

**RURAL LAND USE AND LIVELIHOOD
TRANSITION UNDER THE PRESSURE OF
PERI-URBANIZATION IN VIETNAM**

2020, September

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(Doctor's Course)

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Abstract

In Vietnam, the matter of land use policy has attracted debate for many years. A recent focus of this argument was on the relationship between rural livelihoods, on the one hand, and peri-urbanization, on the other hand, as competing land uses. With two-thirds of the population still living in rural areas and 40 percent of the labor force working in agriculture, farmland has been widely considered as a necessary resource for people's livelihoods. Meanwhile, the fast-growing economy and the increasing effect of globalization have pushed up demand for urban and industrial land. In this competition, the Vietnamese government plays a major role in facilitating land conversion for urbanization and industrialization by using its absolute power to carry out land acquisition, especially in the peri-urban area. Meanwhile, rural residents, who are experiencing a rapid livelihood transition with a growing connection to the urban sector, strive to adapt and prosper under the influence of continuous socio-economic and policy changes. In addition, land developers and local cadres often participate as special interest groups, taking advantage of governance weaknesses and the decentralization of land management authority. Furthermore, a long and twisty history of economic and political reforms, which contains numerous regional differences, adds to the complicatedness of the context in which the debate in question takes place.

This dissertation aims to clarify the reality of this sophisticated discourse using case studies on the fringe of the two largest cities in Vietnam, where extensive farmland conversions have taken place lately. Following a qualitative approach, two case studies in this dissertation revealed the effects of urbanization and land acquisition policy on rural livelihoods in northern and southern Vietnam, and local people's strategies in coping with pressure on farmland resource. Making sense of local people's behaviors requires examining the evolvement of their livelihoods over time, and through socio-economic and policy changes. In addition, the dissertation also discussed some

issues in the legal framework and implementation of land acquisition policy in Vietnam, illustrated by cases of land acquisition under two different sets of regulation (i.e., Land Law 1993 and Land Law 2003). The findings were combined to provide implications for better policies related to peri-urbanization and land acquisition.

The first case study examined the effect of farmland acquisition for urbanization in peri-urban Hanoi, northern Vietnam on local people's livelihoods. While previous studies have often criticized this policy for pushing farmers out of farming and disrupting peri-urban endogenous development, this case study shows how such claim is misleading using livelihood data of households in the peri-urban commune of Dong Mai in western Hanoi. It found that livelihood transitions in this commune took place early on, and this helped most local laborers prepare in order to leave farming when urbanization sped up and land acquisition policies were implemented. As a result, they were able to adapt to farmland loss without experiencing major difficulties and were able to transform their livelihoods for the better. This early transition was popular in the peri-urban context of northern Vietnam, where the inherent lack of employment and income from farming and the favorable location induced local laborers to go beyond the villages in pursuit of new opportunities. They actively took advantage of the changes around them to find new means of livelihood in order to earn higher incomes. Besides proposing a new look on peri-urban livelihoods, this case study calls for improvements in the compensation scheme and urban planning processes to make urbanization and land acquisition policies work for people on the fringes of cities in northern Vietnam.

The second case study focused on the fringe of Ho Chi Minh City, southern Vietnam, where numerous farmers have been experiencing rapid transformations in their livelihood and land use practices. Peri-urbanization is progressing rapidly, along with the risk of conversion of large

amounts of farmland into non-agricultural land. Additionally, an increasing number of laborers are moving away from both agriculture and rural areas. Investigating the landholding behaviors of farmers in the transitional commune of Thanh Loi on the fringe of Ho Chi Minh City, this case study demonstrated that farmers delayed land transfers to their successors, adopted more flexible crop choices, and diversified their livelihoods in order to deal with the lower access to land and the outflow of labor from farming. The combination of these strategies helped local farmers significantly in maintaining adequate levels of income and their landholdings, which enabled them to benefit from the rising land prices. These findings show how peri-urban farmers in southern Vietnam, behaving as economic entities, have actively interacted with the ongoing transition on the fringe to improve their own wellbeing rather than passively suffering from its impacts.

In discussing the legal framework and implementation of land acquisition policy, Chapter 6 of this dissertation examined two cases of land acquisition under two different sets of regulation (i.e., Land Law 1993 and Land Law 2003). The first case illustrated the situation under Land Law 1993, in which land acquisition could only be used in projects serving national defense purpose and required the approval of the state. In this case, local cadres at communal level played the role of intermediaries between the investors and farmers (landholders), supporting communication and facilitating the transfers of land. However, information asymmetry arose in communication, leading to complications and confusions in the terms of land transfer. As a result, shortly after giving the land to investors, the land-lost farmers protested and demanded extra compensations. The second case analyzed the practice of urban planning and land acquisition under Land Law 2003, in which the scope for land acquisition was expanded to incorporate projects serving public interests and economic development purposes. The definition of such projects was vague, including a wide range of categories such as public infrastructure, commercial centers, industrial

zones, and residential areas. At the same time, the power to approve land acquisition was partly decentralized to the provincial and district-level governments. As a result, the appraisal of investment projects was often flawed. The second case in this chapter described how such a situation led to the discontinuing of an industrial project that left a large area of acquired farmland abandoned for over a decade. The two cases reveal how weaknesses in planning and governance benefit opportunistic local cadres and land developers.

In summary, the dissertation shows an alternative image of rural livelihoods on the fringe of cities and illustrates how farmers, being quite rational and active, responded to the pressure from peri-urbanization on the farmland resource. With the clarification of the impact of this process on local people's livelihoods and the analysis of how governance weaknesses made way for opportunistic behaviors of local cadres and land developers, the dissertation calls for improvements in current regulations toward better urban planning and a fairer compensation scheme in implementing land acquisition policy.

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Chapter 1. Introduction

In Vietnam, the matter of land use policy has attracted debate for many years. Throughout the history of this country, conflicts in land use was an important motivation for liberation movements and policy reforms. After numerous economic achievements following the Doi Moi reform (1986), a recent focus of this debate was on the relationship between rural livelihoods, on the one hand, and peri-urbanization, on the other hand, as competing land uses. With two-thirds of the population still living in rural areas and 40 percent of the labor force working in agriculture¹, farmland has been widely considered as a necessary resource for people's livelihoods. Meanwhile, the fast-growing economy and the increasing influence of globalization have pushed up demand for urban and industrial land, especially in peri-urban areas, resulting in a process called peri-urbanization in which rural areas around cities are gradually urbanized. In Vietnam, this process is aided by the policy of land acquisition, in which the government uses its ultimate power to revoke farmers' land use rights and transfer them to developers for urban and industrial developments. Three main groups of stakeholders are engaging in this competition. The government plays a major role in facilitating land conversion for urbanization and industrialization by carrying out land acquisitions. Rural residents strive to adapt and prosper under the pressure on livelihood resources and the influence of continuous socio-economic and policy changes. Meanwhile, land developers and local cadres participate, often as special interest groups, taking advantage of governance weaknesses and decentralization. Adding to the complicatedness of the context in which the debate in question takes place is a long and twisty history of economic and political reforms, which contains numerous regional differences.

¹ Data from the World Bank (<https://data.worldbank.org/indicator>)

There are widespread concerns around how this land use competition affects the people on the fringe of cities in Vietnam. The general rationale in many previous studies following a sustainable livelihood approach is that, as a major group of peri-urban residents, farmers need land for agricultural production—their important income source. Therefore, the process of peri-urbanization, with land acquisition policy being its main instrument, will impose negative impacts on peri-urban livelihoods by dispossessing these farmers of their main resource and pushing them out of farming, into unstable employments. This criticism of land acquisition appeared in various expressions of a harmful process such as an appropriation of agricultural land with inadequate provision of new employments (Van Suu, 2009), a land rush that gradually impoverishes old farmers by making them dependent on their remaining assets (DiGregorio, 2011), or a disruption of the endogenous rural-urbanization pattern (Labbé, 2016). Besides, the compensation land-lost farmers received was considered too low compared to what the government and investors gained from the land (Nguyen et al., 2017; Nguyen and Kim, 2020; Ravallion and Van de Walle, 2008, pp. 142–148; Tuyen et al., 2014)(Nguyen et al., 2016), while the remaining cultivation suffered from the degradation of farming facilities (e.g., irrigation system) (Nguyen, 2011). Furthermore, there have been numerous accusations of massive corruptions and abuse of power in the implementation of land acquisition policy, which led to conflicts between the government and local communities (Kerkvliet, 2014; Labbé, 2010, 2011, 2015a).

However, scanning through the literature on the effect of peri-urbanization on rural livelihoods, one can find evidences against many of the above-mentioned claims. For example, in their study of Hoai Duc, a peri-urban district of Hanoi, with data from 477 households, half of which partly or completely lost their farmland, Tuyen et al. (2014) found no negative effects of farmland loss on households income and expenditure. Nguyen et al. (2017) examined a similar question for a

sample of 170 land-lost households on the fringes of Hue City, in central Vietnam, and found that most of them were successful in reconstructing their livelihoods and were even better off since. At the national level, Ravallion and Van de Walle (2008, pp. 142–148) used data from the Vietnam Household Living Standards Surveys (VHLSS) to disprove the hypothesis that landlessness increases rural poverty. Evidently, the impact of land acquisition on peri-urban livelihoods needs reconsideration. Not only these evidences question the claims about the negative impacts of land acquisition on people's livelihoods, they also put the rationale behind them under scrutiny.

These inconsistencies in the literature call for a reconsideration of the relationship between peri-urbanization and rural livelihoods. However, the approach needs modifications. First, instead of a before-and-after observation of livelihoods under the impact of peri-urbanization, which tends to result in rather sensitive and static conclusions without a dynamic perspective and a clear reasoning, the analysis should be put in a livelihood transition context. Emphasizing the importance of livelihood transition is necessary in studying developing countries. Rigg (2007, chap. 4, 2003, chaps. 5, 7) combined observations from a great numbers of studies and also his own to prove that, across developing countries in Asia and Africa, factors such as economic growth; improved human capital; and better transportation and communication have continuously strengthened the rural-urban linkage for a long time, resulting in an increasing mobilization of resource and labor between geographical areas and economic sectors, and a steady shift of the rural livelihood structure into the non-farming sector. This rapid transition of livelihood, if prevails, would likely undermine the assumption of the dominant role of farming and farmland. Paying attention to livelihood transition also means focusing on local context and its changes over time, which is the logic behind what Rigg (2007) called “an everyday geography.” In this case, a peri-urban setting deserves extra attentions due to a strong rural-urban linkage. Second, although pro-

poor thinking is closely associated with the sustainable livelihood approach, one should not equate it to a compelling preservation of farmland and farming. The evidences against the claims about the negative impacts of land acquisition on peri-urban livelihoods implies that people in this area have, to some extent, adapted to this process. Perceiving farmers as passive subjects constantly in need of protections might be an obstacle to new insights into the problem under discussion.

To clarify the reality of this sophisticated discourse, this dissertation analyzes the effect of peri-urbanization and land acquisition on rural livelihoods with an emphasis on livelihood transition and the peri-urban context. The research objective is threefold: (i) to reexamine the claim that peri-urbanization and land acquisition pushes farmers out of farming, into unstable employments (in fact, the dissertation challenges the correctness of the logic that livelihood on the urban fringe will be critically worsened without farming and farmland); (ii) to explore the strategies that peri-urban farmers adopt to response to the pressure on farmland from peri-urbanization process; and, given a broad consensus on the problematic administration of the policies in question, (iii) to investigate into the legislative framework behind these policies in order to determine legal issues that cause injustices and disputes in reality. The specific research questions are as follows:

- (1) How realistic is the claim that land acquisition pushes peri-urban farmers into instability by dispossessing them of the farmland resource and, therefore, stripping them of their main income source?
- (2) How do peri-urban farmers respond to the pressure on farmland brought about by peri-urbanization?
- (3) What are the issues in the legislative framework for peri-urbanization and land acquisition that lead to disputes in the implementation of these policies?

Following a qualitative approach, this dissertation aims to answer above questions with evidences from case studies on the fringe of Hanoi and Ho Chi Minh City, the two largest metropolitan areas in Vietnam, where extensive farmland conversions have taken place lately. Primary data used in this dissertation come from in-depth interviews with a wide range of stakeholders in the process of peri-urbanization and land acquisition. Secondary data range from statistical yearbooks, to national surveys, news and media, records of local history, and legal documents. Although the detailed framework for analysis varies among case studies in this dissertation, in general, it adopts an outside-in viewpoint of peri-urbanization, a sustainable livelihood approach, and a transition perspective. The outside-in viewpoint implies observing peri-urbanization from the surrounding rural areas (Webster, 2011). This viewpoint concerns about factors such as the loss of farmland and changes to the preexisting communities. This is to contrast to an inside-out or a city perspective, which focuses on the expansion from the urban core. The sustainable livelihood approach (Chambers and Conway, 1992; Scoones, 1998) focuses on three aspects of a livelihood: capabilities, assets (stores, resources, claims and access) and activities. With this approach, the analysis of land acquisition emphasizes the significance of farmland as a source; the suspended land use right due to acquisition policy (coming from a government with absolute control over tenure security); and the impact of land loss as a shock to people's well-being. The livelihood transition perspective has been explained above. In this dissertation, local people are asked to describe detailed records of their livelihood activities over time and to explain the context of and reason for their decisions. The three approaches inevitably overlap at some points but combining their focuses is necessary to achieve the above-mention research objective.

The detailed reasons for the choice of study sites and sampling strategies will be mentioned in each case study. The key logic for the choices of study areas of Hanoi and Ho Chi Minh City is

that they represent two notable socio-economic and political contexts in Vietnam, a northern and a southern one. Chapters 2 and 3 will discuss how these two regions diverged in various aspects such as the distribution of farmland, the development of markets (e.g., land, labor markets), and the role of government in peri-urbanization process.

The next chapter provides a detailed description of how Vietnamese land policy evolved over time. Besides describing the land regulation system nowadays that directly governs the situation in question, this chapter also outlines important historical developments of Vietnamese land regime that left their consequences on the current context. Chapter III reviews the current literature on Vietnamese land policy and rural livelihood transition. This chapter summarizes key academic understandings in various topics related to the research problem at hand such as land reforms and tenure security, rural livelihood transition in developing countries and peri-urbanization. Chapter IV presents a case study on the fringe of Hanoi, the capital of Vietnam, to illustrate an alternative image of peri-urban livelihoods with quite early livelihood transition, which contrasts to the conventional idea of a rural landscape dominant by farming. Chapter V demonstrates a case study in a transitional commune on the western fringe of Ho Chi Minh City, southern Vietnam, where peri-urban farmers used various strategies (i.e., delaying land transfers to children, choosing flexible crop choices, and prolonging landholding to benefit from the rising land prices) to adapt to the ongoing transition in order to improve their own wellbeing. Chapter VI discusses the implementation of land conversion for urbanization and industrialization at local level under two different sets of regulation (i.e., Land Law 1993 and Land Law 2003). The findings show various weaknesses in the planning and governing of peri-urbanization, which benefit opportunistic local cadres and land developers. Chapter VII draws out key conclusions for the dissertation and discusses the policy implications toward better urban planning and land acquisition.

Chapter 2. Policy background

Chapter summary:

This chapter provides a detailed description of how Vietnamese land policy evolved over time. Besides describing the land regulation system nowadays that directly governs the situation in question, this chapter also outlines important historical developments of Vietnamese land regime that left their consequences on the current policy context. Throughout the history of Vietnam, the importance of land resource has been a motivation for liberation movements, economic reforms, political debates and social conflicts.

2.1. A history of land regime in Vietnam before the Doi Moi reform

2.1.1. The monarchical era (939-1857)

After a millennium being dominated by Chinese dynasties (111 BC-938 AD), Vietnam entered a nine-century monarchical era (939-1857) as an independent territory. Although this period observed the ascent and collapse of many Vietnamese dynasties, a common land regime was gradually formed in which the monarchical state held the ultimate control over land. Once gaining control of the territory, the ruling dynasty claimed ownership to all land. Usually, each dynasty tried to establish a centralized monarchical government but at the same time preserved the conventionally communal structure at village level, and thus maintained the communal land management structure.

As described in Truong (2009) and Wiegersma (1988), in this post-independence period, while all farmland belonged to the ruling dynasty, was managed partly by the state and partly via communal management at village level. These kinds of public management of land was important due to the need to coordinate the provision and maintenance of public goods such as the dike and

irrigation system for agriculture. The state directly managed a small part of farmland. State farmland (*quan điền*) was divided into several types, from which the outputs served different purposes such as being stored in state reserves and used for public expenses (*ruộng quốc khố*² and *ruộng đồn điền*³); being used for the worshipping of royal ancestors and the maintenance of tombs, (*ruộng sơn lăng*⁴); and being used for agricultural rituals (e.g., rainmaking) and charities for the poor (*ruộng tịch điền*⁵). Communal farmland (*công điền*) was owned by the state but was managed by commune-level governments. In each commune, the farmland was distributed rather equally to local laborers (*dân đinh*) to cultivate. In exchange, these laborers paid taxes (*tô thuế*) and carried out public laboring (*sưu dịch*) for the government. If these responsibilities were fulfilled, the right of households to have farmland for cultivation (household farmland tenure) was quite secured. Periodically, communal land could be redistributed to adjust for changes in the number of local laborers, in order to ensure fairness. Besides, members of the royal family and those mandarins with significant contribution to the emperor could be granted direct managing authority over a specific area of farmland or a group of villagers. This authority was not equal to ownership by the aristocrat. The land could not be passed down as inheritance and would be reverted back to the emperor when the aristocrat died (Wiegersma, 1988, p. 33), but this direct manager could collect tax from the area of residential group under his control.

Since XII century, private ownership of land (*dân điền*, *tư điền* or *danh điền*) gradually became popular. Land sales transactions (*mại trí điền trạch*) with contracts (*văn khế*) were accepted by the

² Usually, this kind of farmland was obtained from the old dynasty and was often cultivated by exiled convicts or those having very low status.

³ This was frontier land, cleared and cultivated by war prisoners and exiled convicts under state control. These laborers often worked as slaves and bore high taxes.

⁴ This kind of farmland was often assigned to villages or communes and was cultivated collectively by local villagers.

⁵ This kind of farmland was small in scale, mainly used for religious purposes and cultivated by villagers.

regulation. The emergence of these institutions gave rise to land concentration. The state often sold land (both frontier and communal land) to people with low price (especially to aristocrats), leading to rise of large private landholdings. These large-scale landholders then rented land to farmers and became landlords. Over time, communal land gradually shrank in size due to the increasing occupancy of these elites. The growingly skewed distribution of farmland eventually led to protests and uprisings against the state and, sometimes, the overthrow of a dynasty. However, in most cases, the new dynasty quickly began to favor their nobles and royal members in land access, which reproduced the old system (Truong, 2009). The number of landlords gradually increased during this period. These dynasties also allowed the conversion of landless farmers into serfs (*nông nô*, *nô tỳ*). These people had to give up their freedom in exchange for small amounts of money, and had to cultivate in a slavery manner on landlords' land. During the short reign of Ho dynasty (1400-1407), there were policies to put ceiling on landholding and to limit the conversion of farmers into serfs. However, their effects were modest. In general, land regime in this period, although marked with the ultimate control of the state, observed the blossoming of private ownerships and the emergence of a growing class of serfs.

2.1.2. French colonialism (1858-1954)

The French started invading Vietnam (then named Dai Nam) in 1858 and successfully turned the whole nation into their colony in 1884. Under the control of French colonists, lands in Vietnam mostly belonged to the colonial government and the aristocrats or landlords supporting it. The French colonists took the rights to reclaim frontier land, and let many Vietnamese landlords maintain their land ownership. A report showed that, in the mid-1940s, 3 percent of the population held approximately 52 percent of land, while about 60 percent of Vietnamese farmers were landless (Do and Iyer, 2008).

Farmers' desperate need of farmland was one of the most important motivations for the independence war against the colonials (Kerkvliet, 2006). The commitment of restoring farmland to tenants and landless farmers was a major factor that catalyzed support for the Vietnamese liberation movement led by Viet Minh (League for the Independence of Vietnam, the coalition leading the anticolonial resistance movement, formed in 1941), which brought independence to the country in 1945 and protected it during the following nine-year war against the comeback of French colonists (1945-1954). During the 1940s and early 1950s, in the North, the resistance movement took back a large proportion of land under the control of the colonial state and domestic landlords, and distributed to farmers. Although independence was not established in the South, the liberation movement here still had some achievements by redistributing farmland to farmers in areas where it gained control (Ravallion and Van de Walle, 2008).

However, a remarkable point in the early year after independence in the North was the conflict arisen from a violent implementation of land redistribution policy. From 1953-1956, with the Land Reform Law, the independent state classified landlords and rich peasants as having "above average landholdings" while calling poor farmers those with "insufficient landholdings". Reports showed that about 22% of the land belonged to a small group of landlords and rich peasants that account for only 3% of the population, while poor farmers, who made up 58% of the rural population only owned 51.8% of the land (Raymond, 2008). The Land Reform Law allowed the appropriation of properties, mostly land, from the former to the latter group, enacted by a local Land Reform Committee. The classification procedure was full of errors and corruption. Many farmers with little land, who had just received land from redistribution, were also classified as land-rich and were force to give up their land. Many resisting cases were punished by imprisonment or

executions. After a large number of conflicts and protests from farmers, the government had to admit that “errors”, “excesses” and “injustice” had happened in the reform (Moise, 1976).

After the defeat of French colonists in 1954, the situation was complicated with the North-South division of the country. While the North was liberated and governed by a socialist government (the Democratic Republic of Vietnam), a separate administration system was built in the South under the influence of the American (the Republic of Vietnam). The northern government devoted efforts redistribute farmland from rich peasants and landlords to farmers. Meanwhile, the southern government wanted to preserve the old land ownership structure, which was dominated by large holdings by landlords (Kerkvliet, 2006), to gain the support of these local elites (Do and Iyer, 2008) and to establish capitalism in the South.

2.1.3. Centrally planned economy and collectivization in agriculture (1957-1986)

However, this policy was replaced by a collective farming system in 1957. This was an important component of the government’s agenda at the time, which was to develop a centrally planned economy from the late 1950s to the early the 1980s. In this regime, free markets were eliminated, private ownership of farmland and other means of production was abolished, farming followed the government’s commands and was carried out collectively by production brigades, and output redistribution was based on individual labor contribution. This was considered an intensive exploitation of rural labors and agricultural surplus by controlling supplies for basic needs and procurement price (Raymond, 2008). These actions followed the dominant idea in the Soviet Union in the 1920s, which led to harmful crises mostly right after its establishment. The motivation also partly came from some early achievements of Chinese collectivization, which started in 1952 and increased agricultural productivity during the period 1952 – 1958 (Lin, 1990). About 68 percent of total arable land in the North of Vietnam were collectivized by 1960 (Do and

Iyer, 2008). What happened next was similar to the miserable results experienced in the Soviet Union, but despite the decline in agricultural outputs, the process kept going on with approximately 90 percent of Northern households became cooperative members by the mid-1960s.

Under this process of collectivization, farmers were tied to cooperatives, fulfilled collective labor in exchange of access to food, consumer goods and public services. At first, mutual aid teams (MATs – *tổ đoàn kết*) or work exchange teams (*tổ đổi công*) were formed (Raymond, 2008), consisting of seasonal and permanent ones. Members of seasonal teams support each other in peak labor periods, such as paddy transplanting and harvesting. At that time, there was no payment and outputs still belonged to farmers. Permanent teams operated year-round. Based on the existence of MATs, agricultural production cooperatives (*hợp tác xã nông nghiệp*) were established in 1956. Cautiously, in the beginning, 37 experimental cooperatives were established with 538 household members (Shabad, 1958).

There were two stages of cooperatives, low-level cooperatives from 1958-1960 and high-level cooperative from 1960-1972. In the low level, households still managed their owned land, draft power, machinery and tools, while the cooperative planned the production process. After the harvesting, members were paid according to their share of inputs contribution such as lands, livestock and machines, labors. The labor-based shares were prioritized. The shares based on land and machine took about 25-30% of cooperatives' profit (Low-rank Cooperative Charter 1959). In contrast, in the period of high-level cooperatives, lands and other inputs must be pooled, private ownerships of main production inputs were not recognized, and farmers worked under the total management of the cooperatives (Pingali and Vo, 1992).

In the high level, rural farmers in cooperatives were divided into brigades (*đội sản xuất*) of about 40-100 people. The head of each brigade represents his members to make output supplying

contracts with the cooperatives. He also assigns the workloads and evaluates members' achievements. Each cooperative has a management (*ban chủ nhiệm*) and an inspection committee (*ban kiểm tra*). Days of work (200-250 days per year) were accumulated to calculate work points (*công điểm*), which determine the performance and payment to farmers. Payments were in agriculture outputs such as paddy (Ravallion and Van de Walle, 2008). Work points were originally determined by both quantity and quality of the work done. However, low-skill cadres did not devote enough time for the valuation and only aimed to finish the administrative process as quick as they could. Therefore, in reality, work points only reflected the number of working hours, not quality. This strongly reduced the efficiency of the collectivized production. Farmers only tried to fulfill the number of workdays without concerning how productive they were. Moreover, each household still had the right to keep a small tract for private production (the sum of those small tracts equal five percent of total amount of land (*đất năm phần trăm*). These activities were considered as supplementary "household activity" (*kinh tế phụ hộ gia đình*). Research showed that farmers devoted much more of their efforts on those private lands than in the collectivized job (Ravallion and Van de Walle, 2001).

