We consider the relationship between relative price changes and the allocation of labor between households and the formal wage labor market in the context of Vietnam's liberalization of its rice trade in the 1990s. Many individuals in poor economies work within their own household rather than in formal labor markets. We find that larger rice price increases in a community are associated with declines in hours adults devote to work within the household and increases in time spent in the wage labor market. We also observe increased specialization in household economic activities accompanying these shifts in hours towards wage work. Our results are consistent with the idea that a growth in the extent of the market shifts production and labor from households to markets during development, thereby inducing gains from specialization. Thus, the reallocation of labor between households and markets in response to a trade liberalization might be an important component in understanding the link between trade and growth in very poor economies, currently the focus of the Doha WTO negotiation round.