This paper describes the effects of the Doi Moi policy, the latest stage in a series of historical transitions, on the urban landscape of Vietnam’s oldest existing trade, market, and retail estate, the Ancient Quarter of Hanoi or 36 Streets Quarter. Economic liberalisation and the opening up to global capital have caused an enormous economic revitalization of this traditional quarter; however, ‘beneficiaries of transition’ have initiated a dramatic building and renovation boom. Although local, national and international agencies have formulated many plans to preserve the historic ambiance of the Quarter, many of the traditional tube-shape houses have been destroyed. The main reason for this development is to be found in delays typical of transition periods, as state institutions move beyond the centrally organized economy and adapt to a pluralistic market economy, as well as insufficient resources and the failure to enforce architectural guidelines. In general, the recent development of Hanoi shows similarities to many Eastern European cities, where distinct actor groups have initiated processes typical of transition, such as the rapid emergence of private enterprises, suburbanization processes, social as well as spatial polarization, the fast-track development of a Central Business District and catching up with internationalization and modernization processes.

Since its 6th Party Congress in December 1986, the Communist Party of Vietnam has followed a course of reform under the slogan ‘Doi Moi’ (translated as ‘Renovation Policy’), which attempts to combine single political party rule with the introduction of a system based on a modern, pluralistic market economy. Though this transition process is only being introduced gradually, it has still led to numerous problems in many societal areas and at every administrative level. This is because the centralised state planning system has been confronted with the dynamic, unregulated developments associated with a market economy (Logan 2000: 260).

Without doubt, the market-oriented reforms introduced during the course of Doi Moi have rapidly brought remarkable economic success to Vietnam, have freed the country from its isolating foreign policy and have finally instigated the processes of internationalization and modernization. However, the Viet Nam Living Standards Surveys jointly conducted by the State Planning Committee and the General Statistical Office in 1992-1993 and in 1997-1998 on a country-wide scale as well as the 2002 Vietnam Household Living Standards Survey clearly proved that the economic boom has not affected all regions in Vietnam equally. The areas which have profited most are the largest cities – the economic hub of Ho Chi Minh City in the south and the capital Hanoi in the north (General Statistical Office & United Nations Development Programme 2001: 91; Beresford 2003: 67f.). Similarly as in the transition