Collective farming was widespread in northern Vietnam; however, it failed to gain popularity when being applied to the South after the country's reunification in 1975 (Raymond, 2008). In the South, before the unification, there were persistent conflicts because most farmers were still landless or were tenants burdened with high rent. The Southern government (led by Ngo Dinh Diem) conducted several reforms to induce agricultural development, especially the Ordinance 57 in 1956, which aimed to reduce abandoned lands, reduce tenant rent and exploitation, put ceiling on land possession and redistribute lands to tenant farmers. However, the effects were modest and conflicts persisted (Hare, 2008). The resistance movement (then called the National Liberation

Front – NLF) also aimed at those disputes to gain strength and supports from the crowded group of landless and tenant farmers. A popular demanding of the movement was the reduction of rent and the redistribution of lands from landlords to tenant farmers (Ravallion and Van de Walle, 2008). Eventually, the Vietnamese-American government realized how dangerous these pressures were, and started the program “Land-to-the-Tiller” (LTT – 1970), strictly limited the size of land holdings and forced those with more than 20 hectares to give up the excess amount for the redistribution to tenant farmers. However, the program’s achievements were not clear and satisfactory enough to relieve those Southern farmers. Moreover, it did not pay any attention to the landless but only tenant farmers. The war ended with the unification of the two parts of Vietnam in 1975. After that, similar to the North, lands were redistributed to farmers in an equal way at first.

Land tenancy was prohibited after the unification and redistributions of large parcels were conducted in the South, leading to the dramatic decrease in landlessness rate, from 20 percent in 1968 to only 6 percent in 1978 (Kerkvliet, 2006). Continuing what it had done to the North, the government also devoted efforts to collectivize Southern agriculture. However, with deplorable results from the North, and the intense resistance of people in the South. The collectivization process here did not have much impact. In 1976, Vietnamese Politburo passed a group of policies to appropriate and redistribute lands, banned private land sales and possession of cultivation equipment, seized agricultural machines. The amount of land distributed to southern families was 0.1 to 0.15 ha of paddy field for each adult labor, and 0.08 to 0.1 ha per child (under 18 years old) and old person (over 60 years old). Farmers in the South were induced to take part in “collectives” (tập đoàn sản xuất), in which they still cultivated separately on the plots assigned to them but tools and inputs were shared and outputs were bought by the state (Pingali and Vo, 1992). Contrary to the North, people in the South strongly defied to join these collectives by actions such as selling

assigned lands back to old owners or not taking part in collective labor. Some farmers sold outputs that should be turned over to the state on free markets, or used them for other purposes such as to distill alcohol and to raise pigs. Households slaughtered livestock so they could not be expropriated. Others wrecked and abandoned agricultural machines. Those resisting activities led to quick decreases in outputs, state procurements and draft power in the South. Only 0.6 percent of households became cooperatives members (Raymond, 2008).

In 1979, the state introduced the food obligation policy (*nghẹa vụ lương thực*), in which individual households had to fulfill a food obligation, requiring them to sell a quota of their outputs to the government at pre-determined price. In exchange, the state provided inputs such as ploughing and irrigation services, fertilizers and pesticides, gasoline, bricks and other consumer goods at prices lower than in the market. The policy was considered harmful for farmers due to the fact that the regulated price for grain was eight times lower than the market prices and inputs and goods provided by the government were inferior and late in delivery.

Beside intensive contention from Southern farmers, Northern people's discontent with cooperatives' activities was also greatly remarkable. Started in early years of collectivization, the displeasure gradually led to a wide range of behaviors that were beyond the state's expectations. The merit system of work points destroyed quality and diligence, inducing farmers to maximize the number of points instead of real output. Farming steps were done carelessly, from ploughing and transplanting to applying fertilizers and other periodical care. Furthermore, they slowly encroached cooperative lands for private production such as planting and raising livestock. Interestingly, these activities were supported by local cadres in exchange of some additional output contribution from farmers – an illegal form of household contract. People called them “sneaky contract” (*khóan chui*), which sometimes be caught and punished by higher levels of government.

Other resistant behaviors included hiding output from the government and ignoring collective laboring to focus on family own production (Kerkvliet, 2006).

A new policy aiming at solving the situation of low incentives in the North and the resistance in the South came in the year 1981 with a new style of (legal) product contract – Directive 100. It permitted farmers to do farming on land contracted from cooperatives for one to three years in exchange for the delivery of specified amounts of outputs to the cooperative at each harvesting season (*khoán sản phẩm*). Moreover, it required farmers to use cooperatives' goods and services such as plowing, irrigation, seeds, fertilizers and pesticides. Farmers were also the claimants for output surplus after contribution to the cooperative. They had the right to sell those surpluses on the free market or to the state with negotiable price (Pingali and Vo, 1992). The policy soon had its achievements but they did not last long. Strict controls from the state in terms of crop choice and inputs, along with the lack of security in tenure still kept farmers from cooperating with the state and investing in their lands.

2.2. The Doi Moi reform

2.2.1. Decollectivization

The threat of a major crisis forced the Vietnamese government to implement reforms, starting in 1986 (Doi Moi – Renovation), with the replacement of the centrally planned economy by a market mechanism for resource allocation, the redistribution of farmland to households, and the dissolution of state cooperatives (de-collectivization). In 1986, Resolution 146 of the Council of Ministers, although still prohibited private farming on the areas listed in the initial production plan of state farms, cooperatives and collectives, commanded these agents to assign unused farmland outside of this plan to households to cultivate on their own. In 1988, the Politburo's Resolution 10 nullified the compulsory collective labor responsibility of farmers, and allowed household private

farming (including the right to sell outputs either to the state or in the free market) and a longer period of landholding (15 years). The assignment of farmland to households was carried out by local authorities. Due to regional differences in the influence of cooperatives and collective farming, land allocation in the North was based on household laborers, while in the South, it generally aimed to recover the household landholding status prior to 1975. In the North, although the allocation procedure was quite egalitarian, the distribution result might differ from one locality to another due to various differences, especially the available area. Besides, some Northern communal governments occasionally carried out land redistributions to adjust for changing household laborers before the state terminated this policy in the end of 1992⁶. The reform paved the way for an era of remarkable economic achievement. Vietnam's GDP grew at 6.8%/year and the poverty rate reduced from half the population to under 2% from 1990 to 2018⁷. Agricultural productivity skyrocketed, making the country a top-ranking exporter of various agricultural commodities such as rice, coffee, and fish products (Do and Iyer, 2008; Kompas et al., 2012).

2.2.2. Pro-market land policies

After the redistribution of farmland to households, many pro-market land policies came into effect, despite the fact that the Vietnamese constitution continued to recognize land as being owned by the whole people and managed representatively by the government. At first, Land Law 1987 officialized the concept of land use rights (LUR, i.e., the right to use an area of land over a period of time). Land use right certificates (LURCs) were issued to users as legal evidence for their current landholdings. Land Law 1993 legalized the rights to transfer, lease, capitalize, mortgage,

⁶ Policy discussions somewhere on the internet mentioned that this termination occurred due to high population growth and the exhausted stock of farmland. However, few official records for such claims were found.

⁷ Data from The World Bank on GDP and poverty headcount ratio (<https://data.worldbank.org/country/vietnam>).

and pass on LUR. Later, Land Law 2013 allowed for a longer holding period⁸ and a more generous limit to the amount of land a household or individual could buy⁹. These improvements in the legal basis for LUR transactions and tenure security enabled, to some extent, the operation of land markets.

2.2.3. The decentralization of reforming procedure

A notable point in the Doi Moi reform was local corruption in different forms throughout the reforming process. The main reason was that the central government failed to enforce new policies by themselves and had to outsource the job almost completely to local governments, which were operated by many self-interest local cadres. Studies showed that, in many cases, the reform was corrupted from its beginning. The redistribution usually resulted in a situation where lands in larger amounts and better quality fall into the hand of local cadres' kin and relatives (Kolko, 1997). Real examples were mentioned in Beresford (1989) for both the North and South.

Besides corruption, the outsourcing of reform to local cadres also led to the divergence in reforming effects. Smith (1997) described a situation in Ha Tinh province, in which local cadres hesitated to accept local lands to be sold to outsiders, so commercial banks also stalled to accept land use rights as collateral. It is also believed that reallocation still happened in some regions by administrative means (Ravallion and Van de Walle, 2003). Many old cooperatives have not been dissolved and their lands are now stuck with inefficient activities and are the targets for conversion for non-agricultural purposes. After a long and systematic reform, most lands have been redistributed to farmers and their markets have arisen. However, the divergence in reforming result is inevitable and leads to heterogeneity in local contexts.

⁸ For example, 50 years for annual crop land, as opposed to 20 years under Land Law 2003.

⁹ For example, 30 hectares in the case of the Mekong Delta, as opposed to 6 hectares under Land Law 2003.

2.3. Peri-urbanization and land acquisition policy

Since the late 1990s, with the power to revoke LUR for national defense and economic development projects, the Vietnamese government has increasingly implemented land acquisition policies to reallocate farmland from households to developers, especially among those living in the urban fringes. Labbé called this dispossession of households from their farmland the “Third Land Reform,” in which key policy changes included (i) loosening conditions for land acquisition; (ii) adopting valuation frameworks that undervalue farmland; (iii) decentralizing power to provincial governments while simultaneously allowing them to retain a large part of taxes and fees from land conversion to their autonomous budget (Labbé, 2016). From mainly being used in national defense projects in Land Law 1993, the scope for land acquisition has been expanded since Land Law 2003 (Articles 39, 40) to incorporate projects serving public interests and economic development purposes, which was defined quite loosely to include a wide range of categories such as public infrastructure, offices and buildings for government agencies, commercial centers, industrial zones and residential areas. The compensation value for farmland has been frequently reported to be significantly below the market level (Labbé, 2016; Nguyen et al., 2016). Meanwhile continuous regulation revisions such as ones in the Land Law, Construction Law, State Budget Law has given more rights and incentives to provincial and district-level governments to carry out land acquisition (Phuc et al., 2014).

In general, a development project requiring land acquisition can originate from either the annual plan of the government at a specific level (national, provincial or district) or the proposal of a developer. After a detailed proposal was approved and a developer was selected (by bidding or direct appointment), the local government will issue an official decision of land acquisition. The acquisition process will involve the landholders, the local government and the developer. A

Council for Site Clearance and Compensation will be established, consisting of representatives from both three stakeholders to organize and monitor the procedure. In most large-scale projects, the local government is the main actor, acquiring the land from sitting landholders in a rather compulsory manner. Meanwhile, the Vietnamese Law also allows the voluntary transfer of land for development projects, where developers directly negotiate the terms of LUR transactions (i.e., transferring, leasing, or contributing as capital) with landholders. The compensation value in the first case follows a statutory land price table, which is announced annually by the provincial government and is usually lower than the negotiated price in the second case, which often approximates the market level. Owing to the ambiguity around determinations of whether particular projects require compulsory land acquisition or voluntary land transfers, it is preferable for developers and the government to opt for the former procedure (Alcaide Garrido et al., 2011; Phuc et al., 2014). Meetings will be held among stakeholders under the supervision of the Site Clearance and Compensation Council for announcements and negotiations (if any). However, in principle, once the official decision of land acquisition has been issued, giving up LUR is compulsory by law despite whether or not a landholder can reach an agreement with the government or the developer, and resisting this is met with force.

2.4. Regional differences

In Vietnam, regional divergences in socio-political context and land regime were unavoidable, especially between the North and the South. The two regions were divided after the Geneva Agreement in 1945. Political distinction, extremely contrary in our case, led to significant divergences. Through vicious and virtuous circles, the two parts of Vietnam greatly deviated until the unification in 1975. After that, even when being under the unique regulation, impacts of policies seemed to be remarkably diverged because of heterogeneities in basic institutions.

Generally, differences are obvious in the levels of inequality and landlessness, market developments, safety net and labor markets (Ravallion and Van de Walle, 2008).

The South was shown to have higher level of inequality and landlessness (Taylor and others, 2004). One reason for this situation was that, while land reforms and collectivization had more than two decades of impact in the North, it did not matter much in the South. Moreover, the redistribution of lands after the unification was partly reversed when Resolution 10 (Land Laws 1988) allowed households to recover their lands ownership prior to 1975, except big landlords (Pingali and Vo, 1992). Therefore, contrary to the equal distribution in the North, land possessions in the South are more uneven and inequality in holdings since the colonial period persisted to some extent.

The landless in the South are also more likely to be poor. Growth accumulation was shown to positively correlated to wealth in the South (Akram-Lodhi, 2005). In contrast, in the North, beside a highly even distribution of lands in the past, the amount of agricultural land transactions has also been minor. Poverty among the landless in the North seemed to be lower in level (Ravallion and Van de Walle, 2008).

The South seems to achieve more economic prosperity than the North. Being influenced by capitalism in the period 1954 – 1975, in addition with successes in collectivization resistance after the unification, the South was more toward a market economy than the North. Evidences of agricultural efficiency (e.g. Brandt and Benjamin (2002), Pingali and Vo (1992)) both showed higher levels of trade and commercial gain in the South. It is obvious that the tradeoff between efficiency and equity was obvious in our case.

Another matter that could well differentiate these two regions is the safety net and institutions to deal with risk, in which the North was considered to have better risk coping measures. The high

level of land fragmentation in the North was sometimes considered as a risk sharing tool. Northern communities were also described to be better organized than Southern ones (Ravallion and Van de Walle, 2008, p. 32). There are various types of risk in Vietnamese rural areas, ranging from production risk, in which climate change is a huge thread, market risk due to the lack of information and market power, to health risk due to malnutrition and low sanitation, and asset risks due to natural disasters or insecurity in property rights. As mentioned above, the combination of high risk and developed land markets would easily lead to land transactions that are not efficiency-base such as distress sales and speculations of land, therefore increase the cost of inequality. Studies that compare between the North and the South about the effect of safety net on land market transactions were scarce. The case study of Smith (1997) described the tendency of the local government in Son La province in protecting farmers from “the thread of landlessness”. Meanwhile the report of De Mauny and Vu (1998) for the case of Tra Vinh province (Mekong Delta) claims that the place was lack of a viable safety net; credit was hardly available for the poor, who were usually landless.

The two parts of Vietnam are also distinguishable in their labor markets. With longer time under the regime of landlords – tenant farmers and higher level of landlessness, it is inevitable that hired labors are more common and labor markets are more competitive in the South. The study of Gallup (2004) shows that, among rural areas, labors in rural South earned the highest level of wage in the data of 1993 and 1998 and also have the lowest return to schooling. The calculation of Ravallion and Van de Walle (2008, p. 33) shows a gap of average school years with 7.3 years for Red River Delta and 4.3 for Mekong River Delta and suggest that demand for labors is much more higher in the South. The analysis on labor is important to further examination of land markets for the link mentioned above. With a highly competitive market of labors, the advantage in supervision

costs of small farms becomes insignificant, large farms will be the dominance, which likely leads to land concentrations and more active land markets in the South.

Regional differences are obvious in Vietnam. Regarding those divergences, studies in this field should pay attention to a wide range of contextual factors. It is noteworthy that many observed phenomena are not only resulted by land reforms, but also by the combination of various other factors.

Chapter 3. Literature review

Chapter summary:

This chapter reviews the current literature on Vietnamese land policy and rural livelihood transition to summarize key academic understandings in various topics related to the research problem at hand such as land reforms, tenure security, rural livelihood transition and peri-urbanization in developing countries. By reviewing both the recent debate on peri-urban land dispossession and the previous debate around the Doi Moi reform, the chapter illustrates an important point in land policy discourse in Vietnam, that, over changes in the socio-economic context and land regime, the Vietnamese government has still made use to the fullest its absolute power in land management for its own agenda while the people's right to land has remained vulnerable.

3.1. Peri-urbanization and peri-urban livelihoods: The dispossession debate

3.1.1. Peri-urbanization and land acquisition

The urban fringe is a region marked by rapid changes and various problems in spatial planning. In the process of peri-urbanization, rural areas on the fringes of cities gradually become more urban, often with changes in social life and conversions in land use (Ravetz et al., 2013; Webster, 2002). Peri-urbanization is considered a major cause of land conversions (Hall et al., 2011, pp. 120–1). However, contrary to the restrictions imposed on peri-urbanization in the developed world, governments of developing countries often support this process with favorable legislation and land use planning. The situation is not unique to Vietnam but is widely observed in many other developing countries such as Thailand and the Philippines (Webster, 2002), China (Hsing, 2010; Webster, 2002) and India (Levien, 2012; Narain, 2009).

Peri-urbanization is driven by various factors such as foreign direct investment (FDI), the supportive public policies and the abundance of inexpensive labor (Webster, 2002). Globalization is an important factor in the analysis of peri-urbanization (McGee, 2005). The growing international integration and free trade have made way for the influx of investments and human resource from foreign organizations seeking for cheap labor, resources and markets (Leaf, 2002; Webster, 2002). The role of the government stands out as it considers such development as a path to economic growth. Governments in developing countries have been competing for capital from abroad by loosening regulation, keeping resource prices low, while pushing up the scale of peri-urbanization with a trend of authority decentralization (Hsing, 2010, pp. 46–47; Labbé, 2016; Phuc et al., 2014).

As mentioned in Chapter 2, in Vietnam, an important legal instrument that aids peri-urbanization is land acquisition policy, in which the government uses its ultimate power to revoke farmers' land use right and transfer them to developers for urban and industrial development. The legal basis for this policy is the constitutionally granted authority of the state in managing all land in the country. Due to its importance, this dissertation devotes a whole chapter (Chapter 6) to analyze in detail the legal framework and implementation of land acquisition policy. But in general, this policy has been widely criticized for favoring land developers at the cost of farmers (Han and Vu, 2008; Phuc et al., 2014); weakening the role of national planning and legislation (Labbé and Musil, 2014); lacking transparency; and being corrupt (Labbé, 2011; Van Suu, 2007).

3.1.2. Debate over the effect of peri-urbanization on rural livelihoods in Vietnam

There were widespread concerns around how these land acquisition policies affected the people in peri-urban areas across Vietnam. Labbé (2016) claimed that this process disrupted the endogenous rural-urbanization pattern, where livelihoods consists of “small-scale cottage

industries with mixed employment and commuting into the city for jobs and trade”, and pushed numerous peri-urban people into instability. In his study of Phu Dien village on the southwestern fringe of Hanoi, Van Suu (2009) showed that the government’s policies on providing new employment after land acquisition were inadequate, that farmers often encountered difficulties in finding work, and this made them feel uncertain about their livelihoods. DiGregorio (2011) observed that old land-lost farmers in Hanoi’s western suburbs became dependent on their remaining land assets before they were gradually impoverished. The remaining cultivation also suffered from the degradation of farming facilities (e.g., irrigation system) (Nguyen, 2011). In terms of asset value, Nguyen et al. (2016) reported that the compensation that land-lost farmers received was minuscule when compared to what the government and investors gained from the land. Many studies accused the government of massive corruption, abuse of power, and for doing away with transparency and democratic values while implementing its land acquisition policies (Labbé, 2010, 2011, 2015a). In many instances, these adversities led to conflicts between the government and local communities with a wide range of resisting behaviors from the latter (Kerkvliet, 2014).

However, while the problems of low transparency and corruption are quite comprehensible¹⁰, the claim that farmland loss disrupts or destabilizes the development of peri-urban livelihoods may come under scrutiny. In their study of Hoai Duc, a peri-urban district of Hanoi, with data from 477 households, half of which partly or completely lost their farmland, Tuyen et al. (2014) found no negative effects of farmland loss on income and expenditure. Nguyen et al. (2017) examined a similar question for a sample of 170 land-lost households on the fringes of Hue City, in central Vietnam, and found that most of them were successful in reconstructing their livelihoods and were

¹⁰ The Vietnamese government has devoted great efforts to improving the administration of this process by revising national land laws in 2003 and 2013.

even better off since. At the national level, Ravallion and Van de Walle (2008, pp. 142–148) used data from the Vietnam Household Living Standards Surveys (VHLSS) to disprove the hypothesis that landlessness increases rural poverty. The regional context also plays a part in determining livelihood outcomes in these analyses. In a comparative study by Vu and Kawashima (2017), it was found that farmers affected by land acquisition around Ho Chi Minh City were generally better off because of a higher compensation value resulting from the loss of land and by being more flexible in adjusting their means of livelihood.

3.1.3. Sustainable livelihood approach and livelihood transition

The sustainable livelihood approach (Chambers and Conway, 1992; Scoones, 1998) was used by many studies to examine the impact of land acquisition policy on people's livelihood. Figure 3-1 illustrates a rather self-explanatory livelihood framework adapted from Ellis (2000, p. 30). In such a framework, previous studies on land acquisition (e.g., Van Suu 2009; DiGregorio 2011) emphasized the significance of farmland as a capital asset; the suspended access to farmland due to land acquisition policy (coming from a government with absolute control over tenure security); and the impact of land loss as a shock to people's well-being.

However, they did not pay enough attention to the whole process of livelihood transition, which resulted in a rather static, before-and-after view of land acquisition. Riggs (2007, chap. 4, 2003, chaps. 5, 7) combined observations from a great numbers of studies and also his own to prove that, across developing countries in Asia and Africa, factors such as economic growth; improved human capital; and better transportation and communication have continuously strengthened the rural-urban linkage for a long time, resulting in an increasing mobilization of resource and labor between geographical areas and economic sectors, and a steady shift of the rural livelihood structure into the non-farming sector. These observations concur with the notion of

active rural residents in the Harris-Todaro model¹¹ (Harris and Todaro, 1970), which was preferred in the context of developing countries with an inferior farming sector; and the existence of an informal urban sector alongside a formal one. In a peri-urban context, one should expect a strong rural-urban linkage and, therefore, a faster pace of transition.

Besides the focus on transition, another notable point in using the sustainable livelihood approach is that it goes against the virtue of viewing things from local perspectives (Scoones, 2009) to adopt an artificial vision of peri-urban development and claim that it was disrupted by government-led urbanization (Labbé, 2016). This point will be elaborated in the policy discussion of Chapter 4 to show that such vision did not adequately attend to the context factor and was not useful for policy implication.

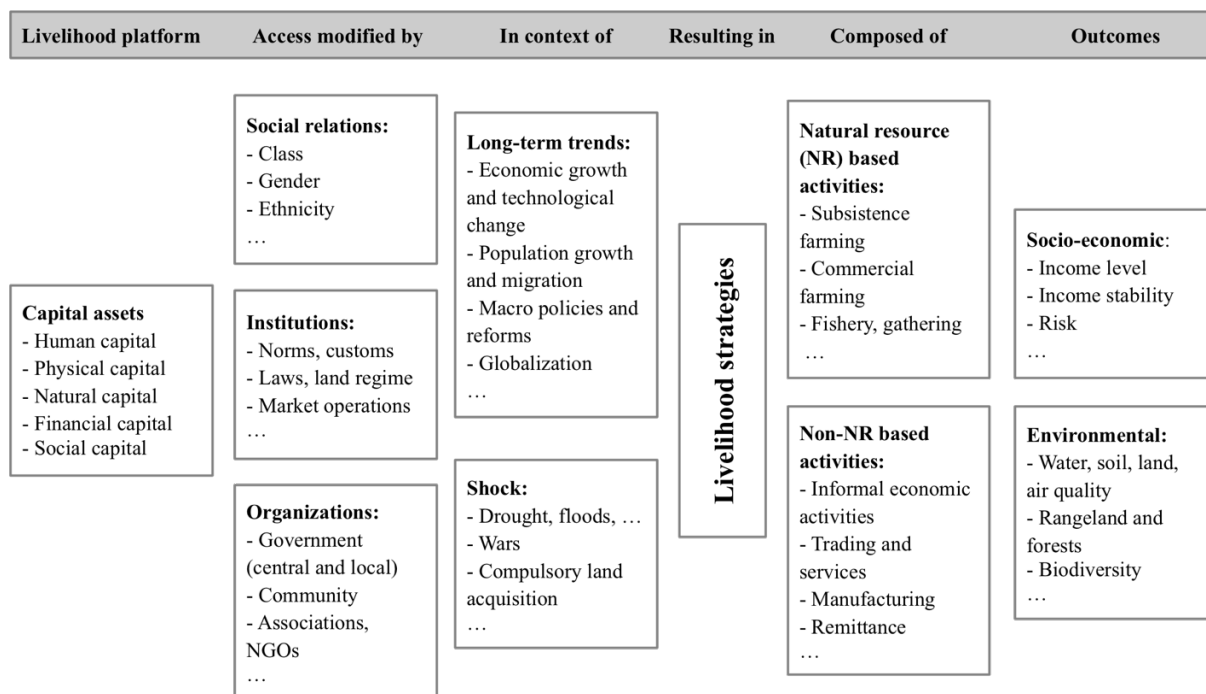


Figure 3-1. A livelihood framework adapted from Ellis (2000, p. 30)

¹¹ The Harris-Todaro model explains farmers' behaviors of migration as a rational decision based on expected rural-urban income gap. The urban sector includes a formal and an informal (sub)sector, where those without a formal job can find work to keep themselves alive. The expected urban income is a weighted mean of wage levels in both formal and informal (sub)sectors.

