Sustainable Urbanization in Vietnam

DAVID DRAKAKIS-SMITH* and CHRIS DIXON*

*Department of Geography, University of Liverpool, Roxby Building, Liverpool L69 3BX, U.K.; ±Department of Geography, London Guildhall University, Old Castle Street, London E1 7NT, U.K.

Abstract: Since 1989 Vietnam has been undergoing a process of re-engagement with the world economy. This liberalization process (doi moi) has been heavily concentrated on the two main cities of Vietnam: Hanoi and Ho Chi Minh City and despite the Vietnamese being eager to avoid the creation of another Bangkok, with all of its environmental and social problems, the sustainability of the present urban-based economic growth is under threat. In many ways, this threat is disguised by inadequacies in the data base on urban population, which has in turn led to an official underestimation of the extent of some of the social and economic problems being faced by individual households. This paper examines the nature of this growth and contends that the present size of Ho Chi Minh City and Hanoi are much greater than official figures suggest. It then goes on to review the situation with regard to urban poverty, basic needs and the environment to illustrate the extent to which this unacknowledged growth is not only threatening the sustained expansion of those cities, but also the sustainability of the economic growth on which the country is so reliant. ©1997 Elsevier Science Ltd

Key words: cities, sustainability, Vietnam, poverty, housing, environment

Introduction: Growth and Development in Vietnam

Since the late 1980s, Vietnam has experienced a period of rapid economic growth that has been closely associated with re-engagement with the international and regional Pacific Asian economies. These developments have been facilitated by the implementation, since 1986, of a programme of reforms referred to as doi moi which has opened the economy to international capital, introduced elements of the market economy and substantially reduced the central control exercised by the state.

During the period 1992–1995, the rate of growth of Vietnamese GDP averaged 8.9% a year. This growth was heavily concentrated in the industrial and construction sectors which grew by an average of 009514.5%. During the same period export earnings grew by an annual average of 26.5%. These levels of growth compare extremely favourably with those achieved by the other rapidly growing Pacific Asian economies. However, it is important to qualify Vietnam's recent economic achievements. First, the rapid expansion has taken place from a remarkably low base and Vietnam remains an extremely poor country by any standards, with a per capita GNP of between U.S.$140 and U.S.$220 (World Bank, 1994, 1995). Second, growth has as yet to have a major impact on the composition of GDP, export earnings and employment. Since 1990, the industrial sector has slowly increased its share of GDP from 18.8% to 22% in 1994, while the share of agriculture decreased from 40.5% to 38.2%. These changes have not been paralleled in the composition of the labour force, agriculture increasing its share from 71.4% to 72.8% in 1994.
Japan. Whilst the largest shares of foreign investment and Japan, together with the reorientation of trade gas, the manufacturing sector has become the most obtain access to ODA and 'soft' loans. In addition, forms were initiated as a matter of political expedi-

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rapidly expanding, increasing its share from 13.2% in 1991 to 15.8% in 1993.

The expansion of overseas trade has been closely associated with a dramatic change in direction. Until 1990, Vietnam's principal trading partners were the USSR and Eastern Europe which took 75% of Vietnam's exports and provided 65% of imports. Subsequently, trade has become dominated by other countries in Pacific Asia. In 1994, these countries represented 78.9% of Vietnamese trade, led by Japan, Hong Kong and Singapore. Similarly, until 1990 Vietnam was dependent on the USSR for finance. The normalization of relations with the IMF and World Bank during 1993 paved the way for Vietnam to enter the world capital markets and obtain access to ODA and 'soft' loans. In addition, since 1987 Vietnam has been attempting to attract foreign investment; this, like trade, has come principally from the Pacific Asian region. By the middle of 1995, cumulative foreign investment was dominated by Taiwan, Hong Kong, Singapore, South Korea and Japan. Whilst the largest shares of foreign investment have been in the primary sector, particularly oil and gas, the manufacturing sector has become the most rapidly expanding, increasing its share from 13.2% in 1990 to 40% in 1993. The influx of investment in labour intensive manufacturing from the Asian NIEs and Japan, together with the reorientation of trade towards these countries, reflects the widening and deepening of regional division of labour within Pacific Asia (Dixon and Drakakis-Smith, 1995). Indeed, the growth and structural change of the Vietnamese economy appears to be increasingly tied to these broader regional developments, trends that were reinforced by and reflected in Vietnam joining ASEAN during 1995.

While the growth and change are closely linked to the on-going process of reform, it is important to stress that this only started in 1986 and there was limited progress and impact until 1990 (Vokes and Palmer, 1993). In many respects, the rate of change has been remarkable, but it has been extremely uneven, with serious institutional and regulatory shortcomings remaining in many areas, notably the financial system (Ministry of Construction, 1995; Doanh, 1995). Reforms were initiated as a matter of political expediency in the face of economic stagnation and increasing isolation in the wake of the collapse of the regime's major backer, the Soviet Union. Until 1993, reforms were domestically financed, reflecting the continued American trade embargo and exclusion from the international development agencies. However, since 1993, the nature and scope of reforms have been increased by the conditionalities attached to membership of and loans from the international agencies. In this respect, Vietnam has much in common with those Third World economies that have been subjected to formal IMF and World Bank SAPs (Structural Adjustment Programmes). However, while the impact of SAPs on the provision of basic needs employment, income levels and living conditions have received considerable attention, their existence goes unacknowledged or they are regarded as the necessary short-term consequences of reform.

