Hanoi Vietnam’s Peri-urban Space and Its Impact on People’s Livelihoods

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Hanoi Vietnam’s Peri-urban Space and Its Impact on People’s Livelihoods

Collin Victoriano Sumera

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A Master’s Research Paper

Submitted to the faculty of Clark University,
Worcester, Massachusetts, in partial fulfillment of the requirements for
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Jude Fernando, Ph.D., Chief Instructor
ABSTRACT

Hanoi Vietnam’s Peri-urban Space and Its Impact on People’s Livelihoods

Collin Victoriano Sumera

Peri-urban is both a space and a process, yet there is no cookie cutter definition that may be applied to developing cities encountering this phenomenon. Each space is constructed differently, and each process has different actors. This paper examines the role that the Communist Party of Vietnam plays in the creation of peri-urban space in Hanoi, and how this space affects residential and former agricultural Land Use Right holder’s livelihood opportunities. The notion of the peri-urban space has not fully been developed for Hanoi, thus I conclude that due to the establishment of policies made within the market economy, state-owned enterprises and corrupt practices on different governmental levels; these gaps and malpractices have led to illegal acts of land grabbing creating peri-urban spaces that disrupt Land Use Right holder’s livelihood practices. Defining peri-urban in the context of Hanoi better informs development and humanitarian agencies seeking to work with marginalized groups and to assist in the creation of livelihood opportunities.

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DEDICATION

I dedicate this paper to my family. Your love, encouragement, and support through all my endeavors has helped me become who I am today, I love you all.

To Quyên, my soulmate. Without your love and guidance, I still would be lost... writing a timeline on Vietnam’s land laws. I love you with all that I have.
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List of Definitions

ASEAN  Association of South East Asian Nations
CPV    Communist Party of Vietnam
FDI    Foreign Direct Investment
FIE    Foreign Investment Enterprises
GDP    Gross Domestic Product
LUR    Land Use Rights
SOE    State-Owned Enterprise
USAID  United State Agency for International Development
USD    United States dollar
WB     World Bank
Introduction

The evolution of peri-urban spaces is one of the most noticeable features of Vietnam after it embarked on market based economic reforms under the Communist Party of Vietnam (CPV) in 1986. In an act to reach modernity, small scale farming and communal land surrounding major cities were deemed primary areas for developmental projects. The governmental transition of these lands from rural to urban led to the creation of the peri-urban spaces. The Hanoi Peri-urban space is a contested space as it involves struggles between new economic actors and its current Land Use Right (LUR) holders; leading to livelihood changes for those living in this space. What happens in this space has implications for social and economic justice and future socio-economic developments for Vietnam. The purpose of this research is to examine the processes and mechanisms that have led to the creation of peri-urban spaces. While doing so, this paper will have emphasis on the government initiatives in the creation of these spaces. The reason for the emphasis on the government’s actions is that all other processes are responses to the government’s initiatives. The identification of the peri-urban space and its peoples’ livelihood practices in Hanoi, Vietnam will inform those in the development and humanitarian fields on how to better work with vulnerable groups, in a contested space while alleviating economic marginalization.

This paper will first explore existing literature from both geography and economic disciplines to contextualize the definition of peri-urban. A working definition of Hanoi periurbanism will be created to explore the space and processes singularly to Hanoi.

Next, this paper will provide an overview of the economic history of Vietnam from 1946, pre-communism to the start of CPV governance through the late 1990s. Present day outcomes
will be analyzed in conjunction with livelihood outcomes later in the paper. Early economic struggles by the CPV led to the inception of a socialist-orientated market economy in 1986. The market economy was implemented to help Vietnam reach a state of modernity through urbanization and industrialization. CPV’s transition from a traditionally agricultural economy to the modern mixed economy caused agricultural land to have a new economic value for all.

Next, I will examine land-use policies from the 1954 Independence of Vietnam to present day policies that permits peri-urban spaces. My intentions for comparing land use policies between the early embarking of communist and market economy periods is to allow for the conceptualization on how Vietnamese people value and interpret land. Land functions as livelihood opportunities and these opportunities and values change depending on the socio-political atmosphere and by who is in power at a given time. Historical context will help with identifying the value of land from the perspective of Vietnamese citizens.

Finally, I will explore how state implemented socialist-orientated market economy has caused a household shift in livelihood options for peri-urban LUR holders, from agriculture rural livelihoods to a mixed income of rural and industrial/service labor. Using a sustainable livelihood model, it explores how governmental land appropriation is creating an imbalance amongst community members. I will further examine how peri-urban LUR holders are able or not able to create a sustainable livelihood in their new setting.

By addressing these questions this paper addresses sustainable livelihood options for residential land use holders in peri-urban Hanoi Vietnam. The importance of a household having a sustainable livelihood is it can adjust to spatial change influenced by the environment, economic market, and political state. Those who cannot find the resources to live, struggle to survive.
Motivation for Study:

In 2011, I served as a Peace Corps volunteer in the Republic of Armenia. Every week I would travel from Sevan, my site location, to Yerevan, the capital, using the only road that directly connects the two cities, the M4. The Sevan local bus station housed a small fleet of 90s utility vans that had been completely gutted to fit 18-20 seats. At the top of every hour, a bus would depart on its voyage to the capital. We would pass by rolling fields, mountains, and small remote satellite towns that freckled the country side. For a moment, 20 minutes outside of Yerevan we would sit atop the summit of a mountain where Yerevan stretched out before you. Vast emptiness of fields surrounded Yerevan as the city sit in a distance with buildings stacked on top of one another. As the van approached the outer limits of Yerevan, it looked as if the city had a wall built around it, much like a medieval castle.

At the base and very edge of the city lay makeshift housing with small plotted gardens for each household. In the early parts of the morning you could see farmers putting their crop into sewn plastic bags to bring into the city to sell in local markets. Other times, traffic on the outskirts of the city would occasionally be stopped by cattle moving from one field of the periphery of the city to another vacant grassed lot that was eclipsed by 13 story apartment buildings. Residents of the “Կենտրոն, Kentron,” meaning downtown district, would often label the people living in the newly established areas of Yerevan as being villagers.

