

PUBLIC ADMINISTRATION

UNITED STATES ECONOMIC ASSISTANCE TO VIET NAM, 1954-1975

VIET NAM TERMINAL REPORT

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The Public Administration Advisory Program  
In Vietnam

1955 - 1975

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Introduction

Although neither the United States of America nor the Government of Vietnam were signatories to the Geneva Agreement signed in July 1954, the end of hostilities brought about through that instrument established a provisional military line of demarcation at the seventeenth parallel. The country, so divided, with the Communist state, the Democratic Republic of Vietnam (DRV) to the north, and the independent anti-communist state, the Government of Vietnam, (GVN) to the south, set the stage for the agonizing struggle that culminated in the precipitous fall of the Government of Vietnam in April 1975.

On the one hand, the DRV with its long-time aims, objectives, and modus operandi firmly established began to mould its territory into the political animal essential to survival of the communist state. On the other hand, the GVN, seeking to establish a democracy from among the political, social and economic morass of colonialism, the residual insurgency of the stay-behind communists forces, and the inheritance of an antiquated, non-responsive bureaucracy, emerged with a weak and disorganized political/administrative leadership and structure that foundered the year following its creation.

The GVN recognized the urgency of obtaining special assistance in the overall conduct of civil government. Unless a viable public administration infrastructure could be devised, one that would prove responsible and responsive, the political base would erode and induce an acceleration of

communist campaigns to bring it to its knees. Thus, it came to pass that the then President of Vietnam, Ngo dinh Diem, through acquaintances made in the United States during his self-imposed exile, arranged to negotiate contracts with the Foreign Operations Administration, and the Michigan State University for the beginning of what was to be a 20-year span of United States assistance to the GVN in the field of public administration.

To evaluate properly and candidly the various public administration programs that evolved over those 20 years one must keep foremost in mind the very nature of such an undertaking. Intrinsicly political, the conduct of an advisory program in public administration, more so than other sectors, almost completely depends upon the ideology and rapport that exist between the two governments and, of course, upon the ethics, professionalism, personalities, and character of the concerned principals. In retrospect, although there were instances of friction, it can be stated that no irreconcilable differences arose between the two governments in the conduct of the programs and it can be stated also that the United States of America did rise to this extraordinary challenge to advise and assist the Republic of Vietnam to establish a democratic form of government that would be responsible and responsive to the needs of the people. The United States did recognize the pitfalls of dealing with a unitary form of government yet, the many exigencies of political turmoil notwithstanding, the public administration programs did succeed in assisting the GVN to shape the framework of a desirable form of central and local administration initiating many changes in the conduct of civil government that were leading the way to a form of democratic society right up until April 1975.

I. The First Republic

The Ngo dinh Diem Regime 1955-1963

On 19 April 1955 two contracts, each for a two-year period, were signed that embraced the first comprehensive public administration advisory program by the United States in the Republic of Vietnam (GVN). The records indicate that these contracts were developed as a result of the recommendations of a four-man Michigan State University (MSU) team sent to Vietnam by the Foreign Operations Administration (FOA) for a survey of GVN requirements in the field of public administration in October 1954. The original concept of a survey-mission was the result of a long-term association between MSU and Mr. Ngo dinh Diem while he was still in exile and later, from the influence of an MSU professor serving both as advisor to the then President Diem and to the United States Operations Mission (USOM).

It should be noted that, while both contracts have been reported under the broad definition of the public administration sector, one of the contracts dealt solely with police<sup>e</sup> administration. Ultimately the police administration program evolved into the sweeping Public Safety Program together with all of its ramifications and impedimenta. Therefore, for the purpose of the Public Administration Sector history, the police administration program under the MSU contract will be dealt with in the Public Safety Sector history.

The main thrusts of the MSU public administration advisory program included surveys and recommendations to improve government ministries and the Office of the Presidency; consultations to the GVN in the fields of budget and fiscal administration, taxation, personnel, and organization and management; and advice and assistance to the then National School of Administration,

on which the MSU public administration activities were concentrated after 1957.

On 29 May 1955, the MSU chief of party arrived in Saigon and set about organizing the advisory program. As a result, the advisory team was officially designated the "Michigan State University Group" and the overall program was divided into two major fields:

1. MSUG consulting services
  - a. Field Administration Project
  - b. Office of the Presidency Project
2. MSUG advisory services to the National School of Administration.

Accordingly, the history of the public administration advisory program will proceed along the outline set forth above.

#### The Michigan State University Group Consulting Services

##### Field Administration

Early in July 1955, the MSUG was forced to alter drastically its proposed program in order to respond to the GVN urgent request to cope with the problem of the refugees from North Vietnam who has swarmed into the south since the partition in 1954. It was determined that the existing GVN administration was designed to handle the movement of people but was not adequate for their rehabilitation. Thus, during the summer of 1955, MSUG devoted the entire effort of its Field Administration Division to the refugee problem. Simultaneously with this predominant problem a work program was prepared to cover some of the initial objectives:

- To assist in bringing the activities of the government more effectively to all of the people
- To assist in improving the field services of the ministries and commissariats of the national government
- To study and plan for integrated and democratic local government
- To review and place in perspective the inter-relationships of the several echelons of local government

To achieve the foregoing objectives, the MSUG adopted a work plan of three phases:

- Research phase in which data were collected through interviews and reports.
- Analysis and report writing phase.
- Implementation phase in which MSUG with GVN made essential changes in GVN structure and procedures.

However, by the autumn of 1955, MSUG realized that in dealing with a unitary form of government would require a study of the Ministry of Interior <sup>(MOI)</sup> <sup>which</sup> who administered the conduct of government at local echelons. Consequently, a study and survey of the ~~Ministry of Interior (MOI)~~ was conducted near the end of 1955. By January 1956, after extensive field trips and 225 central office interviews, 56 regional office interviews, 336 provincial interviews, 116 district office interviews and 363 village interviews, a report was compiled and published.