The inter-linked processes of reform, growth and internationalization which Vietnam is experiencing are impacting on the economy and society in a remarkably uneven manner. Changes have been heavily concentrated in, or around, the urban centres of Hanoi, Ho Chi Minh City and, to a lesser extent, Da Nang-Hue. This is well illustrated by the distribution of foreign investment projects (Figure 1). In this respect, the Vietnamese experience closely mirrors that of Thailand, where rapid economic growth, closely associated with the influx of foreign investment and enterprise, has been heavily concentrated in the Bangkok Metropolitan Region and its immediate environs, largely bypassing the remainder of the country and the bulk of the population. In 1995, 89.2% of implementation foreign investment was located in Hanoi, Ho Chi Minh City and their immediately adjacent provinces, compared to 79% for the Bangkok Metropolitan Region. Because of the existence of two major centres, Vietnamese growth is less concentrated than that of Thailand, but there are very close parallels. Indeed, the question marks that are now being raised over the sustainability of Thailand's growth (Dixon, 1995) will, if, current trends continue, apply equally well to Vietnam. It is the principal objective of this paper to examine the nature, impact and likely sustainability of Vietnam's recent urban-based economic growth. In this task particular emphasis is given to trends in urban income distribution, poverty and the provision of basic needs. It should be stressed that this is very much a preliminary overview, particularly as at present there is very limited published work on the development of the post-socialist Vietnamese urban sector (notwith-
Figure 1. Vietnam growth and distribution of investment. Sources: *Vietnam Economic Times* (1995); ADB (1995). Note: Investments in oil and gas are excluded.
Current Pattern of Urbanization

According to the 1989 census, 12.74 million people, or 19.8% of the population, were classified as urban:² of these 8.5% (1.08 million) were resident in Hanoi, and 24.9% (3.17 million) in Ho Chi Minh City. Outside of these two centres only three settlements had more than 300,000 inhabitants, Da Nang, Bien Hoa and Hai Phong, the latter two closely linked to Ho Chi Minh City and Hanoi respectively. As may be seen from Figure 2, the urban population of Vietnam is heavily concentrated in and around the two major centres, and the southern part of the country remains far more urbanized than the north. The two-city primacy index of 0.33 is high by international standards. In addition, despite the considerable efforts that have been made since 1976 towards integrating the economies and transport systems of the former North and South, it is still possible to regard the Vietnamese urban network as comprising two linked, but far from integrated, systems which each exhibit very high levels of single centre primacy. On the basis of these figures, Vietnam has one of the lowest levels of urbanization in the world and one of the more highly concentrated.³

While the official figures outlined above appear to be accepted by the international agencies (UNDP, 1991; World Bank, 1991; Ministry of Construction, 1995⁴) there are reasons to believe that the level of the urban population is under-estimated, even for Hanoi and Ho Chi Minh City. The Vietnamese definition of urbanization unusually excludes those resident in the urban area but engaged in rural activities. Perhaps more significantly, the rapid expansion of the urban areas since the late 1980s has overtaken the administrative definitions, thus excluding large numbers of people who could legitimately be regarded as urban. In addition, there is evidence to suggest that the urban population registration system has broken down, thus large numbers of people have moved into the urban areas but are not included in the official figures. According to the official registration data, the urban population grew by 1.4 million between 1989 and the end of 1994. These increases would appear to be gross underestimates, for they imply that the level of urbanization declined by 0.4% to 19.5%. While the revised definition of urban places adopted in 1990 undoubtedly contributed to this situation (see Note 1), the implied decline in the level of urbanization runs counter to the informed opinion of Vietnamese academics, locally based agency staff, consultants and foreign researchers. This is particularly the case with respect to the major centres where the rapid redevelopment of parts of the inner city areas; peripheral growth, especially along main routeways; the expansion of squatter settlements, particularly in Ho Chi Minh City; signs of people living on the streets; and the level of traffic and movement of people and goods, all give the impression of dynamism and very rapid growth. This results from both in-migration and the incorporation of the already densely populated rural areas.

The general impression of the rapid growth of Hanoi and Ho Chi Minh City is confirmed by other official figures. Between 1989 and 1994, these centres increased their share of the total urban population to 15.9% and 31.0% respectively. Such an increase in the population of the two centres in the period 1989–1994 amounts to 2.25 million, but the official increase in the national urban population was given as only 1.4 million. Clearly the change in the official definition of urban areas, together with boundary changes, account for part of this discrepancy. However, as was noted above, such figures must raise a question mark over the official data at both national and city levels.

The breakdown of the official urban population registration system and continued reliance on this source of information by the government also reflect the contradictions inherent in the whole process of reform that Vietnam is experiencing. In theory, people who move are required to register with the local People's Committee, in the major centres these operated down in the street level. Such committees not only recorded the presence of migrants, but played important roles in supplying basic needs and employment. It is widely accepted that this support has broken down in the face of the scale of in-migration and the failure of the central government to increase the resources available at the local level. Thus the local authorities are, in the main, unable to enforce the registration requirement, or provide meaningful assistance to the migrants. However, while most Vietnamese academics and planners appear to accept that this is the case, the official central government view is that the registration not only still functions effectively, but that there are still in place mechanisms of control that would enable the state to control in-migration if it wished. All the signs are that in the absence of a substantial reversal of the reforms the
Figure 2. Vietnam: the urban system. Source: Based on Lap and Taillard (1994, p. 109).
central governments power to direct and control population movements, as it did during the post reunification rustication phase, are now largely illusory. Indeed, as in China, the extent of central government control in many spheres of provincial and local activity is open to question.