What always confused me was my idea that the capital city had to be completely urban. Every drive into the city, I would look out the window of the bus and try to see if I could find a dividing point that separated the rural environment from the urban. With each new road, my perspective and dividing line of this space would change. When I moved to Yerevan’s “Արաբկիր, Arabkir” district in my third year as a Peace Corps volunteer, I did eventually find
that district’s dividing line; in one last field laid a small garden, surrounded at every corner by large apartment buildings.

I enrolled in the Clark University’s International Development and Social Change MA program to further my education in the international development discipline. While studying development theory and Economics for International Development under both Dr. Brissett and Dr. Fernando; globalization, urbanization, informal markets, and the cultural changes these processes bring to developing states became the concentration of my studies. Wanting to start my International Development career in South East Asia, Vietnam became an intriguing area of study due to its geopolitics, culture, and its emerging economy.

When assigned a semester long research project in my Community, Development, and Environment course with Dr. Caron, I thought back to my time in Armenia and my fascination with the ambiguous spaces that were neither urban or rural. Stemming from that class onward, I continued my research and expanded upon my understanding of what those spaces are and how they are a part of the Vietnamese culture. The following paper contextualizes these “peri-urban” spaces from a Hanoi, Vietnam perspective. It further documents how peri-urban spaces are created in Hanoi and how these spaces impact the livelihood options for those living in these peri-urban communities. I hope this paper will shed light on what a peri-urban space is in the context of Hanoi, and open discussions on best practices for household economic development for those who have lost land and disappeared into the urban fringe.
**Periurbanism**

Peri-urban it is often defined differently depending on how it is used in the economic, academic, and political context. From a development organization point of view, USAID sees peri-urban as “areas that are characterized by uncertain land tenure, inferior infrastructure, low incomes, and lack of recognition by formal governments,” (Hogreve, Joyce, & Eduardo Perez, 1993: 9). In the academia studies of geography and economics, the definition of peri-urban is ambiguous. As Webster (2011) explains,

“Peri-urbanization refers to a process in which rural areas located on the outskirts of established cities become more urban in character, in physical, economic, and social terms, often in piecemeal fashion.” (Pg. 5)

The ambiguity of peri-urban in academic literature allows for target populations, policies being analyzed, and ecology studies to be covered under different aspects of periurbanism. Further studies of periurbanism have concluded that peri-urban is a “space.” This space is constructed as:

“two subsidiary zones, an inner zone close to the ragged edge of the central city and, beyond it, an outer zone where the presence of the urban is attenuated and perhaps less visible to the eye” (Friedman, 2011: 429).

Geographic spatial analyst, Dr. Kontgis conducted research on urbanization in Ho Chi Minh City. She argues that peri-urban is both a space and a process. Peri-urban is then,

“regions between agricultural and urban areas, where urbanization is occurring rapidly, often due to foreign investment” (Kontgis, Caitlin and Schneider, Annemarie, 2014: 378).
This example is unique, as it singularly focuses on peri-urban dynamics related to space and 
private development in Ho Chi Minh City’s peri-urban interface.

Dissecting the word structure of peri-urban; “peri” meaning peripheral/ outer and “urban” 
meaning densely populated, the word peri-urban is constructed against what is urban and rural 
(Collins, 2000). Often peri-urban spaces are as rural as they are urban, yet when this term was 
created, preference was given to the word urban over rural as there was more power involved 
with living in a city. As countries, such as Vietnam, adapt a globalized market, power is given to 
those who work in and around the industrial industries. Urban workers receive higher wages, 
often have less obligations outside of work, and live a lifestyle similar to the Western lifestyle. 
Those who are self-proprietors in Vietnamese traditional occupations (i.e. farming and fishing) 
are not granted the same opportunities as their surplus crops are sold domestically and taxed. 
Meanwhile, multinational companies and Vietnam’s state-owned enterprises (SOE) would often 
export the same crop at mass production and are not taxed (Van den berg, 2015). Having to meet 
financial needs, individuals who formerly worked traditionally agrarian jobs are forced into the 
service sector, informal market, hired labor, or if lucky, obtain work in the industrial sector. With 
the introduction of industrialization, Vietnam, specifically Hanoi has become an ever-expanding 
city, one that stretches horizontally, gaining new faces and land daily.

The politics of land ownership in Vietnam is complicated, as the government holds all 
legal rights to land. According to Allens International Law (2012), “Land may be allocated to 
Vietnamese individuals or domestic enterprises for agricultural or residential/infrastructure 
purposes.” (Pg. 25). This has led to some peri-urban communities as not formalized and set up in 
an informal manner. Urban sprawl approaches rural lands joining the two together, communities 
will set up in this peri-urban space. Other peri-urban communities can be an amalgam of formal
LUR holders who were once farmers, and informal, those who have built on land without holding any LUR. The land that is built on has either been occupied by individuals claiming the land for themselves through construction of property, squatting, or has been sublet to individuals who have been granted land tenure by the government. Tenants and squatters on informal land do not pay taxes, and have no formal claim to their property. Over time, this informal peri-urban spaces would often expand without any government interference. Although residents of peri-urban communities are squatting on government land without LUR, the government will still provide administrative support to developed peri-urban communities falling in the inner peri-urban zone (Friedman, 2011). The administrative cadres governing each district of Hanoi, supply them with emergency health provisions, and act as a nexus between the government and the local communities. Although these peri-urban spaces are not formal settlements, the government continues to support their establishment, allowing for these informal communities to grow and stay informal.

As many scholars and organizations have given nuances to the term peri-urban (USAID, Friedman, Webster, Kontgis), definitions need to be contextualized for each given area. This importance lies in understanding how a place is developed and developing, and whether the space is facing injustice. For the purpose of this paper, I will provide a working definition of what periurbanism is in the context of Hanoi, Vietnam. In Hanoi, peri-urban is a temporal transitional space from rural to urban where both LUR and non LUR holders reside and generate livelihood opportunities. The land around them is owned by the CPV, as all land in Vietnam is owned in the name of “The People.” Land development is recognized by the government, as all development land transactions, no matter the size, must formally be processed by either the Prime Minister, provincial people’s council, or relevant governmental authority (Allens, 2014);
as both state and private, domestic and international development is contracted through them. It is categorized as:

i. Areas formally recognized by local government, legally no foreign investment can buy LUR from its owners, thus government conducts land grabbing to aid SOE and other private developments, on both domestic and foreign terms; and

ii. Land is cleared in the name of “socio-economic and urban development.”