(As might have been expected, the MSUG report on the MOI and local administration was received with mixed reactions. As MSUG reported, some

some recommendations were accepted completely, others in part, still others accepted only in principle or rejected outright. The key recommendations of the report concerned, among others the following points:

- Abolition of regional administration
- Abolition of cantons
- Consolidation of a number of provinces
- Transfer of many central government officials to local government echelons
- Creation of local councils and the election of members
- Relationship of technical ministries and local programs
- Budgetary improvements

It should be noted that many of these recommendations were salient and had been under active consideration by the GVN for some time. However, for reasons best known to the GVN, mainly political, only a few were adopted. Although many of the remainder surfaced from time to time over the next 20 years culminating in the major effort to implement the "Administrative Revolution" in 1973.

Following the MOI study, the MSUG changed its method of research by employing the obvious: using a multi-sector approach during any visit to an office of local government. As a result, the Field Division undertook a simultaneous study of the ministries of Agriculture, Agrarian Reform Education and Civic Action in addition to other collateral activities.

In a later MSUG report on June 1956, the recommendations and their broader acceptance by GVN were somewhat clearer than those entailed in the MOI, (emphasizing again the political character of MOI/PAD relationships).

After the reports on the three ministries were published both MSUG and ministry counterparts cooperated in implementing several important proposals.

In the Ministry of Agriculture, the recommendations pertaining to the utilization of personnel and five relating to general administrative practices were adopted. On the other hand, the recommendations relating to ministry reorganization and the transfer of units between ministries were not accepted.

Two important MSUG proposals for improving the Ministry of Land Registration and Agrarian Reform were accepted:

- The establishment of a separate unit to deal specifically with land reform operations
- Consolidation of all agricultural credit functions into a single agency. MSUG reports that in view of the political significance of agrarian reform, the MSUG recommendation to abolish the ministry and transfer its functions to other ministries was rejected.

The MSUG recommendations for the Ministry of Education dealt basically with three problems: lack of schools, shortage of teachers and illiteracy.

Among MSUG proposals for coping with the first problem were suggestions for the use of standardized plans for school structures, simplified procedures for awarding contracts, and other measures to reduce the time which elapsed between the approval for and the erection of schools.

The principal reasons for the teacher shortage were the low salaries and inefficient hiring procedures. Recommendations covering these points were made. One of the recommendations for reducing illiteracy was the proposal

for a well-organized popular education program. The ministry accepted all of the foregoing and largely through the efforts of six implementation committees, on which MSUG and USOM were represented, the GVN carried out most of the recommendations.

In the autumn of 1956, MSUG began surveys of the ministries of National Economy and of Information and in January 1957, published reports containing recommendations for administrative improvements. The report on National Economy expressed special concern at the lack of over-all planning and coordination of various aspects of economic development, and recommended the establishment within the Presidency of an Office of Coordinator of Economic Affairs to be responsible for economic planning and general surveillance over national economy. MSUG points out that at the time that the report was published, the Vice President of GVN was concurrently Secretary of State for National Economy and the GVN did not respond to the MSUG proposal until its reorganization of May, 1961 when a Coordinator for Economic Affairs was named.

MSUG recommendations for the Ministry of Information included proposals for regrouping certain activities to allow clear lines of authority, detachment for Youth Affairs and Sports from the ministry, establishment of Radio Vietnam as an autonomous unit, setting up training in journalism, and the creation of a government printing office. Shortly thereafter, the National Printing Center was established, and Radio Vietnam was reorganized as an autonomous unit. Later, in 1957, Youth Affairs was separated from the Ministry of Information, which in October 1960, lost its ministry status and was organized into a Directorate General.

Apart from ministry surveys the MSUG was called upon to make a number of ad hoc studies. Perhaps the most significant was an analysis and review made in early 1957 of government programs concerning the Montagnards who constitute a large and important minority group in Vietnam. The study was undertaken at the request of President Diem who had received reports of widespread discontent among the mountain tribes.

Under the direction of a well-qualified anthropologist, a ~~division~~ team analyzed GVN programs, especially in the fields of education and agriculture, within the context of tribal political structures, land ownership customs, and other cultural factors. The reasons for the discontent became evident and were published in an MSUG report which included recommendations for sorely needed reforms. The GVN did not accept the recommendations.

At about this time, MSUG sensed a reluctance on the part of GVN to discuss administrative affairs with MSUG personnel. Subsequently, the GVN placed strong controls on the reporting processes of MSUG including their submission first to the concerned ministry whose representatives would prepare their own comments/rebuttals before the report went to higher authority. It was at this juncture that MSUG realized that its practice of unrestricted dissemination of reports to all echelons of government had been unwise. It was decided that henceforth less formal reports would be distributed directly to the Secretary of State concerned and not be distributed until his concurrence had been obtained.

By April 1957 the entire MSUG program was self-evaluated and suggestions for improvement were incorporated into a new work program. Although major objectives remained the same, the emphases were changed. It was decided to

stress the concept of decentralization of authority, limit in-depth research and study to more critical agencies, and to concentrate on the across-the-board operations of financial and personnel administration.

In the spring of 1957, there was a considerable turnover in the personnel of the Field Administration Division. The division chief and deputy departed and the residual staff consisted of a personnel administration advisor, an organizational and methods specialist, and two research specialists. Then, at the commencement of the new two-year period, MSUG underwent a reorganization. All non-police program activities were concentrated in a Public Administration Division. The former Field Administrative Division was changed to the Consulting Section of the PAD. In accordance with the revised work program, the research in the fields of finance and personnel administration became the responsibility of the Consulting Section.

MSUG has reported that a serious shortcoming of the Field Administration Division program was its lack of a Vietnamese counterpart organization. The failure to involve directly Vietnamese officials/personnel in the research and survey assignments resulted in the consultants assuming the entire burden thus lessening their ability to devote more time to "think-tank" processes. Such participation by the Vietnamese would have increased the educational value of the surveys, made for greater cooperation and understanding, identified the ministries with the findings and recommendations and thus helped to insure ministry acceptance and support.

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#### Office of the Presidency Project

At the same time that the Field Administration Project was implemented, the Project for the Office of the Presidency was initiated. In August 1955,

the first phase of this project was begun with a systematic survey of every position in the Presidency to determine the resources available and the responsibilities delegated to each element. A detailed work program was drawn and submitted to GVN and USOM and approved.

