

The Government Plans, the People Act

Research >
Vietnam

Changing lifestyles and increased needs have led to remarkable urban changes in Hanoi. The Doi Moi reformation, changing a socialist system to a market-oriented one, led to social stratification, to thinking in prestige terms, and towards social segregation in the city. As land developers and construction companies have success at changing people's lifestyles, housing has increasingly become a status symbol. Politics of equality, as reflected in the old cityscape, has clearly had its day.

By Harald Leisch

Urban planning, or the shaping of the city, is not a transparent process in Hanoi. Not even the planners themselves seem to know what is going on and changes in the city are often far from what the authorities planned. Although most higher government officials are graduates of foreign universities or have attended training courses abroad, their ideas for urban development seem very limited. Most of them seem stuck in the old system, which intended to provide equal and simple housing for all and was conservative rather than innovative. Other constraints are that '[...] urban planning and development in Vietnam is still at the stage of trial-and-error', as the director of the National Institute of Urban and Rural Planning puts it (Chinh 2001: 9), and that government's wishes differ remarkably from the realistic starting points. Some examples serve to illustrate this.

Land speculation and urban housing

All land in Vietnam belongs to the state. However, it can be allocated to organizations, households, or individ-

uals. The revised Land Law of 1998 grants land users five rights: of conversion, transfer, inheritance, mortgage, and lease. Although at present the system of land registration is still not complete with about 85 per cent of the country's urban households lacking some or all required legal documents, land speculation is very high in urban areas. Between 1995 and 2001, land prices tripled in some districts of Hanoi, with a market price five to seven times the regulated price in the centre and about three times that price in the urban fringes (Toan 2001: 83).

Local individuals and investors are not the only ones active in land speculation. The Chinese-led Ciputra-Group from Indonesia, for example, already cheaply acquired about 360 ha of land close to the West Lake, one of the most attractive residential areas, many years ago and could later reap high profits from selling developed land and houses. As the Hanoi People's Committee was less patient, the Ciputra-Group has been forced to develop at least 200 ha before the year 2006, and to finish the project by 2010. State-owned construction companies like Vinaconex and the Hanoi Construction Corporation, both belonging to the Ministry of Construc-

tion, develop their own plans for big projects in Hanoi.

Arguably, the private sector is most important in housing development. As private land tenure, construction, and investment was made possible in the Doi Moi era, individuals and real estate developers exploited their opportunities more rapidly than for any administration to be able to follow or control. Already in the late 1980s, more than half of new housing was in the private sector. Collective housing units are being replaced by private houses, which allow a higher quality of life and change the monotonous architectural style (photo 1). 'On the other hand', Luan and Vinh (2001, p.63) state, 'newly built houses along main traffic lines, though modern and diversified, look like "vertical tube-houses" or "pole-like houses" as these houses are commonly built on a 50–60 square metres or even 20–30 square metres land area and hold four or five stories (photo 2). Their facades, normally three or four metres wide, are a mélange of different architectural styles which break up the city's architectural space and planning and reflect the social and physical disorder in the current transformation of Ha Noi.'

Housing development is outpacing

1 Public housing complexes from the socialist times often provide limited space.



2 Private housing offers convenient but expensive living conditions.



Both photos by Harald Leisch, 2003

the city's infrastructure. In many private developments roads have not been built, and drainage and other basic services are inadequate (Forbes and Ke 1996: 91f.). Most private constructors care little about the master plan or other regulations. Experts estimate that 80 per cent of all private construction in Hanoi is illegal. So far, the government has remained aloof, since it was evident that the government could neither provide the necessary houses nor effectively curtail illegal construction. However, the housing problems of the poor remain unsolved. They cannot afford to build their own houses and prohibitively high rents render rental houses affordable only for foreigners.

