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**THE URBANIZATION OF HANOI UNDER NEOLIBERALISM AND ITS
EFFECTS ON SLUM SETTLEMENTS**

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CHAPTER 1: INTRODUCTION

The 2003 United Nations Human Settlements Programme (UN-HABITAT) report suggests that *slums of the world* have become *the face of urban poverty in the new millennium*. Almost 1 billion people, or 32% of the world's urban population, live in slums, the majority of them in developing countries. In the next 20 years, it is estimated that urban areas in the Global South will account for 95% of the global population increase (UN-HABITAT 2003). The population of slum dwellers worldwide is projected to rise over the next 30 years to about 2 billion (UN-HABITAT 2003). The rate of urban poverty and inequality is significantly escalating while the inadequacy of state intervention and infrastructure continues.

Drawing upon archival data and interviews with officials from the Asian Development Bank, the World Bank, Ministry of Natural Resources and Environment, the United Nations, professors and slum dwellers as the sources for qualitative analysis, this research examines the role of the Vietnamese state in shaping and reproducing cities under a neo-liberal economic regime, using Hanoi as a case study. The integration of Vietnam into the global economy has facilitated its rapid development and its pace of urbanization. These changes have led to a huge influx of rural migrants, an alarming rate of urban poverty and deteriorating conditions of the places where the poor reside. In light of these

factors, the paper discusses the problematic role of international financial institutions (IFIs) in influencing economic policies that weaken the power of the state while favoring the private sector. The coping mechanisms of the urban poor highlight the effects of neoliberalism on the marginalized, and the tension between the powerful and the powerless. The following questions are addressed:

1. How has urbanization under neoliberalism affected the socio-economic and political system as well as the environment of Hanoi?
2. How have the state and multilateral institutions contributed and responded to the phenomenon of urban poverty?

The paper uses discourse analysis to evaluate collected data, assessing how these data may reinforce or contradict the current discourse on urbanization and its side effects in Hanoi. This research examines the state's role, and the role of global governance institutions in shaping the urbanization process. The implications of analysis are meant to provide a framework for effective urban planning whereby informal settlements gain the attention and support needed to improve the living standards of the slum dwellers.

Background

Prior studies on urban change have primarily focused on developed countries as these were the first to industrialize. Burgess (1925, cited in Fyfe & Kenny 2005), Hoyt (1939, cited in Fyfe & Kenny 2005), and Harris and Ullman (1945, cited in Fyfe & Kenny 2005) present the earliest theoretical models to explain the structure and expansion of cities in America and Europe. Only

recently has urbanization and urban poverty in developing countries become an issue of interest and concern amongst academic and policy circles in the West. UN-HABITAT (2003: 6) suggests that the lack of studies on urban poverty in Third World countries is due to the general perception that cities are rich and rural areas are poor. Slum settlement is “often omitted from official maps and documents and frequently physically hidden by local authorities by colorful walls and fences” (UN-HABITAT 2003: 6). Slum dwellers are often invisible in society in terms of their status and the lack of social provisions provided to them and their families.

The country-to-country and rural-to-urban migration patterns play an essential role in the expansion of cities worldwide. Today, it is estimated that there are 214 million international migrants, who make up 3.1% of the global population (International Organization for Migration). “Migration flows have shifted in recent years with changing poles of attraction for labour migration,” not just internationally but intra-country as well (International Organization for Migration). The urban annual growth rate from 2005 to 2010 worldwide is 1.98%, with 0.54% in more developed regions compared with 2.53% in less developed regions (United Nations Department of Economic and Social Affairs). In Vietnam, the rate of urbanization from 2005 - 2010 is 3.08%, a small decrease from 2000-2005, which was 3.30%. The needed labor force to support the urbanization process, the expected higher wages in cities together with the decline

in agricultural land have been the main push and pull factors that have facilitated migration from rural to urban areas.

Harvey (1978, cited in Fyfe & Kenny 2005) highlights the processes and results of urbanization that are taking place in a capitalist social structure. Capital accumulation reinforcing capital's domination in society and class struggle between the capitalists and the laborers are the two ultimate outcomes as cities expand physically and economically. Harvey emphasizes the important role of the state in facilitating a smooth transition among various circuits of capital in production, infrastructure, and investment in science and technology. As Third World cities undergo changes in this age of globalization and multinational corporations' domination over the world economy, Harvey's analysis provides the framework for understanding the linkages between capital accumulation and the restructuring of urban spaces. In the spirit of neoliberalism and free market, which is often assumed to be the guarantee for individual freedom, an individual laborer can freely trade his/her labor in a competitive market place while the individual capitalist can freely exploit the vulnerability of the workers to gain greater benefits. The role of the state is necessary in alleviating the tension between the haves and the have-nots and in mediating capital accumulation towards investments in the public welfare system and in the field of sciences and technology.

International financial institutions – mainly the World Bank (WB) and the International Monetary Fund (IMF) – contribute significantly in gearing policy

preparation and implementation of developing countries in line with neoliberal recommendations proposed by Western countries. The anti-state thesis of neoliberalism prescribes economic policies that favor a decrease in government spending, an open trade system, and a removal of price control (Peet and Hartwick 2009). In order to receive debt relief or funding from the IFIs, it is imperative for developing countries to follow these guidelines, which basically promote the growth of private sector while opposing anti-poverty programmes as Peet and Harwick (2009) argue. In parallel with the application of Structural Adjustment Programmes (SAPs) is the urban gentrification which results in eviction of lower-income groups, leading to greater inequality between the haves and the have-nots as well as the explosion of informal settlements (Davis 2006). Smith (1986, cited in Fyfe & Kenny 2005) argues that gentrification restructures the geographical space in urban areas in ways that legitimize the displacement of poorer residents to the periphery of the cities while favoring the centralization of wealthier inhabitants in the cities' core. Coexisting with the marginalization of the marginalized through structural changes, the exploitation of the very poor by the poor at the micro level perpetuates the vicious cycle of global inequality in which "informal labour ... is the reproduction of absolute poverty" (Davis 2004: 26).

CHAPTER 2: URBANIZATION UNDER NEOLIBERALISM

Globalization manifests itself at several levels, from the local to the national, from individual farmer to multinational corporation. Globalization includes many facets such as cultural, economic, technological, ideas, etc., each operating simultaneously at multiple scales. Among these components, economic globalization stirs up the most heated debate regarding its many advantages and disadvantages, depending on the socio-economic positionality of the group or individual we are talking about. Economic interconnectedness between states has created greater interdependency among countries and citizens around the world and operates in harmony with neoliberalism, the hegemonic economic model of our time. Neoliberalism is the dominant ideology in today's society, influencing political, social, and academic spheres. Extolling the power of the market, neoliberalism emphasizes on deregulation, and often re-regulation of state power, privatization, and trade liberalization. It assumes and often offers false promises that with an open market and no state intervention, democracy and wealth are ensured. The destructive power of neoliberalism and international organizations promoting it has been explored and dissected by many scholars (Harvey 2008, Peets 2003, Stiglitz 2002). The consequences range from the loss of jobs for farmers to the accumulation of wealth for the powerful, from the restoration of

class power to the elites in society at the expense of the poor to the economic crises that we have witnessed in Latin America, Asia and recently around the world.

Marxism's understanding of capitalism as the continual accumulation of profits, which leads to the marginalization of the mass in society while benefiting the elites, creating class struggle, is fundamental in understanding the exploitation happening under the neoliberal economic regime. Harvey (1978, cited in Fyfe & Kenny 2005) highlights the processes and results of urbanization that are taking place in a capitalist social structure. Accumulation of wealth for the capitalists to reinforce class domination in society and class struggle between the capitalists and the laborers are the two ultimate outcomes as cities expand physically and economically. In this process of urbanization, the movement of capital and its concentration on certain areas while neglecting others facilitate spatial changes in cities. The production of space is socially produced and encompasses social relationships (Lefebvre 1991). In a capitalist society, space is produced and reproduced by the ones with the most capital. Harvey's concept on the circuits of capital and Lefebvre's ideas on socially-produced space lend explanation to the uneven distribution of resources in urban area: the creation of new office complexes, shopping malls, entertainment areas, private residences simultaneously with the negligence and demolition of areas for the urban poor.