In 1992, the National Institute for Urban and Regional Planning (1992) projected a very slow rate of the urban population from 12.4 million in 1990 to 16.5 million in 2011. This estimate, however, specifically excluded net migration, a reflection of the official view that there was little or no migration into urban areas. In 1994, a revised estimate suggested that the annual rate of growth of the urban population was 2.5%, very similar to the national rate of population growth. This was projected to continue until the end of the century after which the rate of urban growth would rise sharply to 4.0% and the rate of growth of population to decline to 1.7% (Ministry of Construction, 1995). Thus, the level of urbanization was not expected to increase until after 2000. These estimates suggest that Vietnam has the lowest rate of urban growth in the ASEAN group outside of Singapore. Under such assumptions rapid urban growth is a problem for the future rather than the present in which the principal population issue is seen as fertility control. This view appears to be endorsed by the international agencies (Ministry of Construction, 1995). However, most planners, officials and academics appear to question the official figures, claiming that they substantially underestimate both urban growth and its level of acceleration. Indeed, since 1994 the government has begun to revise its position, referring to the urban growth rate reaching 5.5% before the end of the century (Ministry of Construction, 1995, p. 52). This is not accepted by the ADB (1995), who appear to have seen the revised figures as part of the Vietnamese government’s attempt to make a case for substantial ‘soft’ investment in urban infrastructure and satellite towns (Ministry of Construction, 1995, p. 52). The uncertainty over the level of migration into the major urban centres is illustrated by Nguyen Thi Canh (1995) reporting the Ministry of Labour’s opinion that, between 1991 and 1994, Ho Chi Minh City grew by only 3.65%, of which somewhere between 1.94 and 3.3% was due to migration.

While in the face of limited comprehensive data on immigration into the urban centres, the debate on overall trends is likely to continue; there is little dissent from the view that growth is heavily concentrated in Hanoi, Ho Chi Minh City and their immediate environs. There is, however, not surprisingly, considerable uncertainty over the size and rates of growth of these centres. The administrative definitions of Hanoi and Ho Chi Minh City, and associated population estimates, are widely considered to be unsatisfactory. In consequence, a variety of wider definitions of the urban areas have been suggested. For Ho Chi Minh City, the addition of peripheral areas (Figure 3) results in the 1994 population being estimated at around 5 million (Ministry of Construction, 1995; GKW-Safege, 1995). To this, a conservatively estimated a quarter of a million under-registered people in the core area should be added (GKW-Safege, 1995). Similarly, a broader definition of Hanoi would raise the population to around 3 million, with no estimate available for the unregistered population; the incidence is, however, probably lower than for Ho Chi Minh City. These estimates include only the official recognized urban population within the peripheral areas. Not only are these administratively based definitions becoming rapidly outdistanced by the spread of the urban area, but many of those resident in the adjacent rural areas could well be regarded as urban. At the time of writing, the most recent land-use map of Ho Chi Minh City (Figure 3) was based on surveys conducted between 1992 and 1994. While this was considered to provide a much better picture of the urban area and its administrative divisions, it was already regarded as substantially out of date (GKW-Safege, 1995). Perhaps in total a realistic estimate for the cores and peripheries of the two major centres as the end of 1994 was nearer to 9 million rather than the 6.4 million indicated in most official sources.

It may well be that even the use of the broader definitions and allowance for under-registration outlined above still seriously underestimate the area and population of the two major centres. Field work in the areas surrounding the peripheral areas, together with discussions with officials, planners and consultants, suggests that urban land-uses and economic activities have moved extensively into the surrounding areas of the Red River Basin and Mekong Delta. Industrial, commercial and residential developments have spread along routeways, engulfing already densely populated rural areas, connecting and expanding large numbers of smaller centres. These observations tend to confirm the view put forward by McGee (1995) that the growth of Hanoi and Ho Chi Minh
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Figure 3. Hanoi and Ho Chi Minh City Extended Metropolitan Regions (EMRs).
Source: Based on McGee (1995).
City is giving rise to rapidly emergent Extended Metropolitan Regions similar to those observable elsewhere in Pacific-Asia (McGee and Robinson, 1995). While the process is much more advanced in the case of Ho Chi Minh City, the familiar spread of linear development connecting emergent sub-centres in areas of already comparatively dense population, with resultant extremely complex patterns of land-use, is also clearly present in the Hanoi area. In addition, the population density of the Red River Basin is so high—exceeding 800 persons per square kilometre in some districts—that the speed of growth is likely to be very rapid. The emergent Extended Metropolitan Regions as delimited by McGee (1995) are depicted in Figure 3. Hanoi's region comprised the 9 surrounding provinces, covering 11.3% of the national area and, in 1994, 21 million people, 29% of the national population and 21 major urban centres, while the Ho Chi Minh City region included the 11 surrounding provinces, 12.5% of the national area and, in 1994, 20 million people, 27.6% of the national population and 36 major urban centres.

Within these emergent metropolitan regions serious problems of congestion, pollution, inadequate drainage, water supply, power and communications are emerging. Urban expansion and redevelopment are largely uncontrolled, resulting in chaotic patterns of land-use. In these respects the growth of Hanoi and Ho Chi Minh City is beginning to mirror that found in the Bangkok Metropolitan Region (Luxman Wong-suphataswat, in press). Indeed, as in Bangkok the infrastructure was already inadequate before the period of rapid growth was initiated. In both Hanoi and Ho Chi Minh City, the infrastructure is deteriorating rapidly in the wake of the demands placed upon it and limited upgrading and maintenance. In such circumstances, there is an urgent need to reappraise the urbanization process in Vietnam within the context of its sustainability. If this is not done the development process itself will be placed under threat.

**Sustainable Urbanization**

Over the last 10 years, the development debate has been eliminated by the rhetoric and realities of sustainability, but the specific application of this discussion to the urbanization process has been both limited and contradictory (Pinches, 1994). Within this debate there is a strong feeling that urbanization is a major contributor to unsustainable development (Elliott, 1994; Simmons, 1991), largely through its insatiable demand for resources and its production of wastes (White and Whitney, 1992). But with half of the world's population already urbanized and two-thirds of the world's urban population living in developing countries (World Bank, 1995), and with most development strategies structured around urban-based economic growth, there is a need to address more directly the sustainability of urbanization per se and how to manage this for the benefit of all (see Drakakis-Smith, 1995, 1996).