The creation of the working definition of per-urban identifies both the space and process in Hanoi. This definition is a tool and guideline for development agencies seeking to work in sustainable livelihood creation for marginalized peoples in the peri-urban space.

**Economic State Pre-Đổi Mới Policy**

From 1946 to 1975, both Northern and Southern Vietnam were immersed in both the First and Second Indochina Wars\(^1\). The first Indochina War saw the Northern Vietnam Viet Minh party emancipate the two countries from French colonialism. Under the Geneva Convention of 1954, North Vietnam and South Vietnam became two separate independent states. North Vietnam was Communist and supported by China and the Soviet Union, while the South was ruled by an “authoritarian regime enforcing a market economy” and supported by the United States (Migheli, 2012: 940).

\(^1\) The first Indochina War was from 1946 to 1954 between French forces and their Viet Minh, Lao, and Khmer Issarak Communist opponents. The war also included the United States and Great Britain supporting the French, while the Soviet Union and China supported the Vietnamese with equipment and training. The second Indochina War, also known as the Vietnam War took place between 1956 to 1975, between the Republic of Vietnam (South Vietnam) and the Democratic Republic of Vietnam (North Vietnam) (Grinter, 2006).
In 1976, the 2nd Indochina War concluded with North Vietnam conquering South Vietnam and implemented its collectivist economics (Grinter, 2006). The North now controlling the South, expropriated Southern Vietnam’s assets, industries, land, and the personal wealth of its citizens (ibid). Thus, a unified Vietnam struggled to find economic stability and productivity as both Indochina wars left the country’s industrial and agricultural sectors in a state of turmoil. The government struggled to build its economy without the external help it had received during the war from each of their supporting countries. As an attempt to fix economic productivity, the government directed its’ economic reform towards rebuilding infrastructure, increasing rice production, aiding wartime internally displaced peoples, and increasing administration capacity (Raymond & Van. Arkadie, 2004).

The 10-year period from 1976-1986 brought little economic gains to the newly unified State of Vietnam. The Hanoi based central government fixated on converting southern Vietnamese to communist values and ideologies as well as introducing a planned economy; a similar strategy that Ho Chi Minh, the leader of the Viet Ming party accomplished in 1954 after emancipating the French from North Vietnam (Grinter, 2006). In the south, the state began to collectivize its economy (Kirk & Nguyen, 2009). The government’s concentration with southern Vietnam, and the south’s constant battle against the government’s control over privatized businesses led to a lack of national economic production, specifically in the agricultural sector. Local officials would often assign farmers to certain plots of land and once progress was made, farmers were often reassigned to other land and the developed land was taken over by the local official. Underdevelopment of land and lack of productivity became a norm as little incentive was given to farmers to invest and develop land that was not theirs (Pingali & Xuan, 1992).
In 1981, Vietnam ended its collectivized producing system and curtailed production measures to per household production. Based on the type of household industry (i.e. farming, retail trade, and handcrafts), each household would need to sell a certain amount of product to reach a set quota established by the government. A further “85 per cent of the profits from activities outside these targets could be retained by the enterprises,” (Raymond & Van. Arkadie, 2004: 49). Financially, private sales on crops per household, after meeting government quotas, created more income generating benefits than the government’s former pension\(^2\). In the mid-80s, 75% of the labor force was involved in agricultural production (Tho, 2013). Initially the system worked, as crop production went up by 6.6% each year, but after three years, rice production became stagnant and then regressed (Kirk & Nguyen 2009). After decades of focusing on a planned economy with a collectivized agricultural market, Vietnam sought to improve its financial resources by endorsing a market economy\(^3\).

**Đổi Mới Policy**

In 1986, the Communist State of Vietnam introduced the Đổi Mới (Doi Moi) policy to its people. Đổi Mới translates into English as “renovation,” and economically it did just that for Vietnam. Đổi Mới created a market economy for the state and opened the country’s boarders to the global economy.

Originally created to increase agricultural productivity, the Đổi Mới policy’s economic goals took time to come to fruition (Migheli, 2012). As Tsuboi (2007) explains the early stages

\(^2\) A set amount awarded to all persons that were contributing to collectivized work.

\(^3\) A market economy is an economic system in which economic decisions and pricing of goods and services are guided by citizens and businesses. Thus, allowing for competition and influencing the laws of supply and demand to direct the production of goods and services.
of Vietnam’s transition to a market economy, up until 1986, Vietnam was closed off from outside contact with the world for much of the 70s and 80s. When opening itself to international trade, at first it did not comprehend the new global market. Trade with China and the Soviet Union were the first states brought into the Vietnamese market. Inflation occurred at rapid rates, as the public switched from using coupons for transactions to needing a hard currency. The World Bank and other foreign banking institutions were called upon to aid Vietnam with the high amounts of early inflation. Much of the details of the Đổi Mới policy were not initially planned, as most reforms and policies were reactions to the processes to the market economy (Fforde, 2009). To push forward the prioritized market economy and combat against the early struggles, yearly reforms started as early as 1988 and have continued annually to present day (Tho, 2013).

Changing to a market economy, Vietnam continued its state political structure, the CPV. The reforms were constructed to help the economy of the state, and to always keep a union between Vietnam’s political stance and a market economy, thus creating a socialist-orientated market (Fforde, 2013). The economic reforms removed the government’s control over prices of goods and services, the foreign exchange market and international trade, as well as banking reforms (Nghiep & Quy, 2000). It also allowed for the privatization of businesses in the industrial, service, and agricultural sectors. To be clear, this did not take the government out of the playing field. The inclusion of a private sector along with the SOEs was an attempt to incorporate more competition for the government, an attempt to improve the economy. From 1989 through 1992, peasant households helped tame inflation rates by utilizing the new market and its liberal prices, the sole factor for increasing the foreign exchange earnings for Vietnam.
In 1991, after half a decade of foreign trade, the Đổi Mới Constitution was created, allowing Foreign Direct Investment (FDI) in Vietnam (Tsuboi, 2007). Foreign Direct Investment opened new opportunities for Vietnam to receive capital gains, specifically in their SOE programs (ibid). During this time, LURs were created in the 1993 Land Law Act. The 1993 Land Law Act greatly increased foreign investment in Vietnam, as it gave foreign companies and domestic companies opportunities to develop on land that they could purchase for certain amounts of time. An in-depth analysis on land use in Vietnam will be covered later in this paper. Special focus will be placed on the financial value of land that the Đổi Mới policy created, one that did not exist before 1993.

