

The Production of Urban Space in Vietnam's Metropolis in the course of Transition:

Internationalization, Polarization and Newly Emerging Lifestyles in Vietnamese Society

Michael Waibel

Die Entwicklung Vietnams nach der Einführung marktwirtschaftlicher Reformen seit den späten 1980er Jahren kann sicher als Erfolgsgeschichte gewertet werden. Exportorientiertes Wachstum und zunehmende Integration in die Weltwirtschaft hat den Weg zu einer modernen Konsumgesellschaft geöffnet. Die Metropolen Ho Chi Minh City und Hanoi haben erwartungsgemäß am stärksten von dieser Entwicklung profitiert. Mit dem höchsten Lebensstandard sind hier aber auch die stärksten Einkommensunterschiede anzutreffen. Außerdem leiden die städtischen Agglomerationen unter extremem Zuwanderungsdruck aus ländlichen Gebieten, Umweltproblemen, steigender Kriminalität, großer Wohnungsnot und zunehmender sozialräumlicher Fragmentierung. Der Artikel thematisiert die im Zuge der Transformation gewandelte Rolle des Staates und die privater Akteure bei der Veränderung der Städte. So werden etwa neue Akteurskonstellationen bei der Implementierung von Großwohngebieten in der städtischen Peripherie untersucht. Oftmals überlassen dabei staatliche Institutionen die Kontrolle über räumliche Entwicklung Kapitalgesellschaften, die ausschließlich die Wohnbedürfnisse der oberen Mittel- oder Oberschichten befriedigen und so Arme am Wohnungsmarkt nur unzureichend teilhaben lassen.

Vietnam's transitional development since the introduction of market-economy reforms in the late 1980s can certainly be described as a success story. The adoption of export-orientated growth and integration into economic globalization has opened the way for a modern consumer society.

In accordance with most regional transition theories, the metropolises of Ho Chi Minh City and Hanoi have derived the most benefit from the successive opening-up of the economy to global capital. These urban agglomerations are Vietnam's most outstanding motor of innovation, growth, and globalisation and represent main target regions for flows of foreign direct investment (FDI). Here, the urban population can enjoy the highest overall living standard. However, it is also here that the most extreme income disparities are to be found. Furthermore, the metropolises suffer from increasing migration pressure, environmental problems such as air pollution, and rising crime rates. Moreover, the transition of Vietnamese urban society has also led to increasing social differentiation in terms of income, education, family size, consumption patterns, etc. to produce hitherto unknown class divisions.

In terms of urban spaces, the commodification of urban development through several land use reforms allowing land use rights to be traded led to a transfer of state resources to private hands and consequently to a marketization of housing and land. Similar as in China, the state gave up its unique control on urban space and allowed the new actors, such as transnational corporations, household enterprises or individuals.

As a result, Vietnam's metropolises have been witnessing the production of new urban spatial forms and elements driven by multiple forces.

Overview: New Urban Spaces

The production of *globally orientated spaces* in the inner city cores can be seen in the massive and continuing construction of office and hotel space mostly by trans-national corporations. This contributes to the fast-track development of an internationalized Central Business District (CBD) (see Photo 1).

In the urban periphery, export processing and industrial zones have been established to channel foreign direct investments, which initially also served as demarcated laboratory spaces for market economy conditions. In this context, the most important actors are companies from Japan and from the tiger economies of Singapore, South Korea, and Taiwan, which in some cases have even taken over the operation of these zones. In Ho Chi Minh City alone, there are three export processing zones and ten industrial zones that have a total size of 2,354 ha and have attracted a cumulative of US\$1.54 billion in FDI capital.

► Photo 1: Central Business District of Ho Chi Minh City





► Photo 2: Marginal Settlements along a Canal in Ho Chi Minh City

The production of *consumption spaces* can be observed by the immense conversion of living space into commercial space in the city cores. In Hanoi, the epicentre for this development has been the famous Ancient Quarter, the country's oldest existing trade, market, and retail estate, which has witnessed an enormous economic revitalization in the course of transition, mainly driven by local individuals (WAIBEL 2002). In general, the city cores of Vietnam's metropolises are increasingly developing into a place of consumption, with modern supermarkets, fancy restaurants, and posh coffee and retail shops belonging to international as well as, increasingly, domestic chains and household enterprises. Consequently, a decrease of population density can be observed there.