3.2. Tenure security and access to land: The Doi Moi debate

The relationship between peri-urbanization and rural livelihoods is a component of the discourse on tenure security and access to land, which has closely focused on developing, transitional economies in recent decades. The matter of land ownership and access is an essential part of the efficiency-equity debate around the time of the Doi Moi reform between those who called for decollectivization and promoted the development of land markets to improve efficiency, and those who endorsed communal land management, collectivism to ensure equity. This section summarizes this academic discourse, which came before and created the basis for the later debate over peri-urban land dispossession.

3.2.1. Tenure security strengthening process

Land use right (and property right in general) have been intensively analyzed in the framework of New Institutional Economics (NIE), in which their emergence and strengthening were institutional responses to growing scarcity (higher shadow prices) of land. The stream of thoughts was pioneered by the book of Boserup (1965), considering population growth, technological change and incentives for higher investments as key motivations of the emergence of private land ownership. This school contrasts the Malthusian idea, which states that the population must depend on agricultural technologies and outputs, and its excessive growth will be balanced by “preventive” (e.g., restricting marriage against the poor) and “positive” (premature death by diseases, starvation and war) checks. The Boserupian idea suggests that changes in agriculture technology are determined by population growth, so in time of heavy population pressures, humanity will be able to upgrade their technologies to reach higher levels of agricultural outputs (agricultural intensification).

In terms of land access, the reality of population growth leads to an endogenous process of land right strengthening (Deininger and Feder, 2001). Logical deductions from this school imply that, in the old days, higher population density led to a lower abundance of agricultural land, which, in turn, shortened fallow periods and gave rise to new technologies and production tools (e.g., the plough). This leap in technology came with a quick increase in the amount of labor needed. Incentives for investments in technologies (especially labor-saving ones), which help raise the level of productivity, became higher, and so did the motivation for clearer definitions of land ownership. Technical change and commercialization had the same effects by increasing the income stream from lands. It is clear that heavier investments (partly into new technologies) in cropping were noticeable mostly in places with adequate institutional innovations whereby individuals' benefit in harvesting seasons assured (higher tenure security) (Deininger and Feder, 2001). Besides, less risky environments due to market development, new technologies and higher accessibility to non-farm income, also further induced tenure strengthening. While group ownership (e.g., communal ownership) used to be considered as a safety measure for the rural area against natural risk (e.g., bad weather) and the risk of asset or consumption loss, it often comes along with high costs (e.g., the loss of farmers' incentive to invest and cultivate), so private ownership was preferred when risk was lowered or the coping measure to risk became cheaper.

Communal ownerships of resources (including land) used to be dominant in the past in tribal or indigenous communities in America, Asia and Africa (Binswanger et al., 1995). It has advantages in terms of risk reduction, public goods provision and equity enhancing. To some extent, this regime comes with highly secured tenure because the membership usually assures the right to cultivation. However, a frequent misconception was that this type of ownership should go along with collective production method. The practice in many countries such as the Soviet Union,

China and Vietnam clearly showed that the policies based on this misconception were harmful. Although collectivism in some parts of the production process could be helpful, especially in time of labor lacking or in the need of large scale investment (Binswanger et al., 1995), the cost of communal ownership, again, will gradually increase in terms of the disincentive to invest and the restriction of individual choices.

From the analysis above, with economic growth, land regimes would gradually shift toward privatization of land. However, history suggests that, changes usually come in a sudden manner, and are often influenced by political factors. Because of population growth, boundary and social conflicts would persist (Deininger and Feder, 2001). With the desire of absolute control and rapid industrialization, communist governments brutally enforced different types of collectivization in agriculture as well as various collective land regimes (see, for example, Viola 1999, Lin 1990 and Raymond 2008). The different perceptions of monarchies and politicians sometimes led to unforeseen conversions between land regimes (Linklater, 2013, chap. 1). There are not only rationally economic motivations for the changes of land ownership, but also numerous historical and political reasons.

Does this development pattern of land regime apply to the case of Vietnam? The lack of data made the economic analysis on land right in the feudal period in Vietnam difficult. The question of how land right in those periods affected rural life was either unanswered or answered from the viewpoint of the ruling class. Individual behaviors were usually hidden into communal activities, and, therefore, were difficult to observe and analyze. However, the description of land regime in the feudal period in Vietnam (Wiegersma, 1988, chap. 2) was in line with many of the above-mentioned statements, that communal land possession was dominant at that time because of advantages in providing public goods and risk reduction, but gradually became unattractive due to

economic growth. When communal institutions were weakened, powerful elites took the chance to individualize the ownership of land to the highest degree. During periods when restrictions were loosened, the privatization of agricultural inputs such as land and labor rocketed (the conversion of landless farmers into serfs). Additionally, the improvement in technology and commercialization gained by trading with the French in the end of this period also stimulated land rights (even gave rise to the use of contracts to buy and sell land) (Deininger and Feder, 2001; Hare, 2008).

Similarly, the development of land regime toward private ownership in colonial period was also difficult to analyze because of the extremely skewed distribution of land. Land owners were unlikely the cultivators; farmers were almost proletarian; and tenant farming was only an exploitation tool. Moreover, new investments were rare and farmers were still with few new technologies. Land markets emerged in this period but mostly for the purposes of land speculation or the dispossession of traditionally-owned land (Wiegersma, 1988, chap. 4). The new perception about private property right from the Western world could be considered as a gain from this colonial period. Evidence of land concessions and sales transactions could be found earlier and more extensively in Cochin China, which, to some extent, explained for the development of markets and private property right in the South of Vietnam.

The reversing of land regime to collective ownership starting in the late 1950s was a controversial policy. The decision to collectivize, at first, was supported by both the efficiency and equity reasons. On one hand, it was considered to be efficient in terms of agricultural productivity and to become the key condition for urbanization and industrialization (Raymond, 2008). On the other hand, it was regarded as a measure to preserve equity in a communist society, as the leaders at that time called the private production “the root for capitalism and inequity”. Another possible

reason might be the failure of the communist system in creating an effective tax regime, so that it used cooperatives and output quotas as collecting tools (Acemoglu and Robinson, 2012). The idea first worked well during wartime in Vietnam as well as in other socialist economies. However, after a short period of success, this system fell into troubles and was accused of destroying or distorting people's incentive to produce, leading to the abandon of land and other inputs, causing crises, famines, and social disputes.

The breakdown of collectivization in the late 1980s after almost three decades in practice led to the re-emergence of land right (actually land use right). This was not a quick change, but a long process of improving perception about the role of households as basic agricultural units and the importance of tenure security in inducing investment and working incentive. It was more than a decade since the first sign of renovation came, in terms of household product contracts, in 1982 until the legalization of land use rights and their marketization in 1993. In line with the theoretical analysis on the emergence of private land ownership above, this movement was motivated by individuals' demand for investment and technological upgradation, and supported by exogenous technical changes and commercialization (Pingali and Vo, 1992). It is not difficult to justify the relationship between land right and incentive to work and to invest. Evidence of the higher incentive to work and to invest were obvious by comparing productivity levels between collective and private land (although private land took a minor 5% the national arable area) (Kerkvliet, 2005). The description of Raymond (2008) shows a situation where farmers wrecked machines, slaughtered livestock (including cattle) and abandoned collective assets such as tractors, leading to a 76-percent decrease in the number of operating tractors in the South from 1975 to 1983 and a heavy lack of draft power

The issuing of land right (land use right in the case of Vietnam) has their own costs and benefits. Deininger and Feder (2001) shows that the benefits of private land right include (i) the incentive to cultivate and invest, (ii) the improvement in transferability so that land can be traded into the hand of more able users, and (iii) the enhancement in credit access. Costs related to land rights include the administrative cost (issuing, enhancing and enforcing) and the opportunity cost of a lower level of social equality. The equity cost appears in the form of increasingly skewed distribution of land or rising landlessness, especially due to the operation of land markets. While evidence showed that land markets were efficient tools in redistributing land in Vietnam based on productivity (Deininger and Jin, 2008; Ravallion and Van de Walle, 2008, p. 119), there were also concerns on the rising disparity, landlessness, and poverty caused by their operation, especially in the rural area (Akram-Lodhi, 2004, 2005). These effects varied among regions due to divergences in social and political contexts (Ravallion and Van de Walle, 2008, pp. 30–4).

3.2.2. The benefit of strengthened tenure security

3.2.2.1. Tenure security and incentives for investment

There were few direct evidences on investment effect of land use strengthening in Vietnam. Somewhere in the literature, it was reflected by higher amounts of land devoted to longer-term crops (Akram-Lodhi, 2004; Do and Iyer, 2008) or the more intensive use of inputs (Brandt and Benjamin, 2002). In most cases, the effect was confirmed through the final achievement of output and productivity improvement (e.g. see Pingali and Vo, 1992), but following that rationale, one cannot separate it from the effect of other factors such as technical change or production scale. However, if we consider the effect of land use right in promoting the investment to obtain new technologies and to reach optimal scales, then the effect can be quite obvious.

Evidence from the de-collectivization in Vietnam (and also in countries with the similar process) showed sharp increases in agricultural productivity each time tenure period got longer or land rights were enhanced (Raymond, 2008). The study of Hare (2008) using data from more than 1,500 households in Mekong and Red River Deltas shows a positive relationship between having land use certificate and a higher investment level, and also productivity. Do and Iyer (2008) used the Vietnamese Living Standard Survey (VLSS) in 1993 and 1998 to test this effect and found that more secured right to land lead to a higher amount of land devoted to long-term crop. Similar conclusions were also drawn in the cases of Thailand (Feder et al., 1988) or China (Li et al., 1998).

3.2.2.2. Land markets and economic efficiency

The transferability effect is usually expressed by a more efficient allocation of land based on agricultural ability in comparison with the egalitarian distribution brought about by earlier policies (Deininger and Jin, 2008; Do and Iyer, 2008). However, the investment enhancing and reallocation effects are not always separated. Studies in this field (e.g., Carter 2000 and Hare 2008) used similar concepts such as the tenure security and transferability effects and suggested that the exit option enabled by land markets with high transferability, which allows investors to liquidate their capital, will induce higher levels of investment. It is also obvious that high tenure security is the basic condition for an effective land market (affecting not only the definition of ownership but also other aspects such as access to credit) and, therefore, impacts the efficiency-based process of land allocation (Deininger et al., 2003).

The relationship between agricultural land markets and efficiency improvement exists when there are differentiations in technology, manager ability and access to complement factors, which ultimately lead to the difference in the shadow price of land for different agents (Deininger and Feder, 2001). Some theories suggest that the more efficient groups will acquire more land from

the less productive to reach their optimal scales and fully utilize their advantages. Based on that, attention has been paid to the question of which group of farmers is more efficient than others. The prevalent idea regarding this matter is that, in developing countries, small farms tend to do better (Ellis and Biggs, 2001). Evidences often show an inverse relation between farm size and yield, which is often explained by a cheap labor price by utilizing family members that leads to higher ratio of labor per land and thus, higher yield per acre. Furthermore, family labor supervision is self-provided and less costly (Feder, 1985). It will not be surprising that most of the focuses were on small farm. The reason was that, following this stream of thoughts, policy implications appear favorable in terms of both efficiency and equity (Ellis and Biggs, 2001).

However, the idea that small farms will gradually become better off which leads to a more equitable outcome is still a matter of debate. It was put under great scrutiny by criticisms regarding bias in empirical evidences (Carter, 1984), and was claimed to apply only under certain conditions, and would be easily off-set by market imperfections, especially in terms of credit (Otsuka, 2007). Another version of this statement was that land markets will benefit small but efficient farms given the non-existence of imperfections in other rural markets (Deininger and Jin, 2008). Although facing various criticisms on the equity effect, the relationship between agricultural land markets' development and efficiency still gained much consensus. The study of Deininger and Jin (2008) confirmed the better re-allocation of land via land markets, especially the operation of land rental market in the case of poor people. Using survey data of two villages in Mountainous North Central Coast Region in Vietnam, Le et al. (2013) also found that rental markets in these rural areas help transfer lands to more efficient farmers.

The controversial point of every debate around the efficiency effect of land markets is that the context of analysis consists of imperfections in multiple factor markets, meaning that the final

effect can easily be distorted by numerous factors at once and becomes ambiguous or divergent from what implied by theories. These imperfections could arise from credit, labor and insurance markets in ways that, even when the efficiency effect really exists, it will often be balanced out by the cost imposed by other factors (Kung, 2002). The starting point of the analysis was that, the costs of supervision (or “agency costs”) brings owner-cultivation households advantages over those using hired labors, and land markets should bring lands into the hand of these “smaller but better” farmers. However, these households are usually restricted in access to credit markets, which often requires high endowment as a collateral. Moreover, those households are also lack of effective risk coping measures and have to rely on costly substitutes, which is often in form of a “less risky and less productive” portfolio to insure a subsistence level, neglecting their own advantages (Deininger and Feder, 2001). Those situations, common in most of rural contexts, lead to much lower efficiency effect of land markets in reality.

3.2.2.3. Access to credit

Advocates for land markets often suggest that the liquidity gain from increasing marketability will help farmers in accessing credit (Boucher et al., 2005; Ravallion and Van de Walle, 2008, chap. 7). Land, which is immovable and indestructible, is the ideal collateral for loans (Deininger and Feder, 2001). The clearer ownership means being easier to be transferred so that banks will face fewer difficulties in liquidizing land. Empirical evidence for this statement was mixed. Evidence of improving access to credit due to strengthened land ownership were found in the cases of Thailand (Feder and Onchan, 1987) and Indonesia (Suryadarma et al., 2005), while the cases of Nicaragua and Honduras (Boucher et al., 2005) and Peru (Field, 2007) showed no evidence of this statement.

Stronger land use right in Vietnam, which started from the establishment of Land Use Certificates (LUC) in the Land Laws 1993, were expected to help farmers to access credit. The study of Khoi et al. (2013) using data from 928 household in 13 communes in Mekong River Delta showed that land holding status is an important determinant of both demand for and access to credit, both formal and informal. However, Do and Iyer (2008) found that land reforms could not have much impact on credit access without the development of a rural banking system. This result came from the 1993 VHLSS survey, where, right after the issuance of land use right, mechanism for banks to deal with land in case of default had not been clear. In general, even when land right is strengthened, the improvement of many institutions is still needed for a better credit access.

3.3. Remarks: from Doi Moi to dispossession, changing context and policy

The review of the two debates above reflects the complexity of the matter of land in Vietnam. It took a complicated academic discourse, numerous disastrous economic results and a great deal of political pressures to bring about the Doi Moi reform in 1986, which strengthened tenure security and establish market mechanism in land allocation. Until the early 2000s, that debate had still been raging although it was undeniable that the reform brought numerous socio-economic achievements and changed the face of the economy. Based on that new context, the dispossession reform (or as called by Labbé 2016, the third land reform) came into enforcement. In the appearance, it seems that, while evolving from a miserable economy to a fast-growing one, Vietnamese land policy has shifted from one extreme to another, from a collectivism system in which farmland distribution to farmers is ensured, to a pro-dispossession mechanism in which the state frequently carries out land acquisition. But in essence, the principle has stayed unchanged. The state has still made use to the fullest its absolute power in land management for its own agenda, while the people's right to land have remained vulnerable.

Chapter 4. Reconsidering rural land use and livelihood transition under the pressure of urbanization in Vietnam: A case study of Hanoi¹²

Chapter summary:

Land acquisition for urbanization has caused a huge loss of farmland on the fringes of Hanoi, Vietnam, over the last two decades. Previous studies have often criticized this policy for pushing farmers out of farming and disrupting peri-urban endogenous development. This chapter provides a case report of a peri-urban commune in western Hanoi to show how this claim is misleading. We found that livelihood transitions in this commune took place early on, and this helped most local laborers prepare in order to leave farming when urbanization sped up and land acquisition policies were implemented. As a result, they were able to adapt to farmland loss without experiencing major difficulties and were able to transform their livelihoods for the better. This early transition was popular in the peri-urban context of northern Vietnam, where the inherent lack of employment and income from farming and the favorable location induced local laborers to go beyond the villages in pursuit of new opportunities. They actively took advantage of the changes around them to find new means of livelihood in order to earn higher incomes. This case study calls for improvements in the compensation scheme and urban planning processes to make urbanization and land acquisition policies work for people on the fringes of cities in northern Vietnam.

¹² This chapter is mainly a reprint of the author's published paper:
Nguyen, Q., & Kim, D.-C. (2020). Reconsidering rural land use and livelihood transition under the pressure of urbanization in Vietnam: A case study of Hanoi. *Land Use Policy*, 99, 104896.
<https://doi.org/10.1016/j.landusepol.2020.104896>

4.1. Urbanization and land acquisition in peri-urban Hanoi

Since the late 1990s, urbanization and industrialization have resulted in the increasing loss of farmland around Hanoi, the capital of Vietnam (Nong et al., 2015; Pham et al., 2015). From 1995 to 2003, the city had consecutively established three new urban districts, namely Tay Ho, Thanh Xuan, and Long Bien, and this led to a fourfold expansion of its urban area from 47 to 186 km² (Nguyen et al., 2016). In order to acquire more space for development, the Vietnamese government expanded the administrative boundaries of Hanoi to the west by annexing the province of Ha Tay in 2008¹³ (Figure 4-1). This increased the pressure of urbanization on vast stretches of rural areas in the region. Since 1995, industrial zones established around Hanoi have extended over 5,700 ha (Hanoimoi, 2017). As part of its urban and industrial development policies, the government implemented land acquisition policies to reallocate farmland from farmers to developers¹⁴. In the newly annexed western region, thousands of hectares of farmland were acquired by the government in districts near the urban core such as Hoai Duc or Ha Dong (Nguyen et al., 2016; Vu and Kawashima, 2017).

The case of peri-urban Hanoi attracts the most attention in the debate over the effect of peri-urbanization and rural livelihoods on the urban fringes due to its exceptional context, consisting of a sudden reconnection to the market mechanism, as well as a reintegration to the global economy (Leaf, 2002); a rather unique and fast-changing land regime; and a growing economy with quick livelihood transition. As mentioned in Chapter 3, the main concern is that the peri-urbanization process, with land acquisition policy being its main instrument, will impose negative impacts on

¹³ This expansion tripled Hanoi's area from 1,000 to 3,325 km².

¹⁴ Synonymous terms such as land grabbing or land reallocation have been used in previous research.

peri-urban livelihoods by dispossessing these farmers of their main resource and pushing them out of farming, into unstable employments. However, taking the matter of context into consideration, this concern may sound rather unrealistic. In essence, the claim that land acquisition disrupts or destabilizes peri-urban livelihoods assumes that when urbanization sped up and land acquisition occurred on the urban fringes, farming was still the primary activity there, making farmland loss a serious threat to local livelihoods. This assumption may misrepresent the reality of peri-urban areas. Particularly in northern Vietnam, the household farmland was always small, while a gradually strengthened rural-urban connection after the Doi Moi reform provided new employment opportunities. With the inherent lack of employment and income from farming and the advantageous location, livelihood transitions on the urban fringe should take place early on with peri-urban farmers quickly embracing new livelihood activities emerging from outside their villages. As a result, farmers would be ready to leave farming, and they can quickly adapt to farmland loss without major difficulties upon the implementation of land acquisition policies.

This chapter presents a case study of land acquisition and livelihood transition in a suburban commune on the western fringes of Hanoi, which supports the hypothesis of the early transitioned peri-urban livelihoods. This analysis combines a long and detailed record of local livelihood progress and in-depth interview data to make sense of this early transition and how it helped people cope with the impacts of land acquisition policies.

The next section explains the research approach, the choices of the study site and sampling. The sections that follow analyze livelihood transitions in our study site and how local people responded to land acquisition. These parts contain the main arguments and evidences to support the early livelihood transition hypothesis. Before concluding, the chapter discuss how well this

case study can represent the context of northern Vietnam and some regional differences, and draw out policy implications from its findings.

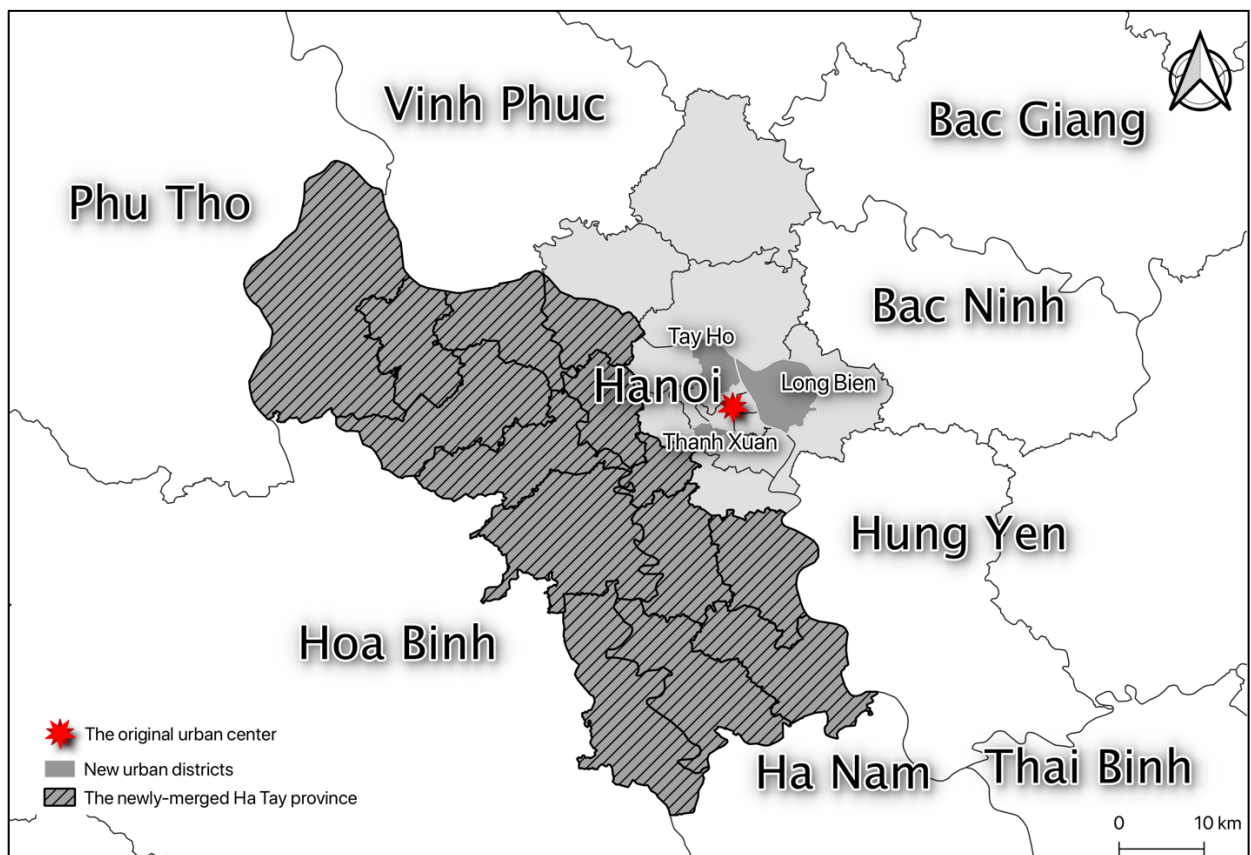


Figure 4-1. Urban expansion in Hanoi

4.2. Methodology, study sites, and sampling

This case study followed a qualitative approach and relied on data from in-depth interviews with peri-urban households located in the western fringe of Hanoi, into which the city is currently expanding (Pham and Yamaguchi, 2011). Despite being mostly qualitative, data such as records of households' livelihoods and land use; their reasons behind major decisions; and the context in which they made their choices can reveal a more thorough picture of livelihood transition. This changing mechanism is what previous quantitative studies could not describe adequately.

The study site, Dong Mai commune, is about 14 km to the southwest of the urban center of Hanoi (Figure 4-2). Its total area is 644 ha, in which only about 195 ha of agricultural land had remained at the time of our study (30%). The population of the Dong Mai commune in 2017 was 16,200, across 4,530 households (The People's Committee of Dong Mai, 2017). Before it was merged into Ha Dong in early 2006, Dong Mai was a rural commune in the Thanh Oai district¹⁵. After that, Ha Dong became a provincial city (district-level administration unit) of Ha Tay province in 2006 and, later on, an urban district of Hanoi in 2009¹⁶, so the commune became a ward (the urban equivalent subdivision of a commune). Lying on the west bank of the Day River, the Dong Mai commune was a traditional paddy area that offered great advantages in terms of irrigation. It can be divided into three geographical components: (i) the villages and (ii) the paddy field, which are protected by a high dike, and (iii) a flood plain outside the dike (Figure 4-3). In the past, the people of the Dong Mai commune produced paddy in the fields and used the plains to cultivate other crops, most of which were vegetables. However, since the mid-2000s, the impact of urban expansion has formed a mixed landscape with industrial zones and other urban facilities emerging around the villages. In the villages, single-story houses were replaced by modern, multi-story ones. The vast areas that used to be paddy land to the east side of the Dong Mai commune were taken over by the government in 2007, with the aim of establishing an industrial zone¹⁷.

¹⁵ Ha Dong was a township at the time. Both Thanh Oai district and Ha Dong township belong to Ha Tay province

¹⁶ When Ha Tay was merged into Hanoi in August 2008, Ha Dong was still a provincial city. In August 2009, it officially became an urban district of Hanoi.

¹⁷ At the time of our study, the construction of this industrial infrastructure had not begun.