Bilateral trade agreements increased as export taxes and non-tariff barriers were removed (Migheli, 2012). Building foreign relations has greatly helped pave the way for further trade and allowed investment opportunities to generate in Vietnam. In 1995, Vietnam and the United States regained diplomatic relations, resulting in Vietnam joining the Association of South East Asian Nations (ASEAN) (Tsuboi, 2007). The mutual building in diplomatic relations helped establish a better reputation for Vietnam, opening its boarder for further trade with other countries. As Vietnam move towards this direction, every 10-year a new plan would be implemented based on “sectoral and regional development objective,” (Raymond & Van. Arkadie, 2004: 96). In 2007, Vietnam became part of the World Trade Organization (ibid). As the economy started to bud, Vietnam shifted its focus from the traditional agrarian production to including foreign investment industry, a shift for modernity. Additionally, as Raymond & Van. Arkadie explains, in 1998, after the East Asian financial crisis, Vietnam “reaffirmed the need to sustain reforms focusing on industrialization and modernization, give priority to agricultural and rural industries and to other areas in which Viet Nam had a comparative advantage, and to
increase economic competitiveness generally.” (Pg. 96). The increase of economic competitiveness both internationally and nationally left many peasants stumble to make ends meet with traditional agrarian livelihoods. Investment in their country meant investment in their land, causing competition in the peri-urban space.

**Vietnam’s History of Land Laws**

Before one can understand what current government land use policies currently exists that permits peri-urban spaces in Vietnam; it is important to understand the socio-political atmosphere that has created the mindset of what the value of land is in Vietnam over the past millennium. Culturally, there is no single set value for land. Traditionally, the larger piece of land one owns, the more cultivation of rice can be produced, resulting in higher economic gains for the individual, village landlord, or the state. Le (2016) states that the history of Vietnam’s land governance can be divided into three periods of power: Feudal dynasties 905 AD - 1884, French 1884 - 1946 and Socialist 1945 - present day. In this section, I will focus on land laws and land governance during North Vietnam’s emancipation from French colonialism in 1954, to present day, 2017. However, it is important that a brief history of land laws under specific feudal dynasties and French colonialism is also addressed, as that period showcases the historical and cultural context of the private land holding rights Vietnamese people had before Vietnam became a communist state.

As Kleinen (2011) states, early Vietnamese monarchs awarded men a set amount of land, “one-fifth of it could be cultivated permanently for personal use and four-fifths had to be rotated among classified (i.e., tax-registered) villagers,” (Pg. 458). Although there was the head governing body of Northern Vietnam, the monarchy only focused on collecting taxes and
warriors from representatives of each village. Dao (1993) states that during feudal times the “village was an institute” having an abundant of power over its citizens due to weak regulations by the state (Pg. 85). Village landlords meeting state quotas were granted a level of autonomy over their village. A lack of supervision often resulted in illegal acts of controlling communal land⁴ for their own profit and holding village accounts of peasant farmers (Maranto & Tuchman, 1992). Inordinate tax systems imposed by the land lords on landholding peasants often forced some peasants to become serfs and sell their landholdings to meet tax requirements.

As early as the 1400s, class systems were created to separate royal blood from the rest of the population. No person could own more than “10 ‘mậu’⁵ of land other than royal blood,” (Dao, 1993: 85). This is one of the first legal laws promoting a division between classes. Peasants were obligated to continue shared land practices, where no one owned a parcel of land for a permanent basis. Every four years, land was re-distributed amongst the peasants to decrease the land becoming over or under developed. Poor investment in land by peasants was commonly practiced. Although all peasants had private rights to their land no farmer invested time and money in land that they would leave in four years or less (Kleinen, 2011).

In 1804, population growth caused the state to redistribute agricultural land owned by royal blood and government officials to the public. Land was divided by class systems based off occupation with the highest owning numerous mậu and the common peasant receiving several

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⁴ In the Red River Delta Region of Vietnam communal and or public land is significant for the practice of local village worship and rituals, (Scott, 2009). The village landlords often exploited this land first, as no farming took place on this land. Peasants could lease communal land from the village landlord to make extra income, but at a higher tax, (Kleinen, 2011).

⁵ Mậu is equal to .8 of an acre, sào equals roughly one tenth of a ‘mậu’ (Long, 1973)
sào (Long, 1973). All land ownership remained private. It is estimated that 50-60 percent of the land in Northern Vietnam was private apart from communal land (Kleinen, 2011).

**French Occupation of Vietnam**

In 1884, the Nguyen Kingdom succeeded its control and power over Vietnam to the French. The French brought both new land tenure systems and land purposes for Vietnam. Vietnam at the time was very regionally divided; northern, central, and southern. Each region had unique and singular differences in land-tenure and taxation processes (Kleinen, 2011). In 1938, communal lands decreased to 16 percent, and in seven of the thirteen provinces, communal land disappeared completely. Communal land and other undocumented land went to rich Vietnamese and French concessionaries-plantations.

In the heart of Tokin, present day Hanoi, a large section of former communal land was given to French concessionaries. Additionally, in the 1930s, along the Red River Delta Region it is estimated that 40% of the land was controlled by 2% of the population (Pingali & Xuan, 1992). This was due to peasants losing land when they were not able to pay debts to their French counterparts (Maranto & Tuchman, 1992). From this result, peasants became sharecroppers, forced to produce a fixed rate of agricultural output. During this period, it is estimated that half the crop went to landlord to pay for rent of the land (Pingali & Xuan, 1992).
Communist Period of Land Management Part I (1946-1986)

This section will focus on land laws that were inaugurated in conjunction with a planned economy during the years of 1946-1986. In summary, the early communist land reforms predating 1986 were centered on agricultural collectivization. This however was not initially intended. The Anti French Resistance War, 1946-1954, saw the Viet Minh party gain control over its lands of Northern Vietnam by emancipating it from French rule. With more freedom and authoritative ruling over poor peasants, the Viet Minh party implemented communist doctrine to govern over northern Vietnam.

