



東南亞研究中心  
Southeast Asia Research Centre

COLLEGE OF  
**LIBERAL ARTS AND  
SOCIAL SCIENCES**

**Adam FFORDE**  
**Professorial Fellow**  
**Victorian Institute for Strategic Economic Studies**  
**Victoria University**

**The historical background to Vietnam's contemporary state  
enterprise sector: the policy story**

# **Working Paper Series**

**No. 159**  
***October 2014***



香港城市大學  
City University  
of Hong Kong

**The Southeast Asia Research Centre (SEARC) of the City University of Hong Kong publishes SEARC Working Papers Series electronically**

© Copyright is held by the author or authors of the Working Paper.

SEARC Working Papers cannot be republished, reprinted, or reproduced in any format without the permission of the author or authors.

**Note:** The views expressed in each paper are those of the author or authors of the paper. They do not represent the views of the Southeast Asia Research Centre, its Management Committee, or the City University of Hong Kong.

**Southeast Asia Research Centre Management Committee**

Professor Mark R Thompson, Director

Professor William Case

Dr Bill Taylor

Dr Nankyung Choi

Dr Thomas Patton

**Editor of the SEARC Working Paper Series**

Professor Mark R Thompson

**Southeast Asia Research Centre**

The City University of Hong Kong

83 Tat Chee Avenue

Kowloon Tong, Hong Kong SAR

Tel: (852) 3442 6330

Fax: (852) 3442 0103

<http://www.cityu.edu.hk/searc>

# The historical background to Vietnam's contemporary state enterprise sector: the policy story

---

Prof Adam Fforde

Professorial Fellow, Victorian Institute for Strategic Economic Studies, Victoria University

[adam@aduki.com.au](mailto:adam@aduki.com.au)

Sept 2014

Abstract

The paper presents a history of Vietnamese Communist policy towards state enterprises, focussing on the formal policy record and the period after 1954. Communist regimes argue strongly that progress requires economic development and, within that, rapid growth of the state sector, state industry and state employment. Since the emergence of the market economy the sector has retained a privileged position and still reports a share of GDP of over a third and probably rather more. The analysis shows that policy has had to deal with, and reflect, a political order where the interests of certain groups occupying positions within the ostensibly hierarchical state usually prevailed over attempts to generate coherent economic strategy. This explains policy's oscillation between two positions: either attempting to secure compliance with norms that were systematically violated, or retreating to acceptance of norm violations. Use of the state for wartime mobilisation, or hegemonic use of state power to protect the interests of those within it, are thus shown to be consistent with a long-term inability to focus coherent state power upon an expression of some national agency resulting in an effective economic growth strategy, whether in the construction of traditional socialism, its preservation against powerful commercialisation forces within state enterprises, or the management of the post 1990 market economy. If the presence of domestic sovereignty is understood, following Hinsley, to require a shared belief within a political community that there is some authority 'above all' that may be used to provide the political prerequisite for coherent economic development strategy (and so policy), then this implies that the political order accompanying Vietnamese Communist rule has been and remains one where domestic sovereignty has been sacrificed to the particular interests of those occupying positions within the state. Under such circumstances, economic analysis is made easier because real institutional change tends to respond to patterns of incentives rather than being driven by policy.

***'Writing the socio-economic history of contemporary Vietnam'***

This paper is intended as a building-block, # 1 in a series of studies of topics in this area. Comments and suggestions are highly appreciated, especially regarding relevant contributions to the literature.

Adam Fforde

## From plan to market – driven by policy, or by commercialisation in response to local incentives?

In the early 1990s Vietnam emerged from the 1980s, a period of massive economic change ‘from plan to market’ (Arkadie and Mallon 2003; de Vylder and Fforde 1996), with a market economy. But this economy still, as it apparently lacked factor markets, did not appear capitalist, bearing in mind the great range of economic systems that the word implies, but treating the term to refer to situations where factors of production are predominantly bought and sold on markets (Polanyi 1975; North 1996; Milgrom and Roberts 1992:592-594). At the start of the 1990s, current inputs and outputs were largely bought and sold on markets and practically nothing remained of the old administrative controls exerted by central planners on the allocation of current inputs and outputs. Yet productive assets, especially those within State Enterprises (SEs), were not generally transferable for monetary gain. Initially, markets for land, labour and capital did not really exist, but would in the near future emerge, though not evenly or at similar speeds. Thus, whilst labour markets emerged very quickly, recognisable urban land markets took a little longer and had largely formed by the mid 1990s, though these did not cover all access to land by businesses: SEs still largely held land ‘administratively’ (Fforde 2007). Capital markets, though, were a far more complicated issue, not least as there had in the 1980s already been extensive development of both informal capital markets and market-oriented systems of intermediation within the state banks, parallel to their policy lending within the expiring central plan and with SEs as their main clients.

GDP initially grew fast for about the first decade and a half after the emergence of a market economy, with a slowdown at the time of the Asian Financial Crisis in the late 1990s. From 2007, though, growth slowed. The growth slowdown was associated with loss of macroeconomic stability and massive levels of support to various SE ‘groups’ – *tap doan*, most infamously VINASHIN.<sup>1</sup> These levels of support were so large as to choke off fiscal support to rural development and heavily squeeze credits to SMEs.

The state sector, in accordance ideologically with the Party’s assertion of the state’s key role as the foundation of the political power of the ruling Vietnamese Communist Party (VCP), has continued to

---

<sup>1</sup> It does not seem here necessary to use the diacritics required for Vietnamese to be written fully, as the terms here are ambiguous in reference without them – that is, it is obvious which Vietnamese words are being written. I write them without diacritics, in italics.

be allocated a 'leading role' (*vai tro chu dao*) in Communist strategy statements.<sup>2</sup> This of course is quite different from mainstream economic strategy, which links legitimate state intervention to market failure arguments rather than a need for structural political support. Since the early 1990s, when Western aid restarted, policy advice to Vietnam from bodies such as the World Bank has argued strongly for rapid privatisation of SEs and their reform so as to reduce the evident burden they place on the economy and their failure so far to help secure for Vietnam a strong likelihood of transition through middle income status (eg World Bank 2011, especially Chapter 2).<sup>3</sup> SEs have, however, remained important- according to the official data, the reported state sector share of GDP has remained high at over 1/3 of reported GDP.<sup>4</sup>

Any study of contemporary Vietnamese economic history has thus to provide an effective analysis of the state sector. This is likely to be contentious, not least because of what happened during the first decade and a half of the market economy, when growth was fast, for it could be said that the combination of such a high share of GDP coming from SEs with high trend GDP growth and (until around 2007) macroeconomic stability is paradoxical – a 'Vietnam paradox' (Fforde 2005). A second area of contention is the argument that the drive away from central-planning in the 1980s was largely due to business vigour within SEs (Fforde 2007).

The formal starting point of the economic changes of the 1980s was Soviet institutions, which, the emergence of the market economy showed, had 'commercialised'. Confusingly, content had changed far more than form - SEs that by the late 1980s managed to largely avoid the plan still possessed Communist Party cells, official Trade Unions, a Party Committee and so on. Apparently, commercialisation of SEs was far easier when it covered current inputs and outputs and far harder

---

<sup>2</sup> This position is challenged in debates within Vietnam – e.g.

[http://duthaonline.quochoi.vn/DuThao/Lists/TT\\_TINLAPPHAP/View\\_Detail.aspx?ItemID=946](http://duthaonline.quochoi.vn/DuThao/Lists/TT_TINLAPPHAP/View_Detail.aspx?ItemID=946)

<sup>3</sup> World Bank advice to Vietnam has at times been based on subtle appreciation of the context. Thus: "... rapid economic and social change are not incompatible with a resilience of political power and culture ... scholarly language about "reforms" misses the point, because what is at play is a continuous reworking of existing power structures." Martin Rama, Lead Economist of the World Bank for Vietnam from 2002 to 2010, endorsement to Gainsborough 2010, cited in Fforde 2013b and at <http://www.zedbooks.co.uk/node/16390> 23/6/2014.

<sup>4</sup> 33% of current price GDP in 2012 according to preliminary official data (GSO 2013:142); this data excludes all businesses with foreign investment (the source of 18% of GDP), so excludes joint ventures between foreign businesses and Vietnam SEs (oil exploitation was a large example). In 1995 the equivalent figures were 40% and 6% (GSO 2000:21). There is no reliable data on a host of issues with these statistics: private companies set up as shells for investments by members of Party bodies, or containing de facto investments by them; for the earlier period, various collective forms that were controlled by Party or state interests but were not SEs; problems with NIA generally, etc.

when applied to factor markets, above all capital markets (Fforde 2007). A central question in contemporary Vietnamese economic history, thus, is to do with the nature of this SE 'commercialisation'.<sup>5</sup> Fundamental to this is how one approaches questions of the actual ownership of SEs, viewed broadly in terms of real content rather than form – issues of control over production, investment, what happens to output and where inputs come from etc. (Marris 1964, Milgrom and Roberts 1992, Coase 1937 et al). There is early evidence that, whilst said to be part of a centrally-planned economy, SEs in Communist Vietnam had, perhaps from the start, a good eye for local advantage. For example, as free market prices rose in the early 1960s they often 'ran to the market' in violation of Communist norms (Paine and Fforde 1986: 59-65).<sup>6</sup> In this sense commercial behaviour by SEs in violation of Communist norms has had a long history, which continues.

In terms of economic development strategy, geography and history have pervasive effects. Thus the fact of the Chinese border, with a supportive Communist government in control of it from the late 1940s, conditioned the evolution of the fighting after 1945, where a Communist-ruled state emerged in the North<sup>7</sup> based on Hanoi, with the country divided at the 16<sup>th</sup> parallel and the South

---

<sup>5</sup> Through the 1980s many SEs obtained increasing percentages of their inputs from commercial relations rather than the central-plan, matching these by sales of output – an indicator of the commercialization process (de Vylder and Fforde: 213).

<sup>6</sup> Thus from Doan Trong Truyen 1965: "In reality, a number of state enterprises in both production and distribution have recently shown negative practices: running after material advantage {*loi nhuan*}, careless work, inadequate attention to merchandise quality, running after goods that pay high cash profits {*loi*}. Only worrying about implementing the output value plan and not bothering about the commodity plan and output quality, creating a situation where a good is simultaneously short {*thieu*} and abundant {*thua*}." (69, quoted in Paine and Fforde: 60). For an analysis of the economic origins of such problems see Paine and Fforde 1986 passim. Arguably, such behavior in the USSR would, driven by the political centre, have been met by violence and the eradication of 'anti-Socialist' elements. These tensions were politically manifest in two meetings of the Central Committee – the 9<sup>th</sup> in December 1963 and the 10<sup>th</sup> in December 1964. This period badly needs a series of detailed studies. Written and interview data are now far more abundant, though key actors are now dead or rather old: for example, Nguyen van Tran, born 1917, Minister of Heavy Industry 1960-67 and for a time Deputy Head of the Party Central Industry Department, Hanoi Party Secretary 1968-74 and founding head of the radically pro-market Central Institute for Central Economic Management Research (CIEM) 1978-89, appears still alive. This simple highly summarized personal history shows the complexities involved. Compare also the late Nguyen Lam, 1922-1990, Hanoi Party Secretary 1961-65 (and so personally responsible for allowing the already mentioned growth of the free market in food in Hanoi as free market prices rose above state prices in the early 1960s – Paine and Fforde 1986) and then 1974-77, was Head of the conservative State Planning Commission (SPC) in 1973-74 and then again in 1980-82 during which he wrote the highly pro-market Nguyen Lam 1980, after which he became head of the Party Central Economics Commission but, after a short hiatus, was replaced as Head of SPC by Vo van Kiet. Any study of the evolution of the Communist state in Vietnam has to take account of these histories, not least the period 1968-72, and further research would be very valuable.

<sup>7</sup> Here, capitalised 'North' and 'South' refer to the division of the country near the 17<sup>th</sup> parallel from 1954 to 1975-76, uncapitalised 'north', 'south' and 'centre' refer to the standard division of the country in Vietnamese practice.

ruled from Saigon (now Ho Chi Minh City) (Marr 2013; Goscha 2011). But the equally hard fact that the north, the population well from which the majority *kinh* had moved south, coming to dominate the Mekong delta from the 19<sup>th</sup> century, was extremely poor in 1945 meant that any developmentally-focussed state ruling the north would not start from an easy position (Fforde and Paine 1986). Stalinist methods, though, driven by strong central leadership, should have been able to keep real incomes low enough to generate high levels of investment that, supported by the Soviet bloc aid program, would have resulted in fast and eventually autarchic growth. A central issue in contemporary Vietnamese economic history is that this did not happen, either in the North in the early 1960s, before the US war, nor in the South after 1975. Clearly this also has strong implications for other histories, such as the political and cultural, which so far have often tended to ignore the economic, frequently accompanying a depiction of Vietnamese Communism as accompanying strong central authority.

A point of contention within foreign studies of contemporary Vietnamese economic history is thus not surprisingly that of the relative importance given to policy, rather than spontaneous forces, in explaining change. This may be reduced to the question of the relative value to analysts of deploying notions of national agency,<sup>8</sup> expressed in terms of coherent policy, when explaining change. This in turn can be linked to debates amongst general historians<sup>9</sup>. This question has fundamental

---

<sup>8</sup> I thank Phillippe Peycam for pointing to the French phrase 'agence nationale' in a discussion about how to translate the Vietnamese '*chu quyen*', usually rendered into English as 'sovereignty', a concept that surely underpins any coherent notion of policy - Fforde 2013b and also 2011 for a discussion of relevant Vietnamese policy terminology.