In this context we must be very wary about confusing 'sustained growth' with 'sustainable development' (Brooks, 1990; Serageldin, 1993). What this leads to is a contradictory set of urban management policies in which there is, on the one hand, a paternalistic concern for the plight of the poor and the quality of life of all urban residents, and on the other hand, an underlying determination that cities should continue to play a leading role in sustaining economic growth. The development strategies of the major international agencies reflect this in their emphasis on enhancing urban productivity as the principal mechanism for tackling poverty (UNDP, 1991; World Bank, 1991) and see high rates of national economic growth as "the single best policy solution to assist in managing cities" (Urban Foundation, 1993, pp. 10-11). Such philosophies are clearly evident in the current development strategies being recommended and pursued in Vietnam and will be discussed below.

There are five broad areas that provide the integrative back-drop to urban sustainability, viz. demographic, economic, political, social and environmental considerations (Figure 4). Within this framework are a range of issues that need to be addressed, most of which have complex links to other sectors, both within and without the urban sphere. Clearly, there has been considerable research undertaken on some of these issues over the years, but rarely within the integrative framework necessary to enhance our understanding of the complexities of urban sustainability so that the full ramifications of change in any part of the system and its impact elsewhere is appreciated and informs urban management.

In the context of Vietnam, there is as yet both insufficient, and insufficiently reliable, information for us to comprehend fully the complex interlinkages of the urbanization process. However, we can throw
some light on this and offer comment on current management practice by examining the impact that the headlong rush for market-led growth is having on related aspects of the urbanization process, jeopardizing the sustainability of such growth. The areas that will be reviewed briefly here are poverty, basic needs provision and the urban environment. They will be discussed largely in the context of Hanoi and Ho Chi Minh City.

Poverty in Vietnam

One of the features of Vietnam on which most development reviews comment is its poverty. With a current GNP per capita of somewhere between U.S. $140 and $220 (World Bank, 1994, 1995), poverty is widely acknowledged to be an important component of development strategies in Vietnam. According to official government and international agency views, however, Vietnam's rapid economic growth has resulted in a decline in the incidence of poverty (UNDP, 1995), so that the critical problem is seen to be how to sustain this growth and, indeed, how to shift more of the population from the less productive rural/agricultural sector into the urban/industrial sector (Doanh, 1995). Much of what is written about the development process in Vietnam thus makes little mention of the social consequences of rapid growth (see Cuong, 1995a,b; Dieu, 1995; Anh, 1995). Indeed, for many commentators one of the more important issues is "the need for respect for people who are able to make money legitimately and become rich" (Cuong, 1995a, p. 74).

Most assertions concerning the decline in the incidence of national and urban poverty in Vietnam are based on a far from firm statistical or methodological base and, whether collated by domestic institutes or international agencies, displays little awareness of recent discussions on defining poverty and vulnerability (Moser, 1993; Rakodi, 1995). Even basic statistical data on poverty datum lines are erratic, unreliable and often contradictory, whilst broader measurements of social change in general are often unhelpful. As one observer has noted, "in the past we had no need to define poverty in Vietnam—everybody was either poor or very poor" (Pham Bich San, pers. comm.). Now, for some, there is a visible middle-class—defined as those who can afford to drink beer on days other than public holidays.

In general, there is a shortage of statistical information on which to assess national and, especially, urban poverty in Vietnam. Most of the major recent reports (World Bank, 1995; Padmini, 1995; UNDP, 1995) rely heavily for their information on the Vietnam Living Standards Survey (VLSS) which was carried out in 1992/3, but only covered some 4800 households or roughly 0.03% of the population. Admittedly, this is better than no information at all, but it is not a sufficiently strong basis for some of the
analyses that have taken place, nor does it furnish enough information to explain the nature of poverty in Vietnam and how it is changing.

The VLSS and World Bank based their poverty estimates on the ability of households to acquire 2100 calories per day (internationally compatible, but much higher than the 1500 calories of various other national surveys). On this basis some 51% of the population is estimated to be in poverty, but this conceals considerable variation with 90% of the poor allegedly living in rural areas, where the incidence of poverty is more than twice as high as in urban areas (57% and 27% respectively). There is also substantial variation between the various provinces of Vietnam too (Figure 5), although to a considerable degree this is affected by the extent of urbanization and associated urban economic activities in the province. As might be expected, therefore, there is also a high degree of variation in poverty between the various occupation groups with three quarters of the poor being concentrated amongst the farming population (World Bank, 1995). Conversely, workers with white collar jobs and/or who work for government, account for only 2% of the poor. Quite different levels of poverty are presented in the statistical yearbook (GSO, 1995) (Table 1), which indicates that only 20% of the total population can be classified as poor or very poor, twice as many as in the urban areas where average incomes are much higher than in those in the country as a whole. Luan (1995a), meanwhile, categorizes only 4-5% of the population as poor.

Of course the more important aspect of this varied poverty data in Vietnam is the extent to which the situation is changing in response to doi moi and the urban-based industrial economic growth which it emphasizes. It is quite difficult to ascertain the nature of such changes given the paucity of reliable pre-1985 data. Certainly the benefits of growth seem to have been unevenly distributed, despite Vietnam's gini coefficient of 0.43 placing it amongst the relatively good performers (Padmini, 1995, p. 2). But other data do not confirm this. In the late 1970s the income disparity between rich and poor was 3-4 times; during the 1980s this increased to 6-8 times; in 1993 it was 20 times in rural areas and 40 times in urban areas (Khanh, 1994). Disparities are also increasing between rural and urban areas (Table 1), with per capita income being 20% higher in the Hanoi region than the national average and 27.0% higher in the Ho Chi Minh City region. Hiebert (1994) cites some rural families as being unable to pay even the U.S. 0.50 cents per month required for school fees.