In 1946, the Viet Minh Party focused its effort on the creation of towns and the expansion of its physical presence in its newly controlled land. It is important to note that in the early years of rule over Northern Vietnam, the Viet Minh Party allowed private land ownership (World Bank, 2011). In 1950, the Viet Minh party became the CPV. In 1953, the Viet Minh party abolished all forms of feudalism and agricultural communities were split into two classes, landlords and peasants. Former landlords were delegitimized of their land and it was divided amongst all former tenants; resulting in each tenant receiving .4 hectares of land (Pingali & Xuan, 1992: 701). It is estimated that during this time 810,000 hectares of land were divided amongst 2,104,000 families in the north (ibid).

Collectivized work was strongly encouraged by the CPV starting in 1956. Private rights still lay intact, but all rice production was expected to be given back to the government. As each peasant was allotted a set amount of land, local CPV party officials assigned farmers to certain pieces of land to till. This system was a continuation of the shared land policies of feudal times. Powerful CPV officials for personal use often took land away from peasants who have invested and developed the land to yield more products. Peasants were then assigned new land to work
on, starting over from scratch. A lack of agricultural productivity per household became the norm, as there was little incentive for farmers to cultivate land that was not theirs.

In 1975, the CPV took all forms of private agricultural land ownership away from households and called for collectivized agricultural production. At the time, 97 percent of the North was involved in collectivized agricultural work (Kirk & Nguyen, 2009). In 1980, the CPV furthered its control and instituted article 19 of its third constitution; calling for all land ownership and its planned use to be controlled “By the people.” This systematically gave the government complete control over all land and its use.

**Post Đổi Mới Policy Land Law Reforms II (1986-Present)**

The Đổi Mới policy’s land reforms have been instrumental in the shaping of the land divisions between residential, agricultural, and the industrial sphere. In this section, I will review each land reform and stress its importance on how land is now used in Vietnam. I argue that these land laws along with a lack of social understanding by poor peasants have created peri-urban spaces.

In 1986, the Vietnamese government adopted the Đổi Mới policy, an economic and social reform to create a free market economy. The Đổi Mới policy ended collectivized agriculture and allowed for households and individuals the rights to private agricultural land use. All land at the time was owned by the state and could not be transferred from household to household. In her studies in Phú Điền, a village outside of Hanoi, Van Suu (2009) states that in 1988, to better equalize all households land holdings, the state allocated each “household four sào of land and one sào of the five-percent land,” (Pg. 16). Van Suu does speak to the point that even during a
leveling of land allocation, households that were in favor with the CPV “received better location plus one additional sào in comparison with ‘ordinary’ households” (ibid).

In 1993, the second Land Law of the Đổi Mới era was passed, creating financial value for all land in the country. With the State prioritizing urban development, the Land law paved way for urban development on public land, foreign investment in infrastructure, and industry in areas surrounding major cities (Labbe, 2014). Agricultural land held two-spathe values form for farmers. The first, Land Use Right Certificates were allocated for 20 years towards annual crops and 50 years for perennial crops (Hirsch, Mellac, Scurrah, 2015). The second value for land was LURs, which became transferable through: “inheritance, exchanging, leasing, and mortgage,” and could be used as “collateral” amongst the Vietnamese people (Raymond & Van Arkadie, 2004 and Le, 2016: 155). However, the state continued to own all land. This law oriented Vietnam’s national economy toward the global market economy. Cities physically expanded as foreign businesses invested in public land, creating new work opportunities for Vietnamese citizens to work in urban occupations. As Le (2016) explains, the CPV’s ambition for modernity grew and the state created the following legality to further dominate its control over land and its people:

“In necessary circumstances the government may appropriate land to be used for the purpose of defense, security, national interest and public interest without defining those terms.” (Pg. 155)

Due to the clause’s ambiguity with the term “national interest and public interest,” development projects and business owners could acquire land that was originally registered with LUR owning peasants. Thus, leading to an unjust ruling over land, forcing farmers off their property in the name of “economic development.”
In 2003, more than a decade after the inception of the socialist-orientated market economy, and a decade from the first land law reform, the government extended its control over land and created more opportunities for urbanization and industrialization. Land seizure for economic development allowed both foreign and private ownership, and government officials started giving LURs primarily to foreign investment prospects and larger agricultural businesses (Vietnam Embassy of the United States). Le (2016) alludes to the fact that this new law legalized what the government had already been practicing for 10 years. The ambiguity of the 1993 land law confused many agricultural LUR holders. The 2003 land reform now clarified this process, and introduced compulsory and voluntary land conversion laws (ibid). Labbe (2014) states that the government is capable of legally:

“revoking up to 200 hectares of agricultural land, convert these areas to a non-agricultural use category and transfer them to a real estate enterprise for the realization of an industrial, commercial or residential project” (Labbe, 2014: 1152).

To avoid uprising from farmers, government officials promised compensation to each household for land recovered by the State. However, the value of land is to be determined by the State, causing discrepancies between compensation rates and how farmers value their land; farmers were often under compensated and sometimes not compensated at all.

In 2013 the CPV passed 45/2013/QH13 land law. The primary focus of this land law was to make amendments to its predecessor. The 2003 land law’s clauses were ambiguous and poorly constructed, allowing the CPV to land grab at will. Callings from the national and international communities for land right equity was heard by the CPV. Allens Legal Firm summarizes the major reforms instated by the government. Land clearance can only take place for “socio-economic development for the public purpose, national defense, security, under specific
circumstances,” (Law No. 45/2013/QH13). The “public purpose” can no longer be economic projects that benefit foreign investment enterprises FIEs and domestic private companies. The state can no longer clear land for FIE development projects. For those who lose their agricultural LUR, job training and education will be provided to adapt in their new environment. Compensation packages will be awarded within 30 days after a household loses its LUR from government appropriation, either in the form of land or money. The government still decides the monetary value of land per case basis.

Many of the amendments are steps in the right direction, especially for those who still have agricultural LUR living in peri-urban spaces. Although these laws are in place, it still does not shift the power balances between the government and those who have agricultural LUR. Those living in peri-urban spaces are still vulnerable to government land appropriation. As the new land law seeks to help those losing land, the likelihood of full compensation still remains a doubt. Van Suu (2009) reported that compensation packages of money and job training from the 2003 land law were legally binding, but job training once LUR is lost never amounts to anything for most households. There is fear that this process will continue, it requires more work from the government. A household that loses their agricultural land lose their livelihood too. These households must be provided other resources to create a sustainable livelihood. The creation of this livelihood will be explored later in the paper.

