

Administrative urbanization in Vietnam: The mixture of political ambitions and administrative power under different economic theories

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Abstract

The number of the cities has been drastically increasing for the last three decades in Vietnam. The aftermath of industrialization and urbanization, especially during the Doi Moi (Reform) which was initiated in 1986 with the goal of creating a "socialist-oriented market economy" in the country is largely responsible for this increase.

Theoretically, urbanization is known as a progress of the size, structure, and quality of the population and a progress of economic development. Urbanization process needs to rely on the requirements of economic development, particularly the development of non-agricultural sectors such as industry and services. However, the rapid urbanization in Vietnam is due to not only economic development process but also the administrative decision of the government. For instance, the expansion of Hanoi in 2008 contributed to the city becoming 3.6 times bigger than its original size. Hanoi has become one of the 17 biggest cities in the world, with an acreage of 3300 km² and a population of over 6.4 million people. Noticeably, the expansion was administratively decided with a very few reliable socio-economic assessments.

This paper first aims to present the effort of the Vietnamese government in pushing urbanization in the country, especially after the Doi Moi. Secondly, the paper argues that urbanization in Viet Nam at a certain time is "administrative urbanization". Finally, this paper seeks to prove that the rapid urbanization in the countries can be explained as the result of combining several economic theories, such as Marx-Lenin's and their successors' theories, Keynesianism, and the East Asian development model.

Keyword: urbanization, administrative, Vietnam, city upgrade, economic theories

Introduction

The paper argues that urbanization in Vietnam is *administrative urbanization*. In some countries, especially in the single-party regime where decision-making is an exclusive form of power for some individuals or groups, urbanization is known not only as a spatial, economic, and social phenomenon but also as a mere administrative project. There are there main reasons of this situation with respects to the rapid urbanization, the urbanization based on political ambitions/determinations, and the lack of reliable socio-economic assessments. Hence, the process of urbanizing in many locales in Vietnam, for instance, is called

administrative urbanization. *Administrative urbanization, therefore, is a form of urbanization in which decision-making of urban transition is an exclusive form of power for some individuals or groups, urbanization is known not only as a spatial, economic, and social phenomenon but also as a mere administrative project.*

Labbel (2010) argued that there are two main forms of urbanization in the country regarding planned urbanization and spontaneous urbanization, which creates so-called slums (p.1). Both trends still remained in many cities although the government has put their efforts to “embark on large-scale urbanization planning with the goal of fostering economic development” (p.1). However, the planning efforts are likely to be over-mobilized, leading to the risk of falling to mere administrative process. This type of urbanization is characterized by the three main dynamics with respects to the rapid urbanization, the political ambitions, and the lack of reliable socio-economic assessments.

A brief history of urbanization in Vietnam after the World War II

1945-1954: The Indochina War: The Indochina War refers to the war between France and its former colonies, including Vietnam, Laos, and Cambodia, from 1945-1954. Ho Chi Minh read the Declaration of Independence, claiming that the Democratic Republic of Vietnam has been decolonized from the French on September 2, 1945. However, as the result of World War II, French troops came back and the Indochina War happened during 1945-1954. The Dien Bien Phu event marked the failure of French in Indochina, leading to the adoption of the Genève Agreement in 1954, which divided the two countries into two parts: the North (Democratic Republic of Vietnam) and the South (Republic of Vietnam- RV). This division resulted in another war in the next 20 years in Vietnam: The Vietnam War.

There were a few urban cities in Vietnam at that time. Hanoi in the North, Hue in the center, and Saigon in the South are the three biggest cities in the countries. In addition, there are a few smaller urban areas in each geographical area. In general, the number of urban areas in Vietnam from 1945-1954 was limited.

1954-1975: The Vietnam War in the South and the first stage of building facilities for socialism in the North: There were two centrally-controlled cities, Hanoi and Hai Phong, and four provincial-cites, Nam Dinh, Thai Nguyen, Viet Tri, and Vinh, in the North from 1954-1975. Because of the Genève Agreements in 1954, the north of Vietnam is under the control of the Communist Party, and the south, with the support of the United States, developed as a capitalist country. During this time, the Soviet Union, China, and some Nordic countries supported Vietnam in operating some manufactories, including heavy metal, textile, and

consumer goods factories. They called this period the “first stage of building facilities for socialism in the North” (Doan and Doan, 2011).