And yet the situation, at close analysis, does not appear to be so clear cut. When asked to compare their change in living standards between 1990 and 1993, rural dwellers were more positive than urban (Table 2). This is perhaps not surprising given the fact that doi moi and rural-urban disparities in income and living standards have accelerated urban migration (Eadmini, 1995), whilst structural adjustment

### Table 1. Vietnam: average monthly income in VND 1000 (%)

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<tr>
<th></th>
<th>Total</th>
<th>Urban</th>
<th>Rural</th>
<th>Hanoi</th>
<th>HCMC</th>
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<tr>
<td>Rich</td>
<td>530.2 (4.1)</td>
<td>615.0 (12.4)</td>
<td>429.8 (2.3)</td>
<td>—</td>
<td>—</td>
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<tr>
<td>(Very rich)</td>
<td>743.7 (1.8)</td>
<td>834.2 (6.3)</td>
<td>607.1 (0.9)</td>
<td>—</td>
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<tr>
<td>Upper middle</td>
<td>118.9 (17.2)</td>
<td>218.4 (33.2)</td>
<td>173.5 (13.7)</td>
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<td>—</td>
</tr>
<tr>
<td>Middle</td>
<td>100.7 (36.4)</td>
<td>130.0 (26.3)</td>
<td>96.3 (38.7)</td>
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<tr>
<td>Lower middle</td>
<td>65.8 (22.3)</td>
<td>92.0 (18.0)</td>
<td>61.4 (23.2)</td>
<td>—</td>
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<tr>
<td>Poor</td>
<td>40.9 (20.0)</td>
<td>56.9 (10.1)</td>
<td>39.3 (22.1)</td>
<td>—</td>
<td>—</td>
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<tr>
<td>(Very poor)</td>
<td>27.5 (4.4)</td>
<td>42.1 (3.3)</td>
<td>25.2 (4.6)</td>
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<td>—</td>
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<tr>
<td>All</td>
<td>119.0 (100.0)</td>
<td>220.3 (100.0)</td>
<td>94.4 (100.0)</td>
<td>163.4</td>
<td>315.6</td>
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Sectors as % of total


### Table 2. Vietnam: opinion on changing living standards 1990 to 1993 (%)

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<th>Total</th>
<th>Urban</th>
<th>Rural</th>
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<tr>
<td>Better</td>
<td>51.8</td>
<td>47.3</td>
<td>52.7</td>
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<tr>
<td>Worse</td>
<td>17.5</td>
<td>19.9</td>
<td>17.0</td>
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<tr>
<td>Same</td>
<td>30.7</td>
<td>32.8</td>
<td>30.8</td>
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has led not only to the withdrawal of many subsidies on basic needs, but also to reduced job opportunities in the city, particularly in the government bureaucracy, so that unemployment has risen from 5.8% in 1989 to 12% in 1991 and an estimated 15-20% in 1993 (Khanh, 1994; Khiem, 1995).

Little of this more worrying side of the present situation comes through in the UNDP report on poverty elimination in Vietnam. This makes extremely optimistic noises about doi moi having significantly improved the situation in Vietnam, claiming that reform has made it easier for the poor to participate in the economic sphere and, less positively, that “the rich are not getting richer at the expense of the poor”, but citing little in the way of convincing evidence to support this. In contrast, Khanh (1994) seems to suggest quite the opposite and that the national ethos of “the people wealthy, the country powerful, the society equitable and civilised” (Lai, 1995) is still to be achieved in more than one aspect. Luan (1995a) thus reports that only 25% of the low income population are in favour of “renovative policies” and that the poor, perhaps rather surprisingly, comprise young, male manual workers with little skill and few funds to join in the market economy and who are poor, due to loss of (usually state) employment or unforeseen accidents or other tragedies affecting their family.

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The above discussion, for all the flaws in the data, suggest that, despite the evidence of higher average incomes in the city, urban poverty is a substantial problem in Vietnam. In part, this apparent contradiction is the consequence of higher cost of living within the city and restricted employment opportunities. Tiem (1995) reports that the poverty datum line in Ho Chi Minh City is two-thirds higher than for the country as a whole. The principal reason for the confusion surrounding urban poverty is the extraordinary degree of inequality which has emerged over the relatively short period of doi moi. Hiebert (1994, p. 71) reported an Institute of Sociology survey in which access to the market economy is revealed as a crucial factor in wealth creation... “with power and access to the market you can change your life, without that you can’t get rich”. A new business elite is currently being formed comprising foreign investors and members of the ruling state senior bureaucracy, leading to widening extremes and mutual animosity between the poor and the nouveau riche (Hiebert, 1994; Forsythe, 1996).

Closer analysis of the limited data available (VLSS, 1994), therefore, reveals quite different types of rural–urban comparison with per capita expenditure levels being similar for the lower quintile in both rural and urban areas (Table 3). The same is true for expenditure on food (Table 4), with low-income urban households spending almost 70% of their income on food (Padmini, 1995). The composition of this food expenditure may be more varied in urban areas (no data exists specifically for the poor), but the rural poor have access to a range of subsistence agricultural opportunities usually denied to the urban poor. As a consequence more than a quarter of the urban population is said to be undernourished (Padmini, 1995), although in the absence of further details, we can only assume once again that this represents those in poverty. General health problems too have worsened, not necessarily because of poor service infrastructure, but because of the increased imposition of service changes. The national health budget has not increased since 1989 and is currently the lowest in the world at U.S.$0.83 cents per capita, but in 1995 the outgoing Health Minister highlighted the growing tendency for state health employees to

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<th>Table 3. Vietnam: per capita expenditure (VND ‘000) by quintile</th>
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<td>Urban</td>
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<td>Total</td>
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<th>Table 4. Vietnam: per capita food expenditure (VND ‘000) by quintile</th>
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<td>Urban</td>
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<td>Rural</td>
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<td>Total</td>
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</table>

Table 5. Vietnam: levels of savings (VND '000) by quintile

<table>
<thead>
<tr>
<th></th>
<th>Poorest 1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban</td>
<td>346</td>
<td>466</td>
<td>1945</td>
<td>1948</td>
<td>11,298</td>
<td>7941</td>
</tr>
<tr>
<td>Rural</td>
<td>737</td>
<td>881</td>
<td>1183</td>
<td>1684</td>
<td>4999</td>
<td>1986</td>
</tr>
<tr>
<td>Total</td>
<td>717</td>
<td>852</td>
<td>1299</td>
<td>1747</td>
<td>8502</td>
<td>2689</td>
</tr>
</tbody>
</table>

Source: VLSS (1994).