In the urban periphery, large shopping complexes have been established. Among the more prominent examples are the superstores of Metro Cash & Carry (Vietnam), a subsidiary of the German retail and wholesale chain. So far, Metro has successfully launched five huge superstores in Ho Chi Minh City (2 sites), Hanoi, Can Tho in the Mekong Delta, and Danang in Central Vietnam.

The transitional urban development in Vietnam has given rise to the creation of *informal spaces*, as well. Marginal settlements have emerged that are characterized by massive inflows of rural-urban migrants and

by displaced urban poor. About one third of the total population of Ho Chi Minh City is made up of migrants who in most cases cannot afford to buy living space in formal housing markets. Like in other Southeast Asian metropolises, many squatters have spontaneously settled on flood plains along canals and rivers (see Photo 2). In recent time, the municipal government of Ho Chi Minh City increasingly tries to demolish the marginal settlements along the canals, at least in the core city. In the course of the production of new traffic spaces like the Saigon East-West Highway, funded by the Japan Bank for International Cooperation, for example, all marginal settlements along Ben Nghe Canal (separating District 1 and District 4) have been torn down and the inhabitants evicted (see Photo 3).

Besides, *informal spaces* have also been created by individuals through the extension of business activities to *public spaces* such as pavements and streets. This strategy could be well observed in the Ancient Quarter of Hanoi, for example, and was a reaction to the limited availability of space. The sidewalks of the Ancient Quarter were also increasingly occupied by the motorbikes of the customers, which made them inaccessible to pedestrians, until the municipal authorities forbade this practice. Also, market stalls or retail outlets have been established around the dilapidated socialist housing complexes through the illegal occupation of public spaces.

Furthermore, the daily flooding of the city cores by street hawkers from the suburban countryside may contribute to the production of informal spaces. The latter development has been labelled the 'pavement economy' (see FORBES 1996: 62) or the 'ruralisation of urban landscape'. Because the state authorities regard the country's metropolises as showcases displaying a modern Vietnam to a globalising world, they increasingly try to ban rural traders and thus informality from the inner city (WAIBEL 2004A: 38).

In addition, the production of *recreational and leisure spaces* could be observed. In Hanoi and Ho Chi Minh City for example, several large water parks, theme parks, bowling centres, and many tennis courts have been erected (see Photo 9). At the urban-rural fringe of the metropolises international joint-venture companies established spacious golf courses, which are of

► Photo 3: The Ben Nghe Canal before and after the clearance of marginal settlements along its borders (IKONOS-Image 2001 left, Quickbird-Image 2005 right)



course reserved for the newly-emerged upper classes and Asian businessmen. Maybe the most prominent example for the production of leisure spaces is the new national stadium in Hanoi which was the main venue for the 2003 South East Asian games. This new national symbol with a capacity of 40,000 all seated is the biggest stadium in the country and was built at the cost of US\$53 million (see Photo 4). Also, the *public spaces* of the metropolises like pavements and streets are increasingly reclaimed as (mostly temporarily) *leisure spaces* by individuals. THOMAS (2002: 1611) gives the examples of roadside celebrations after football matches, pavement commercial ventures and the funerals of popular local heroes.