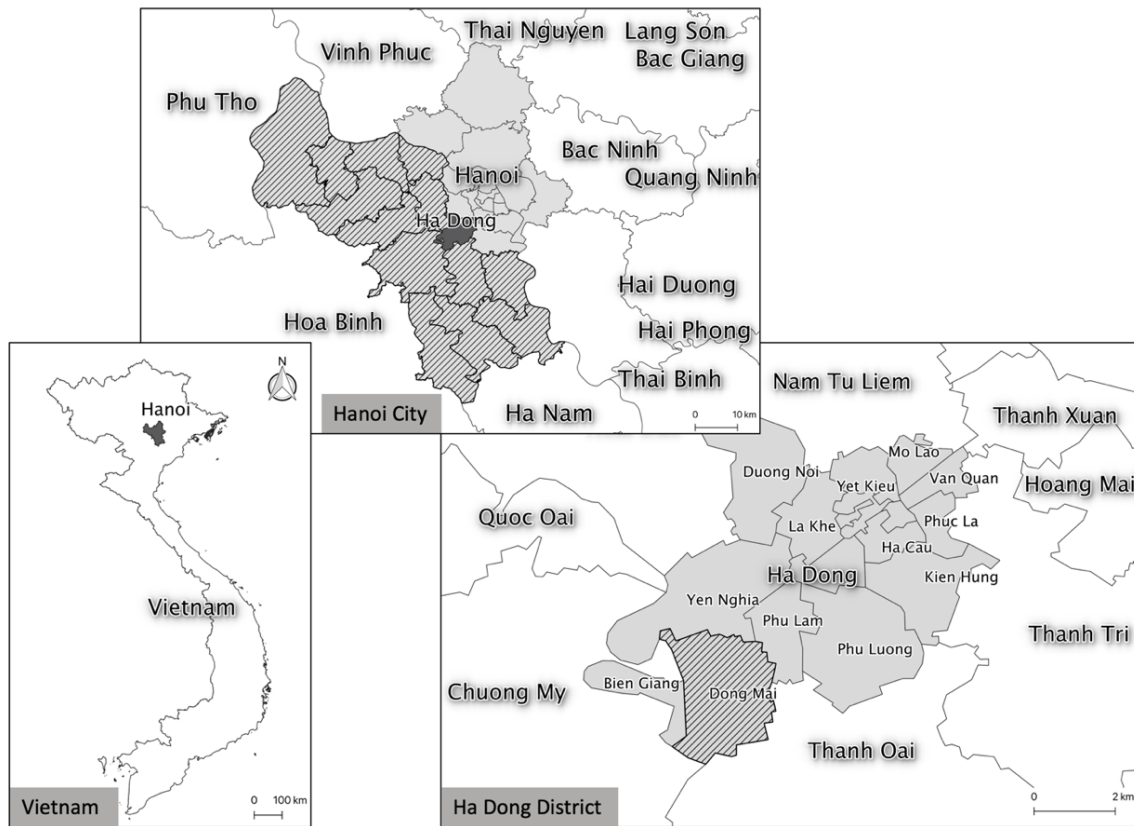


Figure 4-2. Location of the study site

The choice of the study site was partly based on the findings of Nong et al. (2015), which showed that a major part of land conversions in Hanoi occurred in the zone between 10 and 15 km from the city center, with most changes taking place between 2006 and 2010. Besides, the gap of over a decade between the acquisition and our survey was also an advantage for our data, which is short enough for accuracy, and long enough to eliminate subjective biases. On the one hand, when land acquisition occurs, the immediate attitude and behaviors of local people can be very momentary and are influenced by propaganda and peer pressure, but they often do not prevail (Nguyen, 2017). Labbé (2015b) showed that people's attitude toward the incident of land acquisition changed after a few year. From a transition viewpoint, such arbitraries should be avoided. On the other hand, during the pilot trip, we found that people's memory about the incident

was vague and many information were missing while testing the questionnaire in a nearby commune where farmland was acquired in 2001.

Data used in this study mainly came from in-depth interviews with local households. Formerly, the Dong Mai commune comprised villages that were separate and well-organized communities. Having been upgraded and accorded an urban status, these villages began to be known as hamlets/residential groups. We randomly approached households that were engaged in farming around the time when urbanization had sped up in order to interview them. Field trips took place between June 2018 and August 2019. Of the 18 hamlets in the Dong Mai commune, 15 had lost large parts of their farmlands to land acquisition in around 2007. The three remaining ones had not, and continue to hold to their farmland to date. We sampled eight hamlets from both groups, six in the former and two in the latter. The final sample included 64 households with 264 working laborers at the time of the survey. This sample adequately illustrated what had happened in both situations. The average household size in our sample was 4.5 people per household. Most household heads were in their late 50s, with an educational attainment of 7-8 years at school. Their average agricultural landholding at the time of the survey was 660 m² per household (about 1.8 *sao* in the northern land system). The interview focused on the livelihood activities and land use behaviors of the households over time. Their responses reflected their views on urbanization, land acquisition, and other social changes. Data on individual occupational choices over time played a vital role in this study because they revealed the picture of the local livelihood in a dynamic manner, and this helped make sense of the transition. For occupational data, the sample included both current members in the households at the time of the survey, and the children of the household heads, if any, who had already moved out and had started their own families¹⁸ (but still stayed in

¹⁸ The choice of individuals included in the sample for occupational data can be explained as follows. In an interviewed household A, there were the household head—Mr. H0, and his wife—Mrs. H1, they had two sons S1 and S2, and two

Dong Mai commune). Including these ex-members is also necessary in the context of our study site, where most members had their shares¹⁹ in the household farmland.

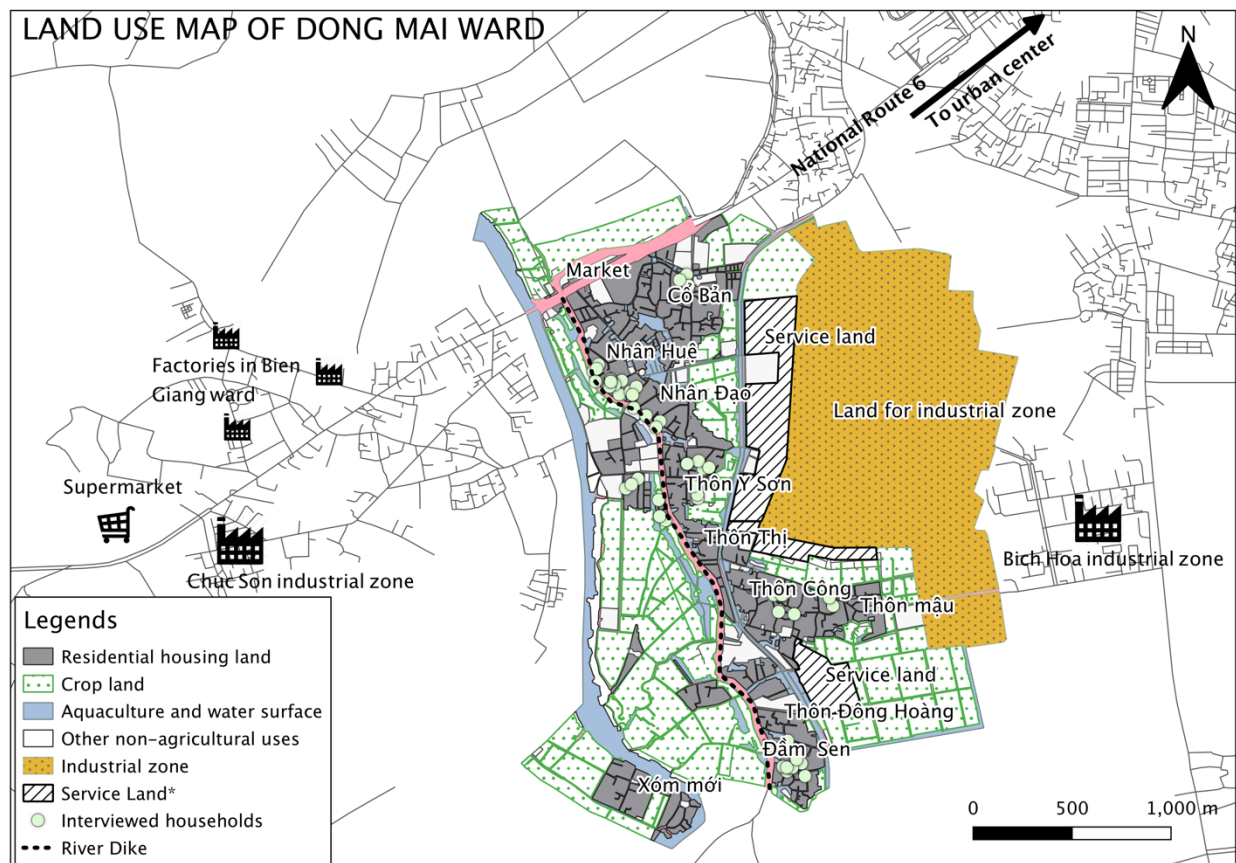


Figure 4-3. Land use map of the Dong Mai commune

Note:

**Service land is a part of the area acquired by the government in land acquisition process that will be developed*

daughters D1 and D2. The son S1 and the daughter D1 had married and form their own separate families. Both the families of S1 and D1 stayed in Dong Mai commune. The son S2 had moved away from the commune for his own career. The daughter D2 still stayed in the household A. In this case, Mr. H0; Mrs. H1; the son S1 (but not his wife and children); the daughters D1 (but not her husband and children); and the daughter D2 were included in the sample for individual occupational choices. We do not include members from the head's children's own families (e.g., spouse or children) because we only interviewed the household heads who may not have provided good information on the occupation of all the members in their extended families.

¹⁹ Generally, in rural northern Vietnam, farmland was allocated to households based on the number of family members at the time of land allocation. Therefore, later when a member moves out and starts his/her own family, it is still perceived by the rest of the household that he/she has a part of the ownership of the household's farmland, even in the case when such person has no longer directly used the land. More details on this matter can be found in parts 4.1 and 5.3 of this paper.

into housing land with basic facilities such as roads, pavements, water, and electricity facilities; and will be redistributed to land-lost households as a part of the compensation value.

4.3. Livelihood transition in the Dong Mai commune before land acquisition

4.3.1. Traditional farming becoming an inferior livelihood

Similar to many rural areas around Hanoi, the original livelihoods of the people of the Dong Mai commune were mainly agricultural. Paddy and vegetables were their primary crop choices. Over 89% of the working members of the households in our sample were engaged in farming in 1990, with some levels of diversification into non-farming activities (see Table 4-1). Paddy cultivation often took place on well irrigated land, while vegetables were planted in areas with inferior irrigation systems, or on paddy land, but after the two main seasons. Livestock raising and other plantations such as fruit trees and sugarcane were scarce.

Farming in the Dong Mai commune was at a rather small scale because of limited household landholding. Farmland was redistributed based on the number of household laborers, who were categorized into primary (15-60 years) and secondary laborers (under 15 years or over 60 years)²⁰. In the last distribution wave in 1993, each primary laborer was assigned about 360 m² of paddy land (one *sao*), and each secondary laborer was assigned 180 m². They also received small amounts of land in the river plains or in other areas outside of the main paddy field (approximately 50 m²/laborer), which were used mostly for vegetable farming. In our sample, with an average size of 4.5 persons, each household in the Dong Mai commune received only about 1,600 m² of farmland in 1993 (about 4.5 *sao*)²¹. The limited landholding coupled with the need for subsistence farming,

²⁰ The general requirement for a laborer to be allocated land was that he/she had to be a local inhabitant (according to the household registration system) working in agriculture. However, the detailed process depends on the local context (e.g., land abundance).

²¹ Before 1993, farmland was redistributed after some years (e.g., retrieving from those dead or quitting farming; and giving land to new laborers). After 1993, with no more redistribution, some households inherited farmland from their parents—a small amount in most cases.

led to a homogenous farming structure across households in the Dong Mai commune until the early 2000s. Most households cultivated paddy for self-consumption. Buying rice was not preferred because of its high price and low availability²². Vegetable cultivation and livestock raising were partly autarkic and partly commercial. Besides consumption within the household, farmers also sold their vegetable products around the villages, or supplied them to markets in urban areas, either by bringing them there directly or through middlemen.

Even before land acquisition occurred in 2007, despite still being the major activity in the Dong Mai commune, farming gradually lost importance. As the local population grew²³, the small areas of land were no longer enough to support households. Rice productivity stagnated because of the small farming scale. Each *sao* of paddy produced a humble amount of under 350 kg of rice per year (two seasons), which was barely enough for the household's own intake. Government land use planning was strict and conversions to new crop choices were difficult. Some farmers intended to switch to higher-value crops such as fruit trees, but did not get approval²⁴. Owing to small landholdings, spare time outside farming was rather abundant. Paddy cultivation required only a few days each month which were spent mainly in planting and harvesting processes. Vegetable cultivation and livestock raising were more labor-intensive, but the scale was small. As a result, many people in the Dong Mai commune turned to non-farming activities for extra income.

²² Until the late 1990s, markets for rice were still quite limited (Niimi et al., 2004).

²³ Although official data on Dong Mai population before 2005 were not available, the statement that local population was growing can be evidenced by the fact that the average population growth rate of Ha Tay Province was 1.18%/year from 1990 to 2005 (Data from the General Statistics Office of Vietnam). Annual population growth rate of the Dong Mai commune was 1.96%/year from 2005 to 2017 (The People Committee of Dong Mai, 2005, 2017).

²⁴ In Vietnam, in principle, applications to cultivate perennial crop choices in the area planned for paddy cultivation must be approved by the local government. In reality, these requests were rarely accepted. In our sample, only 1 among 64 households got the permission to plant guava on an area of about 3,000 m². In 2017, only 10 among 195 hectares of farmland were used for fruit crops.

Table 4-1. Occupational choices of household members in our sample over time

	1990	2000	2005	2010	2018
Farming alone	19.3%	16.7% (-2.6%)	15.4% (-1.3%)	12.5% (-2.9%)	12.1% (-0.4%)
A combination of farming and non-farming activities	69.8%	58.8% (-11%)	48.7% (-10.1%)	22.3% (-26.4%)	15.5% (-6.8%)
Non-farming activities alone:	10.9%	24.5% (+13.6%)	35.9% (+11.4%)	65.2% (+29.3%)	72.4% (+7.2%)
- Informal non-farming activities*	6.7%	10.4% (+3.7%)	15.0% (+4.6%)	27.1% (+12.1%)	23.9% (-3.2%)
- Factory work	0.0%	4.2% (+4.2%)	7.7% (+3.5%)	13.8% (+6.1%)	16.7% (+2.9%)
- Other formal, full-time non-farming jobs**	4.2%	9.9% (+5.7%)	13.2% (+3.3%)	24.3% (+11.1%)	31.8% (+7.5%)
N***	119	192	234	247	264

Note:

- Changes compared to the preceding period are in parentheses

* Daily-wage work, small-scale trading and roving street vendors, recyclable waste collection, or multiple activities of this type at the same time

** Business owner, full-time trader, teacher, office worker, driver, etc.

*** Working household members aged 15 years and above at the time, not including homemakers, students, unemployed, or retired people and those who had migrated out of the Dong Mai commune.

Source: survey data

4.3.2. A growing non-farming sector with high flexibility

An important observation in the case of the Dong Mai commune was the way in which local livelihoods had shifted, to a large extent, into the non-farming sector before land acquisition took place in 2007. This shift involved an increasing diversification of farmers' livelihoods and a rising trend of young laborers pursuing only non-farming careers.

As official data on the labor force at the communal level were unavailable, we used occupational data on working members (aged 15 years and above) in the households we interviewed in order to investigate this transition (see footnote 18 above). Table 4-1 shows the composition of the Dong Mai labor force over time, categorized into three main groups: (i) engaged in farming alone; (ii) engaged in a combination of farming and non-farming activities; and (iii) engaged in non-farming activities alone. The third group was divided into three sub-groups: (a) informal non-farming activities, (b) factory work, and (c) other full-time, non-farming jobs. Even in the 1990s, non-farming activities had been adopted by most local laborers. Among 119 household members aged 15 years and above in the 1990 sample, although 89% were involved in agriculture and largely identified as farmers, 70% also engaged in other activities outside farming. This high level of integration into the non-farming sector was induced by the boom in flexible employment opportunities that farmers were able to take up easily. In these early years, farmers from the Dong Mai commune filled their time outside farming with activities such as trading (especially as roving street vendors), recyclable waste collection, daily-wage work, or providing services (e.g., transportation by cattle carts or small farm tractors, rice milling, etc.).

Trading and recyclable waste collection—the two major activities in the “informal non-farming activities” category in Table 4-1, were important sources of extra employment for local farmers in the early years after Doi Moi. In our 1990 sample, 37% of the laborers participated in the former activity and 22% in the latter, mostly in combination with farming. Collecting waste for recycling (e.g., plastic or metal scrap, or used papers) was a longstanding occupation in the Dong Mai commune²⁵, involving picking or buying recyclable waste from households and bringing them to dealers to trade in exchange for money. Collecting trips were made on foot or on

²⁵ The official website of the Dong Mai People’s Committee lists this activity a key local livelihood activity.

bicycles, with a shoulder pole and baskets to carry the load²⁶. Trade also spread quickly in this area. Traders brought a wide variety of commodities, especially farm produce such as vegetables, pork, chicken, or eggs, to urban areas to sell as roving street vendors. Taking advantage of the peri-urban location, these small vendors easily wandered around in Hanoi on cheap transportation (e.g., bicycles or motorbikes) to sell various goods that were abundantly available in their villages. According to the farmers interviewed, despite their low requirements in terms of capital and skills, recyclable waste collection and roving street vendors could generate a daily income approximately on the lines of that of daily-wage work, which may not always be readily available to them. Therefore, these activities were often considered as the farmers' last resort for livelihood.

The burgeoning rise of these non-farming activities was largely a consequence of the urbanization process itself. Roving street vendors and waste collectors targeted urban areas because of the rising demand for consumption, especially food (Jensen and Peppard, 2003) and large amounts of recyclable waste (Mitchell, 2008). After the Doi Moi reform abolished collectivism in agriculture and unleashed market operations, factors such as economic growth and urbanization played a major role in putting the idle labor force in peri-urban areas to use. The Dong Mai people have long considered the urban areas near them as a part of their livelihood space. This view was articulated by an old farmer in the following words:

“It was impossible to make a decent living out of a few sao of land... There were not many things to do in the villages. Every household had members going out to collect recyclable waste (gom đồng nát); or selling things as a street vendor (đi bán hàng rong); or being a daily-wage laborer (đi làm thuê). Although people called it ‘going to the downtown,’ it was not really far

²⁶ See Mitchell (2008) for additional analyses of this activity.

from here on a bicycle or a motorbike.” (Mr. G, 74 years, personal communication, July 29, 2019).

These activities were not limited to the Dong Mai commune. They were recognized widely as a part of the growing informal economy of Hanoi.

This transition sped up with the rise in the number of young laborers who only took up non-farming occupations. As seen in Table 4-1, from 1990 (N=119) to 2005 (N=234), the proportion of laborers in our sample who engaged in non-farming activities alone increased from 10.9% to 35.9%. Among the non-farming laborers in 2005 (84 cases), 77.6% were those who had entered the local workforce in this period. Most of them had not been involved in farming. As many as 42% had been engaged in informal activities such as small-scale trading, recyclable waste collection, or daily-wage work, while the remaining 58% took up formal and full-time jobs such as that of factory or office workers, business owners, or service providers. According to the interview data, few young people in the Dong Mai commune wanted a future continuing the kind of agriculture that their parents considered as small-scale and unproductive, while other employment opportunities blossomed in the urban fringes around where they lived. Remarkably, in addition to informal activities that their parents had adopted to diversify their livelihoods, many young laborers in the early 2000s could access a wide range of formal, full-time occupations because of industrialization and other improvements in the labor market.

The acceleration of industrialization on the fringes of Hanoi played a major role in providing employment for the young laborers of Dong Mai. In our sample, the percentage of factory workers increased from 0 to 7.7% from 1990 to 2005, and kept rising in the years that followed (Table 4-1). One can easily see the blooming of industrial activities around the Dong Mai commune. To the west of our study site, dozens of factories emerged in the Bien Giang ward since the late 1990s,

and were scattered alongside large roads with a total area of about 36 ha. The Ngoc Son industrial zone is situated a kilometer away, in the Chuc Son township (Chuong My district). It was established in 2008, and has an area of 19 ha. The 60-hectare Thanh Oai industrial zone in the Bich Hoa commune is situated to the east, just outside the Dong Mai commune (Thanh Oai district). It was established in 2008. This rapid emergence of industrial facilities nearby spared a great number of laborers the cost of migration for factory jobs and gave them more livelihood opportunities.

Besides factory jobs, other full-time and more formal non-farming occupations also became more popular in the Dong Mai commune. In our sample, these activities increased from 4.2% in 1990 to 13.2% in 2005 (Table 4-1). In addition to a growing number of laborers engaging in occupations such as office work, teaching, sales, and driving taxis, many of them also opened their own businesses (appliance stores, tailor shops, workshops, etc.). Activities that were once informal were gradually carried out in more formal and full-time settings. Trading became more specialized and took place on a larger scale and high levels of capital were invested in transportation vehicles or permanent kiosks. Some people opened up gathering terminals to buy recyclable waste from small collectors.

Before land acquisition was carried out in the Dong Mai commune, livelihoods had begun to gradually transition out of farming. This shift was induced by a combination of factors such as the increasing scarcity of farmland and income from farming, the peri-urban location, and the emergence of new employment opportunities from outside the commune. This early transition was an important factor that determined the way in which the local people coped with the effects of land acquisition.

4.4. Land acquisition in the Dong Mai Commune and how local livelihoods transformed after farmland loss

4.4.1. Land acquisition

Large-scale land acquisition occurred in the Dong Mai commune in 2007, with the initial plan of establishing an industrial zone. Based on a decision from the Ha Tay provincial government, about 192 hectares of paddy land were appropriated (Figure 4-3) and leased to Phong Phu Corporation, the land developer²⁷. By that time, this area was a vast paddy field with well-built irrigation systems, accounting for half the total agricultural area in the entire commune. Meetings among local residents, the developer, and officers from the Communal People's Committee were held to announce the government's decision, provide information on the procedure and the compensation amounts, and to receive people's questions and claims. An agreement was arrived at promptly, where in households with land in the acquired area undertook to give up their LUR in exchange for compensation comprising cash, skills training, and some amount of non-agricultural land. In the case of the Dong Mai commune, the development of the industrial zone has remained idle ever since for various reasons²⁸, and the land has remained unused.

The 2007 land acquisition resulted in substantial changes in the households' landholdings in 15 out of 18 hamlets in the Dong Mai commune. Table 4-2 shows the average amount of farmland originally received and lost by acquisition, and the land that remained among the households in our sample. The first row shows the data for 48 households across 6 hamlets with most of their farmland located in the area acquired. On average, these households lost about 75% of their

²⁷ This was only the official number in Decision "978 QD/UBND" of the Ha Tay Provincial People's Committee that the authors could access. Other unofficial values on the amount of land that had been acquired by the government can also be found. For example, the website of the Dong Mai commune's report for this number from 2007 to 2009 shows about 242 ha.

²⁸ Details for this situation can be found in Chapter 6 of this dissertation, which analyzes the implementation of land acquisition at local level.

farmland (mainly paddy fields). With the initially received amount of farmland of approximately 1,657 m², each household had only about 418 m² remaining. The remaining plots were located mostly on the flood-prone area outside the dike, which was not well irrigated, and therefore was used primarily for vegetable cultivation. Our sample also includes 16 households from 2 of the 3 hamlets, with most of their farmland lying outside the area acquired. As seen in the second row of Table 4-2, the land loss ratio among these households was only about 10%. However, farmers in these hamlets reported that they sometimes faced difficulties in farming because of the degraded irrigation system and pests from the abandoned fields nearby.

Table 4-2. Average amount of farmland assigned; lost by acquisition; and remaining in our sample (m²/household)

	Farmland originally received	Farmland lost in 2007	Remaining farmland
Heavily affected hamlets*	1,657	1,239	418
Mildly affected hamlets**	1,522	139	1,383

Note:

* 48 households from 6 hamlets (1, 5, 6, 7, 9, and 12)

** 16 households from hamlets 16 and 17

Source: Survey data

Households in our sample considered what they received for the land taken away as “quite reasonable,” at least in comparison with similar cases nearby²⁹. Unlike some incidents involving various conflicts between the government and local communities around similar processes, only a few conflicts seemed to have emerged from the land acquisition processes in the Dong Mai commune. Most interviewees confirmed quite strongly that they had concurred with the government’s plan at the time and that meetings among stakeholders had been carried out properly.

²⁹ For example, the case of land acquisition in the adjacent Bich Hoa commune, Thanh Oai district, to establish another industrial zone in 2005.

Some claimed that it was pointless to disagree or resist because the decision had already been made by the government and that farmland did not belong to individuals but to the community as a whole. At the time of the survey, the main criticism was directed at the inefficient land use—the long abandonment of this vast area, rather than at the procedure of land acquisition in 2007. The smooth land acquisition procedure reflected not only the willingness on part of the people of Dong Mai to accept the compensation, but also their readiness to move away from farming, which helped them adapt quickly with the effect of farmland loss, as described in the next section.