Land as a Contested Space

Rural peasants have and still are a marginalized group in Vietnamese society. Elite classes have designed land tenure systems that have controlled Vietnam throughout history.
Current land-tenure laws continue to hinder peasant communities’ opportunities towards equal socio-economic development. Feudal class systems and colonial land-grabbing for the rich have given very little land space to the peasant class. Before the Đổi Mới reforms, land holdings of peasant classes were only for agricultural production. For the rich land lords, dispossessing the poor of their private lands allowed for an increase in revenue through serf sharecropping and extended land use. The early imbalances over land ownership and planned land use have directly caused the current contestation over land in present day Hanoi.

Peasant investment in agricultural land has always been historically low. Due to the communist party instating shared land and collectivizing laws, while private land was legal, no peasant ever owned the same land for more than four years (Kleinen, 2011). Due to the lack of education over land value and land rights, peasant households were held at a disadvantage when land took on economic value. I see the allowance of horizontal land transactions in 1993 as the direct cause of the peri-urban space coming into existence. The government’s need of foreign and domestic industrialization and urbanization to reach its goal of modernity has created contestation over land outside of Hanoi.

Both the socialist-orientated economic market and the land laws have inherently given the state a position of power in the peri-urban space. Periurbanism as a space is contested, rural vs urban. As for the actors in this space, there is no contestation. How can land be contested when one side controls all the power? The state legally owns all land, but also conducts illegal land transactions from LUR holders. Corruption has been an institutionalized process since the feudal times in Vietnam. Most corruption during feudal times came from a lack of governance by the state allowing villages to remain autonomous; Dao (1993) “village as an institute.” It further escalated when the French conducted land-grabbing from peasants.
The concept of the “village as an institute” still runs strong in today’s government in Vietnam. The fragmentation between the state and provincial government councils have led to these local governments selling land to domestic and foreign enterprises, acting independently from the central state (Painter, 2003). Le (2016) notes that both domestic and foreign businesses negotiate with local officials in the area where land is to be acquired. Informal and formal ways to purchase land from the LUR holders are conducted. As stated before, foreign investment must first be advised by the central state over where it can invest, before land can be bought. Because the peasant class in peri-urban communities have little political power and offer little to the overall economic production of Vietnam, cutting corners to allow better economic opportunities is generally accepted by the CPV.

Additionally, there is corruption in the SOEs sector through government mal practice. SOEs economically correlate with the political ideology of the CPV; the state has ownership over production of goods and services in Vietnam. These conglomerates have government policies entwined with business practices; without transparency, they can operate under very opaque conditions. Top management of SOEs are appointed by the prime minister or the government official who oversees them (Tho, 2013). The connection between government and business allows for SOEs to receive “cheap capital, land, and other resources,” (ibid). With a monopoly status amongst many of the top exporting products in Vietnam, SOEs are awarded land in peri-urban spaces, as these spaces are prime areas for development. Government land grabs are facilitated under Article 26 of the 2003 Land Law. The government has right to appropriate land for the development of “national or public interest,” (Allens, 2012).

CPV’s socialist-economic market and land laws have created peri-urban spaces around Hanoi. These spaces are created by illegal land transactions sponsored by the government, either
directly through SOE development and or indirectly through malpractice. Fragmented
government control over regions and economic development have led to illegal foreign and or
domestic development in peri-urban spaces. The land grabbing practice in the peri-urban space
confiscates former agricultural LUR holders’ land, their one stable resource; all in name of
Vietnam becoming closer to a modern country.

**Socialist-Orientated Market Economy and Its Effects on Peri-urban Livelihoods**

The health and robustness of Vietnam’s current economy has been alluded to throughout
this paper. From a nearly flatlining economy in the 1980s, with the GDP at 6.3 billion USD in
1989, it rose to 193.3 billion USD in 2017 (Trading Economics, 2017) A 6.4% increase in GDP
has occurred yearly since the 1980s, making it one of the world’s fastest growing economy
(World Bank, 2016). With a market economy, an increase in foreign investment, and
international trade, Vietnam reached middle income status in 2009 (Tho, 2013). As of 2016, it is
estimated to be the 37th highest GDP country in the world (Central Intelligence Agency, 2016).
In theory, the country’s economic development from the view of the WB and other financing
institutions, Vietnam is a perfect example of how a country should develop in today’s market.
However, Fforde begs to differ. When analyzing the 30-year period of the market economy that
has been instated, Fforde divides it into three stages, from 1990- 1997, 1997- 2007, and 2007-
2016. The periodization of the market economy helps contextualize Vietnam’s growth, and
examine the obstacles the country has faced during the global economic crises and periods of
high inflation. Using statistical evidence from the labor force of Vietnam since the Đổi Mới
policy, Fforde questions whether Vietnam is truly industrializing its overarching goal since its
declaration in 1998.
Using census data from 2000 to 2014, Fforde measures industrialization outcomes for Vietnam and found that in the 14-year period, 15 million jobs were generated. Of the 15 million jobs, only 3.9 million jobs were secured through both mining and manufacturing, two industries considered to be industrialized occupations. While the industrial sector has not grown, the service sector has increased in size. Fforde hypothesizes that the service sector could have grown from individuals who held poorly paid agricultural jobs switching to poorly paid service sector jobs. Further research done by Van Suu (2009) reiterates the point of peasant farmers in peri-urban spaces switching to service related occupations once their land had been appropriated by the government; removing individual farmers of their LURs. An evaluation of the agricultural sector and service sector for individuals in peri-urban areas will be further explored through a sustainable livelihood framework later in this paper.

Tsuboi (2007) further inspects the industrialization process in Vietnam, by primarily focusing on what the country exports vs its’ imports. In 2005, Vietnam was heavily investing in roads, bridges, and other infrastructure projects. Thus, steel being the main proponent in infrastructural projects, was imported. For many, measuring steel production is a sign of an industrialized country. In terms of export, Vietnam’s government prioritized shrimp, rice, coffee, and rubber. As these products need large amounts of land space to grow, with an increased in demand, more land was needed to produce the supply. Depending on the need in the market, land takes on different value during the production of these materials. Often, government officials would have stock in the land through SOEs.