<sup>9</sup> David Marr, a general historian and senior colleague of mine at ANU in the 1990s, in two lengthy studies of the 1945-46 period (Marr 1997 and 2013), can be read as arguing two main points: that whilst the risings of 1945 were largely made coherent by general popular agreement rather than central Communist (or any other) leadership, the early period of state formation in 1945-46 saw Vietnamese Communists and other nationalists occupy and develop state structures with little general interest in creating sustainable and coherent state power other than as one amongst a range of means to meet their then preoccupations, both the directly personal and the general national struggle. By contrast, Goscha 2011 sees the Communist state as 'a state born from war', and the conflict as "above all a conflict between two contesting visions, those of French colonialists and those of Vietnamese nationalists" (22 – my own translation, as elsewhere here). Marr can then be read as using a contrasting concept of power that is political, nuanced and locally contested and defined, avoiding critiques of analysts such as Hindess who argue against treating power as a given metrical quantity (Hindess 1996). This then makes it far easier to discuss, as Rama, 'changing structures of power' and situations where, as I discuss below, the edicts of a ruling Communist Party Politburo are generally ignored. Goscha, thus, in his concluding Chapter on the 'Human limits of a war state', gives no inclination that the considerable State power deployed, led by north Vietnam's political leaders, to defeat the French would, within a decade, confront Communist SEs refusing to do what they were told. Marr, by comparison, suggests at a number of points (Marr 2013) that occupation of state structures entailed conflicts between different relationship structures and frequent reliance upon basic agreement on task, rather than hierarchical discipline, to secure



implications for how the Vietnamese Communist political and social order is to be best understood (*pace* Lenin – “Communism is Soviet power plus the electrification of the whole country” (Lenin 1920)).

Thus, different authors place quite different emphases upon the 1986 VIth Congress of the VCP. On the one hand, some argue that this Congress authored the transition to the market in Vietnam, as it introduced various reforms under the general heading of *doi moi*, or renovation (eg Arkadie and Mallon 2003, amongst many). On the other hand others point to dynamic and spontaneous processes of commercialisation within the Vietnamese economy, to which policy responses - including the VIth Congress - were both positive and negative, but on the whole reactive rather than proactive, and so not the key driver of change (de Vylder and Fforde 1996; Fforde 2007<sup>10</sup>).

There are problems with this debate, one of which is that it is insufficiently self-referenced and structured. Another is the lack of reliable accounts of what policy-makers intended, though this is easing as memoirs are published.<sup>11</sup> Another is a relative lack of research into commercialisation processes, which, as they were often illegal or at least better kept hidden (in part to reduce calls for a share of rewards), are not as well documented as they could have been. An additional issue are the theoretical difficulties involved in rigorously modelling an economy where market and non-market transactions dynamically co-exist in a dynamic setting: a key issue here is the extent to which such relations are symbiotic or parasitic.<sup>12</sup> It is therefore not surprising that key elements of contemporary Vietnamese economic history remain contentious. To manage this as best we can it is useful to have a clear idea of what policy actually was, in terms of documents and terminology, which is the focus of this paper.

---

order. There was, I read this to mean, no coherent ‘ideology of rule’ and what was crucial, not least to understanding policy later, was what was not there.

<sup>10</sup> For a view in support of this line or argument, see Le Duc Thuy 1993. Later Governor of the central Bank, Thuy was also at one time an assistant to Party General Secretary Do Muoi (personal communication).

<sup>11</sup> This is generating in turn a secondary literature, with publication of books including *Ben Thang Cuoc* (The winning side) by the Vietnam-based Huy Duc (Huy Duc 2012, 2013a) that use such primary sources.

<sup>12</sup> Thus an accepted part of orthodox Soviet thinking was support for the private plots of collective farmers, output from which was intended to be sold on local free markets as a support to the consumption of state employees and generated substantial incomes and contributions to workers’ real consumption (Wadekin 1982 et al; Colton 2008: 39 et al). The relationship was thus viewed (here) as symbiotic.

## Some new research –Vietnam’s new ‘capitalists’?

Recent work (Sasges and Cheshier 2012; Cheshier 2010) has reinforced the range of analytical approaches used by researchers to look at state business by stressing political economy considerations. These echo earlier work from a rather similar perspective (Greenfield 1994).<sup>13</sup> This strand in the literature taps into the deep roots of those Marxian approaches, often Trotskyite, that treat ‘existing socialisms’ critically. Whilst limited by their assumptions, such analyses are often well-informed and look at relationships between political and economic change. This helps add to discussions of the nature and historical significance of policy: how and to what extent does it influence economic change, and how does economic change influence policy? Cheshier 2010 concludes that:

The primary argument of this dissertation is that the capitalist class in Vietnam is emerging from within the state ... The ... question is: what is the nature of Vietnamese capitalism? (227)

Twelve case studies of individual firms were presented which illustrated the three general adaptive strategies, along with a considerable degree of dynamism. The firms reviewed also highlighted the centrality of state-related accumulation to the process of class formation in Vietnam. This pattern of accumulation comes in a variety of forms identifiable from the Eastern Europe and China literature. However, it is not necessarily corrupt and can even be quite mundane. Nevertheless, this broad pattern of accumulation demonstrates that the capitalist class in Vietnam is emerging from within the state. (230)

Compare Greenfield 1994, nearly a generation earlier:

In Vietnam today, we are witnessing the exercise of state power against what remains of the socialist project under the rubric of 'market reform'. The defeat ... did not come with the collapse of Communist regimes in Eastern Europe or even with the adoption of capitalist projects by Communist regimes in China and Vietnam, but in the immediate aftermath of the socialist revolutions, in the years when the Communist leadership located its social power base within the party-state bureaucracy itself (230)

The two authors suggest, strongly, that the emergence of factor markets in the market economy of the 1990s needs to be seen in the context of policy, for this is one way the Communist state expressed itself and its formal intentions. They also suggest that what was emerging was a

---

<sup>13</sup> Using his fluency in Vietnamese, and the fact that he is ethnically half-Vietnamese, the data in Greenfield 1994 is very valuable and penetrates deep below the surface of structures designed to hide things from view that at the time were particularly hard to get past. Cheshier 2010 does not reference the book of almost the same title as his PhD that was published by Hoang van Chi in 1958.

recognisable capitalist class with, by implication clear state-recognised property-rights over the commercial assets it controlled. Was policy doing this?

In a highly literate culture such as the Vietnamese, we can expect to find, and we do, a rich collection of policy documents. Under the conditions of the early 1990s, where there had been no major political upheaval comparable to the European Communist states, and no program of privatisation, much non-agricultural economic activity was, as already stated, carried out within and by SEs (*Xi nghiep*). Going back in time, in the north and north-centre ('North Vietnam') these dated back to nationalisations<sup>14</sup> carried out by the Communist rulers of the Democratic Republic of Vietnam (the DRV) before 1954 in areas they controlled, and after, when they moved to attempt development based upon Soviet-derived institutions and Soviet bloc development assistance. In the south and south-centre ('South Vietnam') they dated to nationalisations after the fall of the Republic of Vietnam (the 'RoV') in 1975 and the establishment in 1976 of the state that from then on was the internationally-recognised expression of Vietnamese state power – the Socialist Republic of Vietnam (the 'SRV').

Tracking formal policy over a long period offers clarification of the current situation and the pattern of state-business interactions. We find, for example, little indication of clear SE property-rights linked to policy and law. Indeed, after a period of macro-economic stability lasting from the early 1990s until around 2007, it appears that from then politically powerful state business groups were capable of destabilising the economy, but only for a while.<sup>15</sup> Further, whilst also capable of protecting the Prime Minister against strong pressure from the Politburo of the Vietnamese Communist Party (its supreme body, in principal exercising national political sovereignty - Fforde 2012, 2013c), by around 2013 these groups appeared to have been shown incapable of translating political power into sustained business expansion as part of a coherent national development strategy, adding to the political crisis. From 2007, therefore, we do not seem to be watching a well-entrenched capitalist class, its rights secured by state policy and law. Rather, we see those occupying state and Party structures above SEs using their positions to create and extract rents (Fforde 2002).

---

<sup>14</sup> This is perhaps a misnomer for many SEs were subject to local not central government; 'state' here thus includes both of these aspects of the many aspects of state power in the region.

<sup>15</sup> On the emergence of macroeconomic stability in the late 1980s see Lipworth and Spittaller 1993 and Wood 1989.

## Manifestations of policy unimplementability

It is generally expected of Communist systems that peak bodies exert considerable power, and so arguments that policy is *in general* unimplementable are greeted with surprise (Fforde 1986). I have already mentioned debate in the economics and more general literatures about the importance of policy in explaining change, and the presence of arguments that it was not the main author of change; for many, such views are counter-intuitive, counter to their basic beliefs about the power of ruling Communist Parties.

The VCP, as a Party nominally built upon Soviet principles, has, formally, managed vertical formal power relations with reference to various principles, including the 'structural principle' (*nguyen tac co cau*). This may in part have reflected the natural antipathy towards, and fear of, excessive concentration of power in an authoritarian system.<sup>16</sup> Historical arguments suggest the importance of ad hoc arguments for placing allies in key committees within the state and Party, and denying these to others, which is what the 'structural principle' offered.<sup>17</sup> The principle does not necessarily imply hierarchical insubordination, but in Vietnam it often seems to have done so. For SEs, the three elements of structure were the Party, the managers (as state officials) and the mass organisations (*Doan the*). All were individually situated in vertical relationships of their own, which ultimately went to the summit, the Politburo. Getting them into a single body offered the potential to use that body to both coordinate the relevant forces at play and also act as an entry point for control of the body. The body could be an SE, a Ministry or a Hospital or any state body directly led by the Party. Formally, this was a thought-through system and was institutionalised, though of course if tasks became complicated in such a system, or for other reasons, power would concentrate upon powerful individuals or cliques occupying positions within the formal structures, which, some argue, was present from the start (Marr 2013). Maintaining central control over such people or groups would then have to rely upon their subordination, either through interests or through threat of censure or dismissal, if central control was required. This was the task of the *nomenklatura* system, used by the Soviet Union under Stalin to create rapid industrialisation, and also the way in which

---

<sup>16</sup> Ho Chi Minh himself had been in Moscow during the 1930s and had firsthand experience of Stalin's purges (Quinn-Judge 2003).

<sup>17</sup> Thus the saying, quoted by Huy Duc 2013b "Perhaps not a few Central Committee members fail to dream in their turn of the glories of a seat in the Politburo, and at the same time not a few amongst them do not want just to sit and watch those with money pass them by, or do not want to accept the principle that 'a thousand years of struggle are not the equal of a single instance of 'structure''. The irony is bitter; the contrast is between the formal *nomenklatura* cadre policy where careers are planned (*quy hoach*) and the use of 'structural' arguments to job in the privileged.

these structures were used in the Soviet polity. By the end of the 1990s, however, research showed that in Vietnam, appointments did not reflect any coherent policy strategy, but the effects of bribes, kick-backs and in-fighting.<sup>18</sup>

A key historical question is whether this was anything new, or, had been the case from the start. In this sense the policy history discussed here may be seen as reflecting, not the changing development strategy of a ruling Party seeking reforms, but rather interplays of interests and political conflicts occurring behind the façade of a state. Here leftist interpretations such as those of Greenfield and Cheshier, in their focus upon the formation of a ‘capitalist class’, are suggestive, but limited. Use of state power hegemonically, to preserve the common interests of those who benefit from positions within it, is not the same as state power used for coherent expression of some imagined national agency, perhaps, as under Stalin, without popular legitimacy. Thus, as the policy record tends to confirm, Vietnam’s political circumstances have tended to create patterns of SE ownership that, lacking proper capital markets and a property-rights regime to go with them, are far from capitalist.<sup>19</sup>

## Policy, property and politics

The main thesis of the paper is that the actual owners of SEs (those who controlled them), as the market economy emerged in the very early 1990s, were mainly those who had learnt, especially during the 1980s, to use them to make, profitably, goods and services sold on markets (Fforde 2007). There is evidence, furthermore, that this reflected far earlier developments as the original allocation of SEs, formally to parts of the state but in practice to relationship structures occupying those state structures, followed no coherent economic strategy. The key question of the ‘birth of the state’ is then how the division of spoils from the Soviet bloc and Chinese aid programs responded to relationship structures ‘behind’ the state façade, about which we admittedly directly know very little in detail.<sup>20</sup> What we observe as commercialisation activities, however, meant commercial activities

---

<sup>18</sup> Thus, the seminal study by Gainsborough 2007 denied any link between political action and policy differences: it was all about spoils. Similarly, in a study for UNDP Hanoi in the late ‘noughties’, I was told by many informants that insubordination in Party-State structure was rampant (*tren bao duoi khong nghe*).

<sup>19</sup> To try to put it in Marxist terms, perhaps the ‘law of value’ does not hold: cliques, not capitals, are the main site of the social competition that explains the forward motion of the system.

<sup>20</sup> That these were, at the time, focused heavily upon fighting the French, meant that this did not matter in the same way as later, when interests changed and these same relationship structures were then used to contest the spoils of national independence. The acid in the glass, however, is that, if any value is to be given to economic analysis, this meant that the size of the cake (especially for the Communist elites themselves) was

carried out by key groups *within* SEs, viewed sociologically, rather than by SEs as elements of a 'planned socialist economy'. These groups within SEs included core staff such as their Managers and Accountants, as well as their workers and local Party leaders (the SE Party Secretary). Relationships between these groups and others beyond the SE were certainly mediated through formal structures, such as central-planning, Party and Mass Organisation activities, and so on, but, viewed as façades, these again contained personal and other relationships that, I argue, were 'more powerful than socialism'.

As we shall see, on the one hand this commercial acumen was built up against planners' opposition, initially illegally and then supported by political changes and then the important decree 25-CP of 1981 (HDCP 1981). Until the emergence of a market economy, the trend was to shift the centre of gravity of real ownership towards SEs, if not to sites within them. On the other, the paper argues that increasingly through the 1990s two sets of structures emerged above SEs that helped shift the centre of gravity of real ownership back 'upwards'. One set, driven by elements within the Party seeking to develop a new, coherent and Party-led growth strategy, using a market economy, sought to clarify and articulate relatively clear property-rights regarding SEs that could correspond to Party and State control structures and so offered potential for deploying SEs into development strategy. I link this drive to groups around Do Moi, Party General Secretary from 1991 to 1997. The second set, took the form of commercial groups (*tap doan*) that seemed to offer scope for relatively autonomous business, at least vis-a-vis the first set of structures. The stand-off between these two had pervasive effects. By helping to prevent emergence of a coherent development strategy, though this was clearly unlikely given the history, it helped corruption to dominate Party personnel policy (the Vietnamese *nomenklatura* system) and contributed to the erosion of political stability that culminated in the political crisis of the late noughties. The second set of structures was associated with Vo van Kiet, Premier from 1991 to 1997, and widely regarded as a leading reformist (Fforde 2000). It is striking that the policy on *tap doan* did not clearly define their rights and powers over their constituent SEs, and that on some arguments they are not actually legal entities (see below).