4.4.2. The transformation of local livelihoods after farmland loss

A gradual transition of local livelihoods took place in the Dong Mai commune in the 1990s and the early 2000s as a result of the emergence of new activities beyond farming. However, it was after the land acquisition wave in 2007 that a radical shift out of farming took place. This change was reflected by an obvious decrease in the proportion of laborers involved in farming, as seen in Table 4-1. From 2005 to 2010, the percentage of laborers engaged in farming alone or in a combination of farming and other non-farming activities reduced from 64.1% to 34.8%. As shown in Table 4-3, there were remarkable changes in the composition of local gross product by sector (i.e., agriculture, manufacturing, and trading and services) after the loss of farmland. From being a key sector that created 43% of local gross products in 2005, agriculture quickly lost its importance and accounted for only 14% in 2010 and 12% in 2017. This change came with a remarkable increase in the local gross product value, with trading and services having become the fastest growing sector in the Dong Mai commune. This could be explained by the kind of non-farming activities that had developed there since the 1990s (e.g., small-scale trading, recyclable waste collecting, etc.). Table 4-3 shows a few changes in this composition between 2010 and 2017,

which suggests that people from the Dong Mai commune had adapted rather quickly and their livelihoods had stabilized soon after they lost their farmland.

Table 4-3. Composition of local gross product value in the Dong Mai commune

Year	2005	2010	2017
Gross product (bil. VND), in which:	63.1	101	125
- Agriculture (bil. VND)	27.2 (43%)	14.1 (14%)	14.9 (12%)
- Manufacturing (bil. VND)	14.5 (23%)	30.1 (30%)	42.6 (34%)
- Trading/services (bil. VND)	21.4 (34%)	56.8 (56%)	67.5 (54%)

Source: The People Committee of Dong Mai (2017, 2010, 2005)

Each group experienced different changes in their livelihoods after land acquisition. summarizes the occupational changes from 2005 to 2010 of 184 laborers across 6 hamlets who lost most of their farmland in 2007 (the “heavily affected” ones in Table 4-2). A large number of laborers moved away from agriculture. They accounted for 23.9% of all cases (44 of 184), and comprised those who combined farming and non-farming activities (row 1a) and those who had pursued farming (row 2c) alone before farmland loss. After land acquisition, not only did they stop farming on the part of land taken over by the government, but also on the remaining area. They explained that it was better to find non-farming employment with higher earnings than cultivating the small farmland that remained. Around the time of land acquisition, finding work was quite easy and the desire to persist with agriculture was low, which made it easy to leave farming:

“Even when I was still engaged in farming, I spent most of my time working as a construction wage laborer (phụ hồ). After I quit farming, I could work more days... Before that, it was a custom to not abandon the paddy field, so I had to cultivate the land anyway, although the

value of the rice I produced was nothing compared to what I earned as wages” (Mr. M, 74 years, personal communication, August 2, 2019).

“After land acquisition, my daughter focused on collecting recyclable waste. She still had about 240 m² of farmland, which could be used to plant vegetables, but she did not want to use it... On some days, after selling the collected waste, she bought flowers or some other goods to sell in the village market on her way back” (Mr. H, 64 years, personal communication, August 4, 2019).

Some of them invested in new and more formal activities:

“I used to work for a small enterprise as a driver when I was engaged in farming at home... After receiving compensation, I bought a car and became a taxi driver” (Mr. D, 43 years, personal communication, July 30, 2019).

“After the government acquired my paddy field, I let my parents use the remaining land because it was too small. My wife and I rented a kiosk in a market in the center of Ha Dong district to sell fruits” (Mr. A, 46 years, personal communication, July 3, 2018).

As these laborers moved away from agriculture, farming was reserved for a few members in their families. In many cases, they rented out their farmland to other villagers, mostly their relatives, or even abandoned it altogether.

About 10.9% of this sample only engaged in farming after land acquisition took place, as seen in rows 2a and 1c of Table 4-4. There were several reasons for not leaving farming in this case, such as lack of capital; old age (average age of these cases in 2007 was 48); being a homemaker (80% of them were female), or being less competent (e.g., unhealthy or less educated) to find other work. Upon losing most of the paddy fields, they had to rely on the remaining plots outside the dike (Figure 4-3), which did not have an irrigation system and was not preferred in the past as they

were unsuitable for paddy fields. However, farming in the Dong Mai commune has transformed since then. With most of the paddy fields gone, the crop choice structure shifted toward the more labor-intensive cultivation of vegetables, which created extra employment. Vegetables brought higher and more frequent incomes to farmers. With the rising demand from urban areas for food, every day, a large amount of vegetables from the Dong Mai commune was consumed in the city center. Some households also reported high levels of investment in vegetable cultivation (e.g., electric water pumps and sprinklers). This intensification in farming and economic efficiency were major factors that helped the remaining farmers in the Dong Mai commune cope with the pressure on their farmland.

Combining farming with non-farming activities was still a popular choice after farmland loss, and was adopted by most laborers in the Dong Mai commune. As seen in rows 1b and 2b of Table 4-4 they constituted 24% of this sample. Besides finding additional non-farming employment, these laborers continued farming on the remaining land with improvements that were similar to those made in the cases of full-time farming as described above. However, farming in this livelihood mix usually accounted for lower shares of labor time and income contributed than before land acquisition, as these laborers gradually prioritized non-farming employment over farming. A few among them only considered farming a habit or simply hesitated to abandon the remaining farmland altogether.

Table 4-4. Changes in occupations of individuals in 6 hamlets between 2005 and 2010 after losing most of their farmland

Comparing individual occupations between 2005 and 2010	No. of cases	Percent
1. Laborers who combined farming and non-farming activities before farmland loss	87	47.3%
a. Switching to non-farming activities alone	42	22.8%
b. Continuing to combine farming and non-farming activities	38	20.7%
c. Switching from combining both activities to farming alone	7	3.8%
2. Laborers who only adopted farming before farmland loss	21	11.4%
a. Continuing with farming alone	13	7.1%
b. Switching from farming alone to combining farming with non-farming activities	6	3.3%
c. Switching from farming alone to doing non-farming activities alone	2	1.1%
3. Laborers who adopted non-farming activities alone before farmland loss	64	34.8%
a. Continuing to engage in non-farming activities alone	64	34.8%
4. Retirement, death, or becoming a homemaker alone	12	6.5%
N	184	100%

Source: Survey data

With the abovementioned shifts in farming practices and labor force, some changes also came about in the use of farmland in the Dong Mai commune. On the one hand, as a great number of laborers began to leave farming, a considerable share of the remaining farmland became idle. One-fourth of the households in our sample were neither using their farmlands nor renting them out to anyone at the time of the survey. The total area of farmland that they had left unused at the time of the field survey exceeded 8,900 m², which amounted to 21% of the total amount of farmland remaining. The small size of the remaining farmland and the degradation of farming facilities (e.g.,

the irrigation system) also led to abandonment. On the other hand, as some people tried to make use of the remaining area for more intensive and higher-value farming, renting became more popular in the Dong Mai commune. At the time of the survey, 18 cases rented out their farmland, and 11 cases rented in. However, as each household's remaining farmland was small, renting was rather informal. Farmland was often rented out to relatives or close neighbors, while rental fees were low, often close to zero.

The last case mentioned in Table 4-4 was that of laborers who had only adopted non-farming jobs before land acquisition. The loss of farmland had no negative effects on this group. Some of them even benefited. Not only did many of them receive a part of the compensation money despite not being land users, but their livelihoods also benefited from the urbanized factors in this commune. Two cases below, among several others from our interview data, help prove this point:

“By 2007, I worked for a carpentry workshop in an adjacent commune. I had my share of farmland but did not want to engage in farming, so I let my parents use it for cultivation. I used my share of the compensation money together with the financial support from my parents to open my own workshop” (Mr. V, 35 years, personal communication, August 2, 2019).

“I worked as a daily-wage laborer, mainly in construction... After receiving the compensation, many families in Dong Mai wanted to renovate their houses or build new ones. It was very easy to find work and my wages also increased” (Mr. X, 62 years, personal communication, August 5, 2019).

From these cases, it is clear that land acquisition sped up the transition in the Dong Mai commune instead of disrupting its “endogenous development pattern” (Labbé, 2016). This effect becomes clearer when we look at data from the two remaining hamlets in our sample, where farmland loss was not severe (the “mildly affected” ones in Table 4-2). As shown in Table 4-5, in

these two hamlets, livelihoods continued to transition in directions that were quite similar to that of the six hamlets that we analyzed above but at a slower pace, with a smaller percentage of laborers moving away from farming (rows 1a, 2b, and 2c). While farming in these two hamlets was not very different from the others in the Dong Mai commune, this slow change should have ideally come from inertia (i.e., farming as a habit) rather than the prospect of farming itself.

Table 4-5. Changes in occupations of individuals in 2 hamlets between 2005 and 2010 while still retaining most of their farmland

Comparing individual occupations between 2005 and 2010	No. of cases	Percent
1. Laborers who combined farming and non-farming activities before farmland loss	22	40%
a. Switching to non-farming activities alone	6	12%
b. Continuing to combine farming and non-farming activities	9	18%
c. Switching from a combination of both activities to farming alone	5	10%
2. Laborers who only adopted farming before farmland loss	9	18%
a. Continuing with farming alone	8	16%
b. Switching from farming alone to combining farming with non-farming activities	0	0%
c. Switching from farming alone to doing non-farming activities alone	1	2%
3. Laborers who only adopted non-farming activities before farmland loss	18	36%
a. Continuing to engage in non-farming activities	18	36%
4. Retirement, death, or becoming a homemaker alone	3	6%
N	50	100%

Source: Survey data

The analysis above shows that although the Dong Mai people experienced considerable changes in their livelihoods after losing their farmland, those changes were mostly an accelerated

continuation of a preexisting transition. How this continuation differs from a disruption is reflected in the way in which Dong Mai laborers quickly adapted to farmland loss without experiencing major difficulties.

4.4.3. How households managed compensation money

The way in which land-lost households managed the value of compensation provided also shows that the people of the Dong Mai commune had adapted quite well to farmland loss. If people feel like their livelihoods are under threat or harm, a high portion of the compensation value is spent on livelihood activities or is saved as an insurance against income shocks in the future. However, the reality was that in two-thirds of the households in our sample, the recompense was often spent on consumption instead of being treated as livelihood capital.

First, although land-lost households received compensation in various forms, they quickly turned it into cash. Besides a monetary amount of approximately VND 67 million per *sao* of land acquired³⁰ (about \$3,000/360 square meters), households that lost over 30% of their total farmland were eligible to receive some amount of non-agricultural land (often called “service land”). These plots served the purpose of providing land-lost households with additional resources to develop their non-farming livelihoods (e.g., opening stores, building rooms for rent, etc.).³¹ Of our sample of 54 households that lost land in the 2007 acquisition, 47 received these service land plots.

³⁰ In principle, the compensation value comprised three main elements: the value for land; support in skills training; and support in settling down after loss of land. However, in practice, the skills training and settling supports were often extra amounts cash in addition to the direct value of the land.

³¹ For each land acquisition project after the Land Law 2003 came into force, about 10% of the acquired area became service land. This area was to be developed with basic facilities such as roads, pavements, water, and electricity facilities; and was to be redistributed to households in proportion to the amount of land that was acquired, with some fees payable for the facilities developed on it.

However, half of them soon sold all the service land they received, while 21% sold some part of the land³².

After being converted into a lumpsum amount of cash, the compensation value was often divided among household members who had shares in the household farmland at the time of land redistribution in 1993. Almost all land-lost households in our sample redistributed the compensation money among their members based on the initial proportion of farmland as assigned to each of them. As shown above, this redistribution benefited a large number of non-users of farmland who had (completely or mostly) moved out of farming³³.

Most of the money after redistribution was spent on housing and consumption rather than on improving livelihoods. In our sample, 70% of the land-lost households used the compensation money for housing, while 48% either spent it on buying motorbikes and household appliances or on daily consumption. They often prioritized building houses because of the poor housing conditions that prevailed before land acquisition³⁴. Of all land-lost households in our sample, only 31% (17 of 54) invested in their livelihoods. Examples included building small workshops to produce consumer goods (e.g., inox kitchenware, wooden accessories, etc.), opening up stores or waste collecting terminals, providing services such as renting out equipment for use in local events (e.g., weddings, festivals, funerals), or buying cars and becoming taxi drivers. This pattern of expenditure indicates that the households in Dong Mai treated compensation as a form of windfall rather than as recompense for the damage to their livelihoods.

³² This decision was partly induced by a trend in increasing land prices around Hanoi because of urbanization and the expansion of its administrative boundaries.

³³ In explaining the decision to divide the compensation amount, household heads confirmed that they did not have any reasons to do otherwise. To them, this division ensured a sense of fairness and was a moral thing to do given that every household was likely to do the same. This mode of redistribution within the household led to a quick fragmentation of the compensation money into small amounts.

³⁴ There may have been some peer pressure that may have influenced them to aspire for houses after seeing their neighbors having good houses.

4.5. Discussion

4.5.1. The relevance of the early transitioned urban fringe hypothesis

An important observation in the case of the Dong Mai commune is that livelihood transitions occurred quite early on after the Doi Moi economic reforms, especially with farmers increasingly engaging in non-farming employment in addition to their conventional farming activities. This premise explains how local people were ready to leave farming and how they had adapted to farmland loss quickly because of land acquisition. Is this early transition relevant outside this commune? First, the main activities that enabled the early transition in the Dong Mai commune, such as recyclable waste collection and small-scale trading in the form of roving vendors, are widely recognized in the development of Hanoi and its surrounding areas after the Doi Moi reforms (DiGregorio, 1994; Mitchell, 2008). Second, similar patterns of transition were found in previous research on northern Vietnam, in cases without these specific activities. In studying maternal employment in the Red River Delta after the reform, Korinek (2004) found that, in the late 1990s, married women in peri-urban areas had to work very hard in multiple jobs, and that non-farming activities were the major source employment for them. In the early the 2000s, Thanh et al. (2005) reported the trend of rural livelihoods moving away from subsistence farming toward high-value products and non-farming employment in the Red River Delta, where proximity to urban centers and access to markets were considered important for local economic development. Van Den Berg et al. (2003) described the transformation of the Hanoi urban fringe in the late 1990s and highlighted farmers escaping paddy farming and turning to more intensive and efficient production (e.g., horticulture and aquaculture); a large share of laborers working in industry and services; and a part of local farmland being left unused. It is clear that the case of the Dong Mai commune was likely to reflect what had happened in northern peri-urban areas.

However, household behaviors observed in this case is inevitably subject to some regional (North-South) differences. For example, as mentioned before, the practice of the land allocation policy in the North was based on the number of family laborers while in the South, historical ownership. The headcount allocation might lead to the fact that endowment effect is not so dominant and dividing compensation money among household members become easier, while in the Southern context, the management of the recompense is likely to be a joint decision in which the household head has the primary role. On this point, Ravallion and Van de Walle (2008, pp. 30–34) listed various regional factors that can caused North-South differences such as the stronger safety net in the North that helps people deal with income shock better; the more developed agricultural labor market in the South that provides abundant work for farmers with small landholdings; or the higher education level and the better return to schooling in the North, implying that people here access and benefit better from higher-income non-farming activities. Although this paper does not aim to focus on the aspect of regional differences, it emphasizes that the pattern of household behaviors is shaped by not only the land acquisition incident itself but the changing context and livelihood transition that came before, which differ greatly between the North and South of Vietnam. Future studies are encouraged to further explore this point.

4.5.2. Policy implications of land acquisition for urbanization in Vietnam

Vietnamese land acquisition policy in particular and the whole land regime in general has always attracted much debate. The above-mentioned viewpoint of Labbé (2016) represents a large number of implications against government-led urbanization involving land acquisition. Labbé favored the “endogenous urbanization” pattern, by which he implied “not being urbanized intendedly by the government”. Despite having a highly liberal sense, this kind of development might not be truly endogenous, especially in a context of fast-changing policy. In our case study,

the context of Dong Mai village was influenced by, besides urbanization and land allocation policies, various factors that can be either a pre-existing policy or the result of one. In Dong Mai commune, the equal distribution of farmland and agricultural zoning policy led to the very weak operation of markets for farmland and an extremely rigid structure of farming, which were the key factors to make farming unattractive and induce farmers to find non-farming incomes in the first place. These policies are obviously exogenous to this commune and still prevail nowadays. Besides, attempts to reverse the status quo of government-lead peri-urbanization appear impractical. Interestingly, the idea of promoting free markets for land, which is the opposite to heavy government control of land, was also criticized in Vietnam as being “pro-rich” and as helping build up the “new landlords” by allowing land concentration (Akram-Lodhi, 2004; To et al., 2019). What necessary to make a practical pro-poor policy in this case seems to be gradual improvements to the existing regulation.

Although Vietnamese regulations on land acquisition have been continuously enhanced (e.g., revision of Land Law in 2003, 2013, and 2018), there is still plenty of room for improvement, which can be inferred from the findings of this study. First, the purpose of clarifying the impacts of land acquisition on peri-urban livelihoods in the case of the Dong Mai commune is not to say that this is a good policy, but that it can benefit people in the urban fringes with proper planning and execution of policies. Focusing on the impact of land acquisition on farmland loss and damage to farming is not only misleading as this study has shown, but also induces the use of an evaluation framework based on farming output, which has been criticized for undervaluing farmland in Vietnam. Understanding that peri-urban farmers have other alternatives for their livelihoods and should thus have more options for land use is an important step in bringing the compensation value of farmland closer to market prices.

Second, the study also calls for improvements in urban planning practice in Vietnam, especially in the ongoing urbanization of the urban fringe. The flawed planning and laggard project development seen in the Dong Mai commune (*see footnote 28 above*), was common throughout the country. In 2018, out of the 56,567 ongoing development projects nationwide, about 1,800 went behind schedule (VnEconomy, 2019). In Hanoi, this number was 383 of 2,532 projects in 2019 (Bao dien tu Dan Tri, 2019). Consequently, a large amount of land acquired by the government was left idle and this caused the economy to incur significant opportunity costs. In the Dong Mai commune, although inducing laborers to leave farming appeared to have a positive effect, failure in developing the manufacturing sector and creating new employment opportunities resulted in the substantial loss of the development potential of the local economy.

4.6. Remarks

Located on the western fringes of Hanoi, the peri-urban commune of Dong Mai soon experienced livelihood transitions after the Doi Moi reforms, with farmers increasingly engaging in additional activities besides farming and young laborers mainly pursuing non-farming careers. This early transition helped most local households leave farming when urbanization sped up and land acquisition occurred. As a result, they adapted quickly to farmland loss without major difficulties, and transformed their livelihoods for the better. This early transition was bound to happen in the peri-urban context of northern Vietnam, where the inherent lack of employment and income from farming and the favorable location induced laborers to reach beyond the villages for new economic opportunities. They benefited from surrounding changes (e.g., urbanization and increasing urban consumption) by adopting flexible livelihood activities (e.g., recyclable waste collection and roving street vendors).

These findings, with a high likelihood of being observed in other parts of northern Vietnam, argue against the perpetuated claim that urbanization and land acquisition disrupt or destabilize rural livelihoods on the urban fringes, as found in a number of previous studies such as Van Suu (2009), DiGregorio (2011) and Labbé (2016). Observations from the Dong Mai commune suggest that attention should be paid to proper urban planning and suitable compensation schemes, rather than to farmland loss, in order to improve urbanization and land acquisition policies.

Chapter 5. Farmers' landholding strategy in urban fringe areas: a case study of a transitional commune near Ho Chi Minh City, Vietnam³⁵

Chapter summary

Farmers in peri-urban areas across Vietnam are experiencing rapid transformations in their livelihood and land use practices. Peri-urbanization is progressing rapidly, along with the risk of conversion of large amounts of farmland into non-agricultural land. Additionally, an increasing number of laborers are moving away from both agriculture and rural areas. Understanding households' strategies in landholding and livelihood under such circumstances is crucial to the development and planning of these fringe areas. This chapter investigates the landholding behaviors of farmers in a transitional commune on the fringe of Ho Chi Minh City, Vietnam. Our data demonstrated that farmers delayed land transfers to their successors, adopted more flexible crop choices, and diversified their livelihoods in order to deal with the lower access to land and the outflow of labor from farming. The combination of these strategies helped farmers in Thanh Loi significantly in maintaining their landholdings and adequate levels of income. These findings suggest that peri-urban farmers should be viewed as economic entities that actively interact with the ongoing transition on the fringe to improve their own wellbeing rather than as passive peasants that are negatively affected by the process.

³⁵ This chapter is mainly a reprint of the author's published paper: Nguyen, Q., & Kim, D.-C. (2019). Farmers' landholding strategy in urban fringe areas: A case study of a transitional commune near Ho Chi Minh City, Vietnam. *Land Use Policy*, 83, 95–104. <https://doi.org/10/gfvcnb>

5.1. Peri-urbanization and livelihood transition on the fringe of Ho Chi Minh City

In the south of Vietnam, for the Ho Chi Minh City metropolitan area, it is estimated that there was a fivefold increase in the amount of urban land within the period 1990 to 2012, of which more than 60% occurred in peri-urban communes in an unplanned manner (Kontgis et al., 2014). This situation sparks concerns about the loss of large amounts of productive farmland and its impacts on rural livelihoods. The above concern raises the need for analyses on households' landholding and livelihood strategies under the effect of peri-urbanization.

It should be noted that in this case, after the reform in 1986 (*Doi Moi*), rural areas in Vietnam underwent a rapid transformation in terms of both livelihood and land use. The increasing connection to urban areas, made available by improvements in transportation and communication, led to a significant outflow of laborers from farming and an increase in access to rural land for non-agricultural users. These changes to the vital inputs of agriculture forced farmers to continuously adjust in order to maintain their livelihoods. In the urban fringe areas, the impact was more severe due to the acceleration of industrialization and urbanization. Understanding farmers' behaviors in this complicated context is necessary for policymaking in land use and rural development.

This case study analyzed land use and livelihood changes in a commune on the fringe of Ho Chi Minh City, Vietnam, focusing on the behaviors of farmers under the pressure of peri-urbanization and industrialization. Instead of considering fringe transformation as a component of urban expansion, this study described the development of this area within the scope of rural transition, based on the perception that the rural origin and context-specific factors play a major role in forming the current situation. Farmers were the key research subjects in this study since their decisions were the important source of land use change at a local level. Historical data on

households' landholding and livelihood changes were collected, together with the contexts of and motivations for their decisions. The objectives of this study were to reveal the main driving forces of rural land resources and to outline the main response patterns of farmers in this area under the influence of peri-urbanization and industrialization processes.

The following section discusses a framework for the analysis of farmers' adaptation strategies to peri-urbanization. Next, we explain our approach, the choice of the study site, and the sampling methods used. Following this, we discuss the transition path that set out the current situation of the study site, including the development of agriculture and how the area evolved with industrialization and peri-urbanization. Subsequently, we analyze farmers' strategies to maintain landholding and farming in this area. Finally, we provide some concluding remarks and policy discussions.

5.2. A framework for the analysis of farmers' adaptation strategies to peri-urbanization

From a transition perspective, the pressure on rural land and the outflow of labor are ubiquitous processes in various rural contexts. In Vietnam, long-term cultivation with increasing rural population was a cause for pressure on rural land before it was further exacerbated by policies toward frontier land control and forest protection, and more recently, industrialization and urban development (Kontgis et al., 2014; Meyfroidt and Lambin, 2008). Meanwhile, the hardship of agricultural life, declining access to land combined with improvements in transportation and communication, the emergence of non-agricultural employment with a chance of a higher income, and other political and social changes led to the outflow of labor from agriculture and from the rural areas (Anh et al., 2012; Huynh, 2009; Rigg, 2007, pp. 120–2).

Under these pressures, among the left-behind farmers, some strategies in land use, landholding, and farming were observed. Labor shortage and rising land prices are likely to induce farmers in

peri-urban areas to sell their land to non-agricultural users, leading to land conversion. Saksena et al. (2014) found evidence that peri-urban farmers were selling or converting non-paddy agricultural land to other land uses. On the contrary, Dien et al. (2011) observed the tendency of farmers to hold onto their land, maintaining agriculture, and keeping their rural identity in the case of the Hung Yen province. Although this was not observed in Vietnam, labor shortage may lead to the abandonment of land or may induce farmers to rent out land in some rural contexts (e.g. see Kato 1994 for the case of Malaysia; Jiang et al., 2013 and Kung 2002 for the case of China). In agriculture, the adjustment of production practices such as alternating crop choices and cultivation methods, changing gender contributions in farming, and using hired laborers and machines are often used to deal with labor shortage (Paris et al., 2009). With limited access to land and decreasing returns of agriculture, the diversification or conversion of livelihood into non-farm activities is a common choice (Nguyen et al., 2016), which was evidenced to reduce the incidence of rural poverty (Van de Walle and Cratty, 2004). The diversity of farmers' strategies, again, emphasizes the importance of individual and contextual factors to the question at hand.

The process that leads to pressure on land and the outflow of labor on the urban fringe and farmers' strategies in farming and landholding under these circumstances can be generalized into the framework in Figure 5-1. On the fringe of urban areas, new livelihoods emerge while agriculture becomes unattractive with exhausting resources and decreasing returns, inducing laborers to move away from farming. At the same time, peri-urbanization occurs with an increasing demand for land, pushing up land prices and lowering farmers' access to land. The responses of farmers in terms of land use and landholding might be either abandoning or renting out the land due to labor shortage; or selling the land (and moving out of farming); or holding onto the land. In terms of the livelihood mix, farmers might choose between a strategy of farming exclusively,

usually with adjustments in cultivation, or a conversion into non-farming livelihoods; or a diversification of both.