However, the Đổi Mới policy never created a complete neoliberal market economy. The intention of the Communist State of Vietnam was never to create a free market that gave complete control to the private sector. Vietnam’s present day economic model is a socialist-
orientated market economy. While the economy has improved, not all persons operating under the market have been awarded the same opportunities. Employment increased in mainly urban areas, and foreign investment in industrial production is created around Vietnam’s cheap manpower (Migheli, 2012). With this grew the inequity between urban and rural employment opportunities, additionally forcing rural communities to spread out as they depend on urban areas facilities, hospitals, and government services. The migration of people as they seek livelihood prospects, have led to peri-urban areas where both urban and rural characteristic intersects.

**Peri-urban Livelihood Creation After Government Land Appropriation**

Previous sections expose the Đổi Mới policy and the adapted land use policies after 1986 as having created unprecedented contention for land between the state and those who have LURs in peri-urban spaces. As the state repurposes land from agricultural use to industrial; livelihood practices of those who have LURs for farming change. Understanding the livelihood practices of those LUR holders is integral to conceptualizing the means in which they are able to secure their livelihoods. An amalgam of literature in both economic, geography, and development fields support the diversity in livelihood protection.

A livelihood is defined as “A livelihood comprises the capabilities, assets, and activities required for a means of living,” (Chambers & Conway, 1992: 7). Chambers and Conway further their working definition of Livelihoods by referencing the need for a livelihood to be sustainable: “A livelihood is sustainable when it can cope and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next
This sustainable livelihood definition is often framed around livelihood practices for rural households. For a livelihood to be considered sustainable, Bebbington’s focus on livelihoods of rural peoples introduces sustainable livelihoods need to be five specific types of capital assets, produced, human, natural, social and cultural capital (Bebbington, 1999) (Footnote). Securing these resources are important especially in a peri-urban space as livelihood practices shift from dependence on natural resources such as the land that one owns and or uses to the need to include other “income sources, product and labor markets,” (Bebbington, 1999: 2022).

Ellis & Allison (2004) further dichotomize Bebbington’s framework by subcategorizing livelihood assets that need to be met to fulfill a sustainable livelihood for rural peasants. Livelihood approach for rural household family members is the capital and or assets that they tap into. These assets are either owned or accessed by family members to meet the household livelihood needs, they are: Human capital, physical capital, social capital, financial capital, and natural capital, (Ellis & Allison, 2004). Ellis notes that livelihoods are both complex and are not static.

The Peri-urban space in Hanoi is not static, neither are the occupations of those who live there. Traditionally those who live in what was once rural, but is now peri-urban come from an agrarian background. Whole families will work on their plot of land creating their livelihoods from the land, agricultural farming, fishing, hunting, and raising livestock. As agricultural LURs are taken away from households, members need to find other sources of financial capital to

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6 Chambers & Conway, 1992, Summary of sustainable Livelihood
supplement the missing income that agricultural production brought them. Using the sustainable livelihood framework to contextualize Hanoi Peri-urban livelihood practices is important to better hone in on the ways that LUR holders sustain their living. Both prior to any changes in their land holdings, and after land is taken away by the government. I argue that the historic compensation packages given to each household after land appropriation (if they are) are not sufficient in helping a former agricultural LUR holder obtain sustainable livelihood practices. The government needs to follow through with its legal promises that were concluded in Article 26 of the 2013 land law reform. To LUR holding households/individuals who have had their land appropriated by the government, formal vocational training and education will be provided by the government to help accumulate them to their new surroundings.

Exploring the sustainability livelihood framework, I will present two case studies and their results. Both case studies explore the livelihood outcomes of households in Hanoi peri-urban locations where land concession has taken place. Tuyen (2013) conducts quantitative research on household income and land concessions. Van Suu (2009) conducts qualitative research analyzing land access and livelihood outcomes following governmental land appropriation.

In 2010 Tuyen (2013) conducted a study in peri-urban Hanoi using household survey data to test if there was a positive correlation between household farmland loss and economic income due to governmental land appropriation. Land loss for peri-urban households had no negative effect on household income, rather the loss of land has increased the need for peri-urban households to find other work outside from agricultural production. Land loss has driven community members to seek four different types of employment: formal, informal, farm, and non-farm self-employment to fulfill livelihood needs. Formal and non-formal employment have produced the
highest economic returns for peri-urban households. What Tuyen does not explore is how sustainable these new livelihood practices are, and or specific job types in the formal and informal sectors. The void left in Tuyen’s research opens the door for Van Suu’s qualitative research on sustainable livelihoods.

Van Suu (2009) conducted qualitative research on rural and peri-urban livelihoods of households in Phú Điền village. Most of the community has had their agricultural LUR revoked by the state for urbanization and industrialization development. Each household has received financial compensation for their lost land. This has injected money into the village, but has taken away the agrarian daily livelihood activities that the community had practiced before. Van Suu’s research helps identify if peri-urban communities can create sustainable livelihoods to meet their needs in their new setting.

Phú Điền lies north west of Hanoi. Legally it is outside of Hanoi’s jurisdiction, but due to urban sprawl from the capital, Phú Điền is now physically connected. Phú Điền has often been used as a pilot project for land development since early communist governance. Ho Chi Minh appropriated all communal land in the village in the 1950s and encouraged the residents to collective farm. In the early 1990s after the inception of the socialist-orientated market economy and land reforms, agricultural land was encroached upon by the government. Agricultural LUR holders received financial compensation for the appropriation of their land. Comparatively Van Suu notes that agricultural LUR holders received fair compensation compared to other communities experiencing the same fate. The shift from having both agricultural LUR titles and residency LUR titles have created a shift in meeting household livelihood’s needs.

Van Suu highlights the different livelihoods that individuals Since 1992, have embarked on since the land change and the injection of LUR compensation money into each household. All
livelihood practices can be categorized into Tuyen’s (2013) four major types of employment. Daily farming is still seen as a viable income by women in the village. It is estimated that 40 households grow rau muống, a type of water spinach in irrigated vacant land lots around the village. This production often meets the daily living costs needed per household. Men often use their personal cars and scooters to run self-employed taxi services for those traveling to and from the village.