---

reduced as socialist industrialization foundered, lacking the focus of Stalinist national agency. For others, such as farmers, the picture was in some ways rather better. Unlike Soviet *kolkhozniks*, they would not see their grains extracted at the point of a bayonet, and so they failed (perhaps luckily for them) to play their allotted role in socialist industrialization (Fforde 1989). The contestations between relationship structures meant that focused state power could not be used in that way: local powers would not necessarily obey central commands. This picture is obscured by the focus of so many studies upon the ability of the Communist state to mobilise for war; a point is that, as Marr argues, people moved in the same direction as the Party because they agreed with much of what it said. Power, thus, appears contingent, consistent with Marr 1997 and 2013.

The key and eventually unsolvable political issue of the early 1990s was thus the ‘SE question’: to find a way to cope with the de facto and extensive privatisation of SEs that had already occurred that could be part of a coherent exercise of state power and so a shoring-up of the Communist regime and preservation of its political stability. Field work in the late 1990s led to the conclusion that SEs were by then best seen, for analytical clarity, as Virtual Share Companies with various parties possessing various rights over them that reflected commercial logics (Fforde 2000). These parties were in effect Virtual Share Holders. The ‘SE question’ had thus so far been answered, not by an increase in political order, but the opposite.<sup>21</sup>

The economic crisis of the late noughties thus had important political consequences. Large state groups (some of the *tap doan*- see Appendix 1) were allowed to adopt commercial strategies that caused enormous economic losses, yet with political links based upon corruption it appeared that they were able to provide enough votes in the Central Committee for their main supporter, the Premier, not to be disciplined by the Politburo. This in effect meant that the Politburo was no longer capable of expressing, as the Constitution required, national sovereignty, and it was not at all obvious what else could. I have argued that this was the ‘end of the Party’ (Fforde 2013a).

## Policy history in outline

By examining policy towards SEs over a rather long historical period, the paper thus argues that the fundamental issue has been the extent to which Vietnam’s Communist political institutions have been able to manage a powerful tendency to organise social relations on the basis of structured personalised relationship sets that has meant that these institutions have tended to be used to do things that their occupants have wanted (during the French and US wars, largely to win; later, for advantage).

The paper now continues with a more detailed discussion of SE policy. In outline, this history can be viewed as -

1. A failed attempt from the early 1960s to impose an order based upon economic development strategy upon SEs allocated to parts of the DRV state according to quite different criteria, and which had powerful implications for the nature of Communist state

---

<sup>21</sup> The argument can be made that, just as failure to secure a robust civil society has turned out to be source of political weakness, so failure to secure a resolution of the ‘SE question’ through clear property-rights reform has had similar effects (Fforde 2013c).

power – that it was primarily hegemonic, incapable of generating implementable economic policy based upon coherent strategy (the strategy could perhaps be coherent on paper, but it could not be implemented). This ‘Northern’ state power, propped up by foreign aid, was a façade for the particular interests of those occupying positions within it, hegemonic but not – aside from war – necessarily an expression of some national agency.

2. A failed attempt in the late 1970s to impose a conservative development strategy on the united country using ‘Northern’ state power. For economic reasons, this failure greatly strengthened commercialising forces within SEs, to which policy responded by accepting them, thus destroying the policy logic of central-planning.
3. A failed attempt in the early 1980s to curb commercialisation of and by SEs, leading, before the 1986 *doi moi* VIth Congress, to a policy U-turn, and, in turn as the Soviet aid program collapsed, to the shift of focus of SE activities to a market economy without any elements of central-planning
4. A failed attempt in the 1990s to produce a coherent policy to solve the ‘SE question’ and create a unified order in relations between SEs and the state. This came down to the inability to construct a conceptual framework regarding the nature of state property that could be legalised, supporting domestic sovereignty with legality ‘above all’ (or at least most). This was a boot-strap problem, as conflicts between elements occupying different positions within the state benefited in different ways from access to SE profits and so did not want a powerful central authority, clear property-rights and legality. Without sovereignty, in the sense of an ‘authority above all’ (Hinsley 1986; Fforde 2013b, 2013c), policy remained distant from reality and the state itself a façade within which relationship structures fought their battles and made their alliances. No coherent economic development strategy emerged.
5. From the early ‘noughties’ the lack of a coherent economic development strategy saw state power unable and inadequate to prevent SE policy from becoming largely divorced from realities. State power was deployed in different ways, intriguingly in 2007 to protect certain large SE conglomerates by creating macroeconomic instability. The ‘boot-strap’ problem remained.



## Method – researching the meaning of policy

Whilst it is quite easy to penetrate under the surface of policy, that is, to get a sense of its changing meanings, it is also rather expensive. Here I rely in the main upon policy documents themselves.<sup>22</sup> Policy documents usually contain a preamble, which is often very revealing and illustrative of the context to which policy is working. Policy documents are also referenced in important teaching and other texts. For example, in the early 1980s EPU 1975 and 1979 showed what was being taught to Vietnamese cadres being trained to work in and above SEs, and could be contrasted with each other and with wartime studies such as EPU 1970 and Ed. Nguyen Tri 1972a. Such texts as well as the preambles to policy documents allow us to listen to part, obviously only part, of the internal conversation.<sup>23</sup>

The well-resourced Vietnamese website <http://thuvienphapluat.vn/> now offers free access to an extensive database of policy documents (from Party, State and Mass Organisations). A simple search on *xí nghiệp* (enterprise) as of May 2014 produced a list of 79,456 documents, all accessible, so far as I could see, on-line.

It is also worth noting that the notion of policy is potentially slippery in a Vietnamese context. The problems this poses are far from insurmountable. One puzzle is what to make of normative documents issued by Party bodies, such as the Politburo, the Central Committee and the Party Secretariat. Literally, a policy document (*chinh sach*) is a literally document of the administrative power, not the Party (Fforde 2011). Here I include Party documents under the heading of policy.

## 1945-75: the north - wartime pragmatism and laissez-faire

In liberated areas before 1954 and the French departure, and then throughout the north as Soviet development institutions were imposed, businesses of any size became SEs (Fforde and Paine 1986). In the late 1950s these were deployed, with agricultural cooperatives and state control of trade, as part of central-planning and ‘socialist construction’. After the French departure, the 1954 take-over saw the progressive rollout of Soviet development institutions: central-planning, agricultural co-

---

<sup>22</sup> Fforde 2000 used valuable research assets to penetrate deep into SEs, in a small sample, asking basic questions about property; Fforde 2007 again deployed valuable (but different) research assets to set up a group of retired SE managers to reply to questions about SE history.

<sup>23</sup> Any judgment as to the relative importance of a given policy document, or of changes between them, surely depends on the view taken of their context and how they fit into it. Thus to write good history we need to know both what policy was and what it meant.

operativisation, nationalisation under the SE form of most significant businesses, state control over domestic and foreign trade, and (given the geopolitical situation) the use of aid as a very early example of what the Soviet 'Third World' would look like (ed Cassen 1985).

Official data shows that wartime US bombing failed to stop growth in northern industry, attributed by contemporary US studies to the massive increase in commodity aid from China and the Soviet bloc (Fforde and Paine 1986). This had the effect of hiding the tendencies, already apparent in the first Five Year Plan (1961-65) for newly installed SEs to be unable to secure locally-sourced inputs. This included both non-labour inputs and labour effort, as newly-hired state employees were increasingly supplied through the rationing system, itself increasingly supported by the aid program. These tendencies were already apparent before the start of US bombing, and recognized by French communist analyses with access to local data. Studies suggest that by the time of the Paris Peace Agreements the Northern economy was heavily aid-dependent and, geared for war, was not necessarily managed in ways that would make takeover of the south after 1975 an easy task. The agricultural cooperatives, for example, to which farmers had to belong, were showing signs of systematic non-observance of VCP orders (Fforde 1989, drawing here upon Vietnamese studies such as Dinh Thu Cuc 1977<sup>24</sup>). The inability of central-planning to create growth during the first FYP was the subject of analysis by a range of Vietnamese Party intellectuals, both at the time and later (Doan Trong Truyen 1965; Vu Quoc Tuan and Dinh Van Hoang, 1960; Vu Tuan Anh 1985).

A study edited by Nguyen Tri 1972 shows the key elements of SE policy on the eve of national reunification. Policy, the studies show, was trying to cope with considerable difficulties in managing Soviet formal institutions under conditions of wartime and facing the inherent poverty of the north (Fforde and Paine 1987). This pointed to the fundamentally *conservative* nature, by reference to the internal VCP debates, of measures taken just after 1975 (see below). Policy had to address in some way unwanted aspects of the situation in SEs, but analyses offered both different policy recommendations and different analyses of the situation. Fundamental to this was the way in which wartime laissez-faire had greatly increased the ability of SEs to diverge in their behaviour from VCP and planners' norms. An early indication of this had been the already-mentioned criticisms of SEs 'running to the market' late in the First FYP 1961-65, and wartime inflation had greatly increased

---

<sup>24</sup> Fforde 1989 draws upon the author's PhD thesis; Vickerman 1986 is also based upon a PhD thesis. We shared the same supervisor and independently reached similar conclusions, using generally different sources. These results, in terms of systematic unimplementability of policy, were later confirmed by Kerkvliet 2005, who, however, assumed that the central analytical issue was to explain policy change. See also Spoor 1985.

such incentives. The basic policy divide, therefore, was on whether to support such commercialising tendencies, or not. Solutions that opposed them had to in some way reimpose control and curb marketised relationships outside the plan and enforce the system of state administrative trade and rationing. Such conservative solutions were to hand, whereas by comparison support for SE autonomy and commercialisation had far less to draw upon in doctrinal terms (and was easily condemned as anti-socialist) (Fforde 2007:86-90).

It would thus be wrong to think that there was no debate, or that this debate was narrow, doctrinal and boring, or that it was uninformed by some insightful analysis.<sup>25</sup> Rather, though it is framed in its own particular way, discussions are vital and revealing.<sup>26</sup> Thus Ngo Dinh Giao 1972 discussed the internal organisation of SEs in the high-priority engineering sector and blamed poor performance upon weak organisation (Ngo Dinh Giao, 1972: 49). During the first FYP the main determinant of asset allocation had not followed any clear planning logic. The Ministry of Engineering and Metallurgy only managed some 14 per cent of all engineering factories; the Chemical Department managed 32% of chemical plants; the Forestry Department had only 54 per cent of factories exploiting wood; and the Ministry of Construction managed around 60 per cent of factories producing construction materials (Le Huy Phan and Ho Phuong 1972:160 et seq; cited in Fforde 2007:95). SEs, most of which were put together from the aid program, physically, were scattered around various parts of the Communist state – Ministries, local governments, parts of the military and this meant on the one hand that they were freer to ‘run to the market’ and on the other that core aspects of central-planning were inoperative.

The policy record shows that on the one hand this situation was recognised, but on the other little could be done about it. Thus whilst Decree 120-HDCP of 3<sup>rd</sup> August 1967 asserted that “the responsible organs must ensure that there is an appropriate materials supply plan when they issue a

---

<sup>25</sup> The main point made by Dinh Thu Cuc 1977, for example, was that the cultivated area was falling (during wartime and with bad food shortages) because of the lack of incentives for farmers within the compulsory cooperatives of the North. This article was published openly, albeit in a specialized journal and quotes studies that must have been accessible to policy analysts and politicians’ advisers.

<sup>26</sup> It may be pointed out that, unlike Communists in the countries of Eastern and Central Europe caught behind the Iron Curtain after WWII, Vietnamese Communists faced very different constraints, more to do with keeping their sources of economic and military support happy than avoiding military intervention as Moscow moved to curb deviations, as in Berlin in 1953, Hungary in 1956 and Czechoslovakia in 1968. Given this, responsibility for the highly unpleasant use of this or that aspect of Communist dogma for local political advantage, such as in the *Nhan van – Giai pham* affair of the 1950s, can only really be blamed on Vietnamese actors. Also, competition between China and the USSR widened the scope for Communists in Vietnam to manoeuvre as they wished.

production duty” (quoted in To Duy 1969:46), comment in 1972 was that “From now on, only the Minister has the right to issue plan indicators and to change them ... these are legally binding upon both the SOE and the Departments of the Ministry” (Le Huy Phan and Ho Huong 1972:177, quoted in Fforde 2007:96). Studies in Nguyen Tri Ed 1972 showed that planning was ineffective, *in the sense that planning discourse was far from what was encountered in reality* (Ngo Dinh Giao 1972:63).

Thus the stance of policy was to remain, until the late 1970s, the attempt to create a planning order where it did not exist, despite the façade of central-planning institutions. As mentioned above, SEs, scattered about the state, responded to local incentives, which of course included the desire of their staff and workers to win the war. A large part of the ‘running to the market’ can then be seen as, following economic logic, the attempt to secure resources at lower cost and to greater advantage through direct quasi-market methods, and to support through ‘outside’ earnings the real incomes of workers so that they could be more productive. At the core of this are issues of economic efficiency, in a practical rather than theoretical sense, which were to come to the fore as commercialisation processes drove output gains in SEs in the early 1980s, well before the 1986 VIth Congress and *doi moi*.

But until the late 1970s the policy stance was to seek to establish central-planning over the existing system. This is apparent before and after the Paris Agreements of Jan 1973 suggested that the war would soon end. The 19<sup>th</sup> Plenum of February 1971 and the 20<sup>th</sup> Plenum of April 1972 had called for order, the 20<sup>th</sup> Plenum in particular calling for an “abolition of artisanal and scattered way of organising management that is in the style of small-scale production” (quoted in GoV 525-HDCP 23<sup>rd</sup> June 1975, translated in Fforde 2007:97). Writing in 1975, Nguyen van Tran asserted badly that the Party line on socialist construction had not been implemented (Nguyen van Tran 1974:5). After the Paris Agreements, the 22<sup>nd</sup> Plenum asserted the legal position of the central plan, and was followed by a series of policies that pushed in this direction: not so much a recentralisation, more an attempt to secure authority and power over SEs and their local owners that was generally lacking. But compromises within the various relationship structures that existed behind the façade of the state continued – Le Duan, Party General Secretary, was no Stalin. Thus in November 1973 a core policy issue – the powers of central government Ministries over SEs generally was addressed in 172-CP (1/11/73), but this, whilst asserting the power of Ministries, also sought to harmonise this with local

government structures (Vu Khien and Vu Quoc Tuan 1974)<sup>27</sup>. Thus SEs were responsible to both the branch Ministry and to the local (provincial or city) state:

In the organisation and management of the national economy, it is necessary to *bring together positively the principles of branch and territorial management*. (GoV 172-CP, *Introduction*, para 10).