Harvey's analysis of the urbanization process under capitalism is based "on the twin themes of *accumulation* and *class struggle*" (Harvey 1978, cited in

Fyfe & Kenny 2005: 111). It is through accumulation that the capitalists remain its dominance over laborers and its position as the upper class. The tendency of the capitalists to over-accumulate and over-invest leads to crises that act as barriers to their future accumulation. Luxemburg's theory of under-consumption – the need of capitalist societies to expand their market to non-capitalist ones to solve the overproduction and under-consumption crises – provides the explanation for the corporatization of the world with multinational corporations controlling the majority of the resources and for the expansion of finance capital in recent decades. On the same line, Harvey extends Luxemburg's argument on how capital accumulation can be expanded to offset crisis. He views the flow of capital through circuits as one of the solutions. There are three circuits within the flow of capital and switching investment between these circuits can help to offset the over-accumulation crisis. The primary circuit comprises of the production process; the secondary circuit is the built environment or physical infrastructure that helps facilitate greater production and consumption; and the tertiary circuit is where investments in science, technology, and social expenditures are made.

When over-accumulation happens in the primary circuit of capital, creating unemployment and falling rate of profit, one way for capitalists to deal with this crisis is to invest in the secondary circuit of capital, the built environment – an immobile asset that cannot be moved without destroying its value. The tertiary circuit of capital contributes to the improvement of the productive forces in society, including labor power. For Harvey, the secondary

circuit of capital where physical framework is established demonstrates the interplay between capital accumulation and urban processes, explaining how spatial spaces in urban areas are created and reproduced. Vietnam's accelerating urbanization pace demonstrates how steady economic growth in the last decade facilitates the spatial transformation of many big cities, with money being invested in housing and office building constructions. The problem with investment in the built environment is because it is fixed capital and immobile. "The exchange value locked up in this physical use value can be re-couped only by keeping the use value fully employed over its lifetime" (Harvey 1978, cited in Fyfe & Kenny 2005: 117). As capitalists continue with their "pursuit of new and more productive form of fixed capital," the devaluation of previous physical investments starts to happen (Harvey 1978, cited in Fyfe & Kenny 2005: 117). Thus, this may necessitate the need to destroy older physical frameworks that have lost their exchange value to create room for more profitable endeavors. The "perpetual struggle in which capital builds a physical landscape appropriate to its own condition at a particular moment in time, only to have to destroy it, usually in the course of a crisis, at a subsequent point in time," explains (Harvey 1978, cited in Fyfe & Kenny 2005: 117). This process of destroying aging infrastructure and constructing new form of fixed capital has been happening in many developing countries as they are trying to improve their physical outlooks and requiring new structure to support production and consumption patterns, increasing the

efficiency for greater capital accumulation. Capital accumulation thus leads to the changing of spatial dynamics in cities.

Under the context of neoliberalism, urbanization has been another phenomenon in our time, reemerging to dominate the sphere of the Global South. It is an inevitable process that cities undergo as economic growth, under capitalism, necessitates the need for expansion. Since the 19th century, the restructuring of the political, economic, social and physical dynamics contributes to the drastic transformation of cities worldwide. According to the United Nations Population Fund (UNFPA), more than half of the world's population live in towns and cities in 2008 (UNFPA). Migrants from the countryside are flocking to the cities in search for better wages due to the limited availability of jobs at home and the decreasing area of their farm land. Whereas major cities in developed countries, such as London, Paris, Amsterdam, New York, used to figure significantly in the global arena; major cities in the Global South today, such as Mumbai, Shanghai, Sao Paulo, and Cairo, also play important roles in the shaping and reshaping of the world. The financial market has connected and engaged many countries around the world; decisions from the big players are felt instantly and translated into immediate impacts globally. Since 1980s, surpluses from financial market have been channeled as investments in urban projects, facilitated much of the urbanization worldwide. The pervasiveness of financial capitalism has been witnessed by the recent worldwide economic crisis and facilitated by advances in technology, which have decreased the costs of financial transaction

significantly. Despite its dangerous nature and the recent blow to its system, financial capital still has the endorsement from the government, evidenced in the case of the U.S.

The finance and capital market in Vietnam is still in its early stage, thus the economic crisis did not have as big an impact on the country as it did in other cases in which financial capital are more integrated into the economy. As a developing country, Vietnam has joined other nations in the quickening process of urbanization. Urbanization in Vietnam picked up at a frenetic pace after the *Doi Moi* (meaning renovation or reform) policy was introduced in 1986. Subsequent development policies and decrees accorded significant priority to major cities like Hanoi and Ho Chi Minh and the areas immediately surrounding them. The shift from a centrally planned to a state-directed market-based economy has contributed to the rate of urbanization in Vietnam, with urban population as a percentage of total population increasing from 18% in 1986 to 27% in 2006 (Nguyen 2009). UN-HABITAT estimates that population in urban areas in Vietnam would reach almost 42% of the total population by the year 2030 (UN-HABITAT).

In comparison with other countries, like Chile, Argentina, and Mexico, from the Global South which have embraced neoliberal reforms and suffered considerably during the Latin American crisis, Vietnam is still holding on to the rhetoric of socialism, even as marketization of its economy continues. Vietnam's marketization strategy more or less resembles China's economic reform model, a

centrally-planned market economy. While the one party system still prevails under the leadership of the Communist Party of Vietnam, the Vietnamese state has loosened its restrictions on economic activities, allowing privately-owned enterprises to have more freedom in their operations. The liberalization of prices, cancellation of multiple exchange rates, separation of central state bank and commercial banks, and introduction of competitions spur the economy with an annual growth rate of 7 per cent.

In light of these two phenomena, neoliberalism and urbanization, which have pervaded Third World countries in recent decades, this chapter addresses the manifestation of urbanization under the neoliberal context and its effects on the restructuring of Vietnam's spatial structure, culture, and political economy, using Hanoi as a case study. It is important to assess the extent of external and internal influences on the rapid pace of urbanization in Vietnam and to analyze whether Vietnam is following certain models of development or is creating its own path. Through the case study of Hanoi, I argue that Vietnam is emulating the Chinese model, following the main rules of neoliberalism, which are the deregulation and reregulation of state power, the liberalization of the economy and privatization of public sector, while still retaining characteristics of a socialist state. Despite the fact that neoliberalism has not reached its full extent in Vietnam, capitals are increasingly being invested in building commercial complexes and gated communities serving the needs of the wealthier population of society; and the gap

between the haves and the have-nots will continue to widen if the state lacks the framework to support the urban poor.

Overview of Vietnam's Economy

Since 1986 with the launching of the Doi Moi policy, Vietnam becomes a multi-sectoral economy. Moving away from a centrally-planned economy, the government started to generate laws favorable to the development of private enterprises and to foreign investment. The total number of private enterprises rose from 6,808 in 1993 to 26,021 in 1998 (Webster 1999). Particularly, since the introduction of the 1998 Law of Enterprises up to present, about 30,000 domestic non-state enterprises have been established. "Of about 12,300 state firms, approximately 5,000 were liquidated or allowed to become private after 1987, but this number comprised only 4 percent of all SOE assets" (Kolko 1997: 54). Approximately 800,000 government employees lost their jobs between 1989 and 1993 (Kolko 1997: 55).

However, despite Vietnam's market-oriented economy, the state is still in control of the major industries as well as sensitive sectors that are prohibited to foreign investors such as energy, media, telecommunications, and resource extraction. The government places constraints on private enterprises through the bureaucratic procedures required for attaining a business license and other discriminatory practices that favor state-owned enterprises over private companies. According to the VNR500 Ranking Board¹, state-owned enterprises

¹ VNR500 stands for Vietnam Top 500 Largest Enterprises by Revenue Ranking Board and follows the Fortune 500 model. Its annual report is based on independent survey conducted by

still account for 45.3% of the top 500 companies in Vietnam, dominating the top 10 positions while private companies make up 28.9% and foreign companies 25.9% (VNR500). Some of the top ten state-owned companies include Vietnam Oil and Gas Group–PetroVietnam Group, Vietnam Electricity Group (EVN), Vietnam National Coal, Mineral Industries Group, Vietnam Post and Telecommunication Group, and Vietnam Bank for Agriculture and Rural Development.