The work program included the following principal stages:

- a. Research and Survey
- b. Analysis and Recommendations
- c. Conferences with the President or representatives
- d. Implementation of recommendations accepted by GVN
- e. In-service training

Following his long concern for the overall budgetary and personnel operations, President Diem requested MSUG in October 1955 to broaden its program to include these two critical areas of government. Then, in line with a preliminary recommendation of MSUG, the Directorate of Civil Budget and the Directorate of Civil Service were transferred to the Office of the Presidency.

In November 1955, MSUG published a report on its findings in its study of the Presidency that stated in part that the Presidency is not equipped to give leadership to GVN on the development and control of economic and budgetary policy...and that there is a real need for a policy-focus close to the President in these matters. As a result, President Diem asked MSUG to prepare plans for modernizing and strengthening the budget processes. MSUG then organized a special team consisting of a budget specialist, an accounting specialist and a research associate to furnish the needed technical advice for at least two years. This resulted ultimately in a major reform of the GVN budget and accounting system.

As a further consequence in April 1957, the GVN merged the Directorate of Budget, the Directorate of Obligational Control and the Administration of Foreign Aid into a single agency-Directorate General of Budget and Foreign Aid (DGBFA).

After the reorganization of the MSUG as the Public Administration Division all consulting activities were placed within that division as the Consulting Section. Since much of the survey and research into the existing GVN organization and procedures had been completed, and reports making recommendations for improvements had been published, MSUG determined that it was now up to the GVN to complete the implementation of those recommendations it saw fit to accept. Thus under its reorganization, MSUG made available the services of specialists who would respond to GVN requests for advice and assistance. The GVN reacted with alacrity to this service and by January 1958, MSUG had received a list of some 45 projects for assistance. From this list, ~~a priority list of~~ twelve <sup>priority</sup> projects were selected for a work program for the consultants during the following two years.

The broad sub-sector projects included the following:

#### Organization and Methods

This involved the services of an O&M specialist who worked closely with the Ministry of Health on the installation of a mechanical system of inventory control of drugs, improved warehousing procedures, and improved records management. He also provided advice to the Office of the Presidency in the use of office equipment and the establishment of an improved filing and records system.

#### Personnel Administration

The MSUG reported that this area of public administration remains the greatest single impediment to improved administrative efficiency in Vietnam.

It was at the personal request of President Diem that MSUG include a personnel administration project within its program but initiation of the project was delayed until late 1956 pending the arrival of a personnel technician. In short, MSUG states that there was always resistance to any in-depth change in system. At times the resistance was demonstrated by the recalcitrance of the Director General of Civil Service and at other times by a seeming disinterest <sup>on the part of</sup> ~~by~~ the President. Yet one must understand the far reaching implications of a serious reorganization of the civil service system given the background and culture of the Vietnamese and the precariousness of the socio-political situation during those years. It is surprising that the President even raised the problem although it may have been done to satisfy the urgings of a close confidante. Therefore, when the personnel technician completed his two tours of duty (1956-1960), there were no clearly demonstrable or major accomplishments in this field.

#### Taxation

In this important field of public administration, the MSUG states that prior to 1959 all of its activities in taxation were limited to research. It <sup>was</sup> ~~is~~ reported that in June 1956, an MSUG economist on TDY to USOM published "a long penetrating report" entitled, "An Analysis of Vietnam's Tax System with Recommendations". In November of the same year, another economist wrote a report on taxation in the Provinces of South Vietnam, and in July 1957, the same writer completed a two-volume study on Provincial and Local Revenues in Vietnam.

MSUG consultation in the field of taxation began in January 1959 with the arrival of a taxation specialist. At the specific request of the GVN,

the tax specialist dedicated his consulting activities chiefly to research reports analyzing tax policy and administration and making recommendations for improvement. Five of the reports dealt with respectively, income, land, business, indirect and excise taxes. A sixth report contained findings and recommendations. The reports represent the first comprehensive study of taxation in Vietnam bringing together and organizing scattered and not readily accessible materials and other information. The then Director General of Taxation stated that the reports <sup>were</sup> have been valuable, especially in identifying the shortcomings of the system and in stimulating the Vietnamese into self-analysis and local solutions.

A cross-section of the recommendations included eliminating exemptions in the production tax; an increase in the number of personnel of the Tax Directorate General; revitalized direct tax collection program; use of cadastral services for land surveys; elimination of certain business taxes; increase in the number of controller, inspecting indirect tax sources; and a substantial increase in excise taxes. The GVN ~~did~~ accept <sup>d</sup> many of the recommendations and began to move along the course of tax reform ~~that had~~ ~~been~~ recommended. However, MSUG reports <sup>d</sup> that even though the percentage of adopted recommendations was high it could be misleading when one considers <sup>d</sup> the importance and significance of the accepted changes as against those rejected. Actually, true taxation reform in the real property and income tax laws did not come to pass until 1972.

Michigan State University Group Advisory Services to the National School of Administration (NSA/NIA)

The other major program, apart from the MSUG Consulting Services to GVN,

was the advisory program to the National School of Administration (NSA). Before delving into the details of the program that commenced in 1955 it might be suitable to provide some background information of the history of the training of civil officials in Vietnam and its status at the outset of the MSUG program.

In 1914, the French suppressed the traditional mandarin civil service competitive system of examinations based largely on merit which was instituted in the eleventh century A.D. in Vietnam. In 1917, they established a School of Administration in Hanoi which was renamed the School of Indochina Higher Studies in 1924. Following <sup>World War II</sup> ~~the war~~ a few attempts were made to train Vietnamese provincial and district officials both in Hanoi and Saigon. The training followed the French system, primarily juridical, without any training in the field of public administration. After several years of this relatively unprofessional and ineffective program, the government finally established the National School of Administration at Dalat in 1953. However, this school had a two-year program, meager physical equipment, and was based on the juridical concept. Its program included courses in administrative and juridical organization, administrative accounting, civil and penal law, civics, social legislation, social and political economy. A year after the school opened several ranking Vietnamese officials replaced the French advisors and professors.

Thus, in 1955 when the French completed the transfer of sovereignty to the new Republic of Vietnam, the Vietnamese inherited basically a colonial

administration that was unacceptable in the extreme for the conditions facing the government. In addition, the French retained the services of many of the top-level administrators at the NSA in what resulted in a "brain-drain" of talent.