In other words, there was no authority that was given the final say in the matter – an absence of domestic sovereignty in there not being, within the political community an imagined ‘authority above all’ (Hinsley 1986). It is possible that, conceptually, this could have been managed by Party structures, with central direction exerted by the Party peak leadership through hierarchies such as the various Departments of the Central Committee, working through the Party Staff Councils (PSCs) (*Ban can su Dang* - see below) in the Ministries and the local (provincial and City) Party Committees (*Dang uy*), but had this been the case there would have been no need for policy such as 172-CP and a wide range of other policies that take the same line. Collections of Party documents (e.g. NXBST 1978, 1980) confirm this. The core issue here then, is why lines of authority *within* the VCP did not entail a potential to impose central edicts – a question vital for economic analysis, but mainly to be answered by political historians.<sup>28</sup>

As members of a ruling party, Vietnamese Communists therefore found themselves, after the fall of the South in 1975, with a boot-strap problem.<sup>29</sup> The policy stance towards SEs, which was part of the wider policy of economic development strategy, was stuck, in the North, with the attempt to create central authority over a state economic sector whose assets, largely derived from aid, were scattered and de facto under the control of those within those various bits of the Communist state to which they had been allocated. During wartime, the interests of these groups were closely tied up

---

<sup>27</sup> This particular reference is from the journal *Luât Hoc* (Legal Studies) which contains many interesting articles.

<sup>28</sup> Thus Yeltsin, when in his first job in Moscow after being a local Party Secretary having come up as a ‘doer’ in the construction sector, was to take charge of the part of the Central CPSU secretariat responsible for construction, where if necessary the authority of the Party Centre would be deployed to decide on disputes (Colton 2008:112). The economic policy record in Communist Vietnam suggests that this structural reflection of central authority was lacking, and likely had been, apart from in matters of maintaining the hegemony of the regime and armed struggle against the French and then to reunite the country, since the 1940s (Marr 2013). Files on major decisions certainly circulated through the key organs of the Party and state, including the relevant bits of the VCP Central Committee apparatus, and when central authority was accepted as required for resolution of issues, it could be deployed, but this was by no means a ‘given’ – see as a particularly clear issue the discussion of ‘rationalisation’ (*sap xep lai*) below.

<sup>29</sup> Indeed, an important documentary source here is NXBST 1976, a collection of economic management regulations, presumably a canonic source for officials and Party cadres, which does not answer basic questions of ‘what should be done’ as the South was brought under Communist rule.

with fighting and winning the war. In peace, things would be different. The hard-line stance taken towards the South, which led to the economic crisis of the late 1970s and, in effect poisoned relations between the Party and many if not most Southerners, can then be seen correctly. It was not the imposition of a disciplined and orderly centrally-planned system, but the arrival of state bodies that were in the main a façade for relationship structures within them, who did not see themselves as situated within a strong hierarchy and subject to central direction. Rather, and this is what had a particularly acid effect upon Southern attitudes, they were now, in peacetime, looking to extend their own span of control and influence, not least through acquiring profitable assets. Thus, only days after the fall of Saigon, we find Huy Duc referring to the ‘theft’ of the local administration by incoming groups (Huy Duc 2012) – not quite carpetbaggers, to use the term applied by those of the defeated US Confederacy to some Northerners, but something more deeply rooted in Northern Communist society. Many, of course, including Northerners, thought that things were and could be different. Some of these were those who, writing policy, sought for better national economic development. From a historical point of view, what is essential is to realise just what conditions in the North were as the country was reunited, and here the nature and thrust of economic policy is crucial (Fforde 2007:102-111).

### **1975-81: a rapid reversal of hardline policy**

This period ends with the crucial policy shift that *legalises and encourages SE commercial activities*, marked by 25-CP of January 1981 (HDCP 1981). This applied to *all* SEs and is therefore far earlier and wider in scope than anything in key comparators, such as China. It also appears to have been, despite a growing large Soviet aid program that was replacing lost Chinese and Western aid, something that Soviet experts were largely uninterested in (Fforde 1985; 2009).<sup>30</sup>

The years just prior to 25-CP saw SE policy continue with its struggle to overcome the lack of discipline within the political system. This lack of discipline corresponded to the relative power of local interests to determine what actually happened, rather than the exercise of central political power to impose the norms of central-planning. Fforde 2007 included comments from a panel of SE

---

<sup>30</sup> According to a personal communication from an informed Vietnamese in Hanoi in 1986, Soviet advisers in Hanoi had divided opinions about 25-CP. This is an area where additional research would be very useful, not least because, as the 1980s saw history played out in high Shakespearean manner in the USSR, very similar policy issues came up (Fforde 2009:662, referring to the outstanding work edited by Ellman and Kontorovich 1998). Arguably, though, the main aim of political radicals within the CPSU, unlike that in the VCP, was to destroy Soviet political power in some way or another (Fforde 2013).

managers who generate a picture where the extent to which SEs participated in markets (before 25-CP) was determined by a balance between material incentives and the risks that if they 'went too far' they could be reported (clearly, resources generated by commercial activities could be and were used to secure protection<sup>31</sup>). Thus, one retired manager reported that his SE started foundries to produce agricultural implements, another that his produced construction materials and did so illegally but "did this under the table (*chui*) after the province agreed" (quoted in Fforde 2007:61).

Policy towards SEs prior to 25-CP can thus be seen as part of this balancing process, with other factors such as the relative value of transactions with the plan's system of administrative resource allocation compared with alternatives, and the value of resource flows available from planners. The former was influenced by the high free-market : plan price differential that had opened up in the first FYP (Fforde and Paine 1986), the latter by the volume of aid flows and the ability of planners to extract resources from the South, especially raw materials (above all rice) and also hard currency from exports to world markets. This returns us to the question, already posed, as to whether markets within a centrally-planned economy are, in a particular context, symbiotic or parasitic to the planned economy. The evidence is that, as the Second FYP 1976-80 (Fforde 2007: 121-2) sought to mobilise resources in a classic manner, using the Vietnamese Communist state to impose Soviet institutions on the south, SEs' interests led to their successfully attacking central-planning.

Of course we had to be careful and act under the name of the SOE – saying we were 'helping the collective' when we reported to the superior levels, as well as giving them presents – such presents were usually rice, alcohol and meat and not envelopes as nowadays – for if we were not careful we could be accused of violating the plan and socialism itself (retired SE manager, quoted in Fforde 2007:125)

Economic logic is then highly illuminating, for, as the Vietnamese Communists found they could no longer preserve, after 1975, suitably harmonious relations with both Moscow and China, events escalated and by 1979 had seen violence as Vietnamese troops removed the Pol Pot regime in Cambodia and fought a Chinese invasion of Vietnam's northern provinces in retaliation. Almost all Western and all Chinese aid was cut, and, combined with other factors, such as a refusal of some Mekong delta province Party secretaries to secure rice 'at the point of the bayonet', incentives shifted sharply against SE deliveries of output to the plan, and in favour of commercial activities. Such processes had already been evident before 1979, as valuable commercial assets were

---

<sup>31</sup> The local term was 'umbrella' (*du*, or *o*).



nationalized in the South from 1975, and a pattern emerged similar to that in the North which reflected advantage and relationships rather than plan logic.<sup>32</sup>

25-CP came out of the 6<sup>th</sup> Plenum of the VCP held in 1979, at the height of the crisis. This plenum further reduced incentives for SEs to deliver output to the plan by a slogan that encouraged anything that would free up SEs and other producers and allow output to ‘explode’ (*bung ra*). Policy latched on to this, drawing upon a range of analytical considerations.<sup>33</sup> A positive twist was given to extra-plan relationships by deployment of the term ‘fence-breaking’ (*pha rao*) to describe SE development of commercial activities (Dam van Nhue and Le Si Thiep 1981:24).<sup>34</sup> Conservative reaction is evident through 1980, seeking to counter these economic trends (Politburo 26-NQ-TW – see Fforde 2007:28, 133), and so 25-CP can be seen as a push-back *against* reaction.<sup>35</sup>

25-CP was a stroke of policy drafting genius, in the context, in that it labelled the commercial activities of SEs as two of the three parts of a SE’s plan. Legalizing free market sales (called ‘own-disposal’) of list and non-list goods,<sup>36</sup> where the SE had obtained the required inputs (‘self-balanced’ in the local expression – *tu can doi*) was paralleled (tellingly) by requirement that list goods produced using inputs obtained from the plan had to be delivered to the plan (that is, to the state distribution system at state prices). Later, these elements of the SE plan were generally called Plan A, Plan B and Plan C, but 25-CP clearly refers to them as parts of a single plan (Fforde 2007:135-140).

Thus, whilst 25-CP was deeply radical, it was in no sense a profound reform; rather, it was part of the evolving process of change, which was now far more focussed upon SE commercialisation at its

---

<sup>32</sup> The economy was already in trouble in 1977, before the aid cuts (Fforde 2007: 128).

<sup>33</sup> Fforde 2007 provides details of policy towards industrial cooperatives and argues that experiences here helped Vietnamese economists develop arguments about the superior efficiency of liberalisation.

<sup>34</sup> It is possible to track spontaneous commercialization rather easily through the Communist press – Fforde 2007:145-158 – suggesting that, as earlier with works such as Nguyen Tri Ed 1972, the policy debate was far from sterile and ideological. Economic matters, perhaps close to the interests of Greenfield and Cheshier and Sages’ ‘emergent capitalists’, all good Communists and Party members, deserved discussion. The contrast with matters of political change is stark, suggesting perhaps that the political implications of commercialization were not of particular interest, or that the lack of equivalent ‘fence-breaking’ in the political arena to match what SEs were up to meant that there was far less to discuss.

<sup>35</sup> Again, the broad history of these policy conflicts deserves better study. BLD 1981, a collection of policy documents published by the Ministry of Labour, shows that the inability of central authority to manage the stand-off between local and central state structures remained (19), although policy can be read as supporting local government against central. Some analysts refer to a predecessor of 25-CP – 279-CP (August 1979 HDCP 1979) here, which encouraged and supported SEs in using by-products to produce non-list goods.

<sup>36</sup> ‘List’ here refers to those goods the SE had been established to produce; ‘non-list’ were other goods, perhaps produced from by-products or something far more substantial (for a list from the First FYP see Fforde and Paine 1987:134-5).



core. SEs that had been constrained by fears of being denounced as anti-Socialist could now legally engage in extensive commercial activities; but those that had largely escaped the leash had now, if they obeyed 25-CP, to register their commercial activities as part of their plan, exposing them to potential pressure from the plan. As policy, 25-CP shows us much about underlying processes. AS SE managers reported in Fforde 2007, one implication was that it became very important to follow formal policy closely [159]. In classic Polanyi 'style', state power was now effective in expanding the scope of the market. Within this, the SE was now playing a central role as the object of commercialisation and liberalisation in the Vietnamese economy.<sup>37</sup> This meant that change would have a decidedly micro flavour, for example as policies of planning reform would be judged against their effects upon SE performance. It also meant that business acumen and style would develop within SEs as the 1980s progressed, as assets acquired since the nationalisations of the late 1950s and the aid programs of the First FYP and thereafter formed the basis for commercial development. 25-CP, and what went along with it, helped ensure the demise of traditional socialism in Communist Vietnam (Fforde 2007:161).

## 1981-90: powers shift down to SEs

Retired SE managers interviewed for Fforde 2007 were clear that the overall trend of the decade after 25-CP was, with ups and downs, to increase their autonomy (in keeping with the thrust of 25-CP). At times, as the policy record shows, this was in the face of attempts to curb it, through at this time pressure to increase the share of economic activity that was 'for the plan' in the sense of supplies of output to the state's central-planning system of administered allocation of supplies.

A period of reaction occurred for about 4-5 years, until well before the 1986 VIth '*doi moi*' Congress policy returned to support for SE autonomy (Fforde 2007 Chapter 7).<sup>38</sup> Two decrees sought to attack SE diversions of list goods from the plan, and so show clearly the conflicts involved.

---

<sup>37</sup> Thus the title of 25-CP referred to the 'development of the 'right to be active' (*quyen chu dong*) in production and business and the right to financial autonomy (*quyen tu chu*)' of SEs. The issue as defined was thus not to improve planning or increase output, but to free up the creative autonomy of one base of the national economy – SEs (HDCP 1981).

<sup>38</sup> Fforde 1993 argued that a powerful 'state business interest' grew up in this period, fought off the conservative reaction, and lobbied hard and successfully for the policy U-turn in 1985. Interestingly, this now two-decade old study has never been directly challenged. Indirectly, as mentioned early, studies contradict it by simply treating the VIth Congress as the origin of the Vietnamese Communist market economy, but these tend simply to side-step the evidence presented here and in other studies, rather than dealing with it directly. Again, we badly need further research into the political context of the policies discussed here, the detail of

146-HDBT (HDBT 1982)<sup>39</sup> is associated with the Vth Congress of 1982. It sought to increase planners' control in various ways, asserting, for example, that direct (commercial) transactions should be accounted for at prices approved by the state, whilst the organ that had approved the SE's production plan had to make sure it was in control of B and C activities. Tellingly, SEs were not allowed to keep output back for distribution to its staff and workers. It is, though, obvious that the legal and actual co-existence of activity aimed at both market and non-marketed outlets within the same entity was an accounting nightmare – free market prices were still far higher than state prices. Further, as SEs commercialised the state's tax base was starting to collapse, and fiscal indiscipline was pushing the system further towards commercialisation. 146-HDBT thus had to cope with its own tedious complexity, the lack of dynamism associated by many with working for the plan (recall the title of 25-CP) and the gathering power of arguments reporting the ability of SEs to use resources more efficiently than planners (Duong Bach Lien and Le Trang 1982:6; BLD 1981:99). Further, progressive rhetoric could now deploy evidence that important SEs almost totally outside the state's material supply system (Duong Bach Lien and Le Trang 1982:25; Fforde 2007:173). It was reported that the Ministry of Engineering and Metallurgy was expecting to meet 30% of its output from own-procured inputs in 1981, allowing for it to plan for a 10% output increase (Duong Bach Lien and Le Trang 1982:27, cited in Fforde 2007:173).