Under the Pricing Ordinance of 2002, which was meant to facilitate “the development of a socialist-oriented market economy”, goods and services whose prices are determined by the state are: (a) land, water surface and important natural resources; (b) state-owned assets to be sold or leased out; (c) goods or services subject to state monopoly; and (d) goods and services important for the national welfare and the people's livelihood (Vietnam Embassy in the USA). However, “the state shall [also] respect the rights of production or business organizations and individuals to determine prices and compete in prices in accordance with law” (Vietnam Embassy in the USA). At the beginning of 2010, there have been talks about increasing electricity prices, which will depend on the coal price increase incurred by the Vietnam Coal and Mineral Industries Group (Vinacomin). The price hike in electricity is in response to the rising prices of other input materials. Depending on the price set by Vinacomin, this price increase may result in detrimental effects for the poor. The four options proposed

Vietnam Report with the support and consultancy of domestic and foreign experts, headed by Professor John Quelch, Senior Associate Dean of Harvard Business School. 2009 is the 3rd year that this report has been conducted.

were a 6 percent, 7 percent, 9 percent, or 14 percent increase in electricity price. “If the coal price increases to the levels proposed by Vinacomin, the electricity price would have to increase by 18 percent which would be unbearable for the whole national economy,” said Mr. Do Huu Hao, Deputy Minister of Industry and Trade (Look at Vietnam 2009).

Land is another important facet pertaining to both the economic structure and urbanization process of Vietnam. Land in Vietnam belongs to the “people” and is managed by the state. This means that the state has the right of ownership over every single piece of land while the people only have the right of usage. The state exercises the power to decide land use purposes and land use planning and has the right to take land from land users and compensate according to state-determined prices for different types of land while land users have the rights to lease, transfer, exchange, sell, mortgage, and inherit. Under the 1993 Land Law, land is classified into 6 categories: agriculture land, forestry land, rural residential land, urban land, land for specialized use, and unused land.

“State’s absolute control over land allocation has been an obstacle to the efficient operation of the land market and allows for mismanagement of land and corruption by government officials,” stated one of my interviewees, an official from the Ministry of Natural Resources and Environment. The allotment of land use rights is not based on a transparent bidding procedure but on the statuses of the organizations or individuals and their connections to state agencies. “Without appropriate legislative framework to support land transaction and construction, 80

per cent of these activities happened without government approval in the urban area,” said an official from the Ministry of Natural Resources and Environment. The current land conflicts, which are discussed in detail later in this chapter, have revolved mainly around state compensation price, which is markedly lower than the market price. This mechanism is used to attract greater foreign investment in the real estate market in Vietnam. This dual land pricing system coupled with inconsistent and excessive state control over land user rights favor the ones with the most connections and money while further marginalize the ones lacking a good social network.

Vietnam has followed the Chinese model which Harvey (2005: 120) calls a “market economy that increasingly incorporates neoliberal elements interdigitated with authoritarian centralized control”. Both countries manage to achieve impressive economic growth, raising the standards of living for the majority of the population. The percentage of people who live below US\$1 a day declined significantly from about 58 percent in 1993 to 16 percent in 2006 – approximating 34 million people have escaped poverty² during this time period (VietnamNet Bridge 2008). Despite this reduction of people living below the poverty line, Vietnam’s Gini Coefficient has risen from 0.34 in 1993 to 0.36 in 2006, an incremental increase compared to China. However, if Vietnam is to continue on this path under neoliberal ideology in which greater capital

² Income is not a good measure of poverty. However in this case, it provides the background to the overall economic condition of people in Vietnam. Despite the decreasing percentage of people whose incomes are above the poverty line, the poverty of available and accessible social services still needs to be addressed.

accumulation becomes the way of life while state investment in public facilities lags behind, the gap between the rich and the poor will continue to widen³.

Influence of the World Bank and the IMF

The 1993 conference in Paris reestablished Vietnam's relationship with international donors. Aside from the \$1.86 billion of loans and aid money pledged in support of Vietnam's transition to a market economy, Vietnam had to assume the responsibility of the bad debts incurred by the defunct Saigon regime prior to 1975, totaling \$140 million – a conditionality before the IMF granted Vietnam the resumption of credit (Chossudovsky 1997). “By fully recognizing the legitimacy of these debts, Hanoi had in effect accepted to repay loans which had been utilized to support the US war effort” (Chossudovsky 1997: 151). Mr. Nguyen Xuan Oanh played a prominent role in the process of negotiation at the 1993 donor conference and was the backbone of the Doi Moi reforms (Chossudovsky 1997; Masina 2002). Nguyen received his PhD in economics from Harvard University and worked for the IMF upon his graduation. Afterward, he returned to Vietnam and was the Prime Minister of South Vietnam in 1964 and 1965. At the end of the war, Nguyen worked closely with Vo Van Kiet and became Vo's economic adviser when Vo took office as the Prime Minister of Vietnam in 1992.

This act illustrates how determine IMF was in helping Vietnam, the influential

³ According to the Human Development Reports published by the United Nations Development Programme, the ratio of the richest 10% to the poorest 10% in Vietnam in 2004 was 8.4% and rose to 9.7% in 2009. The share of income or expenditure for the richest 10% of stays the same at 29.9% of the country's GDP while there is a slight decrease in the share of the poorest 10% from 3.6% in 2004 to 3.1% in 2009. If Vietnam is to continue on the trajectory of development similar to China's, which will likely be the case, with intensification of privatization and marketization, the gap between the haves and have-nots will widen, considering that there has not been any effective measure to tackle inequality.

role of the US in the IMF and the level of penetration and leverage the IMF had during the 1993 donor conference.

Japan and France, Vietnam's former colonial powers, lent Vietnam the needed money to repay the IMF, which reintegrates Vietnam into the Japanese sphere of influence. Japan is currently the largest ODA partner of Vietnam. Today, Vietnam has 51 donors, including 28 bilateral donors and 23 multilateral ones (Ministry of Planning and Investment). From 1993-2007, the total amount of aid pledged to Vietnam amounted to \$42,438 million, the total amount of aid committed was \$32,109 million and the total disbursement was \$19,865 million. The top three donors are Japan, the World Bank and the Asian Development Bank with Japan's net disbursement to Vietnam from 1999 to 2006 stands at \$6,234.68 million – accounts for 30% of the total official development assistance that Vietnam receives (Ministry of Foreign Affairs, Ministry of Planning and Investment). The total amount of aid was distributed among the following sectors: 15.9% for agriculture and rural development, 22.97% for energy and industries, 25.61% for transport sector and post and telecommunications development, 9.54% for urban development, water supply and drainage system, 25.9% for health, education, environment, technology and other sectors (Ministry of Planning and Investment). I will now assess the effects of multilateral aid from international financial institutions on Vietnam's development.

The World Bank

Before the Vietnam War or the war against the Americans – the phrase Vietnamese people use when referring to the war – the World Bank office was located in what is now Ho Chi Minh city, supporting South Vietnam’s government. The World Bank left at the end of the war and resumed its operation in Vietnam since 1995 after the United States lifted its 30-year trade embargo to restore full diplomatic relations with Vietnam under the condition that Vietnam repays the full debt acquired by the Saigon regime during the war. Privatization efforts imposed from the World Bank in Vietnam do not seem to work out smoothly. “The Bank’s project to privatize the energy sector failed miserably due to the socialist structure of Vietnam’s economy. The essential sectors for development such as energy, water, and transportation are under the management of the government. The state is cautious that privatization of the major sectors will upset the political system and can get out of control of state’s power. A prime example is the right to use land, which belongs to Vietnamese citizens while the right of ownership belongs to the state,” said one of my interviewees. The government still has tight control over major sectors of the economy and plans to partially privatize state-owned enterprises have been gradual.