From 1954-1975 in the South of Vietnam, Saigon was the primary city and Hue, Danang, Quy Nhon, Nha Trang, Cam Ranh, Dalat, Vungtau, Mytho, Cantho, and Rachgia were autonomous towns(BTKDSVN).The United States sponsored to the South of Vietnam, called the Republic of Vietnam in various sectors, such as economic development, financial aid, and military aid (Trong, n.d.).

During this time, the Vietnam War happened in the South, but the North also paid significant attention to economic development in order to maintain the military troops in the South’s battlefield.

1975-1986: the cautious expansion of the cities: After taking over the South, the communist government maintained the socio-economic situation of the Northern cities and applied the model to the South. Saigon became Ho Chi Minh City during this time, and the autonomous towns became provincial cities. By 1986, there were three centrally controlled cities, Hanoi, Hai Phong and Ho Chi Minh City, and eleven provincial cities, Thai Nguyen, Viet tri, Nam Dinh, Vinh, Hue, Da Nang, Nha Trang, Da Lat, Bien Hoa, Can Tho, and My Tho. The number of the cities remained constant during this time. The Soviet Union and the socialist block had gradually increased technical and economic aids and support to Vietnam to build the socio-economic Soviet- model after 1975. Under the central planning economy, the country faced a serious economic crisis. Specifically, the inflation soared to over 700 percent, economic growth slowed down, and export revenues covered less than the total value of imports. Thi resulted in an intense debate about past faults under the central planning system and the need to introduce a major change in the run up to the 6th National Congress of the Communist Party of Vietnam (Arkadie and Mallon, 2014).

1986- Present: the rapid industrialization and urbanization: After the Doi Moi, Vietnam has achieved a significant change in its socio-economic situation. The country had to call for humanitarian aids and import foods during the 1980s. However, Vietnam became the leading rice-exporting country in 1989 (Hai Quan Newspaper, 2013).In fact, Vietnam has remained amongst the top three biggest rice exporters in the world during the last two decades.

Regarding urbanization, there has been a rapid change in the country. According to the Urban Development Agency, on December 31st, 2014, there was 774 cities and towns total, including different grades of the cities divided by a number of population and some indicators. Particularly there are 2 cities at Special grade Hanoi and Ho Chi Minh City, 15

cities at grade I, 21 cities at grade II, 42 cities and towns at grade III, 68 towns and townships at grade IV, and 626 townships at grade IV. However, 50% of Vietnam's urban population is concentrated in 16 big cities(Nguyen, 2015).

Researchers say that Vietnam is of the most dynamic countries and has received the distinction of being called one of the new "Asian tigers" or "Asian dragons" because of its economic achievement (Hayton, 2011). This achievement has been possible because of flexibility in economic policies under the theories of Marxist-Leninist economic theories, Keynesianism, and the East Asian development model.

However, Vietnam has not strictly followed any of these theories. The changes of the political and economic situations in the country led to the changes in the mindset of the political leaders, who also decided the policies of economic development. All combinations and changes in the history of economic development have led to the current situation of urbanization in the country. This paper will examine the effects of these economic theories in the next part of this paper.

Administrative Urbanization in Vietnam after 1986

The increase in the number of urban centers

According to the World Bank, the urbanization in Vietnam after 1986 was rapid. However, this phenomenon is likely the process of administrative decisions applied by the political leaders rather than the regular process of urbanization. This is the process of the development of infrastructure and cities, leading to the increase in city populations. This section of the paper states that urbanization in Vietnam seems to be the result of administrative processes rather than the natural motivations of socio-economic conditions.

The Spatial Plan in Vietnam is regulated in the Constitution, the 10-year old "Socio-economic Development Strategy," and the corresponding consecutive two "Five-year Socio-economic Development Plans:" the Law on Urban Planning and the Construction law. All construction plans/projects are required to take into consideration the Vietnam Socio-economic Plan and the spatial plan.