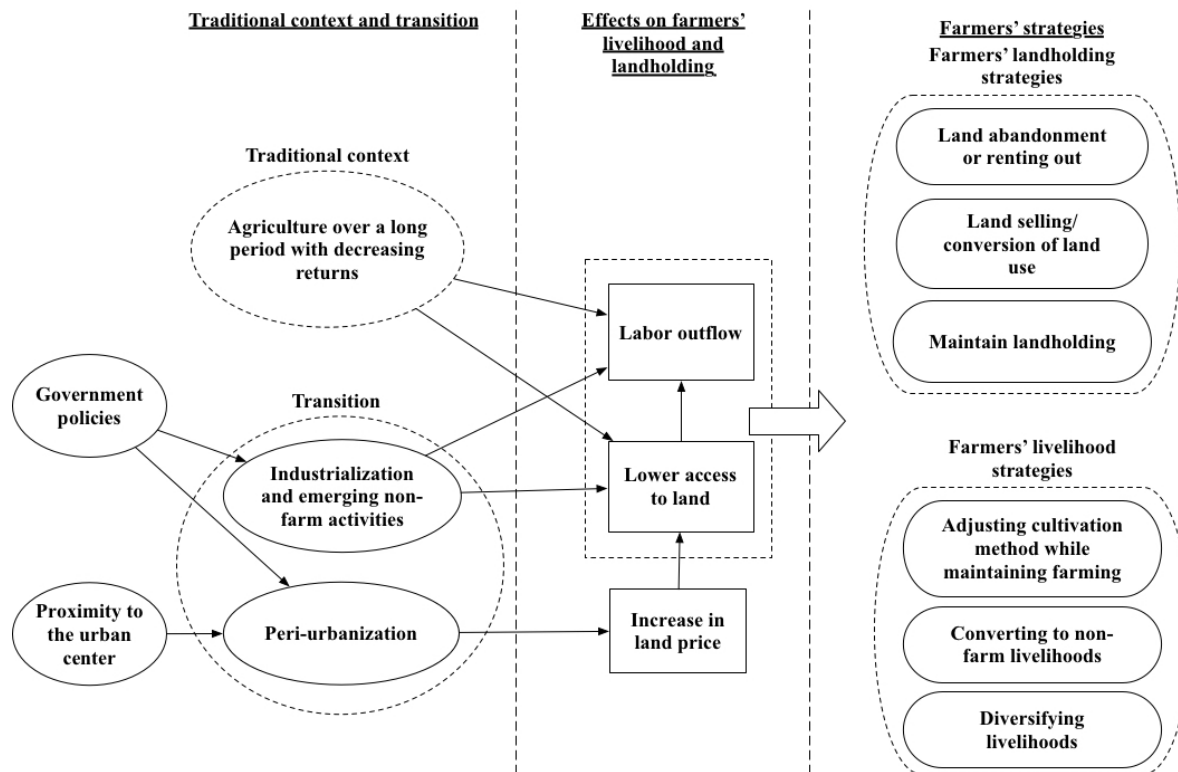


Figure 5-1. A suggested framework for the analysis of farmers' landholding and farming strategies on the urban fringe

5.3. Study site and sampling

Since the early 2000s, Ho Chi Minh City, Vietnam, has expanded quickly to the west leading to rapid industrialization and peri-urbanization on the western fringe, with numerous industrial zones emerging. Our study site, the Thanh Loi commune, is located in this region, about 15 km from the city border. Administratively, this commune is on the northeast side of Long An province, adjacent to the Duc Hoa district, the provincial industrial center (Figure 5-2). In 2016, the communal population was 6,910 (2,006 households), and its total area was 4,919 ha, of which 64% was agricultural land (3,150 ha) (The Thanh Loi commune people committee, 2016). After a long

history of agricultural development, farmers in Thanh Loi started to experience the effects of industrialization and peri-urbanization when these processes were sped up around the year 2000.

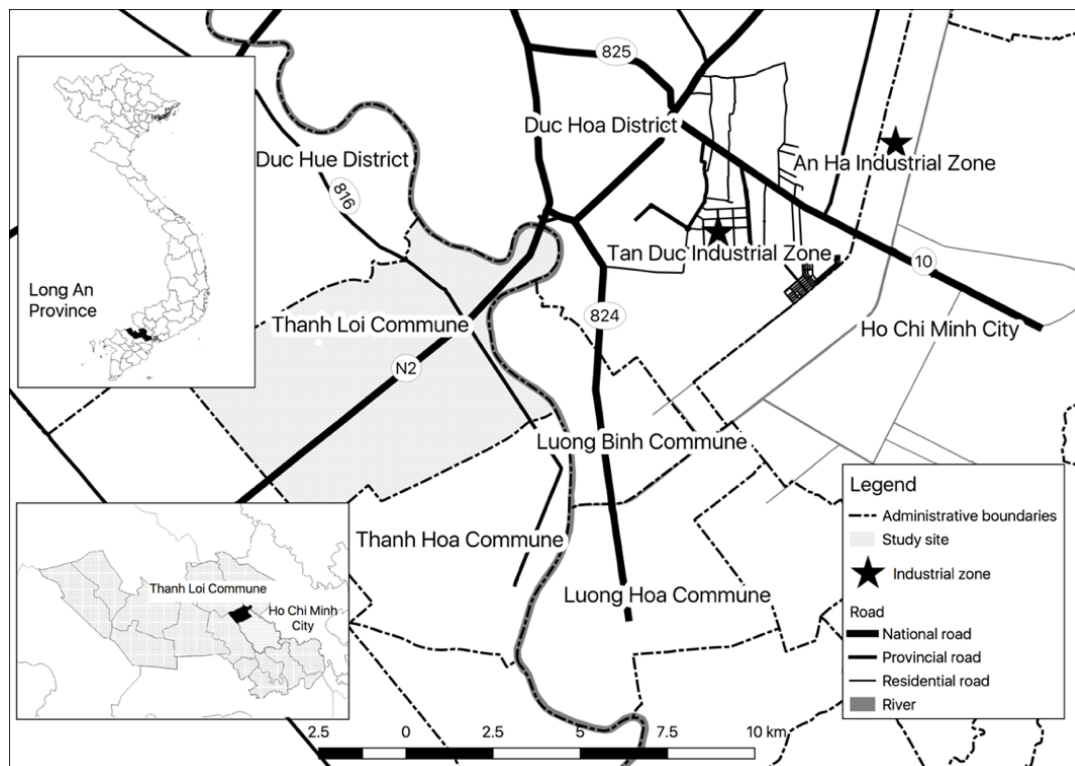


Figure 5-2. A map of the study site; Thanh Loi commune, Ho Chi Minh City, Vietnam

Our field trips were conducted in the Thanh Loi commune from January to May 2017. The data used in this study included interviews with crucial informants from the local government and local farmers, legal documents and reports, information from the media and national surveys. The informants from the local government were the main data sources for the historical and future direction of local development, issues in land and agriculture management and related policies. Meanwhile, the local farmers were the important actors of the transition process, whose perceptions, behaviors, and expectations reflected the evolution of the local context and will partially shape the future of the area.

As the hamlets or commune subdivisions varied in term of land use, farmers from six hamlets were included in our study. We examined their behavioral responses to the transition process, specifically with livelihood choices (or crop choices), land use and landholdings. Through random sampling, the final sample included 44 households from six hamlets, who were currently doing farming or had still been adopting this livelihood until the early 2000s, when peri-urbanization started to affect the commune. Most household heads were male (91%), with an average age of 56 years. The average schooling years of these family heads was 6.5 years. The main livelihood of these households was cultivation (mostly sugarcane and lime), with an average landholding of 1.1 ha. Extra livelihoods include wage labor, trading local agricultural products, or running small grocery stores. Other informants such as middlemen or land brokers were also interviewed for necessary information. The questionnaire focused on the historical livelihood choices of households, land use and landholding behaviors, the adaption to emerging factors in the rural context such as the laborer outflow and increasing land prices and their plans for and expectations of, local development in the future. We also examined farmers with questions on land inheritance and the occupational choices of the younger generation.

5.4. Agriculture in Thanh Loi commune

Until the early 2000s, farming in Thanh Loi commune mainly consisted of paddy subsistence cultivation and sugarcane farming as a cash crop. Other crops like pineapple, vegetables, cassava, and fruit trees were found in minor proportions. Before the establishment of a dam system in the early 2000s, farmers in flood-prone hamlets mainly cultivated paddies, mostly for self-sufficiency. Flooding damage could be avoided by using a flood-tolerant paddy variety or by scheduling cultivation and harvest to before the flooding season. In hamlets where the terrain was less vulnerable to flooding, cash crops were the dominant choice. Sugarcane plantations emerged in

the Thanh Loi commune almost a century ago. In the early 1920s, the Hiep Hoa sugar factory, one of the earliest of its kind in Vietnam, was established in the Duc Hoa district, adjacent to Ben Luc. This induced farmers in nearby areas to cultivate sugarcane and become suppliers for the factory. Although sugarcane was more profitable than other crop choices in Thanh Loi commune, it was not adopted by a number of farmers due to various reasons such as frequent flooding due to the lack of an irrigation system, the need to produce food for their own consumption or the low sugarcane demand due to limitation in factories' capacity.

With gradual improvements in agricultural facilities and markets, agriculture in Thanh Loi quickly moved toward commercial crop cultivation following market signals. Land conditions and irrigation improved through both private and public efforts³⁶. Markets for agricultural products developed quickly, especially in the case of sugarcane. The cultivation of this crop substantially benefited from government policies aiming at expanding the sugar industry at that time³⁷. At first, there were rapid conversions from paddy to sugarcane cultivation, reaching a peak in 2012 with 2,239 ha, about 65% of the communal agricultural area³⁸ (Table 5-1). However, from the early 2010s, like other sugarcane planting sites, the Thanh Loi commune observed a massive downtrend in its key farming business. The breakdown of the main sugarcane buyers led to a dramatic drop in the output price and created a loss for a considerable portion of local growers. After this disastrous event, many farmers gave up on sugarcane and converted to lime cultivation even

³⁶ Farmers upgraded canals that covered their tracts or cleared the surrounding scrubland to enhance the flow of water during cultivation, while public efforts included the improvement of the canal system in the late 1980s and the major renovation of the dam and irrigation system in the 2000s for most hamlets of the commune.

³⁷ The policy was called "Vietnam Sugar Program". From the output of about 500,000 tons/year of sugar in the early 1990s, the Vietnam government aimed to reach the domestic production of a million tons/year. About \$1 billion was invested in improving infrastructure for sugarcane growing and sugar milling (Center for International Economics, 2001).

³⁸ At that time, Thanh Loi and other communes in Ben Luc, such as Luong Binh, Luong Hoa, Thanh Hoa, and Binh Duc, became intensive cultivating sites of sugarcane in the Long An province, with about 8,200 ha in 2011 (Ben Luc district's 2011 yearbook).

though the emergence of new buyers partly helped recovering sugarcane price. The crop of lime made extraordinary profits with good productivity and a high market price. For farmers, lime cultivation was more profitable and flexible in generating incomes and utilizing labor. They could pick and sell the fruits once every 15-20 days during most time of the year. Lime cultivation creates a continuous stream of incomes for farmers, which is preferred to the lump sum, once a year earning from sugarcane. The conversion of sugarcane into lime cultivation was rapid. As illustrated in Table 5-1, total area of lime cultivation in Thanh Loi has increased more than four times since 2010, reaching 1,749 ha in 2016 (half of the total communal agricultural area). The increasing rate was exceptionally high in recent years with about 145% in 2015 and 184% in 2016.

Table 5-1. Cultivation areas (ha) of the main crops in Thanh Loi

Year	2004	2005	2010	2011	2012	2013	2014	2015	2016
Paddy	485	478	24	13.3	12	9	13	13	12
Sugarcane	1,845	1,977	2,028	2,234	2,339	2,200	1,964	1,745	750
Lime	-	-	407	529.4	360	446.4	650	949	1,749
Pineapple	-	-	146	310	-	300	270	250	342

** Data of some years are missing*

Source: Official data from the communal people committee of Thanh Loi

5.5. Changing labor structure in Thanh Loi commune

Lying on the fringe of Ho Chi Minh City, the southern economic center of Vietnam, changes arrived quickly to the means of livelihood in Thanh Loi commune when transportation improved and industrialization sped up. Occupations in industrial zones and urban areas became increasingly available to local laborers. As a result, Thanh Loi laborers, especially the younger ones, moved away from farming. This led to a significant change in the local labor structure.

5.5.1. Industrialization and transportation improvements

Industrialization in the Long An province began in around 1997 with the establishment of the two industrial zones³⁹ in the Duc Hoa district on an area of 470 ha. From 2000 to 2014, the government approved 28 industrial zone projects in this province, over an area exceeding 10,000 ha. By 2014, about 68,000 laborers had found jobs in factories there, with 30% of the laborers from outside Long An, approximately 5% of whom had a college degree or higher (Ministry of Planning and Investment, 2014). This implies that a vast labor force from within the province, especially from areas nearby, such as the study site, had found new occupations that did not demand excessive educational requirements. Besides, since the mid 2000s, transportation between Thanh Loi and other areas improved rapidly. Running across this commune is a large road (part of the Ho Chi Minh National Route) with a well-constructed bridge over the Vam Co Dong River, connecting the area with industrial and urban sites (Figure 5-2). From Thanh Loi commune, it is only 13 km to the Tan Duc industrial zone in Duc Hoa district, and about 35 km to the center of Ho Chi Minh City, which are both easily accessible with the low-cost motorbikes that most households possess. The proximity of Thanh Loi to these areas and improvements in transportation opened up numerous chances of employment for local laborers, who could travel back and forth to work using either shuttle buses or their own motorbikes.

5.5.2. Labor moving out of agriculture

The Thanh Loi labor structure underwent significant changes. Young laborers soon found jobs in industrial zones or urban cities, leaving agriculture to old farmers. In our sample, the average age of farmers was 56 years. This quickly led to a lack of agricultural farmers. Old sugarcane farmers had to rely on intermediaries (middlemen) because harvesting was too hard to do alone.

³⁹ Duc Hoa 1 and Duc Hoa 2 industrial zones

These intermediaries hired young laborers from poor areas outside of the commune, who were often willing to work hard for an income. Lime harvesting was partially preferred because it is more flexible in terms of utilizing labor. Lime farmers can easily hire laborers for harvesting as the job is not as demanding. However, in case of hiring labor, farmers confirmed that most of the wage laborers were middle-aged, and it was difficult to hire young laborers from inside the commune.

Local official data on the labor structure was unavailable, but our sample observed a strong tendency of young laborers moving away from agriculture despite the fact that their parents were mostly farmers. Table 5-2 illustrates the occupational choices of successors aged above 15 years (minimum labor age in Vietnam) from 40 households in our sample⁴⁰. As seen in this table, only 23% of the successors (n = 128) chose agriculture as their main occupation. Moreover, two-third of the households in our sample did not have successors who carried out farming activities. Approximately 38% of the successors were factory workers in industrial zones, while 31% were hired laborers, office workers, and other non-agricultural laborers. The proportion of young women in Thanh Loi working in factories was substantially higher than the proportion of men, who were more likely to choose a hired laborer job.

⁴⁰ Four households were left out of this table because they either had no children or had children that were not old enough for employment.

Table 5-2. Occupational choices of successors in the interviewed households

Occupation ¹	Agriculture	Hired laborer ²	Factory worker	Office worker	Other non-agri. jobs ³	Students	n
All successors	30 23.4%	15 11.7%	49 38.3%	9 7%	16 12.5%	9 7%	128 100%
Male	19 31.7%	10 16.7%	16 26.7%	4 6.7%	7 11.7%	4 6.7%	60 100%
Female	11 16.2%	5 7.4%	33 48.5%	5 7.4%	9 13.2%	5 7.4%	68 100%

¹ Housewives, unemployed and under-15-year-old successors are excluded from this table.

² Hired laborers do not have their own land to cultivate. They can do both farming and non-farming work.

³ Other non-agricultural jobs include occupations such as enterprise owner, trader, teacher, or running a small grocery store.

Source: survey data

5.6. Peri-urbanization and farmers' decreasing access to land

Due to the proximity to industrial zones and urban areas and with improvements in transportation, land in Thanh Loi gradually attracted the attention of outsiders. The increasing demand for land raised the prices in this commune. Landholding by non-agricultural users and the growing prices of land lowered the farmers' accessibility to this resource, which was already low after other options for farmland acquiring became less possible.

5.6.1. Increasing demand for land from non-agricultural users⁴¹

Along the main road across the commune nowadays, the farming scenery is mixed with some factories, big houses, and land parcels that have been cleared and scraped for non-agricultural

⁴¹ Since official data on land use status are not available and measuring the rate of land use change is beyond the scope of this study, the authors have provided a description of the situation instead.

purposes. Although the situation of agricultural conversion is not serious, farmlands have gradually been transferred to non-agricultural users in an increasingly active real estate market with a wide range of participants. Besides ordinary local people who became land traders or brokers to earn extra income in their free time, local government officers and hamlet leaders, who hold valuable information and are more familiar with the paperwork, are also involved. The emergence of a relatively crowded real estate market without ample incidences of land conversion might be a contingent outcome. In 2007, with the surge of real estate industry around Ho Chi Minh City, a residential project was launched in a 2,500-hectare area in Thanh Loi commune by an investment giant at the time⁴². However, this project has been idle ever since without clear reason⁴³, thus, a large area of agricultural land was still preserved. Nonetheless, the expectation of similar projects in the future prevails and will help the land market remaining active, thereby creating an increasing pressure on the local farmland.

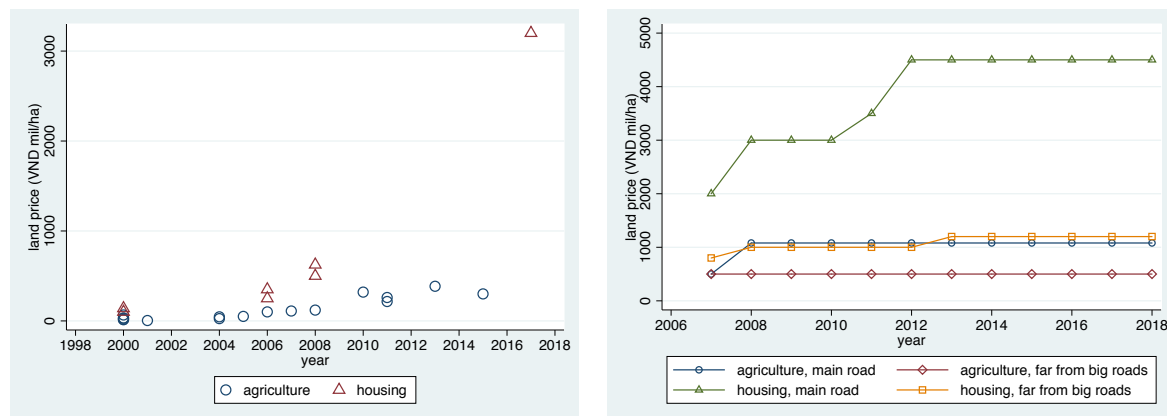
5.6.2. An increase in land price

With the effect of the peri-urbanization process, especially with the residential project mentioned above, the increase in the Thanh Loi land price was unavoidable. Figure 5-3 shows the land price in this commune from two sources: (i) land transactions from our survey data (Figure 5-3a) and statutory price (Figure 5-3b). The former graph plots price from 24 land transactions by households in the study sample, divided into the groups of land for agriculture and for housing. The latter graph shows state-regulated land prices for some locations inside the commune, also

⁴² With this kind of a project, the investor negotiates with landowners to buy their land use right certificate, converts the land to non-agricultural purposes as necessary and invests in facilities such as road and drainage systems or the electrical grid. Subsequently, the investor can divide the land into tracts for housing and sell these to buyers for a higher price. This kind of project has been one of the main causes for the loss of prime agricultural land in Vietnam.

⁴³ At the time of our survey (2017), there was almost no sign of this project in Thanh Loi. Local people and even officers did not have much information on the status of the project or the causes of its idleness. However, on the administrative map of the commune inside the Communal People Committee, one could still see the details of the project with the location and expected schedule.

including land for agriculture and housing. The two types of locations illustrated in this graph include “along the main road” (the N2 national road, see Figure 5-2), and “far from big roads” (unfavorable positions). Data for this graph come from official land price tables, which the provincial government periodically issues for the calculation of tax or for payment in cases of public land acquisition. From the first graph, one can see a gradual increase in agricultural land value since 2006, while little can be said about housing land prices since the number of transactions is minor and the cases are not homogeneous in terms of location. The second graph shows the increases in housing land prices at specific locations and a significantly higher price for tracts with advantageous positions. Though the statutory price for agricultural land in specific locations has not changed since 2008, the large gap between them means that there will be a significant increase in the price of farmland in case infrastructures are improved.



(a) Land price from survey data (market values)

(b) Statutory land price (state-regulated price) for some locations in the commune (*)

Figure 5-3. The land price in Thanh Loi over time

(*) The provincial government sets the statutory price for land in different locations. This price is used mainly in land acquisition. In this graph, connected lines “agricultural, main road” and “housing, main road” show land price along the national route N2 (see the map in Figure 5-2).

Source: (a) survey data, 24 transactions, (b) land price tables issued by the provincial government 2007-2015

5.6.3. Farmers' decreasing access to land

Over time, land has become less accessible to farmers in Thanh Loi commune. Land for cultivation can only be obtained through land transferred from parents⁴⁴, by clearing new tracts, or via land markets (buying or renting). In the past, due to the significant role of farming activities, farmers usually devoted their efforts to acquiring more land, not only as a matter of personal wealth but also for the prosperity of their successors who will receive the land when they get married and have families of their own. As employment opportunities outside of farming were scarce, the descendants considered the inheritance of land as a vital step in their careers. In the inheritance regime in the Mekong River Delta, parents usually divide and transfer their land to their successors in a somewhat proportionate manner, with some bias against their female successors. All the sons in the family receive similar areas of land with a bonus proportion for the ones who stayed with their parents. Gradually, with larger household sizes, over generations, landholdings became fragmented by this inter-generational transfer. Other opportunities for land acquisition also faced restrictions. Unused land available for clearing quickly became exhausted, while access via land markets did not always favor farmers.

The data gathered from the interviews with farmers confirmed that each of the acquisition practices mentioned above gradually became less feasible for Thanh Loi farmers. Table 5-3 illustrates the data on land transfers from 44 households in Thanh Loi commune. We divided the timeline into five periods: before 1975 (the end of the Vietnam war), from 1975 to 1990 (the restoration of agriculture with great difficulty), from 1990 to 2000 (the period before the effect of industrialization and after the first improvements were made in the irrigation systems), from 2000

⁴⁴ In this inter-generational transfer, the successors receive the land from their parents in a similar manner to inheriting land. In Vietnamese custom, such transfers often happen when the successors get married and form their own households.

to 2008 (after the establishment of the dyke system, the beginning of industrialization, and before the rapid increase in land prices due to the residential zone project), and from 2008 until the present day.

Table 5-3. Land transfers in a sample of 44 households in Thanh Loi

	Period	Until 1975	1975-1989	1990-2000	2001-2008	2008-now
Land transferred from parents	Number of cases	15	7	2	0	5
	Amount (ha/case)	1.03	0.77	1.25	-	0.49
Land clearing	Number of cases	1	4	2	0	0
	Amount (ha/case)	1	1.81	1.05	-	-
Land Buying	Number of cases	1	3	14	8	3
	Amount (ha/case)	1	2.2	0.88	0.71	0.83
Land renting-in	Number of cases	0	0	1	0	7
	Amount (ha/case)	-	-	0.5	-	1.14

Source: survey data

From our sample, in the households that returned after the Vietnam war (around 1975), family heads who were only in their 20s or early 30s often received generous amounts of land from their parents. In Table 5-3, there were 15 cases where land was transferred from their parents before 1975, with an average of about 1 ha/case. Before 1990, seven cases received land from their parents, with an average of only 0.8 ha/case. Four households cleared new land and three others had to buy land for cultivation.

Few cases of receiving land from parents can be seen in Table 5-3 during the periods 1990-2000 and 2001-2008. Meanwhile, buying land for cultivation was popular with 14 cases (averagely

0.9 ha/case) in the former period and eight cases (averagely 0.7 ha/case) in the latter period. Most of these farmers claimed that their parents' landholdings were not enough to be given while still maintaining the household income. Thus, they had to buy their own tracts using their savings, support from their parents, and/or loans from relatives. The improvements in the agricultural facilities and the expansion of the sugar industry also promoted the purchase of land for cultivation expansions.

With the local government's effort in expanding the system of canals and dikes into the undeveloped area on the west side of the commune during the period 1994-2000, a large amount of unused land became available for clearing. Poor and landless households were allowed to register with the local government to clear new land for cultivation. However, this stock of land quickly became exhausted due to high demand from a wide range of users⁴⁵. After 2010, clearing unused land for cultivation has no longer been an option⁴⁶ for Thanh Loi farmers.