Interestingly, the Vietnam Power Sector Reform Development Policy Operation project was just approved on April 6, 2010. It seems the World Bank is attempting again to change the socialist structure of the energy and mining sector in Vietnam. This project is justified in terms of complementing and locking in the progress made so far by “the Bank’s investment and technical assistance

operations of the past several years and those in the pipeline,” (World Bank). “The objective of the First Power Sector Reform Development Policy Operation Program is to support the Government of Vietnam's implementation of a market for electricity generation, restructuring of the power sector and reform of tariffs that will facilitate effective competition, transparency and predictability, encourage timely generation investment, improve system operational reserve, and provide incentives for efficient use of electricity,” (World Bank). This means that the Vietnam Electricity Group will no longer be the sole power generator and distributor but will allow way for other companies to compete in this field. Targeted thematic outcome as stated on the World Bank website equals regulation and competition policy to support one of the Bank’s broader development goals – investment climate.

Another recent loan the World Bank lends to Vietnam is its Public Investment Reform Development Policy Loan⁴ totaling \$500 million to support the government’s second stimulus package in 2009 in response to the economic crisis. This stimulus package aims to continue support for investment and business development. As stated on its website, the main objective of the Bank’s loan “is to support modern governance” with four main outcomes and goals: 1) infrastructure services for private sector development, 2) state enterprise/bank

⁴ According to one of the World Bank’s documents, the Bank’s loan was in response to the request of the government in support of the stimulus package. The loan’s conditionalities were written by the World Bank followed by consultation with the government.
http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/10/01/000101930_20091001160631/Rendered/PDF/PID010Concept0Stage010P117723.pdf

restructuring and privatization, 3) improvements in and transparency of public expenditure, financial management and procurement, 4) other accountability and anti-corruption activities. The stimulus package's heavy emphasis on the development of the private sector has produced concerns from officials of a province near Hanoi, who, during interviews, complained about the limited funding accorded to the agriculture sector from this stimulus package.

According to a few World Bank's officers in Hanoi, despite the Bank's many projects in Ho Chi Minh city, urban projects in Hanoi are limited due to low demand from and the difficulty in working with city's officials. The only current urban project implemented in Hanoi is the Urban Transport Development Project with three components: 1) Construction of the Bus Rapid Transit system, which will support the development of segregated bus lanes and bus priority; 2) The Road Infrastructure and Sustainable Urban Planning component, which composes of the construction of a section of the Second Ring Road, construction of a resettlement site, and support for sustainable urban land development; and 3) The Institutional Development Component, which includes equipment procurement and technical assistance for various Hanoi agencies (World Bank).

The International Monetary Fund

The IMF resumed its operation in Vietnam the same time as the World Bank did, after the U.S. lifted its trade embargo on Vietnam. Its Enhanced

Structural Adjustment Facility (ESAF) was established to assist low-income countries address economic problems through liberalization of the economy and reforms of state enterprises. Under the three year agreement from 1994-1996, a total of \$535 million was approved on November 11, 1994 to support government macroeconomics and structural reforms (IMF). Conditionalities include restrictive fiscal and monetary policies and promotion of investment through competition from domestic and foreign firms. As a result, more than 5,000 out of 12,300 state-owned enterprises closed down by 1994 (Chossudovsky 1997: 151). In congruent with the collapse in trade with countries from former Soviet bloc, the downsizing of state-owned businesses creates job losses for more than a million workers and about 136,000 public employees. “The real income of civil servants dropped by about two-thirds from 1985 to 1991, by which point cadres were compelled to choose between corruption, leaving the state sector, or going hungry, and many chose or were compelled to cheat” (Kolko 1997: 75). Besides the worsening of their economics condition, social status of state employees were undermined (Masina 2006).

In 1999, the ESAF was replaced by the Poverty Reduction and Growth Facility (PRGF), which would allow countries to have greater national ownership in structural adjustment projects and citizens to have greater participatory power. Poverty reduction was the focus in parallel to economic growth instead of having economic growth being the center piece in its conditionalities. On April 6, 2001, the IMF approved another concessional loan for a three-year period totaling \$370

million. The main objectives were still to spur investment and encourage competitions by opening up the economy for private sector, and to reform trade regime and state-owned commercial banks and state-owned enterprises. The loan aims to destabilize Vietnam's industrial base. However, Vietnam is still a socialist market-oriented economy, thus the government continues to maintain its control over important industries. This is an important factor in keeping the government in power and preventing the market to dictate the economy. Since 1999, Vietnam has not borrowed any loan from the IMF, even after the recent global economic crisis.

The Impacts of Urbanization in Hanoi

Harvey's ideas on the circuit of capital provide the foundation to understand how under the neoliberal regime, new rounds of investment are heavily concentrated in the private sector while ignoring certain social aspects for the marginalized. The policies of the World Bank and the IMF facilitate the enactment of capitalist demand and expansion, aiming at the growth of the private sector and changing the macro structure of the economy of Vietnam. Moreover, multilateral institutions' programmes to support modern governance with greater transparency and accountability further enhance the optimal condition for the market (Masina 2006). "'Strong' states' and institutional 'insulation' are part of the conceptual background of neoliberal governance" (Masina 2006: 151). These policies play an essential part in the spatial transformation of the city landscape and influence the increasing number of migrants to Hanoi as well as new

development of commercial buildings, boosting the rate of urbanization. The Ministry of Planning and Investment (MPI) estimates that the urbanization in Hanoi will reach 51-52% by 2020 and 65-70% in 2030 (MPI).

In 2008, Hanoi expanded its administrative frontier to include surrounding provinces, tripling its physical area and doubling its population. According to the Ministry of Construction, this expansion is necessary for the city to accommodate the increasing number of rural immigrants and to create more green spaces and commercial sites. The implementation of big projects like the Hoa Lac Hi-tech Park, the National University Complex, the Cultural Village of Vietnamese Ethnic Groups, new golf courses, residential areas and especially the new national political – administrative centre, have already taken place and demonstrate how capital are being concentrated in certain kinds of projects to make the city more modern.



Figure 2.1: The Manor – One of the most expensive housing locations in Hanoi

This rapid urbanization has increased pressure on urban infrastructure, specifically on sanitation, and brought to the fore many social issues, such as unequal access and exploitation of the vulnerable, specifically rural migrants and poor urban dwellers, and the widening gap between the rich and the poor.

In making space for new constructions and development projects, slum evictions and relocations have become the norm in Hanoi, as well as in many Third World cities as they try to transform their spatial structures, adapting to their needs in an increasingly globalized economy and their aspiration to become more modern. Gentrification, which has been a pervasive and common process in many developed countries as pointed out by Smith (1986, cited in Fyfe & Kenny 2005), now figures prominently in the restructuring of cities in the Global South.

In Hanoi, this process has only begun. The need for land as a result of urbanization and investment in industries and services leads to the conversion of agricultural land into industrial or residential areas in the past decade. According to the Ministry of Agriculture and Rural Development in its 2007 conference ‘Farmers losing land – Reality and Solutions’, from 2001-2005, the total hectare of agricultural land being confiscated is 366,000, which was about 3.9% of the total agricultural land in Vietnam (Pham 2007). Hanoi confiscated 7,776ha of land, affecting 138,291 households – the largest number of households compared to other cities. The reduction in agricultural land is similar to the case of China’s steady decrease in farmland.

This land conversion process lacks a framework that accounts for the well-being and livelihood of people who are uprooted from their land. Thus, three main problems occur: low compensation price which approximates 50-70% of market price, job creation for farmers who no longer can rely on their land, and resettlement areas being unfitted for people to make a living. The government-controlled compensation price usually leads to land dispute in which people file complaints about the value of land compensation, especially at a time when information about land price is readily available. The state implements the exchange of land for infrastructure mechanism, in which investors will invest in the technical infrastructure while the state will allocate land parcels equal to that of the invested infrastructure. On one hand, this mechanism helps attract investors. On the other hand, the state bears huge losses by setting land price too

low. Many investors unfairly set up fake projects to benefit from this land management system, arrogating land from people, creating conflicts of interest between the beneficiaries of the system and the people whose livelihood is disturbed by land confiscation and who gain nothing and lose almost everything. Corruption is inevitable as part of these deals and transactions; enriching the pockets of the more wealthy and powerful in the city, resembling what has been happening in China as well.