According to Article 110 of the Constitution 2013(enacted on January 1st, 2014), Vietnam consists of provinces and centrally-controlled cities. A province consists of prefectures, prefecture-level cities, and towns, while a centrally controlled city consists of districts, prefectures, and towns. A prefecture consists of townships and counties, a prefecture-level city or a town consists of wards and counties, and a district consists of words. The National Assembly establishes special economic-administrative units/areas.

According to Article 4, Provision 2, Chapter I of the Law on Urban Planning (2009), urban centers are classified into 6 Grades, including Special Grade and Grades I to V:

- Centrally-controlled cities must be an urban center of Special Grade or Grade I.
- Prefecture-level cities must be an urban center of Grade I, II or III.
- Towns must be an urban center of Grade III or IV.
- Townships must be an urban center of Grade IV or V.

The details of the spatial plans under the purview of the Ministry of Construction are conceived through four administrative mechanisms: The Master Plan Orientation for Vietnam's Urban System Development (national plan), the regional plans, (Ministry of Construction / provinces), the master plans (cities / provinces), and detailed plans (districts, wards, industry zones, or development projects) (Nguyen, 2015).

According to the Institution for State Organizational Sciences, by the end of June 2013, there are 58 provinces and 5 cities under direct central rule; 60 provincial cities, 46 towns, 47 urban districts and 550 rural districts; 634 townlets (or township), 1,461 wards, and 9,052 communes. The central and local administrative structure has been organized as in the

following chart:

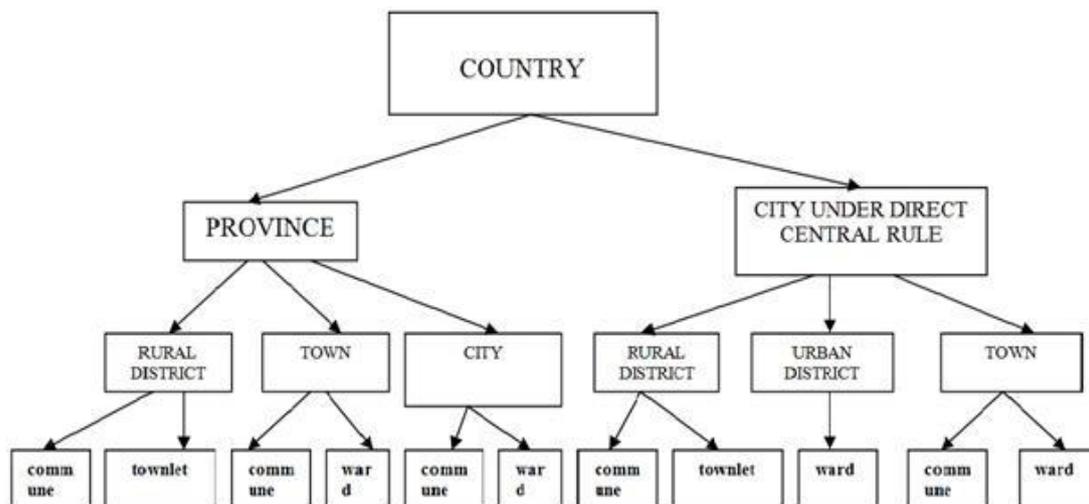


Chart 1.1: Administrative Territorial Organizational Chart of Vietnam

In general, Vietnamese planning is prescriptive in character, laying out specific ways to use land in specific locations. It is relatively different from the regulative nature of Western land use planning.

The Ministry of Construction state that by January 2016, Viet Nam has 787 urban, including 02 special cities (Ha Noi and Ho Chi Minh City); 15 urban center grade I including 03 cities under direct central rule; 25 urban centers grade II; 42 urban centers grade III; 75 urban centers grade IV; 628 urban centers grade V. In which, 159/787 urban centers belonged

to the grades I to IV (20, 5%). Urbanized rate are gradually increased 1, 1%/year, reaching the peak 35,7% in 2015. (Ministry of Construction, 2015, pp. 9-10).