In retrospect it must be admitted that the relationship that existed between President Diem and the MSUG was of immeasurable value in the launching of a new concept in the training of civil servants in Vietnam. The MSUG was confronted with an extraordinary challenge to develop the National School of Administration as an instrument for enhancing the capacity, effectiveness, and responsibility of the civil service.

Almost simultaneously with the signing of the technical assistance contract, the President issued a Presidential Decree establishing the National Institute of Administration. By mutual agreement, the NIA/MSUG took the following initial steps: acquire an adequate building and equipment in Saigon; absorb the <sup>a</sup>Delat School of Administration; plan for maximum utilization of building and equipment; establish an effective organization for the Institute into which a degree program could be merged; prepare a curriculum which would meet better the needs of the students; and acquiring <sup>a</sup>teaching, administrative and maintenance personnel.

By late 1955, the following improvements had been accomplished: a new curriculum was adopted; a significant expansion in course offerings; an increase in the number of students in degree program, establishment of an in-serve training and research activity; conducting Vietnamese-American seminars for exchange of ideas; and the procurement of additional equipment and training aids. Beginning in 1956, steps were taken toward delineating

the roles that U.S. aid program and Vietnamese contributions were to have in the development of the Institute. The Vietnamese staff began to assume duties that had been discharged by Americans. For example, the specialized courses in ~~field of~~ public administration, including <sup>such</sup> subjects as budget and fiscal administration, personnel administration and economics were transferred to Vietnamese professors working closely with their MSUG colleagues. By the end of 1956, plans were being made for the construction of a new physical plant for the NIA.

It is interesting to note that MSUG ~~has~~ reported that during its entire period of involvement with the NIA (1955-1962) direct control over the NIA had been exercised by the President of Vietnam through his Secretary of State within the Presidency. However, a Board of Administration was established and a Faculty Council to participate in decision-making at the Institute.

By 1960, the NIA had developed a primary faculty of 16 members, two of whom had degrees equivalent to the Doctorate. In 1961, the staff continued to increase until it included some 28 persons, including 16 professors and 12 part-time lecturers. Finally, in 1962, the first staff member to complete a Ph.D. in Public Administration in the U. S. was appointed. Nevertheless, by 1962 the majority of the staff was composed of men who had been trained in the French tradition.

By 1956, the NIA had 100 openings for students each school year for which there was an average of 1,000 students who applied for training.

### The Academic Program

On 5 May 57 the curriculum was approved by the Presidency and comprised three years of study. In principle the first year of resident study emphasized theoretical studies and general cultures, but the curriculum covered a variety of subjects including an Introduction to public administration, economics, constitutional law, finance, statistics, accounting and other related subjects. Also under the revised 1957 curriculum specialization began in the second year when the students were divided into two groups - General Public Administration; and Economics and Finance. In the third year the two groups were assigned to smaller groups in accordance with student preferences and demonstrated capability such as: central administration, banking, treasury, taxation, local administration etc. The emphases in the third year were on field training, actual work experience, and follow-up seminars. Members of the staff made periodic visits to the locations to observe student apprenticeship training.

In June 1960 the Presidency gave its approval to a revision of the three-year degree program. The revised curriculum combined the "practical emphasis" of the old program with an expanded social science perspective to give NIA graduates an essential understanding of the social, economic, and political context and implications of their work.

### Evening School

In 1955 the NIA established evening courses with an average enrollment of 500 per semester, to assist low-ran<sup>K</sup>ing civil servants to increase their professional ability and prepare them for promotional examinations. Students

who were assigned to provinces too distant from Saigon were able to participate in correspondence courses.

### In-Service Training

In its initial survey of the needs of the GVN the MSUG made strong recommendations to establish a comprehensive in-service training program at the very earliest time. As a result the first contract included a Civil Administration Assistance Project to help strengthen local government organization and operations. Unfortunately, the in-service training program did not get started in earnest during ~~the~~ 1955 because of the urgencies of the demands for police and certain other field activities. Yet, there was so much to be accomplished in this ~~very important~~ area that much effort was given the planning stage for the compilation of courses, and the construction of adequate training centers located at strategic provincial chief towns or cities throughout the nation.

However, it was not until 1961 and 1962 that the construction of the training centers materialized and physical facilities were available at some 21 locations throughout Vietnam. The main thrust of the in-service training program was to appoint officials on a very selective basis who would be provincial training directors and who would undergo a "training of trainers" course at the central ministries. They would then be assigned to ~~X~~ permanent and budgeted positions as training directors at their respective provinces. Though by 1962 these plans had not been fulfilled the NIA had been able to set up training programs but not on the comprehensive basis

that had been envisaged. It was expected that the line organizations such as the Ministry of the Interior and the Directorate General of Civil Service would assume their rightful responsibilities for the national in-service training program but this did not come about for many, ~~many~~ years to come.

~~The~~ In-service training was not limited to the training of the average civil service personnel at their various tasks within provincial or ministry operations. Seminars and other means of providing training were contemplated for high level executive officials of provincial and ministry headquarters and these were to take place at Saigon under the auspices of the Prime Ministry and the Ministry of the Interior.

The MSUG reports that by 1962 the following categories and numbers of GVN personnel received one form of in-service training:

Technical officials =	18,300
Executive officials =	3,470
Top-Ranking officials =	1,224

These totals are relatively insignificant when compared with the mass in-service training programs that were developed in later years when airlifts of village and hamlet officials from the rural areas to the Vung Tau Training Center averaged tens of thousands a year.

#### Participant Training

MSUG ~~had~~ carried out a fairly extensive program for sending Vietnamese participants to the United States and third countries such as the Philippines, Malaysia, and Japan. Included in the program were Vietnamese officials from

such key sectors as budget, finance, taxation and personnel. From 1955 through 1962 the following participant training was conducted:

Trained in the United States : 73

Trained in Third Countries : 19

Total : 92

The MSUG reports that the GVN procedures for processing participants were too stringent and complicated. In addition the mobilization policy excluded all male students between the ages of 18 and 34 except for students of science or technical studies.

By the end of June 1962, nine MSUG-sponsored PH.D participants were studying in the U.S. at quality universities. Four of them completed their degrees that year, another four in 1963 and the other in 1964.