Buying land gradually became more difficult under the effect of peri-urbanization. The rise in land prices since 2008 prevented farmers from making purchases of land for cultivation. From Table 5-3, only three cases of land purchase were recorded in our sample in this period, while renting-in land appeared as a more popular choice with seven cases. These rental activities often occurred at reasonable prices, partially due to close relationships between the owner and the tenant. Rental contracts often lasted for 5 or 10 years, which was likely to stimulate adequate investments

⁴⁵ Not only local farmers desired to get unused plots in this area, outsiders also came for land. Besides, some amount of land here was also assigned to government officers as welfare.

⁴⁶ It is quite remarkable that, in our sample, the number of farmers clearing unused land after 1990 was low. According to interview data, land clearing was costly and cultivation on newly cleared tracts was risky. Those registered to clear new land were often households with abundant family laborers (e.g., many sons and daughters) or those who could receive help from relatives in the form of labor exchanges to gain the benefits of teamwork and larger yields. The newly cleared soil was often highly acidic and frequently inundated, so cultivation usually resulted in loss. On the other hand, the targeted households (poor ones) often had a limited ability to invest and mostly relied on incomes from wage jobs to cover their expenditure. Many individuals who received land quickly sold it after clearing for money rather than cultivating it.

into the land. However, the fact that most rental transactions happened between people who had close relationships implies that the operation of this market was still limited in Thanh Loi. In this period, there were also five cases that reported receiving land from their parents in this period, and their situations were quite diverse. Two among them were interested in agriculture, in which one case gave up their job in a factory, and one returned after finishing college. Three remaining cases inherited land when their parents passed away, in which one case sold a part of the inheritance to invest in a non-farming business.

Besides causing the lower access to land for farmers, the acquisition of land by outsiders was likely to result in land abandonment, which has adverse effects on cultivation by nearby farmers. After buying land, a number of buyers leave the land idle as farming income is insignificant to them. This idle land soon returns to bushland and gets flooded, which damages adjacent tracts by attracting pests and impeding the flow of water. Some farmers complained about this during the interviews. They tried to contact the owners to take the vacant plots of land on rent, but mostly failed to find them. In a few cases, after selling their land, the farmers were allowed by the buyers to continue using the tracts for cultivation. However, since they did not know when the land would be taken back, they adopted cultivars with low investment, such as timber with short lifecycles. Planting these kinds of timber often produces the same adverse effects as leaving the lands idle from the lack of regular maintenance.

5.7. Households' strategies to cope with limited access to land and labor outflows

5.7.1. Households' livelihood activities

A notable point in the development of Thanh Loi commune is the continuous effort put in by farmers in adjusting their livelihood activities to adapt to pressures on land and labor resources. In our sample, while many young laborers found non-farming jobs in industrial zones and urban

centers, the cases of farmers completely moving out of farming were not common. Table 5-4 categorizes 44 interviewed households based on the livelihood mixes they adopted. As can be seen in this table, six households (14%) had completely given up farming and adopted non-farm activities. These cases were found under quite extreme conditions, typically when there was either a sudden shortfall of family laborers or after a disastrous event that reduced the production incentive greatly⁴⁷. Among the remaining cases (86%), either households kept on with cultivation or they combined farming and other non-farming activities. It was observed that households had come up with different strategies to cope with the shortage of labor and land.

Table 5-4. Livelihood mix adopted by households in the study sample

Strategy	No. of households	Percentage	Average household's landholding (ha)
Farming only	6	13.6%	2
Farming and extra activities in remaining time	10	22.7%	1
Diversification of activities among members	22	50.0%	1.1
Non-farming activities only	6	13.6%	0.4
Total	44	100%	

Source: Survey data

For households with modest amounts of land for cultivation, livelihood diversification was a popular choice. As seen in Table 5-4, about 73% of the households chose a combination of farming

⁴⁷ An example of such incidence was the case of Mrs. Tuyet's household. She and her husband had been farmers since 1989. At first, they planted paddy fields and raised ducks. In 2006, they switched to sugarcane because people around them converted to this crop. Her husband passed away in 2007, leaving her with one son and 0.5 hectares of land. Without the main laborer, cultivation declined quickly and the household income source was in danger. Her son did not want to do farming. He quit school and headed to work for a textile company and, after that, a shoes factory. She tried to maintain sugarcane cultivation, but her efforts were not enough to earn sufficient income. By 2011, at the age of 46 years, she sold the land to another farmer and became a worker herself. She found the job by wandering around the industrial zones. In our interview, she mentioned that she felt better about the non-agricultural livelihood that provided a good and stable salary and regular health care.

and non-farming activities. Among them, in 22 households (50% of the sample), some members adopted full-time non-farm livelihoods beside those who chose farming, while 10 households (23% of the sample) participated in additional activities in the time they had remaining outside of agriculture. Notably, landholding of this group (about one hectare per household) was significantly lower than households whose livelihood was only farming (about two hectares per household). Non-farming activities have become increasingly available to local people in Thanh Loi commune nowadays. Not only formal occupations in industrial zones and urban centers opened up new means for income, but also informal works such as lime sorting or packaging, trading local agricultural products, or running a small grocery store help providing employments. The emergence of these local trifling employments was important for many farmers to maintain adequate levels of income while facing barriers (age, education, and skills) to occupations such as factory worker.

In cultivation, the lack of labor induced the adoption of a crop choice that was flexible in generating income with the utilization of family and hired labor. The current crop choice of lime appeared suitable in dealing with a situation of labor shortage and low access to land. Besides the advantage of a continuous flow of income as mentioned in part 4 of this paper, lime cultivation was highly flexible in terms of labor use. Contrary to sugarcane harvesting, which requires a huge amount of labor over a short period of time, lime collecting can be stretched over several days using family labor. In addition, during the peak season, households lacking labor can benefit from the increasing number of temporary wage laborers in Thanh Loi commune. These are usually old farmers who are looking for extra incomes beside their household's farming income, and prefer light work, such as lime picking.

5.7.2. Households' strategies to maintain agricultural landholding

Having maintained adequate levels of income, most farmers in Thanh Loi commune can keep their agricultural landholdings and benefit from their rising prices due to peri-urbanization. Table 5-5 tabulates 44 interviewed households based on their livelihood mix as mentioned above and their decisions regarding agricultural landholding since 2007 (when peri-urbanization sped up and land prices started to increase). As seen in Table 5-5, 38 households (86%) were able to maintain their landholdings while only six households (14%) reduced the extent of their landholdings. Five among them sold just a part of their land. With the rising land price, it was not surprising when few households (11%) could obtain more farmland.

Table 5-5. Livelihood and landholding strategies of 44 households in the study sample

Livelihood strategy	Landholding strategy				
	Expanding landholding	Maintaining landholding	Reducing landholding	Total	
	Farming only	1 (2.3%)	5 (11.4%)	0	6 (13.6%)
	Farming and extra activities in remaining time	1 (2.3%)	9 (20.5%)	0	10 (22.7%)
	Diversification of activities among members	3 (6.8%)	16 (36.4%)	3 (6.8%)	22 (50%)
	Non-farm activities only	0	3 (6.8%)	3 (6.8%)	6 (13.6%)
Total	5 (11.4%)	33 (75%)	6 (13.6%)	44 (100%)	

Source: Survey data

However, with lower access to land and the outflow of labor, it is notable that farmers in Thanh Loi commune appeared to delay the transfer of land to their successors. An early transfer of land from parents to their children was a longstanding tradition in South Vietnam. In the past, young farmers received land or, at least, support from their parents to buy land when they got married and established their own households. Over time, farmers seem to keep the land for themselves for

longer. Although in 37 of the 44 farming households in our sample, the family heads were 50 years old and above, only four of them (11%) had already given their land to their successors. In-depth interviews with farmers came up with some explanations. First, with too little land, the farmers kept holding on to their land, so their successors had to stay (or at least cultivate) with them for longer, which often led to household's diversification into other means of livelihood aside from farming⁴⁸. Second, their successors chose non-agricultural occupations after finishing their schooling and did not pay attention to whether they could receive or find land for farming. Besides these two reasons, the increasing land prices due to peri-urbanization gave the farmers an extra incentive to keep holding on to their land. There was a common desire among Thanh Loi farmers to keep their land as insurance or as a saving mechanism, which they could sell in the case of difficulties or to make investments in the future. The growing land prices caused by peri-urbanization, of which the trend is expected by farmers to continue, provided them with more options for their livelihood strategies. Besides, they were keen on providing land as an inheritance to their children in the future even without expecting that the next generation would continue farming on their land.

Our contention is that the delay in inter-generational land transfer is the key factor in the whole strategy mix that farmers in Thanh Loi commune adopted to maintain their livelihoods. With the currently low access to land, this strategy helps farmers retain the scale of agricultural production. If these inter-generational transfers kept occurring, land would be further fragmented to a scale which could eliminate incentives to farm and induce the abandonment or conversion of land.

⁴⁸ An example of this situation was the case of Mr. Van, who had only one hectare of land. He had two sons, who chose the farming life over working in factories because they did not have adequate educational qualifications. He also had two daughters, one who was a worker and the other was a homemaker partly because of the lack of land. Since they had a small amount of land, his sons had to cultivate it with him and the output from the farm was not enough for the household's consumption needs. His sons, after marriage, remained in his house. Outside of farming, Mr. Van, his wife, and two sons have to work as hired laborers in a wide range of fields.

Having maintained a somewhat sufficient scale, farmers could then move on to pursuing additional strategies to keep their farming activities going with the lack of labor or diversify into other activities for extra incomes instead. Henceforth, they would be able to avoid making distress sales of their land and would be able to move on with extra livelihood strategies in the future.

To test whether this pattern of delaying inter-generational land transfer was popular in Vietnam, we used the Vietnam Household Living Standards Surveys to calculate the proportion of households receiving land from parents across the country, in the Mekong River Delta, and Long An province. Data on this kind of land transfer can be found in the Viet Nam Household Living Standards Surveys 2004 and 2014. We focus on the group of rural households with heads whose ages range from 15 to 40 years. The exclusion of older cohorts was intended in order to leave out households that would inherit land from their parents upon their passing, which was not comparable to our findings. Moreover, in the 2014 survey, households with this characteristic were likely to start their own livelihoods in the 1990s or later, when industrialization in Vietnam began to accelerate, which is a similar context as that in our case. The results are shown in Table 5-6. With the 2004 survey, in the nationwide sample of rural households in the age group of 15 to 40 years, about 27% of them received agricultural land from their parents. This rate was 40% in the Mekong River Delta sample and about 33% in the Long An sample. In the 2014 survey, this rate decreased to 22% for the entire sample and 24% for both cases of the Mekong River Delta sample and the Long An sample. These results suggest that there might be a trend of delaying land transfers from parents to their successors among rural households in Vietnam. However, the rate is generally higher than the one in our study sample of Thanh Loi commune. This implies that the pressure on resources that induced a delay in inter-generational land transfers in the urban fringe areas around Ho Chi Minh City might be greater than a general rural context.

Table 5-6. Proportion of households with head's age from 15 to 40 inheriting agricultural land

Dataset	VHLSS 2004		VHLSS2014	
	No. of rural households	No. of households with land received from parents	No. of rural households	No. of households with land received from parents
Whole country	2,315	618 (26.7%)	1,769	389 (22%)
Mekong River Delta	407	163 (40%)	320	78 (24.4%)
Long An	36	12 (33.3%)	29	7 (24.1%)

Source: Author's calculation using data from the Viet Nam Household Living Standards Surveys 2004 and 2014

5.7.3. Farmers holding onto farmland in peri-urban areas and its role in the Vietnamese context

The tendency of farmers holding onto their farmland, delaying land transfers to their successors, and adjusting their livelihood activities to adapt with surrounding changes while benefiting from the increasing land price in Thanh Loi commune provides some insights for the ongoing transition in Vietnamese peri-urban areas. First, while de-agrarianism in rural areas and a higher share of land for non-agricultural uses are inevitable trends (Chen et al., 2014; Foley et al., 2005), farmers' livelihood outcomes depend on the pace of transition. Such adaptation strategies in our case illustrate peri-urban farmers' efforts in smoothing the transitional path that they are experiencing and actively taking advantage of the changes around them to improve their own livelihoods. Secondly, since inter-generational land transfers for farming has been a longstanding tradition in Vietnam, the delay of farmers in handing over farmland to their successors should be expected in other rural areas with pressure on land resource elsewhere in the country as well. However, it seems that this pattern is more likely to be found in the context of South Vietnam, especially in the urban fringe, where farmland conversions are often carried out under market mechanisms,

contrary to the case of the North where compulsory acquisitions are favored in obtaining land for industrial and urban development (World Bank, 2011, p. 32). In our case, farmers were active participants in land markets, thus being able and having greater incentives to hold on to land, which is impossible in the case of compulsory land acquisition. Besides, average household landholding is quite large in the South (Vu and Kawashima, 2017) while being small and highly fragmented in the North (Pham et al., 2007). The greater landholding size could benefit southern rural households in various ways such as the higher flexibility in crop choice or the more generous incomes from cultivation.

This case study calls for a more active and economic view of peri-urban farmers, especially in the southern context of Vietnam. These are individuals who actively adjust their livelihoods under peri-urbanization effects rather than just being passive peasants whose livelihoods became more difficult and risky because of this process (Nguyen et al., 2016; Van Suu, 2009; Vu and Kawashima, 2017; Vu, 2006) or being conservative rural residents trying to preserve their rural identities against external changes (Dien et al., 2011). In Thanh Loi commune, farmers took advantage of their location (expecting a further rise in land prices) and altered their livelihoods based on the resources available (adopting flexible crop choices and diversifying income sources). Their desire to keep their land for the next generation, whom they did not expect to carry on farming, might reflect their way of thinking beyond the rural identity. For such reasons, farmers should appear in the analysis of the peri-urban transition more as economic entities interacting actively with the ongoing transformation, rather than being tied to farmlands and agriculture, which restrict their ability in improving their own livelihood.

5.8. Remarks

This study analyzed the landholding behaviors of farmers within a transitional commune on the fringe of Ho Chi Minh City, Vietnam, who were under the pressures of peri-urbanization and industrialization. In this commune, land became increasingly hard for farmers to access, especially when peri-urbanization occurred. Meanwhile, opportunities for non-agricultural employment, especially in industrial zones and urban centers, combined with developments in transportation, led to the outflow of young laborers from agriculture. We found that farmers delayed inter-generational land transfer to prevent further shrinking in their landholding, in order to deal with the lower access to land. In addition, they adopted a flexible crop choice, increased the use of hired labor, and diversified into non-farm activities in order to maintain adequate household incomes. The combination of these strategies helped farmers hold onto their land and benefit from the rising land prices due to peri-urbanization. The case of Thanh Loi commune suggests that peri-urban farmers should be viewed as economic entities that actively interact with the ongoing transition on the fringe to improve their own wellbeing.

This case suggests that farmers might play an important role in coping with the negative effects of peri-urbanization in developing countries, where government policies are often inadequate. In the context where farmers could switch between crop choices to efficiently utilize the amount of resources available to them and where there were abundant opportunities for diversification, Thanh Loi farmers tended to endure difficulties such as the low access to land and labor. Therefore, the improvements in agricultural flexibility and opportunities for additional incomes for people in rural and urban fringe areas should be considered in policies making directed at preventing farmland loss and farmers' landlessness.

Besides, although it is not a focus of this study, the transition in Thanh Loi commune implies that land policies toward strengthening tenure security and developing land markets might lead to the loss of farmland and prevent farmers from accessing land in peri-urban areas. Contrary to the economic statement that land markets would help distribute farmlands to producers with higher efficiency, this demonstrates that the increasing price of land due to peri-urbanization caused farmers to face significant difficulties in the expansion of their cultivation. The rental market did not help as the incentive to rent out land was low. From the case of the peri-urban commune of Thanh Loi, it is suggested that current land policies in Vietnam should be augmented with better regional planning to support farmers in accessing farmland.

Chapter 6. The legal framework and implementation of land acquisition policy in Vietnam

Chapter summary:

This chapter discusses the legal framework and implementation of land acquisition policy in Vietnam using data from two cases under two different sets of regulation (i.e., Land Law 1993 and Land Law 2003). The first case illustrated the situation under Land Law 1993, in which the scope for land acquisition was quite restricted to mainly facilitating public projects and the practice of this policy at local level was ambiguous. In this case, local cadres at communal level played the role of intermediaries between investors and farmers (landholders), supporting communication and facilitating the transfers of land. However, information asymmetry arose in communication, leading to complications and confusions in the terms of land transfer. As a result, shortly after giving the land to investors, the land-lost farmers protested and demanded extra compensations. The second case analyzed the practice of urban planning and land acquisition under Land Law 2003, in which the scope for land acquisition was expanded to incorporate projects serving public interests and economic development purposes. The definition of such projects was loose, including a wide range of categories such as public infrastructure, commercial centers, industrial zones, and residential areas. At the same time, the power to approve land acquisition was partly decentralized to provincial and district-level governments. Consequently, the appraisal of investment projects was often flawed. The case described how such a situation led to the discontinuing of an industrial project that left a large area of acquired farmland abandoned for over a decade. The two cases reveal how weaknesses in planning and governance may benefit opportunistic local cadres and land developers.

6.1. Introduction

The two cases presented in Chapters 4 and 5, despite proving that peri-urbanization and land acquisition policy does not cause the kind of damages on peri-urban livelihoods claimed by many previous studies, do not imply that they are sound policies. The criticism on the faulty implementation and inefficiency of this policy, in particular, and on the entire Vietnamese urban planning system, in general, has gained increasing consensus. Kerkvliet (2014) summarized a large number of conflictual incidents related to land acquisition, which showed alarming figures such as nine millions people being affected by this policy from 2001-2010 and about 1.6 million written complaints from citizens during 2008-2011. Labbé (2015a, 2011) described in detail how disputes arose from land acquisition in peri-urban villages around Hanoi, which resulted in strong resistance from many villagers and a complicated media discourse around this matter. Phuc et al. (2014) used a case of land acquisition in Hue City, central Vietnam, to illustrate that land acquisition is likely to be induced by the profit-seeking behaviors of various stakeholders while the role of landholders are weak and passive during the procedure. Jacques et al. (2017) discussed the low efficiency in the development of urban projects as local governments have a higher autonomy in development planning and land management, which left a large amount of land already acquired idle, while the planned infrastructure and amenities stayed unbuilt or unused. Similarly, the news and media also reported numerous badly-planned projects. For example, as of 2019, among 2,532 ongoing projects in Hanoi, the number of those went behind schedule was 383 (15%) with a large amount of land being left fallow (Bao dien tu Dan Tri, 2019). In Ho Chi Minh City, among 1,718 ongoing projects with land acquisition, 180 went behind schedule, abandoning almost 1,100 ha of land (Bao Nguoi Lao Dong, 2020).

This chapter discusses the regulation and implementation of land acquisition policy in Vietnam. It combines the analysis of the legislative framework and cases of land acquisition under two different sets of regulation (i.e., Land Law 1993 and Land Law 2003) to show the gaps in regulation that gave rise to problems, and also the socio-economic and political context from which such legal systems emerged.

6.2. Legislative framework for land acquisition

6.2.1. Legislative framework for land acquisition under Land Law 1993

Land Law 1993 states that “in case of high necessity, land can be acquired by the government for the purposes of national defense and public interest” (Article 27). However, while the meaning of national defense land use was clear, the definition for projects serving public interest was ambiguous. Initially, it consisted of only public infrastructure (Decree 90-CP, 1994, Article 1), which means that private investment projects could not make use of land acquisition. This reflects the government’s hesitation to unleash the private sector, which was understandable in context of the early years after the Doi Moi reform. However, as the economy grew and the demand to invest rocketed, the Vietnamese government started to include some types of private project into the category of “serving public interest”. The Decree 22/1998/ND-CP put industrial zones, residential areas and tourism sites into this category, of which the source of capital could come from “individuals, organizations, foreigners and Vietnamese people living abroad” (Article 1, Clause 2).

In theory, this change could lead to the use of land acquisition to facilitate a large number of investment projects. However, another obstacle was that the state still restricted the power in planning and project approval of local governments. Until the early 2000s, the power of provincial governments was still very limited, governed by the Law on Organization of People’s Councils and People’s Committees 1994. Because the recognition of private investment potential was still

low (in reality, it might be), the government paid more attention to projects using state budget, state credit or state-backed credit. Therefore, it required the participation of various state agencies in the appraisal and approval of large-scale and even some medium-scale projects (see, e.g., Decree 177-CP, 1994, Article 6). Regarding private projects, a provincial government had a broader authority to approve up to medium-scale projects (Decree 42-CP, 1996, Article 7, Clause 2), but in order to carry out land acquisition in large amounts, they were required to build up their own detailed procedure and statutory land prices table based on the state guidelines first (see Decree 22/1998/ND-CP, Article 8). In most provinces, these legislative documents were only issued in the early 2000s, at the beginning of a trend of decentralization in planning and governing to local governments with new regulations such as Land Law 2003, Law on Organization of People's Councils and People's Committees 2003, State Budget Law 2002 and Construction Law 2004.

With limitations in both the scope for private investments and the power of local governments, land conversions at local level under Land Law 1993 faced various legislative obstacles. In many cases, investors had to lobby for the local government's support in approaching and negotiating with landholders (due to the lack of a statutory land prices table as a reference). This situation was sometimes called "negotiation between the local government and the investor" (*cơ chế tự thỏa thuận giữa chính quyền địa phương và doanh nghiệp*). In this case, the local government plays the role of an intermediary to facilitate land transfers between landholders and investors. This kind of arrangement was often lack of transparency with severe information asymmetry, which led to distrust among stakeholders. This situation will be analyzed below in a case study.

6.2.2. Legislative framework for land conversion since Land Law 2003

The revision of Land Law and other related regulations such as State Budget Law, Investment Law and Construction Law in the early 2000s brought significant changes to the legislative

framework for land acquisition. Changes such as the decentralization of state power in land acquisition, the new land use planning system, and the new budget scheme gave local governments both the authority and incentive to carry out land acquisition, which is also developers' preferred option in accessing land for their projects. Later changes such as the issue of Land Law 2013, Investment Law 2014, Construction Law 2014 and State Budget Law 2015 mostly aimed to consolidate this trend.

6.2.2.1. Decentralization

The first obvious change in this revision of the land law is a decentralization of planning and land acquisition authority. While Land Law 1993 requires an investor's proposal to be fully appraised and approved before an acquisition decision can be issued (this follows the 1994 Decree 177-CP procedure, stating that a project must get full approval in the "preparation" step in order to go on to the "implementation" step, in which land acquisition can be initiated); Land Law 2003 allows land acquisition to begin after a local government announces its periodic land use plan (which, of course, requires the state's approval), even if development projects have not been proposed (Article 29, Clause 2). The aim is to put aside an available land stock at the beginning of a planning period, then, during that period, projects suitable for the announced plan can access land more easily. Furthermore, the state let the province- and district-level governments autonomously implement land acquisition in their territories, within their jurisdictional limits, according to the announced land use plan (Article 41). Not only local governments have the higher authority in land acquisition but also in appraising and approving development projects (Decree 16/2005/ND-CP, Article 9; Decree 108/2006/ND-CP, Article 38; and later revisions of these legal documents).

6.2.2.2. Land use planning system

The new land use planning system is an important factor in this trend of decentralization (Phuc et al., 2014). In general, under Land Law 2003, land use planning is based on socio-economic development; spatial; and sector development planning (Article 22). This process is carried out at three levels: national, provincial and district-level (master plans), and communal or area-specific (detailed plans) (Articles 25, 28; Article 29, Clause 1). Each level of government must announce its 10-year orientation and 5-year plan (Article 24). In theory, land use plans must be consistent with the corresponding orientations, and the planning at lower levels must be in line with higher ones (Article 21). However, there are several exceptions for adjustments in the middle of a planning period (Article 27). Furthermore, under Land Law 2013, the planning procedure becomes even more flexible with annual plans at district level (Article 37) instead of a 5-year plan under Land Law 2003. Planning at communal level is not required. In essence, an important form of decentralization is to vest local governments with concrete land acquisition authorities on the basis of a rather flexible planning process.

There were, however, some requirements on the role of local people and the state in monitoring local governments' operation in this planning system. The Land Law 2003 required these plans to be approved by the provincial people's council before being submitted to the state for the final approval (Article 25, Clause 6). Besides, the agency in charge of making the land use plan at local level was obliged to consult the local people in preparing the plans (Article 25, Clause 5). Although these requirements were necessary for the transparency in land management, in reality, their effectiveness depended on the separation of the people's council from the local government, which might be questionable in the context of Vietnam.

6.2.2.3. Incentive for land acquisition in terms of revenue for provincial budget

The use of this decentralized authority is motivated by new incentives. The 2002 State Budget Law permit provincial governments to retain a higher share of tax revenue in their own budgets (Article 32). This includes a wide variety of taxes and fees in the use, conversion, transaction of land, especially in development projects. In fact, local governments have tried to promote land market operations in order to expand this vital revenue source for their budgets (Labbé, 2016).

