have to make way for supermarkets and shopping centers, here, private investors built two new market halls within the hamlet. The village residents have been specializing in trading for many generations and highly welcomed the new market buildings. “The demand was commensurate,” remarks Esther Horat. The doctoral student is studying the life of small-scale traders in Ninh Hiep, whose

businesses in fabrics and textiles from China and clothing made of Chinese fabrics have been booming for some ten years now. The once sleepy village has turned into an important hub in the Vietnamese textile trade. “The two new market halls not only satisfied the increased need for vending space, but also boosted the prestige of the traders,” she explains. As Esther Horat’s research revealed, the lucrative business in Ninh Hiep is a real family affair. Among the 4,000 or so family enterprises operating in this trade, there is a strict division of responsibilities. “Some are in charge of importing, others do the cutting or sewing, and then there are others who sell the clothing at the local markets,” she says, reporting on the specialization among players in this market segment. Even the import business is done through social networks. “If you’re not in the loop,

you don’t stand a chance,” is her impression. On one occasion, when she accompanied the importers from Ninh Hiep on a buying trip to China, she had the opportunity to observe how important it is to be well connected: “There was a really young trader from Hanoi with us, and he knew none of the Chinese wholesalers, nor was he able to find a translator,” she recalls. “At the end of the day, he went back home empty-handed.”

CHEAP IMPORTS FLOOD THE BORDERLANDS

At her own field site, Kirsten Endres has also observed the ways in which social networks operate at the market and through market exchanges. Since the start of her research project a good three years ago, the social anthropologist has, on frequent occasions, spent



several months at a time in the provincial capital of Lao Cai in northern Vietnam, directly on the border to China. There, too, the central market, which has more than 700 registered traders and is the province's largest, has blossomed into a bustling hub of trade in the wake of the reforms and the normalization of the not-always-peaceful relationship between Vietnam and China. Today, it not only supplies the needs of the population in the region and the surrounding mountainous areas, but also attracts scores of tourists. The market is made up of different sections, separated along category lines, and sells everything the modern world of commerce has to offer. "From cell phones to wide-screen televisions to rice cookers, you really can find everything here," says Endres, describing what is for sale in the market's electrical goods department.

Most of the merchandise is imported from China and consists of mass-produced goods of inferior quality. This is not only a cause for concern for

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the authorities – it is also viewed critically by the traders themselves. "They are aware that the huge quantities of cheap Chinese merchandise flowing across the border day by day, by legal or illegal means, cause harm to the local economy, because Vietnamese manufacturers are unable to keep pace with the low-cost competition," notes Endres. On the other hand, they also see the social benefits. "They say that this enables even poor people to afford things they wouldn't be able to pay for otherwise."

A middleman who Endres met on her visits to the borderlands explained what is characteristic of the business relationships between Vietnamese traders and wholesalers and retailers in the Chinese town of Hekou. "My main capital is the trust I have built up with my Chinese trading partners," he told Endres. With reference to the economic circumstances behind this interdependent relationship, Endres points out: "What is also important to know is that, like elsewhere in Southeast Asia, small-scale businesspeople in Vietnam buy their merchandise from the suppliers on credit. That's because it's difficult to get bank loans. Payment is either made on an agreed date or when the goods have sold at market."

Business between Vietnam's small-scale vendors and China's wholesalers works – but not always smoothly. For instance, the social anthropologist would often hear Chinese traders in Hekou complaining about the payment habits of the Vietnamese. They claim that they often don't get the

money from the Vietnamese market traders on time. "With few exceptions, the Vietnamese come up with all sorts of excuses and reasons why they are unable to pay their debts at this particular moment," is what one Chinese middleman told Endres. One of the wholesalers is even harder on his clientele: "They don't even pay when they have the money in their pocket. They simply don't value trust in business relationships," he claims. The Vietnamese traders, in turn, criticize what they perceive as a heartless and cold business attitude of their Chinese partners. "The Chinese are pretty darn clever," she was told by one of the ladies selling souvenirs. "They're friendly when they sniff a chance to make a profit, but when they don't, they immediately turn their backs on you."