In its recommendations concerning the participant training program, MSUG urged that university degrees from U.S. institutions be given proper recognition by GVN civil service. During this period the Francophiles in the GVN were discriminating against American degrees.

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Prior to the final months of the then existing contract, the MSUG had no reason to believe that the GVN would not renew for an additional period of time. However, the MSUG Chief of Party has reported that in late February, 1962 he had received word that President Diem was extremely displeased with the writings of some former MSUG consultants which were had be released to the U.S. press. The writings, censorious in character, prompted President Diem to terminate the contractual arrangements with the MSUG at the end of June, 1962.

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With the departure of MSUG the responsibility for the entire thrust of the public administration advisory program devolved upon the ~~United States~~ <sup>USOM.</sup> ~~Operations Mission (USOM)~~. As a result of the many incisive reports and recommendations made by MSUG the USOM recognized the urgency and importance of a continuing re-inforced program to assist the GVN in its multitude of public administration problems. Consequently, plans were formulated during 1962 to strengthen the USOM public administration advisory program in the ~~critical~~ areas of budget, training, taxation, and local administration. Until a comprehensive program could be formulated and processed the USOM public administration advisory efforts were severely limited to ~~an elite~~ <sup>a</sup> group of advisors working with the Institute of Statistics, the Directorate General of Taxation, consultations with the Office of the Presidency and Prime Minister, and occasional conferences with key officials of the Ministry of Interior.

Against a growing foment of political unrest the regime of Ngo dinh Diem began to wallow and its heretofore strong grip on local administration (e.g. appointment of all key executive positions by the President or Prime Minister) began to weaken and the vitality of civil administration waned.

In May, 19<sup>6</sup>/<sub>3</sub> AID/W assigned a new Chief of Public Administration to spearhead an augmented program that ultimately would include the assignment of advisors to the regional offices of the Prime Minister. The improved program also envisaged the establishment of in-depth specialists in the fields of taxation, customs, statistics, and in-service training, ~~All~~ but the latter to be drawn from the ranks of U.S. departments through the Participating Agency Service Agreements. <sup>(PASAs)</sup> ~~Thus, USOM set in motion the~~

~~documentation for the recruitment of specialists in the aforementioned sub-sectors to be drawn from the field of local government in the United States and its territories.~~

While the administrative processes were being expedited to ensure an early implementation of the augmented program the host government fell.

### The Overthrow of the First Republic

On 1 November 1963, a group of generals executed a coup d'etat and abrogated the 1956 Constitution replacing it with a hastily drawn provisional charter vesting all executive and legislative powers in a Revolutionary Military Council. On 2 November 1963, President Diem and his brother, Ngo dinh Nhu, were executed by gunfire in a military truck outside a Roman Catholic church in Cholon from which they had contacted the rebels after being guaranteed safe conduct. These assassinations eliminated the possibility of any further re-surgence of the Diem political bloc. Another brother, Ngo dinh Canh, who held the unofficial position of a senior administrator in Central Vietnam (lowlands) similarly was executed upon arrival in Saigon from Hue after being assured of safe conduct by the American Consul in Hue.

It must be borne in mind that the GVN political/administrative structure was unitary in character. This meant that all executive and legislative authority stemmed from the central government at Saigon. Appointments to key positions both at central government and local government were made either directly by the President or with his tacit approval. It is interesting to note that at that time, Presidential appointments included that of District Chief.

Therefore, when one reads of the overthrow of President Ngo dinh Diem one must assess the snowballing impact throughout the entire GVN political and administrative infrastructure. There was an enormous erosion of confidence throughout local government and it is assumed that the security and political histories will deal properly with the gains made by the Communists following the murder of President Diem and the overthrow of the First Republic.

The political turmoil notwithstanding, the USOM moved ahead with its plans to improve the quality of civil administration in key agencies and ministries and at local government levels. The dangerous vacuum created by the removal of the Diem-appointed political infrastructure alarmed USOM planners and provided added urgency to the achievement of their goals.

The record shows that there were 38 new province chiefs appointed in one month following the overthrow of the Diem government. The remainder, four, were relieved within the next month.

Under the guidance of the new <sup>USOM</sup> Chief of Public Administration <sup>(PAD)</sup> ~~Division~~ the expanded program was finalized and its implementation awaited the arrival of the advisors. ~~It was~~ <sup>During</sup> the FY 1964 ~~that~~ a ~~truly~~ sustained program was initiated with the GVN with some of the relationships that developed between advisor and counterpart lasting many years. ~~The first step in the expansion was to bring in certain on-board advisors from other posts in mid-tour transfers.~~ In the initial months of 1964, the PAD had five specialists on duty in Saigon, <sup>three</sup> ~~mainly~~ in the training area at the NIA, <sup>One</sup> tax advisor was on board, as well as one statistician assigned to the

National Institute of Statistics. Later <sup>in</sup> ~~during~~ the year the local government advisors arrived ~~that~~ <sup>and</sup> included an urban advisor for the Prefecture of Saigon and one advisor for the newly-created Office of the Government Delegate in each of the four tactical zones. ~~Therefore,~~ <sup>By</sup> the end of CY 1964, PAD had a strength of fourteen technical advisors exclusive of the administrators. The advisors were assigned in the following sub-sector specialties: local government-8; training-3; tax-1; finance-1; statistics-1; and cadre evaluation-1.

Concurrently with the implementation of the ~~Public~~ Administration program working directly with their GVN counterparts of the Establishment the USOM developed a separate field organization designed to cope primarily with the counter-insurgency efforts of the Communists. In so doing the U.S. encouraged the creation of a separate ministry within the GVN ~~that~~ <sup>and</sup> embraced a multi-sector portfolio that, over the years, tended to divert the resources and motivation of the established civil service <sup>and ~~to~~ ~~create~~</sup> ~~to what amounted to be~~ a dichotomy in government.