...demand additional fees in return for improved attention (Vietnam Investment Review, 1995, p. 7).

Unsurprisingly the pressures on those now in the cash economy of the city have worsened in these circumstances and the cushion of savings is much higher amongst the lower-income groups in rural rather than urban areas, making the latter much more vulnerable to sudden changes in their resources or assets (Table 5). Moreover, the urban poor are more likely to resort to money lenders at times of crisis, further increasing their vulnerability. Long term 'investments' suffer too and the imposition of educational fees has resulted in a severe decrease in secondary school enrolment, where 40% now drop out at 9th grade when compulsory education ceases. Those who remain are taught within an increasingly problematic system as badly paid teachers, whose salaries have more than halved in real terms since 1985 (Khanh, 1994), leave to seek more remunerative employment elsewhere. Overall, despite the increased 'opportunities', almost one third of urban residents in Vietnam have monthly incomes which are below the rural average (Table 1). Little wonder that the urban poor are not so enthusiastic about doi moi.

Basic Needs and the Urban Environment

Over and above the specific problems related to employment and income, the urbanization process in Vietnam is experiencing many other threats to its sustainability. Ironically, one of the most serious in cities often plagued by flooding (due to the low-lying nature of the terrain and poorly maintained canals and dykes) is access to fresh water. The old quarter of Hanoi is particularly affected by such problems and houses several thousands of people whose fresh water comes into open tanks during the day and is piped up into the tenements in the evening (Minh, 1995). FINNIDA began a project to replace and introduce water piping in 1985, but 40% of the housing units in the capital (and half of its population) have still not benefited from the new system. Allegedly, heavy subsidy from the government tends to encourage waste so the Asian Development Bank is recommending the installation of water meters, but the question of who will pay for these is still not resolved.

A parallel problem associated with poor drainage and inadequate water supplies, where many urban residents draw directly on aquifers, is human waste disposal. Contamination of water supplies is not uncommon, leading to outbreaks of cholera and dysentery amongst low-income urban populations.

At present the situation with regard to water and sewerage systems is very difficult to resolve. Many urban residents do not receive direct water supplies at all (an estimated 40% in Ho Chi Minh City) and many of the remainder have no access to private wells, but must buy water from vendors at up to six times the public price. Whilst such families are prepared to pay for water, they are not prepared, or cannot afford, to pay for meters. Although a cost-recovery scheme has cut water consumption in Haiphong by 75% (Minh, 1995), the burden of costs and the health dangers of reduced consumption on cost grounds will, once again, impact on the urban poor.

Exacerbating the various problems associated with water and sewerage systems for urban residents are those of pollution. It is estimated that some 300,000 cubic metres of industrial effluent are spilled into the canals of Ho Chi Minh City each day, whilst in Haiphong 270 cubic metres of solid waste are generated daily and deposited at a simple dump site with no treatment, and no site protection (Trouillard, 1995). Altogether only 5% of the 9000 cubic metres of waste generated each day in Vietnam is collected (Quyen et al., in Forsythe, 1996). Air pollution too is worsening. In Ho Chi Minh City and Haiphong SO2 and 'dust' levels are respectively, five and seven times what is generally considered to be acceptable.

Whilst this is partly the result of expanding and poorly controlled industrial production, the growth of motorized traffic on badly surfaced roads is also a major contributor (Hung, 1995). Hanoi has only 8.5% of its area given over to roads, compared to the 25% ‘normal’ for western cities; even traffic-clogged Bangkok has 12%. Congestion is already a major problem in most urban cores and along main route-ways. Currently traffic is dominated by bicycles and
motorcycles, with Vietnam having the highest level of bicycle ownership and use in Asia, but projections of increased car ownership suggests that the level of congestion could increase sharply. Nor do these major pollution sources appear to be receiving any priority in the current development process. In Hanoi’s budget for 1991–1994, investment in parks and zoos was twice the size of that for roads, water supply and drainage combined (Minh, 1995).

It is not that Vietnam is without the legal and institutional apparatus to combat such environmental problems. Indeed, the National Law on Environment Protection (NLEP), which came into effect in 1994, lays out comprehensive responsibilities for the public and private sectors as well as for individuals. Unfortunately, the NLEP and the National Environment Agency are relatively weak compared to the pro-industry sections of government and also to the various regional governments which have traditionally retained considerable autonomy in Vietnam. The consequence is that provincial Export Processing Zones, like those in Ho Chi Minh City and Haiphong, experience minimal pressure to adhere to proper procedure. Like elsewhere in industrializing Asia, the philosophy is ‘growth now, clean up later’. As Forsythe (1996) comments, this represents elitist visions of the place of the environment in development, rather than those of the working class who are experiencing the worst consequences of laissez-fairism.

Perhaps nowhere is the threat to the sustainability of Vietnam’s cities and the quality of life of its poor illustrated more vividly than with respect to housing. According to one recent report (Vietnam News, 1995, p. 3), almost two-thirds of Vietnam’s urban areas comprise slums and dilapidated houses in need of repair and/or improvement (Vinh and Leaf, 1996). In Hanoi, almost one third of the population live in accommodation with less than three square metres per capita (300,000 have less than two square metres per capita); in Ho Chi Minh City 60% of houses are classified as semi-permanent with 48,000 slum units and 5% of the city’s population is homeless (Korsmoe, 1995). Bad as these figures seem, in the light of the discussions at the beginning of this paper, they are probably substantial underestimates of the real housing problem.