In terms of the evolving policy debate, it seems clear that two powerful planks of the progressive position were, first, the appeal to the idea that SE creativity was positive and crucial, and, second, a range of evidence showing that commercialisation was, to put it in terms of Western economics, more efficient. All this is visible in 1980-82.<sup>40</sup> One might now expect that the reactionary tendency would be heading for trouble. The second reactionary policy to 25-CP was 156-HDBT (HDBT 1984). This all suggests that the real fight for the market economy took place in 1982-85. 156-HDBT was the last gasp of central-planning and confronted the key issue of the scattered location of SEs that dated back to the way in which assets had been acquired by various relationship groups within the state from the 1950s onwards, not subordinate to central authority and so the plan. The slogan was the need to 'rationalise' (*sap xep lai* – this more literally means 'to re-arrange' – that is, to take SEs from

---

change on a year-to-year basis, and the attitudes of Soviet advisers – the Soviet bloc aid program was large and important (Fforde 1985; de Vylder and Fforde 1996) – none of which should be too difficult.

<sup>39</sup> HDBT is the Vietnamese abbreviation for Council of Ministers; HDCP that for Council of Government. They are for all intents and purposes the same thing - the name changed in consequence of the 1980 Constitution.

<sup>40</sup> The panel of retired SE managers used in Fforde 2007 tended to agree that whilst things 'got better' in 1981 and early 1982, from late 1982 to 1984 things got worse because of 146-HDBT and 156-HDBT. 1984 was particularly difficult because of inflation and rice shortages (Fforde 2007:177).

their current owners and transfer them to new ones) production (Fforde 2007 178-182). Indeed, this reads somewhat as though it was written by foreign advisers as part of a 'Master Plan', assuming that the political power is there to do what is needed, somehow.<sup>41</sup> It argued that all three parts of the SE plan had to be accounted for precisely, which, like 146-HDBT, ran up against the vast technical difficulties in devising some coherent set of rules for pricing goods that could be sold on markets or delivered to the state. Again, the entire SE plan was meant to be approved by the superior level. Reading the decree itself creates a sense of tedium that is in stark contrast to the reports of active SEs creating commercial strategies (Fforde 2007:182-3).

A Party decree (306-BBT) appeared in early 1986, well before the VIth Congress, that turned the wheel 180 degrees away from the stance of 156-HDBT.<sup>42</sup> Its title said much, being a 'Draft resolution on SE economic rights'.<sup>43</sup> It is obviously likely that this was a product of the VCP Economics Commission that remains part of the Secretariat, at this time still apparently headed by Nguyen Lam, and likely supported by people like Nguyen van Tran at the reformist CIEM (see above). This decree was followed by 76-HDBT (HDBT 1986), which, following standard Communist practice, was to 'concretise' the party decision, and the contrasts between the two are striking. There was clearly no coherent single authority driving change and a fight was on, waged with the brush in traditional Sinic manner (Woodside 2006: 42). Indeed, 76-HDBT includes a series of regulations from core elements of the central-planning apparatus that shows clearly the variation in positions taken (Fforde 2007:186-188). 76-HDBT describes what it intends as an experiment whilst 306-BBT does nothing of

---

<sup>41</sup> Thus, in Do Muoi 1985, in a text that is generally far from hard line in stating who if anybody would lose their SEs as they were transferred to other parts of the state as part of rationalization, we read: "When we 're-arrange', we must avoid the tendency to be unilateral, only deciding on the basis of whether we can supply required inputs in a mechanical and superficial manner; at the same time we must avoid new development when we are still unable to fully use existing capacity" [20]. This reveals a picture where, with a large Soviet bloc aid program, parts of the state were competing both for inputs to operate their existing SEs and for more fixed assets to set up new ones. There is no sense in this text of the ability of central Communist authority, or indeed its desire, to redistribute SEs as part of some expression of coherent national economic policy; rather, authority was leaning towards supporting the existing pattern of commercial activity. Do Muoi at the time was a Politburo member and a Deputy-Chairman of the Council of Ministers; throughout his career he had a reputation for a consensus-based politics and his positioning therefore can often be taken as close to the shifting centre-of-gravity of VCP politics.

<sup>42</sup> There was a lot else going on in terms of economic policy in 1985, but by early 1986 things were rather quiet (Fforde 2007:183-5).

<sup>43</sup> It was printed in the Party daily *Nhan Dan* and I cite as - Nhan Dan 1986 - the decree is not available directly, so far as I know, and a translation can be found in the US Joint Publications Research Service for 23/4/1986.

the sort. Policy thus shows that the political community was divided at the peak and its documentation was showing this very clearly.<sup>44</sup>

In the event, the 1986 VIth Congress saw a general articulation of political strategy that met the wide desire amongst SEs for autonomy, given a particular tone to the varying understandings of its politics and the slogan of *doi moi*. The central issue here, in terms of broad economic history, was who would control assets and business in the market economy that was emerging, and on what terms. Arguably, political reform was foundational to this, for, once central-planning had been abandoned, the economy would not be planned, and so the relationship between politics and economy would have to change.<sup>45</sup>

After 306-BBT, SE policy seems to pass through a period of relative coherence. The political aspects of the issue of state regulation and economic development policy, or rather the political authority that would make such issues accessible through policy, is however somewhat mute. With SE commercialisation steaming ahead, loss of the Soviet aid program is somewhat broadly offset by increasing economic efficiency, and indeed growth recovered fast in the very early 1990s (de Vylder and Fforde 1996), and there is an air of order and coherence. Although short-run macroeconomic issues require firm action, which is taken in 1989 and effectively curbs inflation, SE policy has rhetorical order and reads as though it is written by people who have won arguments somewhat rationally and believe that they not only know what they are doing, but that they have been somewhat successful.

Thus the final SE policy of the transitional period, understanding by that the period when plan and markets co-existed, is 217-HDBT of 1987 (HDBT 1987). It drew upon text in the resolutions of the VIth Congress that supported the notion of SE commercial autonomy (VCP 1987:78-9, quoted in Fforde 2007:196). 217-HDBT concretised this in 1987, well before the loss of the Soviet bloc aid

---

<sup>44</sup> One retired SE manager reported that, had 306-BBT not come out, a denunciation of him that had already occurred could have succeeded. This and other factors point to the idea that what was happening was an attempt by elements with the centre of the VCP to appeal to state business interests over the heads of some central state organs and their Party patrons in the run-up to the VIth Congress (Fforde 2007:188). Again, further research is likely to be very profitable here.

<sup>45</sup> Again, the political thinking of Party progressives in the late 1980s remains under-researched. As a broad generalization it appears to have been far weaker than thinking about economics, perhaps reflecting the simple fact that, within the Party, it was not thought very important. De-Stalinization under Party General Secretary Nguyen van Linh in the year just after the VIth Congress was of enormous importance, but did not fundamentally change much in terms of political thinking (Stern 1993, but see also the review by Thayer – Thayer 1995). Non-Party candidates were not tried in elections to representative bodies, which remained Leninist, and civil society was not permitted autonomous formal organisation.

program. SEs were to have commercial independence, but subject to the Communist state (Tran Duc Luong 1988:8, quoted in Fforde 2007:199). Superior levels to the SE only had the right to issue plan targets - which in effect meant the right to sign a contract with an SE for delivery of output to the plan at plan prices – if they could supply inputs in suitable volumes to the SE (NXBST 1988:62-64).

This decree marks the high point of SE independence, as we shall see, as marked in crucial areas related to capital: 100% of depreciation was granted to them, as were ‘full rights’ over their capital, including retained profits (Clause 21). The crucial issue of their ‘own capital’ (*von tu co*) – assets built up from their commercial activities – was thus interpreted as resolved 100% in their favour.<sup>46</sup> Compared with 179-HDBT, 217-HDBT had clear support from central organs, as can be seen in the detail and clarity of legislation passed to guide its implementation (Fforde 2007:200). Viewed in this way, the main change to SE policy marked by the VIth Congress was that central state organs were now forced to toe a progressive line, whereas previously they had been avoiding it. But this policy stance was not to last for long.

## **1990-2007: powers shift back upwards and away from SEs**

Both the retired SE managers interviewed for Fforde 2007 and the interviewees for Fforde 2000 reported that whilst on the whole in the 1980s power and control shifted downwards to the SE, in the 1990s and ‘noughties’ the pattern was reversed (Fforde 2007:223-4). Whilst it is the case that the early 1990s saw the recovery of the tax-base from the fiscal crisis and hyperinflation of the late 1980s, these views reflect, not so much an increased volume of payments to higher levels, but a change in power relations and so in the nature of the property-rights associated with SEs.<sup>47</sup> As mentioned earlier, whilst the Vietnamese economy of the early 1990s can reasonably be said to have been a market economy, and whilst labour and land markets emerged relatively fast, capital markets were a quite different issue. VCP doctrine continued to state the importance of the state sector to economic development, and the state itself as the basis for Party rule. Clearly, coherent

---

<sup>46</sup> The treatment of SE ‘funds’ (*quy*) had emerged from policies drawing upon Soviet practices, where SEs were allowed to retain certain sorts of earnings for certain prescribed uses, in principle. These dated back to the 1960s (Fforde 2007:97), intriguingly initially based upon a VCP Secretariat resolution of November 1969.

<sup>47</sup> “.. as SOEs recovered activity levels in 1991 and 1992, so did the tax base. TCTK (1994: table 53) shows that between 1989 and 1992 state revenue rose by some 280 per cent – of this increase, 75 per cent came from SOEs. Almost none came from foreign trade taxes, which in 1992 amounted to less than 10 per cent of total state revenue ... SOEs’ share of state revenues rose from 48 per cent in 1989 to 68 per cent in 1992 (TCTK, 1994: table 54)” Fforde 2007:210.

policy required clarification of the nature of state property, unless issues of control and access to shares of earnings were to become determined in ad hoc 'sociological' ways that implied high transactions costs, poor pricing of economic resources, and likely corruption and an eroding of national sovereignty as state structures became controlled, by those relationship structures that occupied them, for particular ends. Policy towards SEs therefore posed quite fundamental questions for the emergence of a new power base, using new forms of power, for the Communist state that would then be market and growth friendly, capable of managing market failures, supplying public goods and imposing tight budgetary constraints upon politically well-connected SEs and other businesses.

The ability of SEs to compete against imports in the very open economy of the early 1990s, and the history of the 1980s itself, suggests that SE policy, had it been able to convert de facto ownership into de jure, would have provided a platform for a range of profound changes in both the economic and political arenas. As Greenfield and Cheshier both argued, 'capitalists' had powerfully emerged from within the state, so the logical thing to do was to equitise SEs in some way that accepted this fact and transformed property-rights positively. Failure to do this is the central failure of SE policy of the first half of the 1990s. Instead, as the SE managers interviewed reported, their de facto ownership, itself economically relatively efficient, was eroded in ways that reduced economic efficiency. Emergent Vietnamese capitalism thus started to wither on the vine.

The initial recentralising thrust of SE policy took two very different directions. Granted the problems of the tax-base, it appears not unreasonable that stipulations in 206-HDBT about treatment of depreciation and 'own-capital' were made more stringent (93-HDBT 1989). But the situation was not coherent in that the Ministry of Finance was given discretion to decide what to do in individual cases ("This meant that any SOE that wanted to pay less could pay off the relevant cadres as part of the negotiation" Fforde 2007:206). The central issue here is the distinction between the right to tax and the right to ownership, and this was not resolved. But structures were about to be set up to seek to increase control, and in September 1989 101-HDBT announced a capital survey of SEs (Fforde 2007:207). These moves saw the deployment of state power through state structures. The second direction, however, saw Communist state power deployed through the Mass Organisations (such as the Trade Unions) that were controlled by Party structures. 143-HDBT of May 1990 thus sought to reduce managers' powers by placing them under management councils. In these, one half of members were to be appointed by the SE's superior agency, and the rest were to be elected by the

SE staff assembly (Che Tuong Nhu 1994:20). The council, of which little was heard in the future, was to have wide powers. Both of these policies show a desire to increase higher levels' powers over the operation of SEs.

1990 also saw the emergence of the policy of equitisation (*co phan hoa*) which came down to the re-establishment of SEs as share companies. Though data is limited, one can find examples of successful equitisation where de facto ownership, expressed in terms of 'virtual' shares of various rights and powers, were, often by buying-out virtual shareholders who wanted to cash out (such as managers who wanted to retire), transferred to a real share-holding pattern (Fforde 2000). But such commercial logics ended up being far less important than the logics of rent-creation by relationship structures occupying positions in the state (and Party).<sup>48</sup> Once again, the state was used to local benefit. What Greenfield and Cheshier both leave out of their analyses was the way in which what relative autonomy the state offered policy, despite nearly getting there, ended by failing to create relatively independent (could one say 'real'?) capitalists, thus sacrificing economic efficiency for a form of property where non-commercial interests exerted considerable control over SEs – competition between cliques thus became more important than commercial competition. A central characteristic of this form of property was its essential incoherence, reflecting the weakness of SE policy.

The key aspect of SE policy in the crucial period up until around 1997 is, therefore, the shift of power and control away from SEs and 'upwards'. This was manifest in two very different policy thrusts, which were contradictory.