(former USOM)

During 1964 the USAID, PAD technical advisors remained under the direct operational control (OPCON) of the Chief of Public Administration. Apart from the specialists assigned to the central government i.e. Ministry of Interior, Ministry of Finance, National Institute of Administration, National Institute of Statistics, and the Prefecture of Saigon, ~~the~~ USOM had succeeded in arranging for advisors to be located side-by-side with the Administrative Assistants to the Government Delegate in each of the four tactical zones. It must be remembered that the military junta installed the tactical zone commanders as Government Delegate (representing the Prime Minister) but

required the expertise of career civil officials to assist them in the conduct of civil government. It was with these career civil officials, designated Administrative Assistants, with whom the PAD advisors worked closely in the program to re-vitalize a near-moribund local administration.

Other USOM technical advisors such as ~~those~~ specialists in public health, agriculture, education, and public safety were <sup>also were assigned to the technical jobs</sup> under the direct OPCON of their respective technical chiefs in Saigon. This was a sound modus operandi because the technical chiefs also worked in close relationship with the counterpart GVN ministry and had a comprehensive understanding of the entire sector program from central to local levels of government.

and  
course  
remained

As the technical advisory teams developed the USOM recognized the need to coordinate, if not control, the activities of the growing numbers of technical advisory being assigned to the field. Consequently, in December, 1964 the newly-appointed USOM Director convened regional meetings and informed all field personnel that the so-called Office of Rural Operations would coordinate all USOM activities in the field, i.e., other than those involving central government directly.

The PAD regional advisors anticipated the growth of these regional organizations into mini-missions and <sup>re</sup>discommended <sup>against</sup> any OPCON to be exercised by other than technical chiefs working directly with the concerned GVN counterpart agency/ministry. The PAD watched developments closely in the initial stages of the re-organization but the abduction of the Chief of PAD by the Communists in early February, 1965 was a serious loss of PAD power base that might have deferred the OPCON of its regional advisors to the counter-insurgency program.

*However,*  
despite PAD apprehensions,

~~It must be said that during the year 1965~~ the PAD advisors at the Prime Minister's regional office worked in exemplary fashion both with their GVN counterparts and their USOM regional coordinators *in 1965.*

The emphases of the PAD program were:

1. Local government revitalization through newly-created regional delegations of ministry officials headed by the Administrative Assistant to the Government Delegate.
2. Advice and assistance to the following central government elements:
  - a. Ministry of Interior
  - b. Ministry of Finance (mainly with the Directorate General of Taxation)
  - c. The National Institutes of Administration and Statistics
  - d. Prefecture of Saigon (Part of the jurisdiction of the MOI)

Thus, PAD <sup>*undertook*</sup> ~~had implemented~~ a ~~fairly sound~~ program that incorporated participation by both the central ministries and the senior GVN regional officials to supervise the implementation and compliance of laws, decrees, and arretes concerning its program.

As mentioned previously the Prime Minister's regional offices had organized delegations the membership of which consisted of senior ministry officials who would travel throughout the region discussing their respective programs, explaining the ways and means of conducting business, answering questions put to them by local officials - village and hamlet officials -

well as the local notables. It was a ~~critically needed~~ <sup>designed</sup> dialogue, ~~necessary~~ to counter the nocturnal propaganda of the Communists who derided continuously the lack of GVN administrative control and the infrequent presence of central government officials.

~~Credit must go to~~ <sup>to these delegations</sup> the air operations support provided by USOM/USAID regional officials utilizing the ubiquitous Air America, <sup>was a vital factor in their effectiveness?</sup>

By the beginning of 1966 it was evident that, while the regional advisory programs were moving along at an acceptable level of achievement, additional attention would have to be given the problem areas of national taxation and at ports of entry where the levying of customs duties left ~~a lot~~ <sup>much</sup> to be desired.

Following preliminary discussions between ~~the now USAID/Public~~ <sup>PAD</sup> ~~Administration Division~~ and officials of the U.S. Internal Revenue Service and the U.S. Customs Service, surveys were conducted to study the scope and depth of the problems culminating in the signing of a <sup>PASA</sup> ~~services~~ ~~agreement~~ to provide specialists <sup>in</sup> for these two ~~critical and sensitive~~ areas.

By the latter part of 1966 both PASA teams were on duty in Vietnam each laying the necessary groundwork for a close relationship with their respective counterparts within the GVN.

The main effort of the Tax Advisory Team was to advise and assist the Directorate General of Taxation in its organization and methods - re-structuring where necessary - to study the entire subject of taxation, both local and national, and to make recommendations for improving the system and the utilization and training of personnel. Obviously to achieve some of the

goals the advisors had to propose to the Ministry of Finance necessary changes to existing legislation. However, in the first years of its program the IRS Team was well occupied with the detection of mal-administration, improving tax rolls, invigorating the collection of delinquent taxes, and the honing of an effective tax audit system.

Concurrently, the Customs Advisory Team took its hold on the decrepit and less-than creditable customs service conducted by the GVN at its numerous ports of entry throughout the nation. Although the first team of Customs Advisors consisted of four members the size was increased in the years ahead in order to cope with the spiralling movement of goods (and narcotics) into Vietnam and to develop an effective fraud repression squad to minimize, if not abolish, smuggling.

#### The Burgeoning Urban Centers

As part of the expanded program as devised in 1966, ~~USAID Public Administration~~ <sup>PAD</sup> recognized the impact of the continuing flow of the populace from the rural areas to the most convenient urban area. This was felt most severely in the northern regions Tactical Zones I and II where the people flowed into the city of Da Nang and the large villages of Qui Nhon, Nha Trang and the newly-created city of Cam Ranh. While many were induced by the lure of new money from U.S. personnel others fled ~~before the tyranny~~ <sup>of</sup> the Communists to seek shelter in these urban centers.

Responding to this aggravated condition USAID authorized the assignment of Urban Advisors to the cities and key urban centers that had suffered the brunt of a permanent influx as opposed to those centers used as a transitory stopover. Consequently, the first urban program included the

assignment of urban advisors to the cities of Hue, Da Nang, Cam Ranh, and Vung Tau. In addition to the developing urban centers of Qui Nho, Nha Trang, My Tho, and Can Tho.

In late 1966 urban advisors, many of them former city managers in the U.S., were assigned to each of the aforementioned posts.