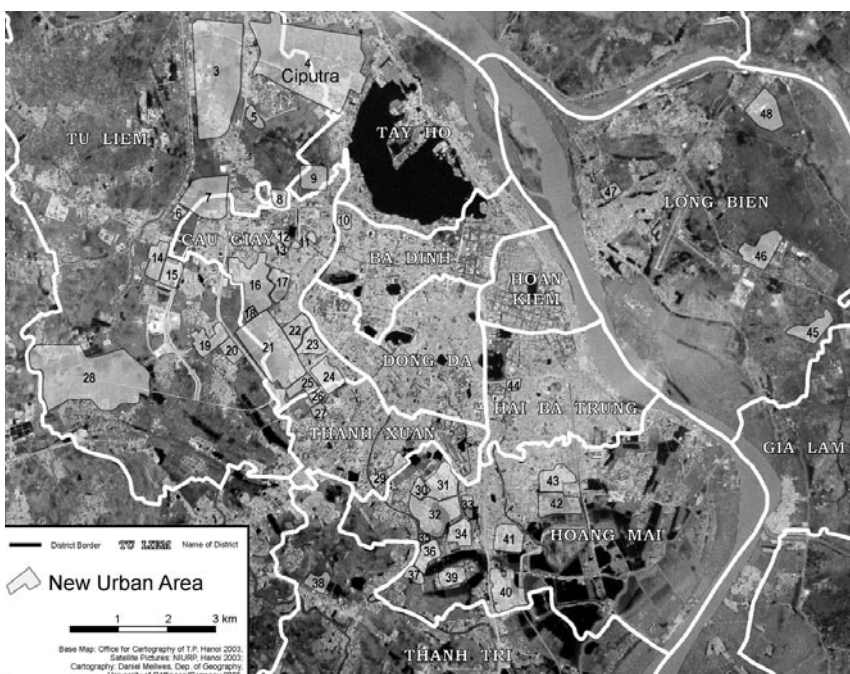
Last but not least, new *residential spaces* have been produced. The socialist state had never been able to provide its urban population with sufficient living space. Along with the marketization of land and housing in the late 1980s, the growing availability of construction materials, and the abolition of the heavily-subsidized public housing programmes in the early 1990s, the initial public reaction to the severe housing shortages consisted mostly of spontaneous and unregulated urban building activities. A huge construction boom set in, which on the one hand led to the densification of the existing building structures. On the other hand, delayed and uncontrolled suburbanisation processes set in that are typical for transitional urban development. This contributed to the enormous expansion of the surface area of the metropolises. Due to the high land prices, new houses were mostly built on very small plots of land, whereas the height and standard of the houses depended on the specific financial resources.

Since about the beginning of the new millennium, large companies have begun to get involved into the property market and erected new, mostly up-scale residential living quarters with high-rise buildings, mostly in the periphery of the metropolises. This led to socially highly selective suburbanization processes. Today, the spatial structure of residential spaces can be described as highly fragmented. Often, modern high-rise buildings are erected in the immediate vicinity of marginal settlements, as seen in District 4 of Ho Chi Minh City. Residential segregation is a consequence of the increase in social polarization of the urban population and is reflected in the residential spaces of Vietnam's metropolises.

In the following, the author will analyse the development of so-called 'new urban areas' as a vivid example of this phenomenon.

Regain of State Control and the Development of New Urban Areas

The precondition for the recent increase of the state's share in urban construction activities has been the continuing restructuring process of the former socialist planning apparatus. This restructuring process became necessary, as the socialist planning institutions turned out to be completely incapable of coping with spontaneous developments typical of a market economy.



Since the mid-1990s, international donors like the UNDP or the World Bank have massively supported the Vietnamese government in the time-consuming restructuring of its public institutions at all levels. Similar as in other transitional societies like in the East-European countries, institutional changes have been much slower than real changes. Consequently, time lags have led to a phase of mostly unregulated (urban) development processes. In the past years, the so-called 'institutional gaps' could be more and more closed.

Along with the general tendency towards the development of an 'entrepreneurial state', the prospect of enormous profits, given the heated property market until 2003 and the availability of large estate properties in the possession of the national or local institutions, the state increasingly became engaged in the production of new residential spaces again.

► Photo 4: My Dinh National Stadium in Hanoi as new national symbol
 ► Photo 5: Map of the new urban areas of Hanoi

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In Vietnam, People's Committees carry out the State management function in the locality (Source: <http://www.caicachanhchinh.gov.vn/English/AdministrativeSystem/PeoplesCommittee/>)

Interestingly, the percentage of state-controlled public housing activities is much higher in Hanoi than in Ho Chi Minh City or other South East Asian metropolises. Certainly, the role of Hanoi as the country's capital and as the home of political decision-makers, who may not wish to leave all potential profits to private companies and who may want to serve their clientele, seems to be important in this context.