The first policy thrust was the creation of a set of state structures, matched by structures within the Party Secretariat, to control the state sector under the new conditions of a market economy. These gave the impression of a rationalisation of state ownership in directions familiar to foreign observers and aid donors. The problem here is, as we have seen, that state ownership, understood as it really was, was an expression of the particular interests of relationship structures occupying positions within the state. It was not, and the policy record shows this, subject to authoritative central policy

---

<sup>48</sup> An interview with the Deputy Manager of the Bank for Investment and Development in *Thoi Bao Kinh Te Vietnam* (Vietnam Economic Times) 15/7/98:3 provided a clear outline of the way in which neither the bank nor its customers bore business risk. "In reality, in all localities, no Bank Manager would dare reject a project that has been approved by the Party Committee, and the People's Committee". For central projects, "For credits to General Companies that lie within the plan the Bank has to lend . . ." If debtors could not pay, then the solution was to extend the payment period (quoted in Fforde 2013:18).



that was normally enforceable. Until around 1997, when some very senior leaders retired, it seems that, yet again, the attempt was made to establish coherence. It possible to speculate that the departure of the 'old guard' in that year saw this tendency, in effect, give up.<sup>49</sup>

Apart from the policy of equitisation already mentioned, which itself - if implemented – implied a clarification of property-rights regarding SEs, key policies were:

- Council of Ministers Decision # 7 Establishing the State Treasury system under the Ministry of Finance, promulgated 4/1/90 and gazetted<sup>50</sup> 15/1/90;
- Resolution of the Government # 187 On the duties, rights and organisation of the General Development Investment Department under the Ministry of Finance, promulgated 10/12/94 and gazetted 31/1/95;
- Resolution of the Government # 34 On the duties, rights and organisation of the General Department for Managing Capital and State Assets in Businesses, promulgated 27/5/95 and gazetted 15/8/95.
- Resolution of the Council of Ministers # 388 promulgating Regulations on the establishment and dissolution of state businesses – Regulations, 20/11/91, gazetted 31/12/91

A body such as a 'General Department for Managing State Assets' under a Ministry of Finance could be expected to be extremely powerful. Yet it was not (Study Team 2009).

The second policy thrust drew upon earlier minor reform efforts that drew upon East German practices to establish a level between SEs and their Ministries or Local Governments, called General Companies or some equivalent. This set up two sorts of bodies of this type. Crucially, these policies did *not* clarify property-rights over SEs in a manner that suggested a shift to a coherent specification that would reduce ad hoc and discretionary interference by superior levels. Unlike measures such as

---

<sup>49</sup> It is striking how personalities such as Nguyen Lam and Nguyen van Tran had been Party Secretaries of Hanoi, a city where, as very early research by sociologists like Prof Tuong Lai showed, areas with a high percentage of official families early in the 1990s started to show very fast rates of growth of real incomes as relationship structures generated profits – official salaries were low. Also, it was corrupt extractions by officials in the rural areas that were the main cause of the gathering rural unrest that came to a head with the Thai Binh troubles of 1996. For progressives within a ruling Communist Party with effective domestic security forces in place, the trend must have seemed uncomfortably clear, and the future options for the united country also. Yet in 1997 Party General Secretary Do Muoi was 80.

<sup>50</sup> That is, published in the *Cong bao*, the Official Gazette.



25-CP and 306-BBT, but like 146-HDBT and 156-HDBT, the thrust was therefore to add to the power of elements outside and above individual SEs.<sup>51</sup>

The first sort of body was the so-called 'Group' or *Tap doan*, also known as '91' companies after the relevant Decree.

- Resolution of the Head of Government # 91 On the experimental establishment of business groups, promulgated 07/03/94 and gazetted 15/04/94;
- Resolution of the Government # 39 Promulgating the Model Statute on the organisation and activities of State General Companies, promulgated 27/6/95 and gazetted 30/9/95.

Decree 39 created considerable opportunities for rent-creation (Fforde 2002:218-9). For example, Clause 6.4 stated that the corporation has the right to "transfer and cede, replace, rent out, use as collateral or lodge assets subject to its management". Clause 23.2.e is the most interesting. It states that the management board and the general manager of the corporation have the right 'to "shift" (*dieu hoa*), natural resources, including foreign exchange, between members of the corporation in order to use capital most effectively in the corporation'. The term 'shift' here is very particular, and refers to the presence of a business entity above the SOE with rights to remove capital from it—in other words, some sort of holding company, but with no clearly defined ownership relationship with its members. It has been argued out that a *Tap doan*, in Vietnamese law, does not even have juridical status (*tu cach phap nhan*), unlike its constituent SEs. Thus Tran Tien Cuong 2007:

It is hard to establish general standards to say whether a group of businesses is or is not a *tap doan* ...

Furthermore, a *tap doan* is not a legal entity, it does not have juridical status. This is because the Enterprise Law, and market custom, sees it as a group of companies or cooperation between various independent companies that are legally independent yet have some mutual influence between the mother company and the child or linked companies [1]

The second was the 'General Company' (*Tong cong ty*), often called '90' conglomerates after the 1994 decision of the Premier. This encouraged central and local government to set up these bodies between state structures and SEs. However, failure to impose a rational re-allocation of SEs meant that power still mainly rested in the relationship structures that occupied positions in these state

---

<sup>51</sup> For a far more detailed discussion than space here permits see Fforde 2005 and 2007. The censored and official Vietnamese Press is very revealing at times.

and Party structures. The reality of the situation is well expressed by the following quote from an SE manager (Fforde 2000:6-7):

You have to understand that most SOEs make losses. Why? First, their Managers are far inferior to those in other non-state businesses. Second, their salaries are far too low, so they work badly and are often corrupt. Third, state policies heavily constrain SOE managers – for example decree 59-CP involving finance and various instructions on wages from the Ministry of Labour. They have to work around or ignore these if they are to compete. Fourth, regarding personnel policy, it is almost impossible for a manager to recruit or sack anybody himself, and must ask permission of the party committee in the SOE and its superior level, who can veto his decisions, even regarding payment of bonuses or disciplinary action. The union branch will also have veto powers. A good businessman who is not a Party member will find it almost impossible to join the leadership of the SOE, whilst poor managers who are Party members will often have senior posts. Fifth, an honest manager who finds himself making a loss can face civil penalty and a requirement for compensatory payments to the state. If he makes a profit with the SOE, however, his rewards will not be great. These five issues are not the end of it, but they are enough to explain the situation.

There are three reasons why equitisation has gone slowly. First, the procedures are too complicated; second, people in SOEs don't really understand what it is all about, or, if they do, are very worried about the likely consequences; and third, the SOE and state organs cannot agree on how to value the assets ... But that is all rather academic. In fact, the best assets have all gone already – you know what happened in Russia where it was just the same - public assets end up in private hands – it's not a legal process, you know.

SE policy is therefore best seen, not as a support for business people within SEs, who had driven the commercialisation during the 1980s, but as support for those within those structures above SEs that were now well-placed to profit from them. But, as economic logic suggests, such a system of de facto property-rights (that for instance did not allow capital to be priced clearly), was inefficient and a drag upon national development. In terms of the broad historical trend, it was not capitalists who were now emerging, but ways of rewarding those occupying key positions in the structures above SEs. It is clear that SE policy in the early 1990s and mid 1990s failed to create a coherency in the state business sector that would overcome the deep-seated problems originating in the use of the state by relationships structures occupying places within it for their particular interests. The state sector, a large part of the national economy, would then inevitably manifest the ebb and flow of interactions between these particular interests. After the retirement of Do Muoi in 1997 it seems that little serious effort was made to deal with these problems in any fundamental manner. It was

only threats to the hegemony of the system that would lead to coherent use of state power. In terms of what was to come, a crucial element here was the preservation of macroeconomic stability and the prevention of its obverse – the creation of macroeconomic rents in the form of differential prices for foreign currency and credit, and the use of state power to provide fiscal support and easy credit conditions.

## **2007-the present: conglomerates reach for coherent state power, and fail**

By 2007 conditions were ripe for the use of the rather large concentration of power gained by the *Tap doan* for political ends.

In a revealing step, the Party Staff Councils (PSCs) (*Ban can su Dang*) that were residual structures of Party control were removed as part of Party policy in 2007.

By the late mid noughties large state conglomerates' Party activities were organised as part of the Party's state central business bloc (*khoi doanh nghiep trung uong*), which 'contained' 41 of these business groups (see Appendix 1) and reported to the Politburo and the Central Committee on the work done by the Party organisations within these Groups, each of which had a Party Committee (*Dang uy*) that led Party members within the constituent parts of the Groups (mostly SEs). Earlier, reflecting Soviet methods, higher-level control had been done through use of the PSCs - that, in the view of some, was the key entry point for control. This was because the PSC grouped the three main structural elements – Party, state and mass organisations.

One can explain the distinction by seeing the Party Committee as, inter alia, responsible for enforcement, like Party Commissars in the Red Army of the USSR, but the PSCs as being able to work out what needed to be enforced, liaising vertically upwards as well as downwards. Thus removal of PSCs duties in 2007 shifted property rights away from formal structures – away from hierarchical control structures, and so it was then not surprising that commercial interests within conglomerates should support political activities that greatly increased the power of the Premier vis-à-vis the Politburo, in a revision of normal political relationships that was not in keeping with the SRV

Constitution, which laid down the Party's role as 'directly leading' Vietnamese society (Fforde 2013a).<sup>52</sup>

These shifts seem to have reflected more seismic changes in relations between SEs and parts of the Communist state. Massive capital inflows were allowed to cause macroeconomic destabilisation as powerful interests linked to various *Tap doan* were able to prevent the State Bank from sterilising these inflows through capital market interventions (Fforde 2009: 84). One result was the re-emergence of major distortions in foreign exchange and credit markets. At this time it was made quite evident that formal state structures had no clear idea of SE commercial performance (Study Team 2009), and no authority over them in a policy sense, so that:

The division of tasks and responsibilities that realise the rights and duties of the state as owner, regarding Groups and General Companies are scattered and divided (*phan tan, cat khuc*). This leads to a situation where there is no organisation that bears principal responsibility for the management of capital and assets at (these units ...) and no organ that bears principal responsibility to monitor, analyse and evaluate deeply and in reality on the meeting of targets and responsibilities of regarding state ownership that are allocated to Groups and General Companies. Ministries and People Committees pretty much do not adequately grasp information on the activities of these units. The Ministry of Finance carries out state financial management but only participates indirectly in the management of capital and assets via the reports of the Ministries and People's Committees and of the units themselves (Study Team 2009: 20, quoted in Fforde 2009:88)

But lack of authority in a policy sense is quite different from ability to secure political support for patrons (or are they clients?), and by the start of the current decade very senior politicians start to be able to avoid Party discipline because of support from certain large state groups (Fforde 2013:15). As was keenly remarked by Gainsborough, policy differences as such seem to have become irrelevant to political activity: it is all about spoils and broader issues of preserving the hegemony of ruling groups (Gainsborough 2007: 179). Under these circumstances, the over-riding strategic issue is not so much to get policy right but to make policy matter. As, evidently, the game was elsewhere the prospects for effective transition through the middle income trap appeared poor (Gill and Kharas 2007). Conversely, however, this meant that it was mainly economic logics, rather than policy that explained economic development, so that, for example, studies of real property-rights, once the

---

<sup>52</sup> For details of the abolition of Party Staff Committees see VCP 2007. They would usually be chaired by the senior state official in the relevant body, such as a Minister in a line Ministry or the General Manager in a conglomerate (personal communication).

thickets of policy confusion had been cut aside, tended to reveal quite easily understood patterns of economic behavior and institution-building. Such an economy, of course, is likely to be far better at simple commodity production than it is at producing public goods.

## **Conclusions: economic policy and its power, and research implications**

The broad characterisation of Vietnamese politics given at the start of this paper is confirmed and this supports the general characterisation of SE policy as in the main reactive and unimplementable, but not always.

The Vietnamese Communist state, like other states is, as Mitchell suggested, epiphenomenal (Mitchell 1991). The Vietnamese state, best seen as the effect of other things, is in the main a conglomerate of the interests of those and those relationship structures that occupy it. This has very important implications for how one researches and writes economic history, for it means that policy plays a far more limited role than might be expected, especially in the presence of an apparently policy-active ruling Communist Party.<sup>53</sup> Conversely, however, once the policy verbiage is put to one side, economic behaviour, often in fascinating ways, reflects economic rationality (McMillan and Woodruff 1999; Fforde 2000; Fforde 2008 and 1989).

The policy record shows that there is indeed a 'relative autonomy of the state' (Fforde 2011), in that we do find real policy debates that seek to rationalise a deployment of state power in an expression of national interest and agency. Attempts were made to impose order as policy reflects how this was understood, and so reveals much. But such attempts tended at the end of the day to fail. This suggests that the power offered by the Communist state did not offer that much relative autonomy, after all. The argument presented here is that this policy record shows that, to put it one way, power vis-à-vis the Vietnamese Communist state lay with those who occupied positions within it, who responded to their own particular and changing interests rather than any coherent socialist ideology or any indeed any developmentalist policy logic. Their local politics meant, except when push came to shove, as it did when 25-CP and 306-BBT were required to defend gathering commercial interests, that the state was relatively powerless in policy terms. The pattern of allocation of SE assets from the start reflected this rather than any logic of coherent socialist industrialisation, and the policy

---

<sup>53</sup> In reference to another but highly relevant literature, this places Vietnam as far more 'SE Asian' and far less 'NE Asian' in the terms deployed in Macintyre 1994.

record shows the failed attempt to subordinate the logic of these interests to national agency understood as socialist construction. What is significant is what is absent, and this insight shows us the importance of treating much of what is written and said about the Vietnamese Communist state as being about a façade, underneath which particular interests could and did prevent the deployment of domestic sovereignty and the use of state power to construct socialism in Communist Vietnam, and today the deployment of state power to address problems of the middle income trap.