To round out the base for a comprehensive public administration program the USAID entered into <sup>a</sup> ~~agreement~~ <sup>PASA</sup> with the Bureau of Census of the U.S. Department of Commerce for the assignment of ~~an elite group of advisors~~ <sup>a</sup> ~~in~~ <sup>advisory group.</sup> statistics. Additional single advisors were also brought on board to ~~advise and~~ assist the National Institute of Statistics, Ministry of Justice, Directorate General of Civil Service (to try again where MSUG had admitted failure); and to the Office of the Prime Ministry to work with the newly-formed Council for Administrative Reform. (In addition to these adts

Together with this very broad program <sup>assigned to</sup> ~~servng~~ the operational aspects of the GVN the PAD maintained a team of three advisors working in close collaboration with the National Institute of Administration.

At the close of 1966, ~~the record shows that~~ a total of 34 advisors were assigned to central and local government in addition to the National Institute of Administration.

### The Second Republic

#### The Nguyen van Thieu Regime 1967-1975

The provisional government that came into power in June, 1965 headed by then Major General Nguyen van Thieu and Air Vice Marshall Nguyen Cao Ky was impelled to organize expeditiously a Constitutional Assembly in order to assuage the growing discontent of certain powerful political blocs. On April 14, 1966 a decree law was passed authorizing the election of a

constitutional assembly which was held in September, 1966. There were 108 delegates elected to the assembly of which 4 seats were reserved for members of Cambodian extraction.

During the ensuing months the assembly worked and re-worked a new constitution that was <sup>eventually</sup> ~~finalized in the form it was~~ promulgated on 1 April 1967. One of the major obstacles to the completion of the instrument was the intention of the Constituent Assembly delegates to write into the charter their role as the First Legislature which would have brought down the wrath of some of the non-participating political factions.

Another landmark in late 1966 was the signing of Decree 198 restructuring the village and hamlet governments and authorizing the election of Village People's Councils from which the Village Chief (Chairman, Village Administrative Committee) was elected by his peers. It also authorized the election of hamlet chiefs and, in hamlets of 3,000 people or more, the election of a Deputy Hamlet Chief.

There is no written record available of USAID/PAD participation in the drafting of the decree but the U.S. position to encourage elective office for councils and hamlet chiefs was well known.

In a related decree (Decree 199) the procedures for organizing and conducting the village and hamlet elections in 1967 were set forth in detail.

The year 1967 was a true milestone in GVN public administration! [Let us recapitulate the achievements, many of which had been fostered by the U.S. for some years, dating back to the Michigan State University Group recommendations, keeping in mind, of course, that these key and salient points were well in the forefront of GVN plans pending a propitious time for implementation.]

1. A new republic formed under a new constitution.
2. Presidential elections<sup>were</sup> organized and conducted.
3. Senate and Lower House elections<sup>were</sup> organized and conducted.
4. Village and hamlet elections<sup>were</sup> organized and conducted.
5. Broad scope training<sup>was provided to</sup> for village/hamlet officials.

These forward-moving steps taken by the GVN went hand-in glove with U.S. plans to re-vitalize its efforts to ensure the establishment of responsible government both at central and local levels. In 1967 the U.S. re-structured its field operations by appointing an official with the rank of Deputy Ambassador to administer its now far-flung corps of civil and military advisors. As a result the USAID/PAD regional and urban advisors were brought under the <sup>OPERATIONAL</sup> control of the newly-created Civil Operations for Revolutionary Development Support (CORDS) which was administered by a Deputy in each of the four military regions. Technical backstopping was still exercised by the respective technical office at USAID in Saigon and only occasional demands by the CORDS officials detracted from the pursuit of program with the respective regional offices of the Prime Minister.

It was a peculiar situation in some ways in that the USAID/PAD advisors were resident at the Prime Minister's regional office but the CORDS headquarters staff were resident advisors at the Office of the Prime Minister in Saigon. Also, CORDS developed a multiplicity of

programs and projects that were to be implemented under the aegis of the Ministry of Revolutionary Development (MORD), the transitory ministry that cut across the permanent ministries of the GVN basic establishment. In effect a dichotomy existed wherein the GVN had two separate lines of command from central government right down to the local levels.

As a result of this type of organization, the PAD advisors pursued the programs for local government that came under the administration of the Ministry of Interior while the counterinsurgency advisors monitored those of the Ministry of Revolutionary Development (MORD). Although there was considerable overlap of effort, it may be determined that it was, in effect, necessary duplication. However, there is no doubt but that the existence of this transitory structure did vitiate the efforts and resources - and perhaps the motivation - of the regular civil service staff of the establishment.

The GVN had planned the village and hamlet elections over a period of two years starting in April, 1967. Accordingly, the first cycle, 1967, was divided into several phases both for village and hamlet elections. It was an ambitious undertaking and required ~~an~~ enormous administrative and logistical support. The record shows that the following data were used in planning the organizing of elected government at the village and hamlet levels:

<u>T O T A L N U M B E R V I L L A G E S</u>		
<u>On Land</u>	<u>Administratively</u>	<u>To Conduct</u>
<u>Register</u>	<u>Viable</u>	<u>Elections</u>
2,559	2,151	2,048

H A M L E T S

<u>13,825</u>	<u>10,506</u>	<u>9,859</u>
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Nevertheless, the vast majority of the elections were scheduled for 1967. By the end of the year the GVN had conducted elections of Village People's Councils and Hamlet Chiefs in 1,268 villages and 4,476 hamlets.

The next major step to be taken by the GVN was the training of the newly-elected officials in GVN policy and local government processes, in addition to basic training in counter-insurgency. In close concert with the U.S. the GVN launched a massive training program at the National Training Center at Vung Tau that required, in many instances, a herculean effort in air transport, billeting and training curricula. It is estimated that approximately 8,000 of the 15,00 elected officials received training in 1967.

In follow-up visits to the provinces the Prime Minister's regional delegations spent a major portion of <sup>their</sup> its time interpreting and explaining the processes of

implementing decrees, arretes, and regulations based on Decree 198. The PAD <sup>PAD</sup>  
~~Public Administration Division~~ had an extremely busy and fruitful year  
coping with the advances made by the GVN many of them nurtured by PAD over  
the years, <sup>which follow.</sup> ~~Some of the highlights of the program at central government are~~  
enumerated: ~~related to~~

USAID/PAD advisors worked closely with the Central Committee for  
Administrative Improvement conducting a series of procedural studies in  
the Office of Prime Minister; surveys of Planning, budget, civil service,  
were also made. As a result of the civil service study a decree was promul-  
gated creating a new Directorate General of Civil Service, in November 1967.