6.2.2.4. Land acquisition as a preferred option

In principle, (compulsory) land acquisition is not the only way to obtain land for development project, but in practice, it is a preferred option of developers and local governments. A development project requiring land acquisition can originate from either the annual plan of the government at a specific level (national, provincial, or district) or the proposal of a developer. After a detailed proposal is approved and a developer is selected (by bidding or direct appointment), the local government issues an official land acquisition decision. The acquisition process involves landholders, the local government, and the developer. A Council for Site Clearance and Compensation is established, consisting of representatives from the three types of stakeholders, to organize and monitor the procedure. In most large-scale projects, the local government is the main actor, acquiring the land from sitting landholders in a rather compulsory manner. The Vietnamese Law also allows the voluntary transfer of land for development projects, where developers directly negotiate the terms of LUR transactions (i.e. transferring, leasing, or contributing as capital) with landholders (Land Law 2003, Article 40, Clause 2). In the first case, the compensation value follows a statutory land price table, which is announced annually by the provincial government and is usually lower than the negotiated price in the second case, which often approximates the market level. Owing to the ambiguity around determinations of whether particular projects require

compulsory land acquisition or voluntary land transfers, it is preferable for developers and the local government to opt for the former procedure (Alcaide Garrido et al., 2011; Phuc et al., 2014).

Meetings are held among stakeholders under the supervision of the Site Clearance and Compensation Council for announcements and negotiations (if any). However, in principle, once the official land acquisition decision has been issued, giving up LUR is compulsory by law despite whether a landholder can reach an agreement with the government or the developer, and resisting this is met with force (Land Law 2003, Article 39).

6.2.2.5. Compensation value

Another point in the legislative framework for land acquisition since the issue of Land Law 2003 is that a complete system of statutory land price has been established as references to determine the compensation value. As local governments and land developers prefer land acquisition over negotiating with landholders, the statutory land prices play an important role in the process at hand. Previous studies have relentlessly criticized that the state and local governments are gaining at the cost of landholders by keeping these prices low, especially in the case of farmland (Han and Vu, 2008; Labbé, 2016; Nguyen et al., 2016; Phuc et al., 2014). However, there have been continuous adjustments in the level of statutory land prices at both national and local levels, which reflects, to some extent, the state's effort to improve fairness in compensation for land acquisition.

Under Land Law 1993, regulation on statutory land price used in land acquisition was quite ambiguous. In general, the state issued a Land Price Range/Bracket (Khung giá đất) to be the basis for local governments to calculate land prices in practice. In most cases, the effective price did not differ much from the base price, and a local government must seek for the state's approval if it wanted to applied a price of over 20% higher than the base level (Decree 80/CP, 1993). Under

Land Law 2003, provincial governments have to annually announce their own statutory land price tables based on the state's guidelines and make small adjustments at the time of land acquisition if the market prices at that point differ significantly from the corresponding statutory levels (Decree 188/2004/ND-CP). Furthermore, Land Law 2013 distinguishes the two concepts: Land Prices Table (*Bảng giá đất*) and Effective Price (*Giá đất cụ thể*), of which the latter is evaluated and applied in each instance of land acquisition (Land Law 2013, Article 114). To some extent, these changes reflect the effort of Vietnamese government in improving the flexibility of the statutory land price system and bringing it closer to the market levels. However, with the escalation of market land prices in recent years, the government-determined land prices system can hardly ensure fairness in compensation for land acquisition.

6.3. Case studies of land acquisition policy implementation at local level

In this section, two cases of land acquisition on the western fringe of Hanoi are used to illustrate how weaknesses in the related regulation system gave rise to issues in the implementation of this policy at local level, and are likely to benefit opportunistic local cadres and land developers. The cases took place in two adjacent communes: Bien Giang and Dong Mai (of which the socio-economic context has been described in detail in Chapter 4) on the western fringe of Hanoi (Figure 6-1), which, prior to the point when land conversions occurred, shared many similarities in terms of livelihoods, land ownership structure, as well as other cultural and historical characteristics. However, the former commune experienced land conversion for industrialization in 2001 under the regulation of Land Law 1993, while the latter went through this process in 2007 under the effect of Land Law 2003. The similarities in context and the differences in the legislative framework for land conversion allows for a meaningful comparison between the two cases. Data used in the following analysis mainly came from interviews with local households, government

as facilitate the transactions. This section analyzes a case of this type of land acquisition in the Bien Giang commune on the western fringe of Hanoi.

Around 2001, more than a dozen⁴⁹ companies registered with the People's Committees of Ha Tay province and Thanh Oai district to develop industrial facilities such as factories and warehouses in Bien Giang commune. The targeted locations for these facilities are land plots alongside the National Route 6 and other large roads of the commune, taking a total area of about 36 ha⁵⁰ (marked as "land for factories and businesses" in Figure 6-1), which required the conversion of paddy fields into construction land. According to interviews with local government officers (at the time of field survey, not those officers in charge at the time of the incident), these proposals were carried out in correct procedure and were approved by both province-, district- and commune-level People's Committees. Meetings with the participation of officers from the Bien Giang Communal People's Committee and villagers and village leaders were held, and agreements were reached. During the process, village leaders played both the roles of villagers' representatives and communicators for the local government, conveying announcements and opinions, and convincing (*động viên*) villagers to conform to the policy (*làm theo chủ trương của nhà nước*). Swiftly, farmers gave up their land in exchange for a compensation value in cash.

However, around 2004, villagers protested in front of the factories and warehouses to ask for extra compensations for the acquired land. Demonstrators camped in front of these industrial facilities for several days and prevented the companies' operation. As a result, the government had to step in to settle the conflict by forcing the companies to give out an extra compensation of about 14 million VND per *sao* to land-lost farmers.

⁴⁹ The number confirmed by interview data and internet news was 19 but no official records were available.

⁵⁰ This number was calculated by the map of the commune's land use status, no official records were available.

6.3.1.2. Two sides of the conflict and information asymmetry

The local government officers and the villagers provided different descriptions of the land acquisition process and the events that followed. The description by local government officers was that, based on the approved proposal and the agreements reached during meetings with villagers, the compensation amount was calculated as the value of crop yield for the remaining time of farmers' landholding period. The crop yield was agreed to be one million VND per year, the remaining landholding time was determined as 11 years (the farmland was assigned to farmers in 1993 with 20-year landholding period according to Land Law 1993). As a result, land-lost farmers received a lump sum amount of 11 million VND for each *sao* of acquired land (360 m²). The official process was that the local government acquired the land (withdrawing farmers' land use right) first, and then converted the land use into "non-agricultural production and business land", and finally leased the land to the enterprises for a period of 20-50 years to use for the proposed purposes. However, from the viewpoint of land-lost farmers, the lease of the land in question was between them and the enterprises for a period of 11 years, which justified the calculation of the compensation value (or according to their understanding, the lease fee). This means that they expected to get back the right to use the land after 11 years. The explanation from the local authorities was in line with the legislative framework at that time but no official record was available at the time of field survey. The villagers' claim was neither backed by the regulation then nor any legal documents. In fact, villagers did give their land use right certifications to the local government for the decertification and the following procedure.

The reason for the protest in 2004 was that land-lost farmers started to realize that they would not legally get the land back. At the same time, they observed that later projects gave higher compensations to landholders. This was explained by local government officers that the Ha Tay

Provincial People's Committee had issued a temporary statutory land prices table (Decision 563/2003 QD-UB) with a value of about 25.6 million VND per *sao* for similar plots. The extra compensation to land-lost farmers was also the difference between what they received in 2001 and the new price. When responding in the interviews, most land-lost farmers complained about the lack of transparency that confused them in the beginning. Below is a comment from a land-lost farmer.

“They (the local government officers and the village leaders) did not convey the matter clearly, while we lacked understanding about the procedure. They said as if we would lease the land to the companies until 2013 and then get it back. The compensation value was much higher than what we could earn from cultivation, so we quickly accepted”. (anonymous)

Some farmers even doubted that the local government, the companies (investors, new land users) and the village leaders had formed a coalition to deceive them into giving up their farmland in exchange for low compensations:

“When the village leader told us the price, everyone was happy since cultivation could never earn that much. But when knowing about not getting back the land and people in other places received twice as much, we were angry. Later, we were told that the provincial leased the land to those companies for 50 years by the village leader himself. I did not know whether he colluded with the cadres and the companies, but everyone was angry with him. We all agreed to “lease” the land because he and people from the companies pursed us to do so”. (anonymous)

There were also comments from the local cadres that people purposely disobeyed the law.

“People did not understand. The compensation they received was low because the Decision 563/2003 QD-UB of the Ha Tay Provincial People's Committee had not been issued at that

time. The behaviors of gathering in front of those companies and preventing their operations in order to force them to compensate more were against the law”. (anonymous)

Given a complicated and fast-changing policy context in Vietnam and the fact that the responsibility to ensure transparency and fairness in land acquisition process belongs to the authorities, what happened in the case of Bien Giang commune reflects weaknesses in the governance of this policy. Such information asymmetry illustrated in this case inevitably lead to unfair treatments of farmers, conflict between stakeholders and opportunistic behaviors of local cadres and land developers.

6.3.2. A case of land conversion under Land Law 2003

As mentioned in Section 4.1 of Chapter 4, in 2008, the Vietnamese government expanded the administrative boundaries of Hanoi to the west by annexing the province of Ha Tay, which means that the Ha Tay provincial government at that time will be dissolved and rearranged into the new system. Taking its last grasp of authority, the local government approved a large number of land acquisition projects within a short period - a situation that was not rare in the case of Hanoi urban expansion (VnExpress, 2018). This situation could not occur without the decentralization of land acquisition authority to local governments. Many of the approved projects did not receive adequate and quickly became idle, wasting a large amount of land resource. Below is an example from the development of an industrial project in Dong Mai commune.

6.3.2.1. Decade-long idleness of land after acquisition in Dong Mai commune

Large-scale land acquisition occurred in the Dong Mai commune in 2007, with the initial plan of establishing an industrial zone. Based on a decision from the Ha Tay provincial government, about 192 hectares of paddy land were appropriated (marked as “Land acquired for industrial zone”

in Figure 6-1) and leased to Phong Phu Corporation, the land developer⁵¹. By that time, this area was a vast paddy field with well-built irrigation systems, accounting for half of the total agricultural area in the entire commune. Meetings among local residents, the developer, and officers from the Communal People's Committee were held to announce the government's decision, provide information on the procedure and the compensation amounts, and to receive people's questions and claims. An agreement was arrived at promptly, wherein households with land in the acquired area undertook to give up their LUR in exchange for compensation which comprised of cash, skills training, and some amount of non-agricultural land.

However, the development of the industrial zone was discontinued and the land has remained unused ever since. This situation raises numerous questions on the planning, appraisal and approval of this project. When Ha Tay was merged into Hanoi in 2008, Ha Dong was scheduled to become an urban district in 2009. The initial schedule came in conflict with the general planning of Hanoi, which required industrial zones to be placed outside urban areas. This disharmony resulted in a temporary discontinuation of the Dong Mai industrial zone project. The land developer (Phong Phu corporation), later on, requested the Hanoi government to approve a new project to turn the already acquired area in the Dong Mai commune into a residential one in 2009. At that time, the construction master plan for Hanoi City was in progress, which was later completed and announced in 2011 (Decision 1259/QD-TTg). The appraisal for the adjusted proposal in Dong Mai commune took almost six years and a new project was approved in 2015. After that, the company still did not start its construction without any clear explanations. It went on to appeal for another round of adjustments in planning in 2017. The reason was that the

⁵¹ This was only the official number in Decision “978 QD/UBND” of the Ha Tay Provincial People's Committee that the authors could access. Other unofficial values on the amount of land that had been acquired by the government can also be found. For example, the website of the Dong Mai commune's report for this number from 2007 to 2009 shows about 242 ha.

company had expected a far higher resident density in this area in the future because of the development of transportation facilities, especially the establishment of the Hanoi metro line. On another occasion, another adjusted plan was approved in 2018. Nonetheless, at the time of the field trip (August, 2019), there was no sign that the company would start the project any time soon, so the land remained idle.

6.3.2.2. Local people's attitude toward land acquisition and idleness

Contrast to the long-delayed construction phase of this project, the processes of land acquisition and compensation were completed quickly in 2007. Unlike other circumstances with various conflicts between the government and local communities regarding the similar processes, there seemed to be few discords emerged from land acquisition in Dong Mai. Households in our sample considered what they received for the land taken away as “quite reasonable,” at least in comparison with similar cases nearby. Interviewees confirmed quite strongly that they concurred with the government's plan at that time and that meetings between stakeholders were carried out properly. However, they also claimed that it was pointless to disagree or resist because the decision had already been made by the government and that farmland does not belong to individuals but the whole people. A study by Nguyen (2017) also mentioned the case of Dong Mai, in which the government announced that in case people with land being acquired did not show up to receive payments within the designed period, the money would have been transferred to the state's treasury. There it would take more paperwork to withdraw. Still, none of the interviewees confirmed this detail.

However, at the time of the survey, despite not wanting to bring up this matter again, most of them criticized the long abandonment of this vast area. To them, this is still a huge waste of

resource despite that farming had not been an important part of their livelihood at the time of land acquisition, as can be seen from the two comments from local people below.

“We understand that the land is no longer ours, and we do not really need this field for paddy cultivation anymore, but it is such a waste of land when the authority (chính quyền) did it like this. Abandoning the whole area for such a long time is unacceptable”. (anonymous)

“I felt like it is a waste to leave the land like this so I planted paddy and raised fishes on my old field, just to have a little extra food, but some officers from the local government came to stop me and told me that it is the company’s land (Phong Phu Corp., the land developer). I argued that leaving the land idle like this is wasteful, but they insisted that my doing was illegal (phạm pháp)”. (anonymous)

These criticisms were often coupled by people’s suspicion about a coalition between the land developer and the local government. However, being asked about the future of local land use, farmers explained that since Dong Mai gained its urban status the landscape had changed. Agricultural land became scattered, narrow, and stuck between urban or industrial facilities⁵², a situation which made cultivation not desirable. Therefore, they hoped that the government would just continue to acquire the remaining farmland and give them compensation money.

6.3.2.3. The effect of the new legislative framework

It appears that policy changes since Land Law 2003 have created a concrete legislative framework to ensure a smooth land acquisition procedure. The smooth land acquisition procedure reflected the willingness of the people of Dong Mai to accept compensation. Besides people’s preparedness to move on from farming (as shown in Chapter 4) and the absolute authority of the

⁵² Farmers used the term “xen kẹt” to describe this situation of farmland.

state in land management, the promptness of land acquisition process in Dong Mai commune can be the result of an acceptable administrative procedure of land acquisition.

However, there are still huge gaps in the planning and appraising of development projects, which may nurture corruption among local cadres and let land developers benefit from cheap land at the cost of others. In terms of economic efficiency, leaving the land idle for more than a decade also means losing a great number of employments in industry and services (in case of an industrial or residential zone being established) while a large part of the local laborers has to rely on informal incomes (see Chapter 4). Besides, the cost in terms of broken farming facilities and negative externalities on the remaining cultivation should not be ignored.

6.4. Remarks

Changes in the legislative framework for land acquisition under Land Law 1993 and 2003 reflect the Vietnamese government's vision and intention toward land management. In the 1990s, despite having carried out a reformed to introduce market mechanism into the economy, the state was still keen to maintain its primary role in managing land and investing for development. Besides, the potential for private investments was not high and farming was an important matter during that post-reform period. Therefore, Land Law 1993 and related regulations in that period focused on building a quite restricted land acquisition procedure that mainly helps facilitate public and large-scale projects. Regulations toward land acquisition for private, small-scale projects remained ambiguous, which led to incoherent implementations at local level and, therefore, triggered social conflicts, exemplified by the case of Bien Giang commune.

The legislative framework for land acquisition since Land Law 2003 reflects the state's effort in maintaining the government's authority but at the same time encouraging investments and reducing social conflicts emerged from this process. As the economy grew and the demand to

invest increased, especially from the private sector, regulations toward land acquisition were modified, mainly with a decentralization of state power to lower levels of government, to accommodate a wide range of investment projects. The government also aimed to mitigate social conflicts emerged from land acquisition by simultaneously established a more coherent procedure and improved the compensation scheme. What happened in Dong Mai commune shows that, to some extent, these changes were quite effective. However, frequent flaws in projects appraisal, which led to the approval of inefficient projects, become another problem, levying huge costs on the society and causing distrust in the government.

Chapter 7. Conclusion

Based on the analysis above, this chapter sets out the conclusions about the relationship between rural livelihoods and peri-urbanization in Vietnam, and discusses the role of the Vietnamese legal system in governing the problematic course of peri-urbanization.

7.1. Reconsidering peri-urban livelihoods and farmers

7.1.1. A different picture of rural livelihoods on the urban fringes

This dissertation, particularly its Chapter 4, presented a picture of rural livelihoods on urban fringes quite different from a conventional depiction found in many previous studies. This new image is necessary to the problem in question as it clarifies the important concept of livelihood in this case. Prior research following a socialist, pro-poor approach in analyzing the relationship between peri-urbanization and rural livelihoods has been too conservative that it employed a rather outdated perception of life outside the cities, which puts too much weight on land and farming. From the case of Dong Mai commune (as well as many peri-urban areas in the North, as shown in Chapter 4), one can see how early and rapidly local livelihoods transformed out of such state. And the motivation for this early transition is clearly a survival matter, especially in the context of the North, where preceding policies such as the equal distribution of farmland and the zoning policy created a restricted, miserable farming sector that quickly ran its course and induced its own labor force to reach out for better employment opportunities.

It is certainly not wrong when an observer insists that, before peri-urbanization and land acquisition, the farmland was still there and being cultivated. However, what he did not observe in that image is that inertia was keeping farmers in the subsistence activity that they claimed to be inefficient themselves. On the one hand, this inertia is in line with the description from Nguyen et al. (2019) about how farmers focus on the historical attachment to farming and future economic

risks in considering the role of their farmland. On the other hand, this inertia reflects the limited choices in making use of farmland, which comes from the weak operation of land markets, particularly in the North. The operation of land market in this case helps a farmer make rational decisions by providing information on whether he is utilizing the land at its highest usefulness or whether he is still able to profitably cultivate an area larger than his current landholding. Then the land markets can facilitate the transfers of land to the user with higher ability at a price that satisfies the old landholder, given that both sides have considered all options possible for their livelihoods. The smooth acquisition process observed in Dong Mai commune was largely attributed to the fact that, given limited and inefficient land use at that time, landholders considered the compensation value satisfactory compared with what they could earn from farming on the land. This acceptable compensation value was a result of the government's effort in improving land acquisition policy (see Chapter 6), but it was still widely considered lagging behind the market prices (see Chapter 2).

Assuming a rural landscape filled with farming activities is attractive because it makes it easier to specify the victim in this process. But criticizing bad policies based on misleading grounds cannot be justified itself. Besides, it can be dangerous sometimes. First, as shown in Chapter 4, this assumption promotes the compensation scheme that undervalue farmland by restricting its possible uses. Second, the sensible purpose in this case is not to preserve farming for farmers but to let these laborers have the freedom to choose the kind of livelihood activity that they deem most suitable. This point is especially important in the case of Dong Mai commune as local laborers actively tried to move away from farming. The excessive concern of farmers being pushed out of farming reflects the mistrust of labor markets, which was evidenced to be quite inaccurate (Ravallion and Van de Walle, 2008, p. 30). The Dong Mai case proves how the development of

both formal and informal labor markets has enabled local laborers to find better employments. This is not to suggest that peri-urbanization and land acquisition are sound policies in Vietnam, but to argue against an idea that may eventually condemn farmers to a farming life with persistent hardship.

7.1.2. The notion of active and rational farmers

As shown in Chapter 5 of this dissertation, peri-urban farmers are able to behave actively in adapting with peri-urbanization pressure on farmland. In the case of Thanh Loi commune, local farmers delayed land transfers to their children and switched to more suitable crop choices in order to maintain adequate incomes and their landholdings, which enabled them to benefit from the rising land prices. It should be noted that market mechanism had a larger impact in this southern peri-urban area than in the northern counterpart. Land sales and rental markets were more developed, and land conversions for urbanization and industrialization often followed a market approach, which requires the developer to directly negotiate with landholders. Functioning land markets give farmers freedom in making use of their land. In case they want to sell their land, they can actively determine the timing and price level. In a way, this turned peri-urbanization into an advantage for local people, increasing their asset value while providing new employment opportunities to them and their children. Contrast to the northern case, agriculture in Thanh Loi was mainly commercial and rather flexible, which allows local farmers to easily switch to more suitable crop choices for higher incomes. Labor markets in agriculture were relatively more developed in Thanh Loi commune, so a large number of local farmers could adopt daily wage labor for extra incomes when their own cultivation was not enough to ensure adequate incomes. It is obvious that, in a context of rather functioning markets, peri-urban farmers can act rationally

as economic entities to adapt and benefit from the process of peri-urbanization. The Thanh Loi case emphasizes again the matter of freedom of choice for farmers in their livelihoods.

Regional (North-South) differences in Vietnam are, to a large extent, results of a long historical development, so the status quo of a region is impossible to change immediately, or even in the near future. However, the case of Thanh Loi commune sets out an example that provides insights for better policies toward peri-urbanization and land acquisition. The policy implication will be discussed in the next part, but the key point deserving attention here is that, given suitable conditions, peri-urban farmers are able to prosper on their own, rather than constantly needing protection in terms of livelihood. This kind of rational is in line with the implication from the quantitative analysis in Ravallion and Van de Walle (2008, p. 149) that, for the most part, a reduction in landholding implies a shift out of farming toward higher-income activities and is not likely to increase poverty. It should be noted that the Doi Moi reform in 1986 was not only a land reform but also an economic one. Changes ever since have been widespread and significant, the behavior of farmers should also be perceived in a different way, more active and rational. This perception suggests that future studies should incorporate more of a livelihood transition perspective into their analysis.

7.1.3. The peri-urban context

Both the new images of livelihood and farmer mentioned above should be associated with a peri-urban setting, which also should be key context for the research problem of this dissertation. In this analysis, the peri-urban area is both where the urbanization and land acquisition occur at highest intensity, on the one hand, and where livelihood transitions most rapidly, on the other hand. This is a major rationale behind this dissertation's argument against the conventionally claimed effect of peri-urbanization on rural livelihoods, the context is not rural in its purest sense.

Incorporating peri-urban factors such as the abundance of information due to better communication or daily commuting due to improve transportation adds much complicatedness to the context that livelihoods are based on. In general, despite also adopting an outside-in view of peri-urbanization, this dissertation proposes a peri-urban standpoint in analyzing the effect of this process on local livelihoods. And as the results have shown, adopting this perspective reveals new insights into the problem under discussion.

7.2. The role of the government and the regulation system

7.2.1. The role of the government in peri-urbanization

The analysis above, especially in Chapter 6, has described in detail the role of the Vietnamese government, both central and local, in facilitating peri-urbanization. Prior research also considered the government as the driving force for this process and, therefore, targeted it as the main subject for criticism. In Vietnam, to a large extent, peri-urbanization is a government-led process. But there are still other forces at work that should not be ignored. As described in Webster (2002), the process is ubiquitous across East Asia and is driven by, besides public policy and local governance, foreign direct investment, the availability of inexpensive labor and rising demand for residential development. These non-government factors, both domestic and international, are common among countries in the region. Therefore, the government presents itself in this process not only as an initiator (e.g., in investment projects using public budget) but also as a regulator. In other words, peri-urbanization can be considered, to some extent, as an inevitable process that requires government's regulation. Following that logic, one can say that, in many cases, it is not the government's intention but rather its conduct that matters.

Again, this is by no means a defense of government's actions, but perceiving peri-urbanization as a certain process which cannot escape from government's regulation allows for policy

implications toward better practice of peri-urbanization and land acquisition. Chapter 4 of this dissertation has discussed how a strict refutation of government-driven peri-urban development is unfruitful. The status quo is nearly impossible to reverse, but it is both possible and practical to have gradual changes that improve the implementation of the policies under consideration.

7.2.2. Peri-urbanization governed by a problematic legislative framework

As shown in Chapter 6, the legislative framework that is governing peri-urbanization is problematic despite numerous efforts from the government to improve it over the years. The lack of transparency persists, which nurtures corruption and causes distrust in the government. To a large extent, this problem can be attributed to the concentration of land management power into the hand of the government, which usually leads to the abuse of land acquisition power. As mentioned above, there are huge incentives for local governments and land developers to opt for compulsory land acquisition, in which there are few chances for local people to monitor the process or express their opinions. Once a land acquisition has been announced, the scope for landholders' participation is limited and they can only hope for a reasonable compensation value. While improvements in the administrative process of land acquisition can be made to reduce the lack of transparency (Alcaide Garrido et al., 2011), reconsidering the scope for compulsory land acquisition will also be useful. Although Land Law 2003 explicitly states that the government encourages the voluntary approach in which investors negotiate directly with landholders, in reality, this is rarely the case. Promoting this voluntary approach by establishing stronger measures to limit the scope for compulsory land acquisition will leave fewer rooms for the abuse of this power despite the fact that this may come at the cost of investments slowing down.

Besides, as shown in Chapter 4, the Vietnamese urban planning system is still severely inefficient. This system causes a great deal of inconsistencies in urban planning at different levels.

Not only it leads a lot of frictions in the urbanization process, which levies a huge cost on the society, it also leaves rooms for faulty implementations and corruption. The byproduct of the decentralization of planning and state power to lower-level governments is the loosening management of an important process that is likely to benefit opportunistic local cadres and land developers at the cost of the whole population. Similar to the case of land acquisition power, the decentralization of urban planning process should also be limited, not by stricter, more centralized guidelines that may dampen investments, but by requirements toward transparency to improve both public and private monitoring of development planning.

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