Given this, it follows that patterns of economic activity, and changes in them, should be analysed above all as largely endogenously –determined structured responses to incentive patterns. The main driver of change is then not policy, though that has its impact, but rather how institutions evolve to meet local interests. This makes economic analysis far more important, and far more interesting. For example, informal farmers groups, not threatening hegemonic state power or the interests of those occupying positions in the local state, emerged and formed rather freely from the mid-1990s. In classic instances of non-state responses to market failure, non-market solutions to various economic issues, exploiting opportunities for enhanced local value-added, could be studied.<sup>54</sup> In some ways this field of research was a neo-institutional economist's heaven. But, as this paper has shown, the meaning of policy and its real impact in Communist Vietnam is not obvious, not least as the historical experience has been one of a heavily hegemonic state that has been a successful vehicle for the mobilisation of national energies in war. One reason it is not obvious is that the real economy has not been adequately researched. For example, under the conditions I analyse above methods used by Woodruff and McMillan, where data collection is finely tuned to the research question, work; but research that takes on face value the expected behavioural implications behind terms such as 'private' and 'state', when reported as the nature of property rights in standard surveys, probably will not. Here economics informs political analysis, for the sort of political power, the policy record regarding to SEs confirms, is not one where there is, in the political community, recognition of domestic sovereignty, so that there is a powerful state that can exert power to devise and implement economic strategy. Power is a far more subtle thing, and economic analysis shows this, perhaps precisely in that the analytical frameworks offered by economics become far more valuable in explaining real institutions than policy prescriptions. Reality counts for more.

Melbourne 2014.

---

<sup>54</sup> Fforde 2009; see also Paldam 1991, arguing that the core institutional structures of the formidable export-oriented Danish agricultural sector we see today originally developed in the late 19<sup>th</sup> century at a time of almost complete policy neglect.

## Appendix 1 – Members of the central VCP business bloc (khối) as of mid 2014<sup>55</sup>

1. [Tập đoàn Dầu khí](#) (PetroVietnam)
2. [Tập đoàn Dệt may](#) (The Vietnam National Textile and Garment Group – VinaTex)
3. [Tập đoàn Than - Khoáng sản](#) (Vietnam National Coal - Mineral Industries Group- Vinacomin)
4. [Tập đoàn Điện lực](#) (Vietnam Electricity – EVN)
5. [Tập đoàn Hóa chất VN](#) (Vietnam National Chemical Group, Vinachem)
6. [Tổng Cty Giấy VN](#) (Vietnam Paper Corporation – VinaPaco)
7. [Tổng Cty Thép VN](#) (Vietnam Steel Corporation – VNSTEEL)
8. [Tổng Cty Thuốc lá VN](#) (Vinataba)
9. [Tập đoàn Cao su VN](#) (Vietnam Rubber Group)
10. [Tổng Cty Cà phê VN](#) (VINACAFE)
11. [Tổng Cty Lương thực Miền Bắc](#) (VINAFOOD1)
12. [Tổng Cty Lương thực Miền Nam](#) (VINAFOOD2)
13. [Tổng Cty Hàng Hải VN](#) (VINALINES)
14. [Tổng Cty Đường sắt VN](#) (VNR)
15. [Tổng Cty Hàng không VN](#) (Vietnam Airlines)
16. [Tập đoàn CN Tàu thủy](#) (VINASHIN)
17. [Tập đoàn Phát triển Nhà & Đô thị](#) (HUD)
18. [Tập đoàn Sông Đà](#) (The ‘mother company’ of the Vietnam Industry and Construction Group VNIC)

---

<sup>55</sup> That is, those directly under the ‘bloc’; they each in turn had their own constituent elements, usually SEs. Taken from <http://doanhnghieptrunguoc.vn/> June 2014 – the Main Page of the site is entitled ‘The Party Committee of the Central Business Bloc’ (‘đảng ủy khối doanh nghiệp trung ương’).

19. [Tổng Cty CN ximang VN](#) (The Vietnam Industry and Cement Group VINACEM)
20. [Tập đoàn Xăng dầu Việt Nam](#) (Petrolimex, or Vietnam National Petroleum Corporation)
21. [Tập đoàn Bưu chính Viễn thông VN](#) (Vietnam Posts and Telecommunications Group, VNPT)
22. [Tổng Cty Truyền thông đa phương tiện \(Vietnam Multimedia Corporation aka Vietnam Television Corporation - VTC\)](#)
23. [Ngân hàng Công thương VN](#) (Vietnam Commercial Bank for Investment and Trade - VietinBANK)
24. [Ngân hàng Ngoại thương VN](#) (Vietnam Bank for Foreign Trade – Vietcombank)
25. [Ngân hàng Nông nghiệp & PTNT VN](#) (Bank for Agriculture and Rural Development – Agribank)
26. [Ngân hàng Phát triển VN](#) (Vietnam Development Bank – VDB)
27. [Ngân hàng Đầu tư & Phát triển VN](#) (Bank for Investment and Development of Vietnam – BIDV)
28. [Ngân hàng Chính sách xã hội VN](#) (Vietnam Bank for Social Policies, VBSP)
29. [Tập đoàn Bảo Việt](#) (This is the mother company of the Baoviet Holdings Group)
30. [Bảo hiểm tiền gửi VN](#) (Deposit Insurance Vietnam – DIV)
31. [Tổng Cty Đầu tư & kinh doanh vốn Nhà nước](#) (State Capital and Investment Corporation – CSIC)
32. [Phòng Thương mại và Công nghiệp Việt Nam](#) (Vietnam Chamber of Commerce and Industry VCCI)
33. [Cơ quan Đảng ủy Khối](#) (Organs of the Party Committee of the Bloc)



## Bibliography

Vietnamese authors are listed by the standard Vietnamese ordering of surname-middle name-given name, which works well with the Western practice of listing based upon surname-given name-initial.

- BLD (Bo Lao Dong – Ministry of Labour), 1981, *Tim hieu chinh sach moi ve kinh te (Understanding the New Economic Policies)*. Hanoi: Bo Lao Dong
- Che Tuong Nhu, 1994, 'The sequence of economic reforms to the industrial state-owned enterprises of Vietnam', mimeo. Canberra: Australia National University/NCDS
- Cheshier, S., 2010, *The new class in Vietnam*, PhD dissertation, School of Business and Management, Queen Mary, University of London.
- Coase, Ronald, 1937, 'The Nature of the Firm', *Economica* 4 (16): 386–405
- Dam Van Nhue and Le Si Thiep, 1981, 'Ket hop loi ich cua tap the nguoi lao dong trong cong nghiep dia phuong (Integrating the interests of the collective of workers in regional industry)', *Nghien cuu kinh te (Economic Research)*, 10 (pages n/a)
- de Vylder, Stefan, and Adam Fforde, 1996, *From Plan to Market: The Economic Transition in Vietnam*, with Stefan de Vylder, Boulder CO: Westview
- Dinh Thu Cuc, 1977, 'Qua trinh tung buoc cung co va hoan thien quan he san xuat xa hoi chu nghia trong cac hop tac xa san xuat nong nghiep o mien bac nuoc ta', (The process of step-by-step reinforcement and improvement of socialist production relations in agricultural producer cooperatives in the north of our country), *Nghien cuu Lich su (Historical Research)* 175 - 07-08/77
- Do Muoi, 1985, *Sap xep lai san xuat – Doi moi co che quan ly cong nghiep (Re-arrange production – Renovate the industrial management system)*, Hanoi: NXB Su that
- Doan Trong Truyen, 1965, *Van de thuong nghiep va gia ca trong cuoc cach mang xa hoi chu nghia o mien Bac nuoc ta (The issue of trade and prices in the socialist revolution in the north of our country)*, Hanoi: NXB Su That 1965
- Duong Bach Lien and Le Trang, 1983, *Tim hieu quyet dinh 25-CP va quyet dinh 146-HDBT sua doi, bo sung quyet dinh 25-CP (Understand Decree 25-CP and Decree 146-HDBT Correcting and Supplementing 25-CP)*. Hanoi: NXB Su That.
- EPU, 1975, *Kinh te Cong nghiep – Giao trinh Tap I, Tap II (Course in Industrial Economics, Vols I and II)*. Hanoi: NXB Truong dai hoc kinh te ke hoach.
- EPU, 1979, *Giao trinh Kinh te Cong nghiep tap I (Course in Industrial Economics, Vol. I)*, ed. Nguyen Lang, Hanoi: NXB Dai hoc va Trung Hoc Chuyen Nghiep.
- EPU, Economics and Planning University (Truong dai hoc Kinh te Ke hoach), 1970, *25 nam xay dung va phat trien kinh te mien bac (Twenty five Years of the Construction and Economic Development of the North)*. Hanoi: NXB Truong dai hoc kinh te ke hoach.
- Fforde, Adam, 1985, 'Economic aspects of Soviet-Vietnamese relations: their role and importance' in Ed Robert Cassen *Soviet interests in the Third World* London: Sage 1985. 192-219
- Fforde, Adam, 1986, 'The unimplementability of policy and the notion of law in Vietnamese Communist thought' *Southeast Asian Journal of Social Science* Vol 14 no. 1 60-70 (Now: *Asian Journal of Social Science*)
- Fforde, Adam, 1989, *The Agrarian Question in North Vietnam 1974-79: a study of cooperator resistance to State policy*, New York: M.E.Sharpe
- Fforde, Adam, 1993, 'The political economy of "reform" in Vietnam – some reflections', in Borje Ljunggren (ed.) *The Challenge of Reform in Indochina*. Cambridge, MA: Harvard University Press.
- Fforde, Adam, 2000, *Vietnamese State Owned Enterprises (SOEs) - "Real Property", Commercial Performance and Political Economy*, consultancy report, Canberra: Aduki p/l (available on Academic.au)
- Fforde, Adam, 2002, 'Resourcing conservative transition in Vietnam: rent-switching and resource appropriation' *Post-Communist Economies* Vol 14 No 2 June 203-226.

- Fforde, Adam, 2005, 'SOEs, Law and a Decade of Market-Oriented Socialist Development in Vietnam', 2005 in Ed P. Nicholson and J. Gillespie *Asian Socialism and Legal Change: The Dynamics of Vietnamese and Chinese Reform* Canberra: Asia Pacific Press 241-270.
- Fforde, Adam, 2008, 'Vietnam's Informal Farmers' Groups: narratives and policy implications', *Suedostasien aktuell - Journal of Current Southeast Asian Affairs*, no. 1/2008 pp.3-36
- Fforde, Adam, 2009a, 'Policy ethnography and conservative transition from plan to market – the construction of policy rationalities and the 'intellectual limitations of leading comrades'', *International Journal of Social Economics* Vol 36 No 7 2009 pp. 659-678
- Fforde, Adam, 2009b, 'Luck, Policy or Something Else Entirely? Vietnam's Economic Performance in 2009 and Prospects for 2010', *Journal of Current Southeast Asian Affairs* 28 4/2009: 71-94
- Fforde, Adam, 2011, 'Contemporary Vietnam: political opportunities, conservative formal politics and patterns of radical change', *Asian Politics and Policy*, 2011 Vol 3 No 2, 165-184
- Fforde, Adam, 2013a, 'Vietnam in 2013 – the end of the party', *Asian Survey*, Vol. 53, Number 1, 2013 pp. 101–108
- Fforde, Adam, 2013b, 'Post Cold War Vietnam: stay low, learn, adapt and try to have fun – but what about the Party?' *Contemporary Politics*, Vol 19 14 379-398
- Fforde, Adam, 2013c, 'The politics of civil society organisation in Cambodia and Vietnam', *European Journal of East Asian Studies*, 12.1, June pp 35-53
- Fforde, Adam, and Suzanne H Paine, 1987, *The Limits of National Liberation - problems of economic management in the Democratic Republic of Vietnam, with a Statistical Appendix*, London: Croom-Helm
- Gainsborough, Martin, 2007, 'From patronage to "outcomes": Vietnam's Communist Party congresses reconsidered', *Journal of Vietnamese Studies*, Vol. 2, No. 1 (2007), pp. 3–26.
- Gill, Indermit S. and Kharas, Homi, 2007, *An East Asian renaissance: ideas for economic growth*. Washington, DC: World Bank
- Gillespie, John, 2000, Self-interest and ideology: evaluating different explanations for bureaucratic corruption in Vietnam, *Australian Journal of Asian Law*, Vol 3 No 1
- Goscha, C., 2011, *Vietnam - Un etat ne de la guerre 1945-1954*, Paris: Armand Colin
- Greenfield, Gerard, 1993, *The emergence of capitalism in Vietnam*, *Socialist Register*
- HDBT (Council of Ministers), 1982, QUYẾT ĐỊNH CỦA HỘI ĐỒNG BỘ TRƯỞNG SỐ 146-HĐBT NGÀY 25 THÁNG 8 NĂM 1982 VỀ VIỆC SỬA ĐỔI VÀ BỔ SUNG QUYẾT ĐỊNH SỐ 25-CP NGÀY 21-1-1981 CỦA HỘI ĐỒNG CHÍNH PHỦ (Decision of the Council of Ministers 146-HĐBT 25/8/1982 on changes and additions to Decision 25-CP 21/1/1981 of the Government Council) downloaded from <http://thuvienphapluat.vn/van-ban/Doanh-nghiep/Quyết-dinh-146-HĐBT-chu-truong-phat-huy-quyen-chu-dong-SXKD-quyen-tu-chu-tai-chinh-cac-xi-nghiep-quoc-doanh-sua-doi-Quyết-dinh-25-CP-43984.aspx> 25/6/2014
- HDBT (Council of Ministers), 1984, NGHỊ QUYẾT CỦA HỘI ĐỒNG BỘ TRƯỞNG SỐ 156-HĐBT NGÀY 30-11-1984 VỀ MỘT SỐ VẤN ĐỀ CẢI TIẾN QUẢN LÝ CÔNG NGHIỆP QUỐC DOANH (Decision of the Council of Ministers 156-HĐBT 30/11/1984 on a number of issue in the improvement of the management of state industry) <http://thuvienphapluat.vn/van-ban/Doanh-nghiep/Nghi-quyet-156-HĐBT-van-de-cai-tien-quan-ly-cong-nghiep-quoc-doanh-43529.aspx> 25/6/2014
- HĐBT, (Council of Ministers), 1986, QUYẾT ĐỊNH CỦA HỘI ĐỒNG BỘ TRƯỞNG SỐ 76-HĐBT NGÀY 26-6-1986 VỀ VIỆC BAN HÀNH CÁC BẢN QUY ĐỊNH TẠM THỜI VỀ BẢO ĐẢM QUYỀN TỰ CHỦ SẢN XUẤT, KINH DOANH CỦA CÁC ĐƠN VỊ KINH TẾ CƠ SỞ (Decision of the Council of Ministers 76-HĐBT 26/6/1986 on promulgating temporary regulations on guaranteeing the rights to autonomy in production and business of base-level economic units) downloaded from <http://thuvienphapluat.vn/van-ban/Doanh-nghiep/Quyết-dinh-76-HĐBT-bao-dam-quyen-tu-chu-san-xuat-kinh-doanh-cac-don-vi-kinh-te-co-so-37118.aspx> 25/6/2014
- HĐBT, (Council of Ministers), 1987, QUYẾT ĐỊNH 217-HĐBT BAN HÀNH CÁC CHÍNH SÁCH ĐỔI MỚI KẾ HOẠCH HOÁ VÀ HẠCH TOÁN KINH DOANH XÃ HỘI CHỦ NGHĨA ĐỐI VỚI XÍ NGHIỆP QUỐC DOANH (Decision promulgating policies on the renovation of planning and socialist business accounting regarding state businesses). Downloaded