The Institute for State Organizational Sciences, Ministry of Home Affairs of Vietnam present the rise of the rapid urbanization in Viet Nam by the table of a number of Administrative Territorial Units of Vietnam. All kind of administrative organization were increased during 1995-2003. The provincial cities were drastically risen from 16 to 60 in this period of time. At the same time, the number of towns was decreased from 62 to 46. This caused by the process of upgrading provincial towns to provincial cities. The number of urban districts was surged from 21 to 47 in this eighteen years because of the rise of the provincial cities and the cities under the direct central rule.

Year	City under direct central rule	Province	Urban district	Provincial city	Town	Rural district	Commune	Ward	Townlet
1995	3	50	21	16	62	475	8.862	856	503
2000	4	57	33	20	62	507	8.929	1.018	565
2005	5	59	43	29	58	541	9.069	1.219	588
2012	5	58	47	60	44	549	9.055	1.454	636
6/2013	5	58	47	60	46	550	9.052	1.461	634

Table 1.1: Number of Administrative Territorial Units of Vietnam (1995 - 2013)

The increase in the number of provincial cities

By 1986, there was 3 cities under central rule, including Ha Noi, Hai Phong, and Ho Chi Minh City and 11 provincial cities, including Thai Nguyen, Viet Tri, Nam Dinh, Vinh, Hue, Da Nang, Nha Trang, Da Lat, Bien Hoa, Can Tho, and My Tho. Before this time, the number of the cities was fluctuated by the changes of history and war. However, the country has never had the rapid changes of the urbanization as in the last three decades, especially after the Doi Moi.

The number of the cities has been upgraded to provincial-level cities in this period of time is illustrated as followed chart. This chart shows that the number of upgraded cities in Viet Nam reached the peak of 7 cities in 2010. Moreover, there were 13 cities were upgraded in 2009-2010. This means a city had been upgraded to a higher level each two months in this period of time.

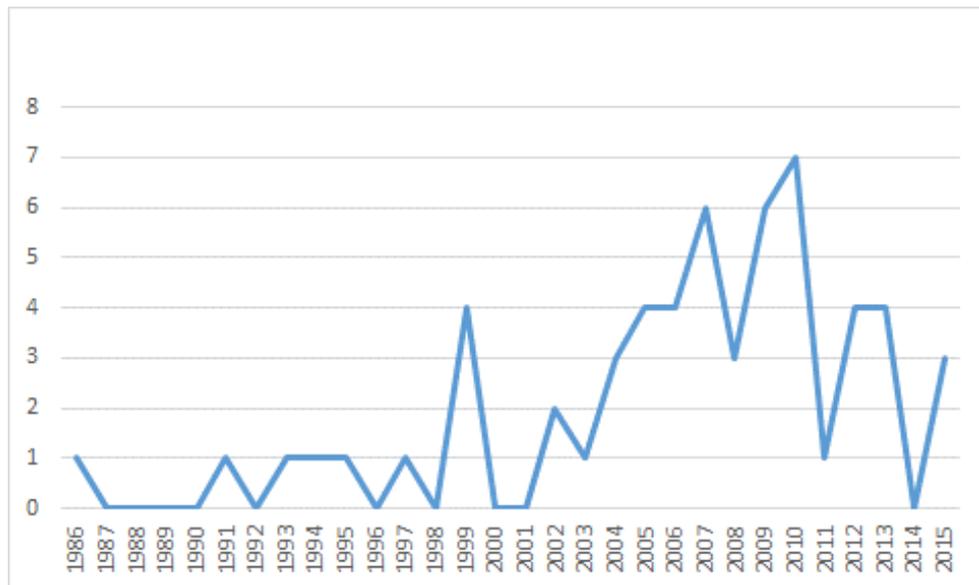


Chart 1.2: The number of to provincial-level cities in Viet Nam (Source: The writer aggregated from various sources)

The increase of the new urban areas

The new urban area (Khu do the Moi) refers to the residential development, normally can be understood as an area including housing buildings and nearby villas, which are built on either the old urban areas or its former agricultural land. The areas might include the locations of services to fulfill the need of people living in the new urban areas.