The second problem with land clearance is the missing support system for farmers after eviction. Research about the labor market for people with confiscated land has not been developed in Vietnam. Despite governmental scheme in providing training centers for farmers who lose their land, the program has not reached its desired effects since the majority of the people who lose their land are middle-aged farmers with low level of education and skills. “Even if there are training programs to smooth the transition for farmers after losing their land, they are set in ways that resemble charitable acts and do not let farmers to take ownership of their training, which lessen the desired effects of these programs,” said an Asian Development Bank officer I interviewed. There is also no training for these landless individuals on what to do with this huge amount of compensation money, which is of paramount importance for people who have never received that much money before in their life and know little about investment or banking. My interviewee commented that “in many cases, the farmers, dazed by this huge sum of money and without knowledge on how to use

such sum to generate greater income, tend to spend it all on gambling and alcohol, especially for farmers who do not have any jobs.”

Resettlement areas have their own set of issues. First, residents can be forced to leave their original homes even if the construction of resettlement housing has not been completed yet. The number of affected households that receive any kinds of compensation still remains low. Ms. Do Tu Lan, Deputy Director of the Urban Development Department under the Ministry of Construction, said, “The new urban areas are supposed to complete basic infrastructure before letting residents in. However, the reality is that investors let in residents before completing supplementary sections” (Look at Vietnam 2009). Furthermore, the resettlement areas are usually located on the periphery of the city, making it difficult for people to do business, and lack basic social provisions. The Nam Trung Yen resettlement area, located about 5 miles west of the center of Hanoi, is built to resettle people who are affected by the site clearance along the Kim Lien – O Cho Dua route. Service facilities such as elementary school, supermarket, park, and hospital, are located nearby. However, it is located far from the centre of the city and living costs can be quite expensive, especially for transportation. The time used for traveling back and forth to work only makes life harder and more inconvenient for people in these areas, who after a long day of work return home late and still have to cater to household chores such as washing clothes manually, cooking, and cleaning. Many people who were allotted an apartment here were left with only one option: to sell their apartment. This area

now house mostly middle-class people; cars and motorcycles fill the parking space.



Figure 2.2: Nam Trung Yen resettlement area

The people who were supposed to resettle here used to own small enterprises that are accessible in the streets and being assigned apartments on tall buildings prevents them from doing their business. The two ladies in this picture do not live in this area but come here daily to do business – selling grilled corns and potatoes. This lack of provision to support resettled people to transit to a new life pushes many people into slum settlements, especially at a time when housing prices in Hanoi are skyrocketing. A square meter in some of the hot spots in Hanoi can be as high as \$4000.

Similar to many Third World cities, particularly Delhi where I researched about two slum settlements, there is no clear-cut physical division between wealthier families and poorer households. In many cases, slum settlements and wealthier neighborhoods co-exist side by side, usually with slum settlements locating on the back of latter. The problems of population density within a confined space, poor health and sanitation, weak or inadequate infrastructure and accessibility to public services and certain space of the two cities resemble each other. The biggest difference is the scale of informal settlements. In Hanoi, the appearances of slums clustering around waterways and under highways are not as evident as the case of Delhi. It may be hard to conceive that Hanoi has any slum settlements at all on a first tour of the city. Many of the slums in Hanoi are hidden inside zigzagging alleys and run-down buildings that do not look as bad as the infrastructure and conditions of the buildings once stepped inside.

The recent and up coming constructions of gated community with both apartment complexes and private houses, such as Ciputra may deepen the divide between the rich and the poor. Space then is a social product, the outcome of a sequence of operations that contain various relations such as property relation and different forces of production (Lefebvre 1991). In the case of Hanoi, space is being reshaped by governmental policies, people affected by land clearance, wealthier residents in a state-oriented market economy only to further marginalize the vulnerable to an inferior position. In our world of unequal power relations, the

globalization of economic activities unavoidably leads to the globalization of poverty, with the most vulnerable bearing the brunt of the burden.

CHAPTER 3: CASE STUDY OF HANOI

The Manifestation of Urban Poverty and Inequality

Poverty has become urbanized. “Slums are a physical and spatial manifestation of urban poverty and intra-city inequality.” (UN-HABITAT 2003: xxvi). The number of slum dwellers in Hanoi as well as in other developing cities is expected to increase, serving as the basic building blocks to support the city’s expansion. In 2006, the percentage of the population who lived below \$2 a day is 48.4% and the Gini coefficient of Vietnam was 0.378 (Asian Development Bank 2009: 158). Out of 179 countries, Vietnam ranks 114 in its Human development index (Asian Development Bank 2009: 159). It is reported in early 2009 that 8.43% of Hanoi’s households are considered poor (Chinh 2009). This includes 406,232 people who earn less than 500,000 VND (US\$ 27.08) per month.

Urban poverty can no longer be ignored and demands attention and actions so that accessible social services are provided to the city’s poor. Many recent reports by international development organizations such as the United Nations, the World Bank, and Asian Development Bank have recognized the prevalence of informal settlements in Third World cities as a concern that requires immediate action and presence in development and urban planning schemes. As laid out in the previous chapter, neoliberalism policies have facilitated

urbanization in developing countries and the reassertion of class power. Gentrification and land clearances to make space for new construction projects push a large number of people to reside in slum settlements. Harvey (2008) calls to our attention the “malaise of a neoliberal ethic” that has already threatened the “ideals of urban identity, citizenship and belonging” in the Global South. He criticizes neoliberalism as the culprit in restoring class power to the richest elites at the expense of the exploitation of the poor. In the case of Hanoi, the rising number of shopping malls, office complexes, and private residential areas stands in contrast to the decline of affordable and habitable housing for the urban poor.

Informal Settlements

The United Nations Expert Group Meeting held in October 2002 (UN-HABITAT 2003: 12) suggested that the characteristics regarding the operational definition of a slum include: inadequate access to safe water, inadequate access to sanitation and other infrastructures, poor quality of housing, overcrowding, and insecure residential status. The Prime Minister’s decision No. 170/2005/GĐ-TTg of July 8, 2005 on national target program on hunger elimination, poverty alleviation and employment in the 2006-2010 period stated that families in urban areas with an annual income under VND 3,120,000 (US\$ 168.97) per person are considered poor households (Committee for Ethnic Minorities).

In Vietnam, slum settlements are called *khu ổ chuột* or *xóm liều*. *Khu ổ chuột* literally translates to rats’ hole while *xóm liều* means a risky hamlet. Both of these phrases imply the negative connotations that people associate with slum

settlements – their degrading and filthy physical appearance and their supposedly dangerous environment with people who possess risky behaviors. As Hanoi continues to expand and develop, the population of migrants to the cities will evidently increase. Considering the skyrocketing land price in Hanoi⁵, slum formation may increase drastically in the upcoming years if the government fails to have proper housing policies for city dwellers, specifically for migrants from other areas.

To provide a picture of the current situation of slum settlements in Hanoi, I tried to sketch a rough spatial map of these settlements' locations unsuccessfully. Urban planning has not been developed in Hanoi. Thus, there is no specific pattern of the location of informal settlements. Slum settlements are integrated into every neighborhood and unlike Delhi, slum formations on public land have not become the common phenomenon in Hanoi yet. Instead, the map below shows the locations where there is no slum settlement. It is important to delineate spaces with and without slum settlements to assess the pattern of slum formations in the context of urbanization and the degree of division between the rich and the poor in Hanoi.