PRICE DUMPING UNDERMINES SOLIDARITY

Statements like these exemplify that, for the Vietnamese market traders, it's not just about mere business. What also counts, according to the researcher, are intangible values like social empathy and solidarity. Talking to the female market traders, she was assured from all sides that it was very important to act as a group, to protect and support each other. And on her long walks around the market, she did indeed observe neighboring stallholders appearing to be very friendly with each other. "When there is nothing going on, the women sometimes sit together and pluck the first grays out of each other's hair," she says, describ-



Much of the merchandise on sale in Lao Cai in the north of Vietnam comes from Hekou in neighboring China. The countries are separated only by the confluence of two rivers. The load carriers must endure border controls that involve a lot of waiting around.

ing the scenes of social intimacy. But as soon as a customer appears, the sense of community is forgotten. "In the many hours I spent at the market in Lao Cai, I witnessed a great many altercations between the women traders," she recalls. Mostly the arguments came about because one of the others had ruined the business for all of them with her price dumping. "The prevailing ideology of solidarity serves here at most to prevent the biggest excesses in the competitive struggle," believes Endres.

CORRUPTION OR "MAKING LAW"

Nevertheless, despite the everyday competition in which the market vendors engage, and which is exacerbated by the fact that the merchandise on offer is pretty much identical at each of the different stalls within a given section, they stick together – particularly when they are called upon

to shield themselves from third parties, especially the state. Taxes, legislation and trade restrictions cause traders to close ranks as a kind of automatic reflex. Most market traders attempt to make money by walking the fine line between legality and illegality, frequently evading all sorts of taxes, customs duties and even import bans. "Oftentimes, legal regulations are subverted by informal practices," says Endres, describing the legal subculture that has built up between market traders and local authority representatives, market management and customs officials. This is even reflected in language usage. "They call it 'making law'," explains Endres, translating the metaphor that "is nothing more than a euphemistic description of corrupt relations with customs officials and representatives of the market control department."

To get around the existing legal framework that attempts to regulate

the flow of merchandise across the border from China by means of import restrictions and customs duties, the traders negotiate special rules with local state officials. In return for a small contribution, the officials would temper law with mercy. "If we stick to the law, we starve," is a quote Endres has often heard in justification of the practice. Getting around the restrictions by "making law" not only enables the traders to feed their families, but also allows them to offer their customers favorable prices so that they, too, can access the goods of an affluent society. Seen from this perspective, the "business" of corruption comes across as a pure act of charity. By accepting the money, the official not only shows personal empathy, but also contributes to the public good. "As such, this form of corruption takes on a moral character for all involved and is thus considered a legitimate practice," says Endres.

» Because bribes are lower than customs duties, corruption takes on a moral character and is considered a legitimate practice.

Fieldwork at eye level in Vietnam: Social anthropologist Kirsten Endres talking to street vendors in Lao Cai, a provincial capital in the borderland to China.

But when the law becomes a matter of negotiation in the market, it ultimately turns out to be a bad deal for the small-scale traders. While it may enable them to survive financially, at the end of the day it also keeps them in their precarious situation. “That’s because they are left at the whims and mercy of local officials who, time and again, use the prevailing laws as a pretext for raiding their market stalls and creating a precedent,” says Endres. On more than one occasion, she witnessed the police suddenly turning up at the market to search for smuggled goods or banned imports – which they invariably find, as expected. “It even happened to traders who had bought immunity from such inspections by paying bribes.” Against this backdrop, the social anthropologist takes a critical view of the complicity between the market traders and the authorities, based on alleged empathy and sentiment, as a mechanism for retaining power. “Here we have the paradoxical situation that one partner of the deal is both the perpetrator who engages in the social reproduction of corruption, and the actual victim of the practice,” she explains. While one party in this scheme becomes richer and richer, the other remains in a state of dependency and economic uncertainty. Last but not least, this legal subculture also challenges the successful implementation of the Party’s reform agenda. As Endres puts it: “This practice also exacerbates the existing social inequalities that a socialist market economy should actually be leveling out.” ◀



TO THE POINT

- Traditional meat, fruit and vegetable markets are disappearing, more and more supermarkets are springing up, and shopping malls are opening in the big cities. But in Hanoi, at least, much of what the shopping centers offer doesn’t correspond to the purchasing power and shopping culture of the local population, while in smaller towns and villages, market restructurings are met with acceptance.
- In rural areas, cheap imports from China dominate the markets. For a Vietnamese trader who wants to do business with Chinese wholesalers, it is vital – not least because of the language barrier – to rely on social and/or family networks. The village of Ninh Hiep, for example, has established itself as a major hub of the textile trade, where almost 4,000 families share the workload: they import, they cut, they sew or they sell.
- Lao Cai, provincial capital and trading center at Vietnam’s northern border with China, is a perfect example of the web of social relations, political structures and power struggles: Vietnamese traders depend on Chinese wholesalers to buy goods on credit before selling them, in the face of stiff competition, in their own country. The traders get around import restrictions and evade customs duties by bribing local officials, who nonetheless demonstrate their power by conducting raids. Existing social inequalities are exacerbated.