Nguoi do the (2008) pointed out that the concept of the new urban areas was developed in 1992-1996). Before this time, there was no significant consideration about building totally new urbanized areas which belong to one out of these forms

1. Dependent to the mother city with varying degrees, basically jobs, infrastructure, and resources as water and foods.

2. Independent, at least in term of creating jobs for its residents. This form started from the idea of building a satellite city or expanding to the suburban areas.

3. Expanded from an available urban area. The new urban areas are built to use the infrastructure of the mother city or targeting to economic growth in the certain area. They are distinguished from the first two from by the extrovert characteristic.

4. Built for special functions, for example, to develop an independent industrial or post-industrial city around a research- technology complex, transportation site, or commerce center. (Nguoi do thi, 2008)

According to the MOC, there are 8, 00 new urban areas which are larger than 20 hectares, including 15 new urban areas larger than 1, 000 hectares, 94 areas from 2, 00 to 1, 000 hectares. There are 2500 implementing new housing projects in the country. However,

the majority of the projects are located in Ha Noi, Ho Chi Minh City, Da Nang, and Hai Phong in after 20 years this concept has emerged.

Administrative urbanization in Viet Nam and the root causes

There is no way to deny the role of policies, especially economic and spatial plan-related ones, in pushing the speed of urbanization in Vietnam. The development of cities has generated an impressive achievement in the economy and vice versa. However, alongside the debate of whether or not the state should interfere in the economic development progress, the debate of whether the government should use administrative tools to intervene in urbanization has also emerged in Vietnam for several years. In the next section, this paper will discuss the economic theories, which serve as the ideological basis for the governmental urbanization policies in Vietnam.

Urbanization of land use rather than citizen life

“It is likely that urbanization in Viet Nam is the process of urbanizing land rather than urbanizing the human life”, this is the statement of the retired vice minister of the Ministry of Construction (MOC). According to this former leader, the budget of the cities are fundamentally based on the land selling and land leasing capital. This caused by the poor production and services of the areas. Besides, due to the differentiates among the price of different purpose of land use. However, the locals have to converse land use purpose, for example, land using for agriculture to living and industrial development, land using for rural to urban using in order to sell or lease land with a higher price. This can be seen as one of the most significant root causes of the administrative urbanization in the country.

The overusing of land-use conversion lead to administrative urbanization. After being converted by an administrative decision, the price of land using in the same areas can be ten times or even hundred times more expensive. For example, the price of land use for living or industrial development can be much more expensive than the price of land use for agriculture. Moreover, the price regulated by the government is also lower than the “market price”. In a certain time, land use conversion is considered as one of the best ways to generate interest and capital for urban development in the cities of Viet Nam. That is why even though the cities had not radically used land in the inner city, the administrative urbanization keeps expanding urban land to the rural areas. This lead to the waste of land in both inner and outside of the cities.

Urbanization and the interest/benefit groups

Even though there were many critics of the international and national experts and scientists about the urbanization without any scientific assessment, the process has even been

maintained until today. The retired vice minister of the Ministry of Construction pointed out that the other underlying cause of administrative urbanization in Vietnam is an interest group, which are the group of people or institutions benefit the most from land use purpose transformation under urbanization. This led to the fact that although the inner city land had not been used, the city has still been expanded to the vicinity.

There are two forms of interest groups in urbanization based on land use purpose conversion. First, the groups real estate investors and local authoritarians. They are likely to benefit the most from land use purpose conversion by buying agricultural land with low price, then converting the land use purpose to living or industrial land, then selling with much higher price. The second interest group is the people living near the new urbanized areas, especially beside the new road. For instance, after the implementation of a project to build, upgrade, or expand a road, the price of land beside the road would be much higher. The people own land use right of the land beside the road will be benefited by this increase. However, in both cases, the State has to use the common budget to invest in urbanization. By expanding land use purpose conversion, on the one hand, the urban area is expanded. However, this leads to the multiple geographical spreads and ineffective investment.