⁵ According to the VNEconomy, an online newspaper, the land prices for inner districts of Hanoi in 2009 range from VND 2.500.000 (about \$132) to 67.000.000 (about \$3,514) per square meter. Considering the per capital income of Hanoi people in 2009, which is VND 32 million, approximately \$1,700 (<http://vnexpress.net/GL/Xa-hoi/2009/11/3BA16090/>), owning a house or even apartment in Hanoi right now is a far reaching dream for even native Hanoians, not just for migrants who are in search of better paid jobs. <http://vneconomy.vn/20081211015026456P0C17/ha-noi-thong-qua-khung-gia-dat-nam-2009.htm>

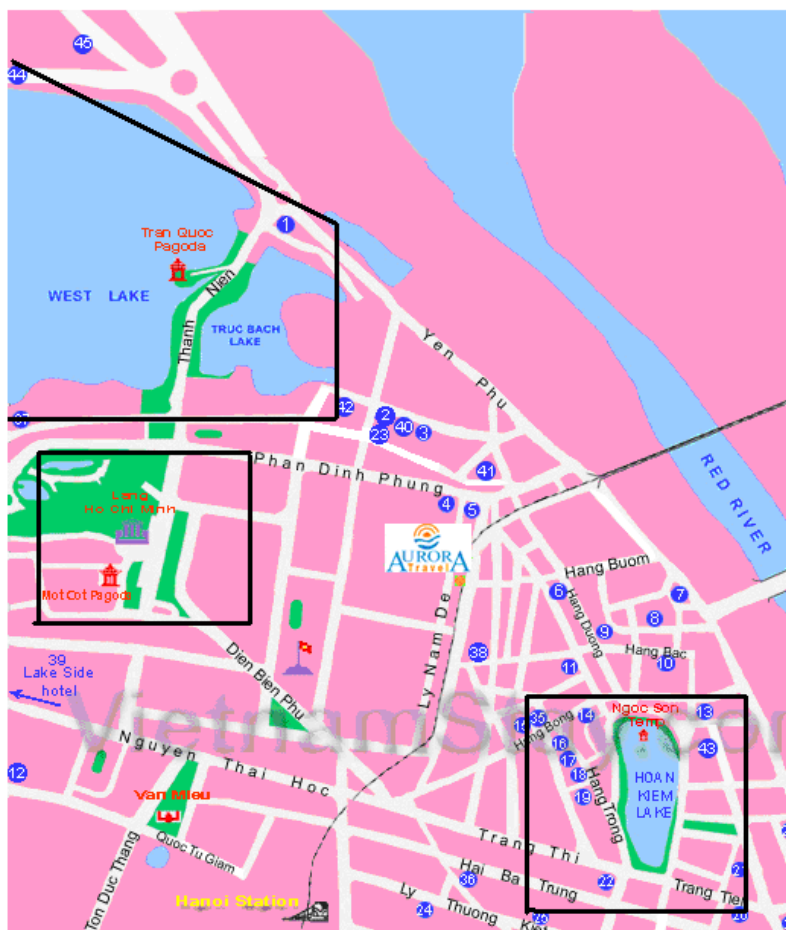


Figure 3.1: Areas in Hanoi without slum settlements
<http://www.vietnamstay.com/map/hotelhanoimap.htm>

The top outlined area is the location of the West Lake, the biggest Lake in Hanoi with a shore length of about 10.6 miles. It is a popular area for recreational park, residential houses, and hotels such as Sofitel Plaza, Intercontinental and Sheraton. The middle outlined space includes Ba Dinh Square where president Ho Chi Minh read the Proclamation of Independence of the Socialist Republic of Vietnam, the Ministry of Foreign Affairs, Ho Chi Minh Mausoleum, National Assembly and the President's House. The outlined square on the bottom right hand corner is Hoan Kiem Lake, the centre of the city, where offices, restaurants,

and shops are located. These outlined sections are only arbitrary because immediately next to these outlines are neighborhoods that have slum settlements.

There is no exact way to pinpoint the sites of informal settlements or areas that do not have slum settlements except for gated community. A cultural aspect of Vietnam can partially explain the reason for these mixed neighborhoods. Only recently have there been supermarkets, which is accommodated by huge parking spaces. Previously and until now, people in Vietnam are used to buy food daily instead of buying food for the whole week and stack them up in the refrigerator or freezer. People still preferred fresh food, be it meat, vegetable or seafood, over packaged or frozen ones. This preference and way of life necessitate the maintenance of street vendors and markets that form on the street, in front or in the back of residential houses where buyers do not have to pay a fee to park and can easily walk or ride a scooter through, before they go to work or in the evening before returning home. Furthermore, the big supermarkets Metro and Big C, similar to the model of Costco in the U.S., which have bulk-packaged items at low prices including all kinds of food, is located far from the centre of the city. Only people who own a car or who can afford to take a taxi would go there. Many frequent shoppers at these supermarkets are scooter-riders as well. Despite the variety of food being sold at these supermarkets, residents of Hanoi choose to buy fresh food for their daily meals from street markets that are usually within walking distance from home or on the way home after work. People only go to the supermarkets for clothes, household supplies, etc. The convenience of a street

market for the city's population requires the labor of low-skilled migrants or natives of Hanoi to work as street vendors, composing a huge section of the economy.



Figure 3.2: A vegetable seller in front of the Nam Trung Yen resettlement area

According to one of my interviewees, an Asian Development Bank official, “there are three types of informal settlements in Hanoi. The first type is self-generated, clustered around waterways like lake, river, periphery of cities and industrial areas such as Van Chuong Lake, Red River, Phuc Xa.” However, with approximately 20 lakes in and around Hanoi, many are scenic and attract not just tourists but people in and out of Hanoi as well. Slum settlements are only established around a few lakes in the city, thus creating no specific pattern for slum formations. This form of slum settlement is becoming increasingly common

due to the growing number of people who lost their house and land and better wages in Hanoi compared to its surrounding provinces and villages. Many landlords have built houses specifically catering to migrants who are in search of work in Hanoi and need cheap housing. Usually 10-20 people would cluster inside a space of 10-15 square meters for VND 5.000 – 10.000 (\$0.27 - \$0.54) per night. These apartments are scattered all over the city, sometimes locating next to wealthier neighborhood. These areas were the first sites affected by the recent flu outbreak in Hanoi due to its lack of sanitation related infrastructure.



Figure 3.3: Make-shift houses around Van Chuong Lake, located in the southwest of Hanoi.

“The second kind is social housing, usually built with poor-quality infrastructure. Many Vietnamese experts are concerned that the current social housing project has the potential to become future slum settlements if lacking

proper policies that take into consideration other aspects of life and good management of the project. The third kind of slum settlements includes houses that were built since 1960-1980 during the time when everything was subsidized called collective housing which used to be subsidized by the state and now have seriously deteriorated: plaster on the ceiling and walls are peeling off and have crevasses, and concrete slabs foundation is sinking,” said the Asian Development Bank official. Each house is 12 square meter for 4-6 people living. The Ancient Quarter, famous for having the street names representing the goods they sell, exists since Hanoi was founded under the name Thang Long in 1010 A.D. Many houses here are constructed like a tunnel or a tube – long and narrow, thus the name “tube houses”.



Figure 3.4: A tube house located in the Ancient Quarter

Houses are divided up from generation to generation to the point that it is now common that a house of 5 square meters would have 4-6 people cramping inside. Every single available space has been filled up with additional dwellings.

Crowding and congestion are apparent problems in informal settlements. It is common to have 10 people sharing a room that is 10 meter square (about 100 square feet), usually rented by migrants to store their belongings, mainly clothes and basic necessities such as blankets and pillows, and to sleep during the evening.



Figure 3.5: A rented room of 10 domestic workers from the same village



Figure 3.6: Cooking space inside their rented room



Figure 3.7: Shared toilet for 10 people

Water is a problem for households in tall buildings, when the water fails to be pumped to higher floors. For self-generated slums located near waterways, hygiene is a big issue since slum dwellers and other residents of Hanoi tend to throw trash to these sites. Moreover, the situation is made worse because it is not the priority of the city to keep these areas sanitary.



