

**ROLE OF THE STATE IN VIETNAMESE TRANSITION:  
THE PROCESS OF STATE ENTERPRISE REFORM**

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**I. INTRODUCTION**

Along with the central planning system, the creation of state-owned industrial enterprises was a core aspect of the socialist project embarked upon by the Vietnamese leadership in the late 1950s. State-owned industry was symbolic of two major strands of thought which came together in the Vietnamese revolution: anti-colonialism and socialism. In the first case, Vietnamese leaders shared a perception common to other Southeast Asian countries achieving independence in the 1940s and 1950s that industrialization was the key to modernization of their countries. Moreover, the process of industrialization should be, at least to some extent, state-directed in order to overcome what was seen to be the exploitative nature of foreign capital and the absence of a significant indigenous class of industrialists. The second strand, which came from the Vietnamese state's roots in a popular peasant- and worker-based revolution under Communist Party leadership, indicated the necessity for the creation of a planned economic system based on public ownership of the means of production so that the benefits of modernization could be distributed more evenly among the whole population.