On the other hand, the investment of the state will benefit some groups or individuals instead of benefiting the society as a whole. For example, the project of O Cho Dua-Hoang Cau road route was approved in 2008 with a total investment of VND 642 billion (USD30.5 million), including VND527 billion (USD25 million) for site clearance compensation. The city targeted to finish the road section in late 2001, however, stagnant site clearance slowed the process. According to the People's Committee of Dong Da District, the site clearance compensation for the 547-metre road section had been raised to VND743.5 billion (USD35.3 million) from the previous VND527 billion approved in 2008, becoming the most expensive in the world (VNE, 2014). However, right after being cleared and built, the land beside this route has become much more expensive and benefited the people owning the land use right beside the road instead of the state budget, although the investment capital was arranged by tax paid by the whole.

The choice of urban planning

The Ha Noi capital construction master plan to 2030 vision to 2050 shows new ring roads and five satellite cities including Son Tay, Hoa Lac, Xuan Mai, Dai Nghia and Phu Xuyen. This helps to reduce pressure on the city center and creates a more equal. It is clear that the plan to develop Hanoi in the next decades is based on the satellite cities (or satellite towns, satellite urban areas). This is the concept of urban planning that refers to the smaller urban

areas which are located near and somehow independent of larger metropolitan. So far, there has no assessment on the productivity of the satellite cities in Ha Noi master plan. However, there are some challenges that the city have to face with while planning, investing, and building followed this concept.

First, it takes a long time to build those satellite urban areas and make it can be a self-sustaining city. Regarding the infrastructure for the new urbanized areas and the new satellite cities, the core city needs to invest to develop infrastructure in the satellite cities. Secondly, there is the demand of building a new transportation system to connect the core and the satellite cities. Meanwhile, the need for investment to develop the core city also exists. This means the Ha Noi capital need to pay attention to the development of the core city, the satellite cities, and the transportation to connect these areas. All of these categories require significant investment. This also needs to the increasingly requirement of capital to invest. While the production and services are not strong enough, the authoritarian is likely to be easily attracted by the option of keep selling land.

The basic economic theories of Administrative Urbanization in Vietnam after 1986 ***Socialism political economic theories in Vietnam***

According to the Marx-Engel and Leninist political and economic theories, there are two main sides of the social production of habitat, including the force of production and the relations of production. Marx, in *Capitalism, The Poverty of Philosophy*, and the *Manifesto of Communism*, discussed the historical theory of Communism, the relationships between proletarians and the bourgeoisie, communist and proletarians, communists and other parties, and the flaws in other socialist literature.

Lenin criticized the monopoly of capitalism, imperialism, and the general crisis of capitalism. He also provided the theoretical basis for and indicated the path of economic policy in the transition period from capitalism to socialism. Moreover, Lenin “put forward the co-operative plan of gradually drawing the peasants into the stream of socialist construction, at first on “the basis of a traded bond then also by a bond between industry and agriculture in the field of production” (Political Economy, n.d, para. 9). In addition, Lenin worked out the foundations of the basic economic law of socialism, the law of planned development of the national economy, and other laws (para.10).

Furthermore, these social theoreticians argue that socialism is built on the public ownership of the means of production, according to Gasper (2005) and Gidden (1998). This is the main theoretical basis of the socialism-building theories in Vietnam. Particularly, the idea of public ownership leads to the maintenance of Vietnamese Communist Party (CPV) on

the idea that “land is owned by public” as regulated in the Constitution. This regulation thus stems from the role of the government in confiscating and switching the purpose of land using in urbanization. This paper will further discuss the regulation in the next section.

Vietnamese political economic theories have inherited Marxist and Leninist perspectives to build the general theoretical framework for the society and economies, such as the relationship between the forces of production and the production relations, the idea of public ownership of the means of production, and the transition to a social economy. Furthermore, they stated that there is the “creative handling the Marxist-Leninist to adapt to the situation in Vietnam,” with four five main characteristics as follows.