Figure 3.8: Van Chuong Lake

Sanitation is especially bad for people in the Ancient Quarter and self-generated slums, where bathroom is shared among at least 10 households and there is no proper disposal system. Lacking a good sanitation system, the health of the residents in these areas is adversely affected. Yet, going to the hospital is a luxury for most of the slum dwellers. Public health insurance is a big issue that has been reflected in many newspaper articles. In public hospitals, once the patient says he or she has a health insurance card, the patient is immediately treated badly because health insurance used to cover everything and the hospitals' staff cannot get any money out of the patient. The patient has to wait longer, is given lower quality medicines, and is treated with annoyances. On October 1, 2009, the new law on health insurance was effective across the country, with one

big change: co-payment (Tien Hung 2009). The government will pay 95% of the treatment while the patient will have to take care of the remaining 5%, which have been causing great concerns among poor residents of the cities. With all these adverse factors, many slum dwellers avoid going to the hospital at all costs. A domestic worker laughed at me when I asked about health insurance and going to the hospital like it was an unreasonable thing to think about, “We can’t afford to go to the hospital, that’s losing one day of work. We only go to the hospital if we can’t get up from our bed.”

Many of the deteriorating houses are social housing constructed several decades ago, sitting next to new complexes. The Old Quarter with its famous 36 streets is situated at the center of the city. Not too far from it is Sword Lake, Hanoi Opera House erected by the French during their colonization, Trang Tien plaza, shops for luxury goods and office buildings for international organizations and foreign firms.



Figure 3.9: Louis Vuitton and Cartier shops are parts of Sofitel Metropole Hotel's shopping arcade on Ngo Quyen Street, within walking distance from the Ancient Quarter.

Without venturing further than these high-end stores located right at the center of Hanoi, it would be hard to imagine the long, dark tube houses that are densely populated with at least three generations living together in the Ancient Quarter, situating not too far away.

However, it should not be mistaken that all people who reside in the Ancient Quarter belong to the low-income section of the society. Many choose to stay in this area for its convenient location to do business and just about anything else: banking, exercising around Hoan Kiem Lake in the morning and at night, eating, shopping, going to see a movie, etc. Due to its historic significance and its strategic location at the center of the city, space here can be as high as VND 65 – VND 67 million (approximately \$4000) per square meter (Khu Do Thi Moi

2009). Thus, renting space here can be quite expensive due to the expected high value in return for sales. Many families rent the front of their houses for commercial activities and many actually have their own businesses. A middle-aged woman who owns a silk cloth shop said, “Although the living conditions here aren’t the most comfortable, spaces are small and it may not look good to you, I still prefer staying here than moving somewhere else. When I step outside of my door, everything is available within a few steps, from food to cosmetics to household products. Why would I want to move to somewhere else where the basic necessities aren’t readily available right outside my house?” She implied that areas not right at the center of the city, like her house, are more country-like and not as “convenient”.



Figure 3.10: A shared kitchen for 2 households in the Ancient Quarter; the door on the right is the entrance to the house of the woman interviewed.

Who Live in Informal Settlements?

The Vietnam Development Report 2004 highlights that most of the poor in urban areas are migrants. Considering that about one million people could move annually to urban areas in Vietnam over the next 20 years, it should be a warning to cities' officials about the potential impacts of migrants. Other typical groups of the urban poor include native urban poor and farmers on the periphery of big cities losing their land as a result of resettlement. The reason for this huge influx of migrants is because of the diminishing agricultural land and the unavailability of employment with wages above the standard of living from the migrants' hometowns.

During my fieldwork, I interviewed the urban poor from various backgrounds. Except for the individuals who now live in the Nam Trung Yen resettlement area in the West of Hanoi, uprooted from their houses along the O Cho Dua – Kim Lien route, all the other are migrants from surrounding provinces. Rural migrants work in the informal sector with various occupations and make up a huge section of the economy that is the supporting foundation for the whole society. Some of the common jobs include domestic workers which is an exclusively female territory; street vendors, mostly selling food and drinks; taxi-scooter drivers; construction workers, etc. The average salary per month ranges from 1.000.000 – 4.000.000 VND (about \$78 - \$200), which is far above the poverty line. However, after subtracting all the basic necessity costs such as rents,

food, and money sending back home, “what remains is nothing. I can barely live in the city,” said a shoe-shiner.

Depending on the family’s situation, many migrants bring at least one child to the city to work, usually the older ones and leaving the younger ones at home to the care of other family members. Young couples aged 20 – 35 with toddlers have their whole family in the city while for the older generations, people who are above 40 years old, only the husband or the wife with the oldest child work in the city while the other spouse with the younger children stay behind in the village to do agricultural work and attend to the home. There are also children who are orphans, whose parents are divorced, who has an abusive family, who cannot make a living at home and whose family cannot support them, thus forcing them to go to the city on their own to make a living. Many of these children’s jobs include domestic workers, boot polishers, newspaper sellers, and restaurant workers. Since they are street children, many do not have a place to stay or sleep. Many amongst them form group and tend to sleep on public spaces at night. Without adult supervision and care while working menial jobs, these children are looked down upon and face discrimination and abuses from the police and local people.

Three summers ago, I participated in the My Life My View project, a children-made documentary film project that works with children from ten to fifteen years old, who live on ragged huts and boats along the Red River, to use digital video cameras to make documentaries portraying their daily lives. In the

narration of the documentary written by these children, they described, “My house is in the Middle Bank Hamlet near the Red River, under the Long Bien Bridge, surrounded by cornfields. You need to go with an adult when coming to my house because there are many drug-addicts. Although I am familiar with the place, I am still scared.” Throughout the training and film making process, these children had complete control over what and how they wanted to express their view. They chose their own topic, shot their own real life footage which is non script-based, wrote their own commentary, and paper-edited the movie themselves.

The parents of these children are illegal immigrants from surrounding provinces, lacking a *hộ khẩu* or a permanent household registration card in Hanoi. Their lives have been surrounded with the seasonal flooding of the river, a lack of stable employment or regular access to basic social services. The residents of the Middle Hamlet Bank have lived here from one to thirteen years. Adults here have many jobs such as farming, collecting paper at Dong Xuan market, working as a maid or a porter in a candy/biscuit shops, selling vegetables in the markets. According to the children, “Life is unstable here since the police can come down and dismiss us. Each time like that, we have to hide and cramp in a tiny place.” The children go to school for half a day and spend the other half working as rag pickers. A 16 year old said, “Once when I was collecting trash, I picked up this nylon bag and a police officer came up to search my bag, I was angry because I didn’t steal anything. He did it just because I look poor. There are good and bad

people in the streets. The bad people would think that I pickpocket. The good people would feel sorry for me because I am poor.”

I did not come across a non-governmental organization or multilateral institution working on improving the living conditions of people from slum settlements or integrating people who lost agricultural land into their new life in Hanoi. The Ministry of Labor – Invalids⁶ and Social Affairs is a governmental body working to alleviate poverty and enhance social protection. According to my interviewees, despite programs and regulations to support people from the lower income spectrum of the society, there is still a big gap between policies and reality. The framework to support people who lose their land due to land confiscation is not effective. The low attendance rate in these training centers is due to the impracticality of the vocational training offered. Farmers who lose their land or newly-arrived migrants tend to rely on their social networks.

Harvey’s concepts are useful in understanding dimensions of capital flow and spatial fixes of accumulation. To offset over-accumulation crises, capitalists choose to invest in a new round of development. In the case of Hanoi, capitals are heavily invested in the infrastructure that facilitates the city’s expansion. Harvey argues that since many of the spaces in and surrounding cities already have built buildings, thus the only way to invest in constructing new building complexes means the destruction of previously existed environment.

Hanoi has just started on this trajectory for a little more than a decade. The gentrification process pushes the urban poor to the periphery of the city to open

⁶ Invalids mean veterans who are physically disabled.

up space for the blossoming Western-style suburbs and apartment complexes. Since Hanoi has just expanded its physical area in 2009, the areas that used to be the periphery of the old Hanoi are becoming more important for the private sector, especially for the real estate sector. Agricultural lands in these places are disappearing at the cost of farmers losing their livelihoods, allowing investment opportunity for new circuit of capital.