The state was able to raise its share in housing production in Hanoi from 3.9% in 1995 to 36% in 2002 (HANOI STATISTICAL OFFICE 2003: 108). There, over 50 new urban areas, carefully planned new sites, including a well-equipped infrastructure and mixed residential housing units, are to be built in the periphery of the city core (WAIBEL & SCHNEPF-ORTH 2004: 6) (see Photo 5). In Hanoi, the main implementing actors are state enterprises like the 'Housing and Urban Development Corporation' (HUD) under the Ministry of Construction, and Vietnam's largest construction corporation, the state-owned company VINACONEX with 26,000 employees. As local-state actor, the Hanoi Housing Development and Investment Co-operation (Hadinco)¹ under the Hanoi People's Committee is playing an important role. It is projected that state-controlled companies will develop 7.9 million square meters of new living space in Hanoi alone by 2010. This production volume seems reasonable as the per capita floor space in urban areas still is only at about 10.8 square metres. By the end of 2005, preparations or actual construction projects were underway in about 30 of over 50 new urban areas; five new urban areas have already been completed.

The most prominent new urban areas are the 'Saigon South New Urban Area' in Ho Chi Minh City and 'Ciputra International City' in Hanoi.

Saigon South represents a huge city extension project, just 4 km south of the central District No. 1 of Ho Chi

Minh City. Saigon South is a mixed residential and commercial urban development covering 3,300 hectares of former wetlands. Its projected population in the year 2020 will be between 500,000 and 1,000,000 residents (WAIBEL 2004B). This project is being realized by a joint-venture company established by the Taiwanese corporation Central Trading & Development Group (CT&D) and the Vietnamese Tan Thuan Industrial Promotion Corporation (IPC) under the control of the Peoples' Committee of Ho Chi Minh City. CT&D holds a 70% stake in the joint venture's legal capital. Within this area, residential and commercial quarters alternate with educational centres (e.g., the first completely foreign-owned university in Vietnam, the Australian RMIT International University), health facilities, and leisure facilities, such as a golf course. Several gated communities have been established there (see Photo 6).

Another example of this process is the US\$2.1 billion urban development project 'Ciputra Hanoi International City' near the West Lake of Hanoi. This project is being realized by a joint-venture company made up of an affiliate of the Indonesian property developers Ciputra Group and the Urban Development and Infrastructure Construction Company under the control of the Department of Construction of the Peoples' Committee of Hanoi. Similar as in the Saigon South Project, the corporate partner – in this case, Ciputra – holds a 70% stake in the joint venture. The Ciputra group is the largest investor in the Hanoi property market and currently one of Indonesia's biggest developers, having planned and developed 14 satellite cities in Indonesia. Ciputra Hanoi International City has an area of nearly 405 hectares with high-rise apartment blocks of 20 and 17 floors, villas, office buildings, medical and sports centres, and parks, and is expected to host the country's biggest shopping mall in the near future (see Photo 7). This new urban area will have up to 200,000 inhabitants after completion in 2010. A 120-square metre apartment can currently be resold for about US\$100,000 at market price.

The conceptual design and implementation of these prestigious new urban areas can be interpreted as a visual symbol for the political as well as the individual wish to be part of a globalising modern community, as well as representations of internationally standardized town planning, driven by market forces (GOTSCH 2002). Although the planning authorities originally intended to provide a mixed social structure in the new urban areas, at least in the state-controlled projects, an enormous speculation bubble in the real-estate and property market, as well the huge demand for living space, have led to sky-rocketing prices. Consequently, access to the new urban areas is becoming socially highly selective in the course of residential suburbanisation processes. These exclusively serve the needs of the beneficiaries of transition, Vietnam's Nouveaux Riches, who follow an upscale Western lifestyle and value security, orderly neighbourhoods, and comfort (WAIBEL 2004B).

In this way, the development of the new urban areas helps to intensify the process of physical, functional, and social segregation within Vietnam's metropolises.

► Photo 6: Gated Community within Saigon South New Urban Area





New Lifestyles

Another factor that is accelerating the polarization of the urban space of Vietnam's metropolises is the increasing segmentation of the urban society through various lifestyles. Newly emerging upper and middle classes – mainly the commercial and administrative bourgeoisie –, who have benefited from an exorbitant increase in disposable incomes, are consciously individualising their lifestyles in the aim of distinguishing themselves from the others.

In this context, the development of the new urban areas makes manifest two ambivalent needs of the urban population: On the one hand, it favours the exclusion of large parts of urban society. In the case of Ciputra Hanoi International City, this is clearly demonstrated in the erection of an impressive and massive triumphal arch, an outstanding urban symbol at the main entrance of this new urban area (see Photo 8). It is evident that the developers are playing to resident's desire for differentiation. This landmark also communicates the success of the local residents, and hence deflects competing claims to power from other social strata. At the same time, the triumphal arch serves as a symbol of security in addition to its function as a gate, since the area is only accessible to an exclusive section of the population. It symbolically delimits this new urban area from the rest of the urban space.