Residential LUR have become the main asset for household income revenue. Compensation from the government have contributed to many households to improve their living conditions and to expand on their properties. Housing has been remodeled to include extra rooms for rent, or are small apartments have been built on the same lot for rent. It is estimated that 80 percent of the village now takes part in this livelihood practice. Rooms and apartments are rented to students who attend university and to migrant working families who work informal jobs in Hanoi. This source of revenue has turned residential LUR into one of the most valuable assets for household to meet and expand on livelihood needs.

Economic improvement in the community not questionable. Arguably the injection of compensation cash has helped most households. The community however cannot take the good without the bad. Each household sold land, but not all families sold their land at the same time. Van Suu alludes to the fact that those who sold early received far less than those who sold later when the land market had opened to more foreign investment. This inequity has caused social classes. Pre Đổi Mới, most residents lived an agrarian livelihood. Different household investments have seen different results. Those living in areas near transportation see better

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7 The four different types of employment: formal, informal, farm, and non-farm self-employment to fulfill livelihood needs
returns in rent, as renters will choose apartments closer to their work. Others who sold their residential LUR received immediate higher gains, but only a one time short term reward. A lack of education and even luck has led to new class structures taking place in the community.

Drawing on the sustainable livelihood framework and Van Suu’s research on sustainable livelihoods in Phú Điển village, household economic increases have transpired for most. The question that I impose is, are these new livelihoods sustainable? I argue that most of these livelihood practices are not stable. Farming on vacant lots is illegal, as these women do not own the land. If the government were to build on these lands, women may not be able to have access to land with clean water to grow rau muống. Self-employed taxi businesses rely people needing to commute from place to place. If public transportation improves, the taxi business may fail. Apartment renting has been heavily dependent on students and migrant workers. If a university closes the majority of the rent seeking population will disappear; without demand, there is no supply.

**Conclusion**

For a millennium, most of the population of Vietnam had agrarian livelihoods with private land ownership. Land was traditionally a vessel for agricultural production and held no monetary value. Collectivization through the CPV in the 1950’s stripped farmers of their private land rights and paid farmers in governmental stipends. From 1986-1993 the CPV instated a market economy with land reforms, awarding farmers private LUR and creating monetary value for parcels of land. Farmers’ mindset for land took on a new meaning, and for the government an easier way to acquire land to imprint their version of modernity. The allowance of horizontal
land transfers for foreign direct investment approved by the state and SOE development on land in rural areas, birthed periurbanism in Hanoi.

The definition of peri-urban as a process and space is inaccurately used for Hanoi. Literature often states that these spaces are not governmental recognized and informal. Hanoi under this context is a complete anomaly. Through my exploration of literature and land laws in Vietnam, I provide the following working definition of what peri-urban is defined in the context of Hanoi: The CPV’s socialist-orientated economic market and land laws have created the peri-urban space around Hanoi. Land development is recognized by the government, as all development land transactions, no matter the size, must formally be processed by either the Prime Minister, provincial people’s council, or relevant governmental authority; as both state and private, domestic and international development is contracted through them. It is categorized as:

i. Areas formally recognized by local government, legally no foreign investment can buy LUR from its owners, thus government conducts land grabbing to aid SOE and other private developments, on both domestic and foreign terms; and

ii. Land is cleared in the name of “socio-economic and urban development.”

These former agrarian communities have had their agricultural LUR taken away by the CPV for business development meant for “national interest and public interest” purposes. These spaces are created by illegal land transactions sponsored by the government, either directly through SOE development and or indirectly through malpractice. Dao’s (1993) theory of the “village as an institute” continues to be relevant today. Fragmented government control between the central state and provincial government sees local government taking economic development into their own hands, bypassing the central state, and illegally appropriating land for foreign and or domestic development in peri-urban spaces.
Land appropriation by the state is supposed to be for developing industrialized business, but industrialization is not occurring at the rate that it should. Essentially this land is not truly being developed on with its intended state. This raises concern over how peri-urban communities are losing their ability to conduct a sustainable livelihood in the ever-changing space.

Compensation packages must not only include a financial compensation for state appropriated land, but also follow the compensation guidelines put in place in the 2013 land law reform. The state must support occupational training and job placement for individuals and households who have lost their traditional agricultural livelihood practices. Training and educating the population who lives in the peri-urban space can be an asset to the CPV. Fforde (2012) concluded that industrialization is not occurring at the rapid rates that it should. Van Suu (2009) estimated that only 3 percent of rural/peri-urban individuals can work the factory jobs that take over their former lands. By educating the peri-urban community, domestic and foreign industries may seek to invest more into Vietnam, knowing that there is a work force capable of working their industry. This would be a good business practice for the CPV if it can move past the corrupt SOE system.

Creating a sustainable livelihood without the proper tools to access the new resources around you is difficult. An environment that was once known through generations of families is now something unfamiliar, a new location. This is what I imagine the peri-urban space and its process brings to those who once had a traditional agrarian livelihood. Those struggling to adapt, are quickly becoming a new marginalized social class. Development agencies working in Hanoi can better identify these marginalized communities by using the working definition of peri-urban and develop educational programs to help improve the lives of those who cannot adjust to this
space. Because the government has not lived up to helping its people, there are a wealth of
opportunity for development and relief organizations to assist these communities.

The information gathered for this paper are secondary literature, I have never been to
Hanoi, rather my experiences in the peri-urban space derives from my time living in Armenia.
The definition for periurbanism in Hanoi was created from an analysis of both governmental
laws and current literature on peri-urban spaces and processes. Phú Địên village case study was
used to contextualize the livelihood options for those in a peri-urban space. Further case studies
on different villages in the peri-urban space of Hanoi would greatly improve the livelihood
narrative. Peri-urban livelihood opportunities were only examined from the perspective of former
agricultural LUR holders who still have claims to residential LUR in the same area. I did not
look at the livelihood opportunities for squatters, people who have no claim to land and reside in
the peri-urban space illegally. Further studies on the perspective of periurbanism from those who
live in this space could greatly enrich peri-urban literature.

The peri-urban space and process in Hanoi is a fascinating topic to examine. The
resiliency of the population that lives in this space is demonstrated in their ability to adapt their
income generating opportunities to the socialist-orientated market system.
Works Cited