First, the ownership regime: In the country, according to the Law of Land 2013, the land is publicly owned. Therefore, individuals are allowed to own the rights of land use. Whenever the government implements a new project, they can confiscate land in exchange for little compensation, especially for the agricultural land. Consequently, the government practices land confiscation more frequently than would be necessary for various cities. Many provinces have confiscated agricultural land to build housing areas, industrial zones, and economic zones. According to NIF (2015), there are approximately 85,000 hectares of land intended for building industrial zones by March 2015. NIF also claimed that “In Tay Ninh province, there are 550 hectares of agricultural land that have been confiscated to build the Moc Bai Industrial Zone (ten times more than in the Construction Permit), while there is a lack of land for a farmer to cultivate.” However, the project was postponed for over ten years. This situation is also happening in many other areas in the country.

Second, the class nature of the state and the purpose of the state management: The Communist Review (2013) said that: “In the market mechanism of capitalism, state intervention is of bourgeois nature and within the framework of the capitalist regime. The state management aims at ensuring the socio-economic environment favorable for the rule of the bourgeois class and the sustainability of capitalism exploitation. In the market mechanism with state management under socialist orientations, the socialist state intervention in the economy aims at protecting the legitimate interests of the entire working people and achieving the goal of a prosperous people, strong country, democracy, equity, and civilization.”

In addition, the state-orientated market in Vietnam is also determined by other characteristics in Communist Review, 2013, such as (1) The social progresses and equity in each of the steps and development policies and distribution are made according to labor results and economic efficiency as well as capital and other resource contributions and through social welfare; (2) The promotion of the right to mastery of the people to ensure the economic management and regulation of the socialist state under the leadership of the

Communist Party; and (3) The market economy which integrates into regional and global market economies, under different forms of multilateral and diversified relations and linkages". These self-determined characteristics explain the intervention of the government in all sectors of the society and economy, especially in urbanization.

Keynesianism

In the *General Theory of Employment, Interest, and Money*, Keynes' economic theories said that there are three prescriptions for a successful economy: low-interest rates, government investment, and redistribution to the poor (Swartz, 2009). Keynes provided both a specific rationale for the government taking on a bigger role in the economy and a more general confidence in the ability of government to intervene and manage effectively. Despite Keynes's fascination with uncertainty and his speculative talents in the marketplace, Keynesians deemed "government knowledge" to be superior to that of the marketplace (Yersin and Stanislaw, 1998).

In Vietnam, the Reform (Doi Moi) has marked an important milestone for economic development in Vietnam. Three political movements urged Vietnam's leaders to take reforms at that time. First, the strong pressure of the technocrats and pro-market reformists for a final solution to the Democratic Republic of Vietnam model, based on the political collapse of hard reform socialism after the 1985 debacle, was the first movement. Secondly, those benefiting from commercial activities thanks to partial reforms were in favor of further reform as reform brought economic benefits. Finally, southern liberals supported reform as they wished to return to the pre-1975 system (Fforde and Vylder, 1996).

These political movements are rooted in the gradually increasing acceptance towards a market economy in the country. During the transitional period beginning in the early 1980s, state enterprises had access to cheap resources and earned profits by diverting them onto the free market, which was shared among various groups including workers, manager, and higher levels. This profit sharing provided a power basis for reform and commercialization in the party, which was pushing for a market economy (Fforde, 1993).

For the next two decades, the Vietnamese government took further steps in reforming the economy, focusing on increasing public investment and taking the main role in attracting and using official development aids (ODA) in economic development.

First, with respects to public investment, according to the Industrial Policy and Strategy (IPS), the total public investment is approximately 286 million trillion VND, equal to 23% of the total social investment capital. In addition, there are 194 industrial zones with 46,600 hectares and 1,643 groups of the industry with 73,000 hectares. However, just 50-60%

of the total acreage have been used for the industrial operation. It might take 50 million USD in the next 10 years to invest in these areas. The figure shows that the Vietnamese government has actively interfered in the economy.

Secondly, Vietnam is also one of the most active countries in terms of mobilizing ODA. According to the Trading Economic, Vietnam recorded a Government Debt to GDP of 50.50 percent of the country's Gross Domestic Product in 2014. Government Debt to GDP in Vietnam averaged 39.28 percent from 2001 until 2014, reaching an all-time high of 54.98 percent in 2013 and a record low of 31.90 percent in 2008.