This is not to say that the system operated prior to doi moi was satisfactory (Luan, 1995b). The state found it difficult even then to keep up with the demand for housing from its own civil services and only 30% were accommodated, often in depressingly drab blocks with communal kitchens and other facilities. Whilst the market system has dramatically increased floor space, much of this is for commercial or retail use and real estate prices rose by 500% in central Hanoi and Ho Chi Minh City between 1990–1993. The peripheral areas of both cities are now dotted with speculative housing developments designed to tap the growing, but still small, foreign or wealthy domestic market for more spacious residence. It has been estimated, however, that only 5% of households in Vietnam fall into this category (Khanh, 1995; Korsmoe, 1995). Moreover, much of the private development which is occurring is virtually uncontrolled and often illegal. Recently, in Hanoi uncontrolled building within the 20–25 metre restricted limits adjacent to one of the city’s main dykes was blamed for serious cracks appearing in this major flood control measure. Typically, instead of total demolition, only construction within 5 metres of the dyke was demolished, leaving some houses without any fronts, and even this was bitterly contested by private investors (Schwarz, 1995).

More widely reported has been the mini-hotel construction boom in Hanoi’s ancient quarter where a unique labyrinth of pre-colonial shop-houses is being steadily eroded by commercial redevelopments designed to capitalize on the capital’s chronic hotel shortage, and which virtually ignore the few building controls that exist for the area. The 36 streets of the ancient quarter date originally from 1010 AD and currently house some 90,000 residents at densities of 1900 per hectare. For most of the residents, living conditions are poor but commercial opportunities in the shops, markets and restaurants are extensive. Improvement is certainly needed, but this needs to be well planned and executed with care if a unique cultural heritage is not to be lost to illegal developers as is now occurring. For the government, such concerns seem to have low priority and the fight to save the quarter is being led by foreign funds and foreigners (Mathes, 1995) who have their own agenda and rationale for conservation; one which is not always in line with that of the quarter’s own residents.

How does all of this development of the urban environment and its basic services affect the poor and particularly their vulnerability to a deterioration in their living standards? The response must be that it
affects them extensively and in every way, although given the paucity or unreliability of information this is difficult to substantiate with hard data. But the few that are available confirm that a difficult situation exists and is getting worse. For example, the average living area per capita in Hanoi in 1954 was six square metres; by 1993 this had dropped by one third; in Ho Chi Minh City the figure had decreased by 20% to five square metres (Luan, 1995b). Each year the state contribution to new housing construction falls; its share having dropped from 25% to 16% from 1991 to 1995 alone. Moreover, 80% of the private residential construction received no official permit.

The consequence of this situation is rising rents which, in conjunction with expanding populations and restricted job opportunities, has meant increasing social stratification within the major cities (Luan, 1995b). Thus, although the mean income has risen during the 1990s, this is distorted by a massive increase in the top quintile of income-earners—usually those with links to foreign enterprises. At the other end of the income scale are an expanding group of households which are already in poverty or are increasingly vulnerable to this, because they must meet basic needs in the context of shrinking state assistance and subsidization. Already the major cities are witnessing the growth of an extensive casual labour market as unemployed men gather each morning at recognized locations hoping to be hired as day labourers. In short, the income gap between the rich and poor in urban Vietnam is widening (Luan, 1995b), compounded by the fact that the poorest households are usually the largest. In Ho Chi Minh City for example, the average per capita income for the wealthiest quintile is almost five times that of the poorest group (Table 1); the difference between the top and bottom 10% is nearer eight times (GKW-Safege, 1995).

Improving Sustainability

The information discussed above does not altogether support the optimistic claims of recent World Bank (1995), while UNDP (1995) reports that poverty has been substantially reduced in Vietnam since doi moi. What has happened is that average incomes have risen, but these have been distorted by the very large increases experienced by a few. Where incomes have expanded their real impact has been eroded by the rising cost of basic necessities and by an increasing concentration of low income households in the city, making access to employment much more difficult. For both UNDP and the World Bank it is this last point which is overwhelmingly important in responding to the present situation. The UNDP report defines poverty as a “lack of ability to participate in national life, most especially in the economic sphere” and recommends “further deepening and widening of the doi moi process” (UNDP, 1995, p. 79) as a prerequisite for improvement, implicitly ignoring the fact that the inequality inherent in doi moi had underpinned the extension and intensification of vulnerability for many urban households. Capacity building in the UNDP report is equated with expanding and developing the economic environment within which poverty is located. The World Bank (1995) adopts a broader approach in its recommended strategy for reducing poverty, incorporating consideration of the level of social service provision, particularly in the form of safety nets. However, the main thrust is on sustaining rapid economic growth and the creation of opportunities which low-income groups can use to involve themselves more fully in the productive sectors of the economy. Widening and improving access to social services is seen as an essential supplement to this main policy because “greater improvement in human capital will help to ensure that the poor both gain from and contribute to growth” (World Bank, 1995, p. iii). As some of the poor will still not be able to take advantage of these opportunities, the World Bank recommended a back up system of targeted transfers and safety nets, supported by investment in building institutional capacity for poverty reduction.

Whilst these recommendations seem sound, certainly in comparison to the rather superficial UNDP overview, there are several problems inherent to such reports. The first is the lack of any sense of urgency or realism with respect to the build up of urban poverty. Whilst, as we have seen, primary data on many aspects of the urbanization process are sparse and unreliable, there is abundant visual evidence on the ground to alert locally based institutions to the nature of the situation, together with a degree of hard information from consultants reports. One consequence of this lack of appreciation of the depth of urban poverty is an unrealistic and inappropriate ‘more of the same’ and ‘steady as she goes’ philosophy towards poverty elimination. A second problem, partially consequential from these attitudes, is that nowhere in any of the reports produced over the past
year or so is there any discussion of deepening the direct involvement of the poor themselves in providing information, prioritizing their concerns or contributing to policy formulation in any way (see Rakodi, 1995; Drakakis-Smith, 1996, for a broader discussion of possible policy responses). In particular, the dynamism of the poor goes unrecognized and the government launches into campaigns to rid city streets of hawkers, actions which directly contradict recommendations for greater incorporation of the poor into productive enterprises (Padmini, 1995). In circumstances such as these, the whole concept of urban sustainability is being jeopardized. As Wratten (1995) has argued, the nature of the policy response to urban poverty (or another aspect of urban management) is conditioned by the approach adopted in the initial search for information. At present in Vietnam, that search for information is inadequate, resulting in the recycling of data of very limited value and an unrealistic complacency on the part of national and international policy makers.