Housing prices has been soaring with many residential areas costing as much as \$4000 per square meter. Considering that the average income per person in Hanoi as of 2009 is estimated to be VND 32.000.000 (approximately \$1700), either the information collected and the method used to measure the average income per person have technical shortcomings or the gap between the rich and the poor in Hanoi is at an alarming point (Nguyen 2009). As the land price in the center of the city keeps increase, finding an affordable and convenient place for rent for the incoming immigrants and even for the poor natives of the city has been and will continue to be a problem not just for these people but for the state as well. Uneven development and uneven distribution of resources can create tension and discontent in a country that still claims to be socialist. If Vietnam plans to follow the Chinese model closely, intensifying the pace of urbanization, industrialization, and growth of service sector, the increasing number of mobile population composed of former farmers requires the state to generate policies for training centers and employment opportunities for these people. Regarding the environment of Hanoi, the formation of new slum settlements in areas already

deteriorated and unhygienic, the growth of motor vehicles⁷ demonstrated by the mounting number of traffic jams throughout the day in Hanoi, and the development of industrial areas on the periphery of Hanoi can put the city in the similar situation that many cities in China are facing.

⁷ At the end of August 2007, the total number of cars in circulation in Vietnam is 721,859, an increase of 66,000 cars since the end of 2006 (<http://vietbao.vn/Kinh-te/So-luong-o-to-dang-ky-tang-nhanh/30198121/87/>). For the first 10 months of 2009, the total number of imported cars to Vietnam is 57,300 and the total number of cars assembled and produced in Vietnam is more than 92,000 (<http://www.maivoo.com/2009/11/27/Oto-nhap-khau-tang-ky-luc-n95392.html>). For the first quarter of 2009, the average number of imported cars to Vietnam per month is approximately 3,000 (<http://www.baomoi.com/Info/Thi-truong-xe-nhap-van-nguoi/145/4062366.epi>)

CHAPTER 4: CONCLUSION

After more than two decades since the implementation of the Doi Moi policies, “socialism is being betrayed” and Vietnam “is ineluctably marching toward a society radically different than that the party set out to create fifty years ago” (Kolko 1997: 120). The IMF described Vietnam in 1996, “After almost a decade of concerted efforts, its economy and finances have been substantially reformed, and it is firmly integrated into the world economy....The momentum of change – guided by market principles and buoyed by strong growth – seems irreversible” (IMF 1996, cited in Kolko 1997). If it is to pursue policies similar to those of China, the rhetoric of socialism will no longer work. According to Neil Smith (2010), “China’s going to rewrite Lenin so that capitalism is the highest stage of communism.” The path that Vietnam chooses to take and the outcomes of its decision are remained to be seen.

In contrast to the mainstream picture painted by the media of Vietnam as a rising Asian tiger with a robust economy, a few scholars (Chossudovsky 1997, Kolko 1997, Masina 2006) are skeptical about the impacts of the reforms imposed on Vietnam by the World Bank, the International Monetary Fund, and the World Trade Organization. These scholars brought up the question of whether Vietnam is facing a new war of “economic and social devastation,” (Chossudovsky 1997:

149). They criticize the ideals of capitalism flourishing in Vietnam at the cost of increased inequality and disappearance of social programs, which aim to provide everyone the same service and opportunity in a socialist country.

Vietnam continues to gradually opening up its economy and there does not seem to be any effective policies to address the widening gap between the rich and the poor, especially in urban areas where there are people who can afford to buy a house at \$4000 square per meter and people who live along waterways among trashes and waste. Space has been restructured to serve the purpose of capital expansion for people already with power and wealth, a picture far from the ideals of socialism with equal distribution of income and resources. With some restraints, the state has certainly acted in the interest of the private sector and followed closely loan conditionalities from multilateral institutions. Partial privatization of the healthcare system and the World Bank's recent project to open up the energy sector for competition intrude into the sphere of a socialist state and its supposed function to be the provider of essential services for the well-being of its citizens. The recession of state power at a time when the vestiges of the financial crisis still linger and the destructive power of finance capital has been witnessed may not be a wise choice for the economy and for social concerns, considering the pace of urbanization and increasing number of migrants looking for jobs in cities.

Vietnam's policy shift to be more in line with the ideals of the market accelerates the spatial changes in Hanoi. Space then is the outcome of a sequence

and set of operations, manipulated by the state and the ones holding power (Lefebvre 1991). The case study of Hanoi examines how spatial fixes to accumulation crises result in the transformation of space to reassert class power in a socialist state. The stark contrast between newly developed residential areas, office buildings and malls versus the lack of care to and deteriorating conditions of housing in slum settlements emphasizes the importance of capital and the ability of the private sector to dictate the changes in cities in general and Hanoi in particular, be it economically, physically, politically, environmentally and even culturally⁸. Harvey called this process “accumulation by dispossession,” in which capitalists amass greater income by capturing land from the low-income spectrum of society, creating displacement, unemployment and loss of livelihoods (Harvey 2008). In the case of Hanoi and many other Third World cities that are undergoing urbanization, the problem is not only the dispossession of economics and social welfare, it is also the steady erosion of cultural values and customs that no longer seem fit with the partially capitalist structure of the economy.

⁸ This is an aspect that I did not address in this paper but would like to explore further. Families in Vietnam, even extended families tend to stay close together in terms of distance. This is no longer the case since it is no longer economically viable for people in the rural areas to rely solely on farming or available employment in their areas. Most of the people I interviewed come to Hanoi alone to make a living while leaving their spouses at home to take care of parents from both sides of the family and their children, and to attend to their farm and household chores. Nine out of twelve months are spent in the city. The increasing number of married woman from surrounding provinces who work in Hanoi while leaving their husband at home change the dynamics of the family, particularly in a society in which the domain of the household still remains patriarchal. Fast food culture emerges in Vietnam a few years ago and now KFC and Starbucks have become the trend for the younger generation. In many neighborhoods, neighbors do not converse with each other as often and if they do, for a very short period of time unlike the old days when neighbors were more chatty and not so hurriedly keeping up with a faster pace of life. This is just a brief summary of a few of the changes I have witnessed in the past years when I went back home.

The paper shows that slum settlements are the current solution for the growing number of migrants searching for jobs and landless farmers in and around Hanoi. The problem with the potential increase in informal settlements in Hanoi is not only about providing affordable housing but creation of employment opportunities as well as training centers for jobs that require more skills such as the service sector. Other crucial aspects that need greater attention are accessible social services such as healthcare, education or vocational training for the younger generation and the adults, and prevention from police force's oppression. Living in polluted environment and working many of the jobs that can affect their health negatively, accessible and affordable health services are necessary for the urban poor. The bureaucratic procedures to register as a patient, the long waiting period before seeing a doctor, and the discrimination toward people with health insurance cards are hindrances that prevent people from going to the hospital and view it as an unnecessary luxury, like the domestic worker whom I interviewed.

Harvey (2008) calls for the adoption of "the right to the city as both working slogan and political ideal, precisely because it focuses on the question of who commands the necessary connection between urbanization and surplus production and use." I wholeheartedly agree. Urbanization demands the labor of low-skilled workers and the existence of an informal labor market, especially in Third World countries. Therefore, the management of the low-skilled workers and the provision of social services to these individuals are necessary to have a healthy informal sector and to prevent tensions among the different classes. It is

time to consider the right to the city as a fundamental human right. Everyone contributes to the functioning of the city, despite what job they hold, and deserves to be entitled to basic services, such as housing and healthcare. Space should not be controlled by only the haves in society and if the government's job is to efficiently and fairly manage the land of the people, it is necessary to view the urban poor as possessing the right to have a say in what to do with the land as well, especially if they have been living on it for decades. Only by seeing the right to the city as a human right would the dispossessed in urban centers be able to reclaim their vital standing in urban areas as well as what they deserve in this struggle for greater equality.

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