- <http://thuvienphapluat.vn/archive/Quy-dinh-217-HDBT-chinh-sach-doi-moi-ke-hoach-hoa-va-hach-toan-kinh-doanh-Xa-hoi-chu-nghia-doi-voi-xi-nghiep-quoc-doanh-vb37429.aspx> 27/6/2014
- HDCP (Government Council), 1973, NGHỊ ĐỊNH BAN HÀNH ĐIỀU LỆ VỀ TỔ CHỨC VÀ HOẠT ĐỘNG CỦA HỘI ĐỒNG CHÍNH PHỦ VÀ BẢN QUY ĐỊNH VỀ NHIỆM VỤ, QUYỀN HẠN VÀ TRÁCH NHIỆM CỦA CÁC BỘ TRONG LĨNH VỰC QUẢN LÝ KINH TẾ (Decision promulgating the Statute on the organisation and activities of the Government Council and Regulations on the duties, rights and responsibilities of Ministries in economic management), downloaded from <http://thuvienphapluat.vn/van-ban/Bo-may-hanh-chinh/Nghi-dinh-172-CP-Dieu-le-to-chuc-va-hoat-dong-cua-Hoi-dong-Chinh-phu-va-ban-Quy-dinh-nhiem-vu-quyen-han-va-trach-nhiem-cac-Bo-trong-quan-ly-kinh-te-21737.aspx> 25/6/2014
- HDCP (Government Council), 1981, QUYẾT ĐỊNH CỦA HỘI ĐỒNG CHÍNH PHỦ SỐ 25 - CP NGÀY 21-1-1981 VỀ MỘT SỐ CHỦ TRƯỞNG VÀ BIỆN PHÁP NHẪM PHÁT HUY QUYỀN CHỦ ĐỘNG SẢN XUẤT KINH DOANH VÀ QUYỀN TỰ CHỦ VỀ TÀI CHÍNH CỦA CÁC XÍ NGHIỆP QUỐC DOANH (Decision of the Government Council # 25-CP 21/1/1981 on a number of policies and measures to develop the rights to autonomy in production and business, and the rights to financial autonomy of state enterprises), downloaded from <http://thuvienphapluat.vn/archive/Quy-dinh-25-CP-chu-truong-phat-huy-quyen-chu-dong-san-xuat-kinh-doanh-tu-chu-tai-chinh-cua-xi-nghiep-quoc-doanh-vb43040.aspx> 25/6/2014
- Hindess, Barry, 1996, Discourses of Power; From Hobbes to Foucault, Oxford: Blackwell.
- Hinsley, F, 1986, second edition, Sovereignty, Cambridge: Cambridge University Press
- Hoang van Chi, 1958, ed. and transl. The New Class in North Vietnam. Saigon Cong Dan 1958.
- Huy Duc, 2012, 2013a, Ben thang cuoc (The winning side), published in EBook form in two volumes and then in hard copy by Amazon <http://www.amazon.com/Ben-Thang-Cuoc-Vietnamese-Edition/dp/1484040007>
- Huy Duc, 2013b, Phan dau va Co cau (Struggle and structure), <https://www.facebook.com/notes/osin-huyduc/ph%E1%BA%A5n-%C4%91%E1%BA%A5u-c%C6%A1-c%E1%BA%A5u/554683424554890>. Retrieved 22/6/2014.
- Kerkvliet, Ben, 2005, The Power of Everyday Politics: How Vietnamese Peasants Transformed National Policy, Ithaca: Cornell University Press
- Le Duc Thuy 1993 is 'Economic doi moi in Vietnam' in Ed William S Turley and Mark Selden Reinventing Vietnamese Socialism: Doi Moi in Comparative Perspective, Boulder CO: Westview
- Le Huy Phan and Ho Phuong, 1972, 'May van de ve to chuc quan ly cap tren xi nghiep trong cong nghiep nuoc ta (Problems in the organisation of management by the superior level of industrial SOEs in our country)', in Nguyen Tri (ed.) Ve to chuc san xuat trong cong nghiep mien bac nuoc ta (On the Organisation of Production in the Industry of the North of Our Country). Hanoi: NXB Dai hoc va Trung Hoc Chuyen Nghiep (Higher and Specialised Middle Education)
- Lenin, Vladimir, 1920, Our Foreign and Domestic Position and Party Tasks. <https://www.marxists.org/archive/lenin/works/1920/nov/21.htm> referenced 24/6/2014
- Lipworth, Gabrielle and Erich Spittaller, 1993, Vietnam - Reform and Stabilization 1986-1992, Washington DC: International Monetary Fund, 05/93
- Macintyre, Andrew, 1994, 'Business, government and development: northeast and southeast Asian comparisons', in Ed Andrew MacIntyre Business and Government in Industrialising Asia Sydney: Allen and Unwin
- Marr, David G, 1997, Vietnam 1945 – The quest for power, Berkeley: University of California Press
- Marr, David G., 2013, Vietnam State, War, and Revolution (1945–1946), University of California Press
- Marris, Robin, 1964, The Economic Theory of Managerial Capitalism, London, Macmillan
- McMillan J., and Christopher Woodruff, 1999, Interfirm relationships and informal credit in Vietnam, Quarterly Journal of Economics, 114: (4) 1285-1320 Nov
- Milgrom, Paul R., and John Roberts, 1992, Economics, organization, and management, Englewood Cliffs N.J.: Prentice-Hall
- Mitchell, Timothy, 1991, 'The limits of the state: beyond statist approaches and their critics', The American Political Science Review, Vol 85 1 77-96

- Ngo Dinh Giao, 1972 'Mot so y kien ve phan cong va hiep tac lao dong trong xi nghiep co khi mien bac nuoc ta (Some opinions on labour division and cooperation in engineering enterprises in the north of our country)', in Nguyen Tri (ed.) *Ve to chuc san xuat trong cong nghiep mien bac nuoc ta (On the Organisation of Production in the Industry of the North of Our Country)*. Hanoi: NXB Dai hoc va Trung Hoc Chuyen Nghiep (Higher and Specialised Middle Education)
- Nguyen Lam, 1980, 'May van de ve tu tuong chinh sach kinh te hien nay (Some problems of current economic policy thinking)', *Tap chi Cong san (Communist Studies)*, 3, page b/a
- Nguyen Tri (1972b) 'Loi noi dau (Introduction)', in Nguyen Tri (ed.) *Ve to chuc san xuat trong cong nghiep mien bac nuoc ta (On the Organisation of Production in the Industry of the North of Our Country)*. Hanoi: NXB Dai hoc va Trung Hoc Chuyen Nghiep (Higher and Specialised Middle Education).
- Nguyen Tri ed., 1972a, *Ve to chuc san xuat trong cong nghiep mien bac nuoc ta (On the Organisation of Production in the Industry of the North of Our Country)*. Hanoi: NXB Dai hoc va Trung Hoc Chuyen Nghiep (Higher and Specialised Middle Education).
- Nguyen van Tran, 1974, *Nhung van de co ban trong duong loi cong nghiep hoa xa hoi chu nghia cua Dang (Basic Problems in the Party Line on Socialist Industrialisation)*. Hanoi: NXB Su That.
- Nhan Dan (The People), 1986, Draft resolution on state enterprise autonomy, Hanoi: Nhan Dan 25/4/1986
- North, Douglass, 1996, 'Markets and other allocation systems in history: the challenge of Karl Polanyi' in Ed Richard Swedberg, *Economic Sociology Cheltenham Glos: E. Elgar*
- NXBST, (Truth Publishing House), 1978, *Mot so van kien cua Dang va Chinh phu ve tieu cong nghiep va thu cong nghiep (Some Documents of the Party and Government on Small and Artisanal Industry)*. Hanoi: NXB Su That.
- NXBST, 1980, *Mot so van kien cua trung uong Dang ve phat trien cong nghiep (Some Documents of the Party Centre on Industrial Development)*. Hanoi: NXB Su That.
- NXBST, 1988, *Quyét định 217 và hướng dẫn thực hiện (Decree 217 and Guidance on its Implementation)*. Hanoi: NXB Su That
- Paldam, Martin, 1991, *Development of the Rich Welfare State of Denmark*, in M. Blomström and P. Mellor (eds), *Diverging Paths. A Century of Scandinavian and Latin American Development*, John Hopkins University Press (for the Interamerican Development Bank)
- Polanyi, Karl, 1975, *The Great Transformation*, New York: Octagon Books
- Quinn-Judge, Sophie, 2013, *Ho Chi Minh - The Missing Years*, Berkeley: University of California Press
- Sasges, G and Scott Cheshier, 2012, *Competing legacies: rupture and continuity in Vietnamese political economy*, *South East Asia Research*, 20, 1, pp 5–33
- Spoor, Max, 1985, 'The economy of North Vietnam – the first ten years: 1955–1964 (a study of economic policy and performance of socialism in the third world)', MPhil thesis, Institute of Social Studies, The Hague.
- Stern, Lewis M., 1993, *Renovating the Vietnamese Communist Party : Nguyen Van Linh and the programme for organizational reform, 1987-91*, New York : Singapore : St. Martin's Press ; Institute of Southeast Asian Studies
- Study Team, 2009, *Bao cao ket qua giam sat 'Viec thuc hien chinh sach, ... tai cac tap doan, tong cong ty nha nuoc (Report on the study of the 'Implementation of policies ... at Groups and General State Companies)*, Hanoi: National Assembly
- Thayer, Carl, 1995, *Review of Renovating the Vietnamese Communist Party: Nguyen Van Linh and the Programme for Organizational Reform, 1987-91 by Lewis Stern*, *The Journal of Asian Studies*, Vol. 54, No. 2 (May, 1995), pp. 637-638
- To Duy, 1969, *Mot so van de ve luu thong phoi trong thoi ky xay dung chu nghia xa hoi va chong my cuu nuoc hien nay (Some Problems of Distribution and Circulation in the Current Period of Socialist Construction and the Fight Against the US to Save the Country)*. Hanoi: NXB Su That
- Tran Duc Luong, 1988, 'Nhung van de then chot trong quy dinh cua HDBT ban hanh theo QĐ 217 HDNT (Core issues in regulations of the Council of Ministers promulgated in accordance with decree 217-HDBT)', speech at cadre conference to research 217-HDBT, 1 December 1987, in NXBST *Quyét định 217 và hướng dẫn thực hiện (Decree 217 and Guidance on its Implementation)*. Hanoi: NXB Su That

- Tran Tien Cuong, 2007, 'Kho xac dinh dau la ... tap doan' (Hard to say where is .. a tap doan), VietBao 24/7/2007
- Van Arkadie, B., and Mallon, R., 2003, Vietnam: A Transition Tiger? Asia Pacific Press, Australian National University, Canberra
- Van Dac, 1983, Nhung quan diem co ban cua mot so chinh sach kinh te lon hien nay – QD: 25 CP va 146 HDBT ve cai tien cong tac quan ly xi nghiep quoc doanh (The basic ideas of some important contemporary economic policies – 25-CP and 146-HDBT on the improvement of SOE management)', Tuyen truyen (Propaganda), 8–9.
- VCP, 1987, Dai hoi VI Nhung phuong huong co ban cua chinh sach kinh te (The Sixth Congress: Basic Directions in Economic Policy). Hanoi: NXB Su That.
- VCP, 2007, Chuyen mot so nhien cu cua ban can su dang cho dang uy tap doan kinh te, tong cong ty (Shifting some duties of the Party Staff Council to the Party Committee of Economic Groups and General Companies), downloaded from [http://123.30.190.43:8080/tiengviet/tulieuvankien/vankiendang/details.asp?topic=191&subtopic=305&leader\\_topic=987&id=BT5120761266](http://123.30.190.43:8080/tiengviet/tulieuvankien/vankiendang/details.asp?topic=191&subtopic=305&leader_topic=987&id=BT5120761266) 22/6/2014
- Vickerman, Andrew, 1986, The fate of the peasantry - premature 'transition to socialism' in the Democratic Republic of Vietnam, Monograph Series no. 28 Yale University Southeast Asian Studies Centre for International and Area Studies
- Vu Khien and Vu Quoc Tuan, 1974, 'Buoc dau nghien cuu luat ke hoach hoa – Noi dung phap che cua luat ke hoach hoa (A first step in researching planning law)', Luat Hoc (Legal Studies), 6.
- Vu Quoc Tuan and Dinh Van Hoang, 1960, Ban ve nhip do phat trien kinh te quoc dan mien Bac (Discussion of the pace of national economic development in the north), Hanoi: NXB Truong Dai hoc Kinh te Quoc dan 1960
- Vu Tuan Anh, 1985, Thu phan tich nen tai san xuat xa hoi ta duoi goc do co cau nganh kinh te (An attempt at analysing production assets from the point of economic structure), Nghien cuu Kinh te (Economic Research) 2 1985 pp.n/a
- Wadekin, K-E, 1982, Agrarian policies in Communist Europe, London: Martinus Nijhoff
- Wood, Adrian, 1989, Deceleration of inflation with acceleration of price reform : Viet Nam's remarkable recent experience, Cambridge Journal of Economics 13 Dec 1989
- Woodside, Alexander, 2006, Lost Modernities; China, Vietnam, Korea and the hazards of world history, Cambridge: Harvard University Press
- World Bank, 2011, Vietnam Development Report 2012: Market economy for a middle-income Vietnam, World Bank: Hanoi