In general in Vietnam, urban planning controls are limited and far from effectively enforced. For most cases of infringement of planning regulations the penalty is an increasingly nominal fine. This is particularly true where buildings exceed stipulated height limits. However, in some respects the Vietnamese authorities are capable of rapid response and concerted effort. This is illustrated by the recent introduction of traffic regulations and, particularly in Ho Chi Minh City, controls over activities that block pavements and streets. The lack of urban infrastructure, consequent problems and acute awareness of the problems facing Hanoi have made officials aware of the need for large-scale investment in coordinated programmes of urban infrastructure development. Master plans have been drawn up for the major centres and a series of major projects proposed. These include water supply, power, telephones, roads, bridges and mass transit systems (Vietnam Economic Times, October 1995; Ministry of Construction, 1995). However, serious question marks have to be raised over the ability of the government to control developments or to finance and implement the necessary urban based infrastructure.

The international agencies still use the estimates of continuing low rates of urban growth as the basis for the allocation of funding. In consequence, priority is being attached to the development of rural–urban linkages rather than to urban infrastructure. Investment in urban transport and related road systems is considered to be premature, both in terms of need and ability to pay. It is of considerable significance that almost all considerations of major investment are taking place on a cost recovery basis. This has, for example, resulted in an extensive socio-economic survey of Ho Chi Minh City being undertaken in order to gauge the ability of the population to pay for piped water before major development schemes are approved (GKW-Safege, 1995). However, investment in urban–rural links, particularly in the Hanoi and Ho Chi Minh City regions will undoubtedly result in further acceleration of migration into the urban centres.

Vietnamese planners and officials do express concern over the consequences of the rapid and highly concentrated regional urban growth that is emerging in the Hanoi and Hoi Chi Minh City areas. The National Urban Development Strategy, for example, stresses the need to concentrate growth in a national system of small and medium cities. However, the same strategy document proposes a national urban development programme that focuses on three main urban complexes, Hanoi–Hai Phong, Ho Chi Minh–Bien Hoa–Vung Tau, and Nha Trang–Da Nang–Hue. Similarly, the Vietnam National Institute, in a summary of development strategies, has reinforced the emphasis of proposed infrastructural investment in these three regions (McGee, 1995, p. 268). Thus, while the need for more development and the problems associated with the emergence of extended metropolitan regions are acknowledged, it appears that the main thrust of infrastructural development, together with associated investment by TNCs and international agencies, will be directed towards the encouragement of just this type of growth. Indeed, as McGee (1995, p. 269) has suggested, planners appear to be following policies that recognize the inevitability of the emergence of the two extended metropolitan regions. While neither urban region is yet recognized as a formal planning unit, they are given tacit existence by the master plans for the Red River Basin and the Mekong Delta (see Lap and Tailard, 1994). More specifically, since 1994 the government has delimited two Focal Economic Areas. The Northern Area includes a triangle which stretches from Quang Ninh Province in the north to Hanoi and Hai Phong in the south. Similarly, in the south, a Focal Economic Area has been outlined which includes Ho Chi Minh City, Ba Ria Province, and parts of the provinces of Dong Nai, Song Be, Tay Ninh, Long An and Binh Thuan. These are both, particularly the Southern one, smaller than
the Extended Metropolitan Regions outlined by McGee (1995) and depicted in Figure 3.

There seems still to be a residual view amongst Vietnamese officials that the rural population can be ‘held’ if large-scale migration into the urban areas becomes an issue. However, as McGee (1995, p. 254) has asserted, the belief seems incompatible with the head-long rush towards the market economy. What was achievable by the central government with respect to the control and direction of population movements before doi moi is no longer a credible option. In the absence of major political reversals, rapid and largely uncontrolled urban growth appears to be inevitable. While, as has been stressed, the lessons of such developments elsewhere in Pacific Asia are not lost on Vietnamese planners and officials, it may well be that they will be unable to intervene effectively because of inadequate funding and control mechanisms. The results may be the rapid emergence of two extended metropolitan regions in which pollution, congestion and chaotic growth begin to choke-off growth. Foreign investment and TNC activity may well turn their attention to other locations.

Planners in Hanoi and Ho Chi Minh City often voice fears of their cities becoming ‘another Bangkok’. Given the present pace and management of change such fears have some foundation in reality. Unless more realistic approaches to information gathering and policy formulation occur, not only will sustainable urbanization be put under threat, but also the whole platform on which the present economic growth is based.

Notes

1. This contrasts sharply with the virtual economic stagnation of the 1970s and early 1980s.
2. From 1970 and 1989, a settlement was regarded as urban if it has a population of at least 2000 and most of the inhabitants engaged in non-agricultural activities (Thrift and Forbes, 1986). Subsequently, the threshold has been raised to 4000.
3. According to the World Bank (1995) there are only eight countries with a lower level of urbanization than Vietnam—Ethiopia, Burundi, Uganda, Nepal, Malawi, Rwanda, Bangladesh and Niger. All are ranked much lower in per capita GNP terms than Vietnam.
4. This study does comment on the unsatisfactory nature of Vietnamese definitions of ‘urban’.
5. It is considered that this decline in the rate of population growth is unlikely to be achieved (for example, see Fforde and Goldstone, 1995).

References