Graph 1.1. The Vietnam Government Debt to GDP (Source: The State Bank of Viet Nam)

The Business Times (2013) presented the Vietnam's Decree on management and use of ODA, which came into effect on June 6, 2013, listing nine preferential sectors for ODA access with respects to: (1) Developing a modern, big size, and comprehensive infrastructure including road infrastructure, urban infrastructure, IT and communication infrastructure and drainage system; (2) Developing social infrastructure such as culture, education, healthcare, vocational, social security, population and development; (3) Science and technology, source technology, intellectual economy, and high-level human resources; (4) Agriculture and rural development, social and economic infrastructure in rural areas, developing new rural areas; (5) Improving governing and innovating administrative works; (6) Environment and natural resource protection, natural disaster protection and reduction, responding to climate changes, green and sustainable development; (7) Boosting trade promotion, investment, finance,

banking, tourism and selective productions, improving economic competitiveness; (8) Supporting for national aimed programs; (9) and others by Prime Minister's decision.

It is clear that ODA's preferential use is for industrialization and urbanization. However, ODA is one of the most controversial recent issues in the country, especially regarding the efficiency of using this sort of capital, because ODA is not a free one.

East Asian Model of capitalism

The East Asian Model of capitalism, also known as state 'development capitalism' or "state-sponsored capitalism," refers to an economic system in which the government invests in certain sectors of the economy in order to stimulate the growth of new (or specific) industries in the private sector (Chun, 2013). This model can be seen in Singapore, Japan, Taiwan, South Korea, and mainland China (Krunes, 1998 and Baek, 2005).

According to Le (2013), this model has also been applying in Malaysia, Indonesia, and Thailand (known together as 'MIT'). The author also analyzed the tendency of Vietnam to follow the MIT's trajectory. However, Le also said, "The rise or fall of Vietnam's state capitalism will likely depend on the government's ability to fully employ its geopolitical resources." Known as one of the "new Asian dragons," Vietnam has performed numerous positive achievements in terms of economic development, especially urbanization. However, the author contends that economic development is considered as the method to maintain the politic power:

"Because state capitalism serves the interests of those in power, the Vietnamese leadership's agenda is not about maximising the quality and productivity of the country's labor force.

Rather, it is about attaining an equilibrium that, on the one hand, allows the Vietnamese state to maintain its vertical and horizontal power over society and, on the other hand, maintain economic development" (Le, 2013).

Urbanization, as a result, and as a catalyst for economic development, hence is a subjective process rather than an objective one.

However, in many cities, the growth rate of the mechanic population is high. The proportion of urban citizens has increased by 3.5% -4% per year from 2005-2013, while the growth of the non-agricultural sector is 8.8%. The factor/coefficient of the growth of population/ the growth of the non-agricultural sector is 1:2,56. Moreover, the number of the urban citizens increased by 6.5 million people during the 8-year period. However, the mechanic increase was 3.6 million people, while the natural increase was 2,9 million people. This means per every single current urban citizen, there are 1.24 citizens transitioning from rural to urban. These statistics clearly show that urbanization in Vietnam does not only depend on the

development of non-agricultural sectors but rather on the administrative decisions and subjective thinking (Ngo & Ngo, 2015).

Conclusion

Urbanization is as a progress of the size, structure, and quality of the population and a progress of economic development. In addition, this is a centrally inverted morphology, which brings high-efficiency effects. Urbanization process needs to rely on the requirements of economic development, particularly the development of non-agricultural sectors such as industry and services.

However, it appears that urbanization in Vietnam is overly based on the administrative decision. This is the result of applying various economic theories such as Marxist-Leninist theories, Keynesianism, and the South East Asia model. This paper focuses on using these theories and the related policies, which are rooted in the process of urbanization in the country.

Administrative urbanization may lead to the in-between situation of people who live on the outskirts of the cities. In-between situations happen when the citizens live in the area, which belongs to the urban administration, but the infrastructure and lifestyle actually belong to the rural area. I hope that I will have the opportunity to research the socio-economic effects of administrative urbanization on the citizens living in an in-between situation in the outskirts of the cities in Vietnam.

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