On the other hand, the new urban areas also promote inclusion. These areas display a great degree of in-

ner homogeneity, because its inhabitants consistently have medium and higher incomes at their disposal and presumably have similar aesthetic preferences. The latter are communicated through the architectural homogeneity of the new urban areas of Ciputra Hanoi International City and Saigon South New Urban Area. In this way, urban areas have emerged that are relatively homogeneous in economic terms as well as in terms of taste. The ambivalent wishes of simultaneous distinction from other societal groups and integration into a specific lifestyle or peer group are served by the new urban areas, which are developing into selective vanishing spaces within the city.

Within this clearly delimited urban residential space, the inhabitants are able to exert control over their own territory and in some way they are even able to shape their surrounding living space. All this may be interpreted as another privatisation of the production of space.

Despite the described edificial, aesthetic, and economic homogeneity, it is safe to assume that the residents of the new urban areas strive for further differentiation among themselves into various lifestyle groups, in accordance with Pierre Bourdieu's theory. An explorative empirical survey of 50 households in two new urban areas in Hanoi in 2004 (DÖRNTE 2005) first confirmed this trend with respect to constitutive elements of lifestyle like specific consumer patterns, leisure behaviour, and values and attitudes, as well as the individual furnishing of the interior of the apartments or the decoration of the houses. Al-

► *Photo 7: View of Ciputra Hanoi International City including United Nations International School*



► Photo 8: Triumphal Arch of Ciputra Hanoi International City

► Photo 9: Tennis court within the New Urban Area of Dinh Cong/Hanoi



together, four relatively homogenous lifestyle groups were identified by means of a cluster analysis. This proves that at least parts of the urban society in Vietnam's metropolises can already be characterized as "post-modern". The most globalised lifestyle group identified is characterized by transition-based economic success, exclusive travel, and leisure activities like tennis or golf, an interest in modern art, and by status symbols like expensive cars and modern-westernized decoration of their houses (see Photo 9). Also, members of this group show a significant loss of Vietnamese tradition, widely ignoring the performance of rituals, for example.

Conclusion

The cumulative result of the described tendencies is that the transitional development of Vietnam's metropolises is characterized by commercialisation, internationalisation, and tertiarisation processes as well as by the rise of spatial polarisation and fragmentation through a growing polarization of incomes and the development of new lifestyles. This development is driven by multiple forces and actors whereby social, economic and spatial aspects of transition are inter-related.

Due to institutional gaps typical for transition, individuals initially became the most important actors in the production of new residential, consumption, and informal spaces. Since about the start of the new millennium and along with institutional restructuring measures, the state has increasingly regained control over urban spaces. Often, state actors co-operate with trans-national corporations that supply them with capital and know-how. The regain in state control and the cooperation with international actors can not only be observed at the production of new residential spaces but also at the demolition of informal spaces like marginal settlements and the consequent production of formal spaces as indicated with the example of the Saigon East-West highway construction project.

As a general result, Vietnam is moving away from being one of the most egalitarian towards becoming one of the most unequal societies in the world. The development of the new urban areas appears to have aggravated housing inequality, for example. The latter

developments, at least, are in sharp contrast to the still existing egalitarian ideology of the Communist Party of Vietnam. In some way, this dilemma can be interpreted as the price of the successful opening towards a globalizing economy in the course of transition.

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Dr. Michael Waibel

is an Assistant Professor at the Department of Cultural and Social Geography at the University of Göttingen/Germany. His doctoral thesis, published in 2001, was on the urban development of Hanoi. Among other topics, his research focuses on urban studies and the socio-economic spatial impact of transitional processes in South East Asia, especially Vietnam. He is currently working as part of an interdisciplinary team on the research project "The Balance of Urban Growth and Redevelopment in Ho Chi Minh City/Vietnam – Sustainable Housing Policies for Megacities of Tomorrow", funded by the German Ministry of Research and Education (leading partner: BTU Cottbus).
Kontakt:
mwaibel@gwdg.de