Planning vs market forces

Urban planners have clearly been overtaken by the dynamic development that started with Doi Moi and is characterized by a growing significance of market forces. 'Moving away from a socio-economic management system that was actually based on the principle of "equal distribution of poverty", associated with the taboos and prejudices against wealth which lead to wealth concealment, people are now striving toward new "values" characterized by mottos of "self-help first", "getting rich by legitimate means", "prosperous people and a strong country"' (Luan and Vinh 2001: 27).

Meanwhile, private individuals and investors, both local and foreign, are thrusting a modern (housing) lifestyle upon the population. As the influence of the middle class burgeons at the expense of the old bureaucratic state class '...different social impacts have brought about a "transitional" urban life style in which a chaotic mixture of norms and values of urban social-cultural life have been imported and spread' (Luan and Vinh 2001: 25).

Ideas for urban development, mostly from foreign consultants, are few and far between and lead to ubiquitous confusion. Social demands and market

forces are stronger than planning policies. In fact, Hanoi is not developed by urban planners. Instead, the authorities mainly administer urban development, adjusting their plans according to whatever changes occur. Individuals, real estate developers, and even state-owned construction companies, whose work is now fully market-oriented, seem to be the real directors of urban change. They became active immediately after the introduction of Doi Moi, while the authorities were still thinking about how to become active. <

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tious young men, eager to copy ideas and software to develop and expand their businesses. With two Chinese students I interviewed about fifty such entrepreneurs.

Through our interviews we learned that entrepreneurs in Nanjing complain of the lack or very limited existence of relations with universities and research institutes. This was thought to hamper innovation. Many successful IT companies dream of floating shares in the stock market, but this is not easy. Entrepreneurs complain of petty corruption, such as the obligation to wine and dine officials. While taxes are low, they perceive the complex tax system to be a constraint on further development.

On the positive side, accountancy services offer advice on tax issues and help entrepreneurs with their paperwork. Local government may also help enterprises to gain access to bank loans. Municipal and district authorities play an important role in developing Nanjing's IT industry. According to the interviewees, the advantages of this inner city cluster include mutual proximity, easy exchange of ideas, ample choice for customers, positive local government policies, and supporting services in the business buildings.

Nation-wide competitiveness

Central government's aim to develop Chinese IT translates locally and regionally into severe competition between dynamic IT clusters and centres across China. Many entrepreneurs stated that Nanjing's network of enterprises lacks competitiveness compared to similar clusters in Beijing, Shanghai, and Shenzhen. Underlying problems include attracting gifted personnel with current wages; potential employees consider Beijing, Shanghai, or Shenzhen more attractive. And while many companies feel the need to develop marketing strategies, many are unable to do so: owners tend to be technicians with limited skills in marketing and management. Relations with supporting institutions in the city – universities and research institutes – are another prob-

lem. There is a trend to involve them in research and to ask universities to supply employees; IT firms, however, later keep research institutes at arms-length. Local government, additionally, does little to bridge relations between the IT sector and research institutes (their business culture and organization vary greatly) in a systematic way. In short, Nanjing's lack of competitiveness at the regional, city, cluster, and enterprise levels are interrelated and the general lack of competitiveness at the regional and city levels can only partially be compensated for by the advantages provided by the Zhujiang Road IT cluster.

Almost every Chinese city and region aims to build up an IT centre. Some provincial or local governments provide substantial benefits to investors. The national government and those of the western provinces are actively promoting investment in western China. Zhujiang Road notwithstanding, new start-ups are easily lured by incentives provided elsewhere in the country.

The development of the IT sector is a nation-wide phenomenon. China desires information technology and considers foreign direct investment – with the attendant capital, technology, and modern management methods – the best way to obtain it. The logic is to conquer markets abroad and to assure economic growth at home.

Merciless competition at various levels notwithstanding, the IT sector is an important contributor to Nanjing's development. The city's IT sector, however, is currently not very innovative. Although the impact is still limited, the indirect effects of a booming IT sector on Nanjing's economy may be substantial in the near future. <

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