The Bureau of Census statistical advisors moved forward with a project  
to establish a capability within the National Institute of Statistics and  
other key GVN agencies from which the program could be expanded to produce  
reliable and timely data for social and economic planning. Also a data pro-  
cessing system for employers' withholding tax accounting was installed by the  
Directorate General of Taxation. <sup>WFO</sup> It is reported also that the NIS increased  
its data processing capability by over 300% having conducted intensive and  
in-depth demographic surveys in Saigon-Cholon and an urban family expenditure  
and income survey in five cities and three urban centers.

The Internal Revenue Service Tax Advisors made similar gains in their  
program to improve the administration of the national tax system. <sup>WFO</sup> It is re-  
ported that the GVN collected over 17 billion VN\$ in 1967 for an increase of  
38% over the 12.3 billion collected in the taxable year 1966. A fair portion  
of this increase <sup>was</sup> ~~is~~ attributed to the establishment of the withholding tax on  
salaried workers inaugurated in January 1967, and the corporate pay-as-you-go  
tax basis started in July 1967. The Tax Team worked steadily with the

Directorate General of Taxation (DGT) in all facets of its program with particular emphasis on delinquent taxpayers, intensified in-service training of personnel, and the acquisition and installation of mechanical equipment.

Equally, the Customs Advisory Team pressed on in its relentless efforts to sanitize a ~~more than~~ suspect GVN customs service that was known to be penetrated in many high echelons by <sup>less</sup> other than honest officials. One of the main efforts in this program included ~~extensive~~ advisory and operational assistance to clear up a massive backlog of declarations and inspection of commodities, mainly in the Saigon Zone.

The other key areas of concentration by the team included the build-up of the GVN Customs Boat Fleet designed to disrupt and capture a vast smuggling operation along the waterways of the Mekong River and the coastal areas contiguous to Cambodia. Concurrently the team assisted in organizing the training of the Customs Fraud Repression Service which was a top priority function sorely needed by the GVN.

Against this background of operational activities of the GVN the PAD training advisors were engaged in their program to build yet a more efficient National Institute of Administration. In particular they worked with NIA faculty in organizing the long-range training programs for in-service training of civil servants assigned to the technical and administrative offices at each of the province chief towns.

The PAD advisors assigned to the four cities and the four urban centers were establishing the groundwork for their respective programs and gaining a full appreciation of the problems with which they were faced and drawing up ways and means to resolve them. In this respect they, and the regional advisors, met monthly at the Public Administration Division to participate in seminars and ad hoc meetings.

The Infamous Tet Offensive and the Year 1968 in General

The year 1968 opened with great promise. Looking back on the achievements of 1967 and the gathering strength of the GVN economically, politically, and militarily in key areas the U.S. and the GVN had reason to be satisfied with their gains to date. In addition, a Decree 041 of 18 October 1967 which provided for the transfer from the national treasury to the credit of village budgets all revenues accruing from the collection of real property taxes including riceland production and agricultural products, went into effect on January 1, 1968. This was an added incentive for the new village governments to spend monies derived from their own resources.

However, at a monthly meeting of <sup>PAD</sup> regional and urban advisors of the ~~Public Administration Division~~ in January 1968, each of the regional advisors expressed concern, if not alarm, at the very recent reports of incidents with Communists on the outskirts of the cities and chief provincial towns. ~~The consensus of all was that it certainly forebode ill.~~

On January 31 the infamous offensive was launched and the fact that it was started during the ~~revere~~ holidays that are honored by all of the people had a tremendous psychological shock effect on the Vietnamese. ~~It was a stroke of diabolical genius~~ catching the GVN armed forces dispersed and at ease ~~and it left no doubt in the hearts of the people that the Communists were playing for keeps and without compassion.~~

~~It~~ The offensive was singularly devastating to the local government structure of the GVN because the very fabric of local administration was shredded in numerous provincial and district chief towns. Key officials were assassinated or abducted; the Communist flag was flown over many GVN administrative headquarters, and in many offices of the provincial administrative services vital registers and records were either captured or destroyed.

Obviously the force of the attack dealt a serious blow to the morale of many civil servants. Yet, despite the devastation and the ~~over~~ <sup>harshness</sup> punishment that ~~was meted out~~ <sup>ensued for</sup> to thousands of ~~anti-communists~~ <sup>S. Vietnamese citizens</sup> the nation rallied and put itself to work at reconstruction, ~~pacification~~. The GVN and the U.S. combined to organize an accelerated campaign to reconstruct those areas that were <sup>temporarily</sup> held by the Communists and to recover those that were still under their control. A detailed plan of operations was developed for each province and city that set up goals for the improvement of life in the chief towns and villages based on available information of the existing situation. Then, ~~in a gigantic effort~~, all of the manpower resources that could be assigned to the new accelerated pacification program were directed to achieve the numerous goals according to the approved schedule.

~~Thus,~~ <sup>The</sup> PAD regional and urban advisors were caught up in the new campaign working along with their counterparts accordingly. However, the regional advisors who were advisors to the Prime Minister's Regional Delegation, remained involved in the in-house problems of the establishment. On occasion these problems involved friction generated between the U.S. personnel and GVN officials which would require skillful handling by the PAD advisor.

The GVN was determined to recover territory and time lost to the Communists and gave top priority to the second cycle of village and hamlet elections. The urgency in this matter was provoked by the Communists who were claiming that they were setting up elected governments in their areas.

~~The~~ <sup>The</sup> Training of the newly elected officials was regenerated in the aftermath of the attack and it is noteworthy that the GVN with heavy U.S. advice and assistance--particularly the massive airlift--trained an additional 11,000 officials in 1968.

The Ministry of Interior, together with USAID/PAD, to improve the quality of local government training, developed a practical training course in village budget and tax administration. It was in 1968 also that PAD joined with <sup>MOI</sup> Ministry of Interior officials in taking a long, hard look at the now extremely critical urban concentration problems. The MOI/PAD team produced a study entitled "Urban Planning in Vietnam". It should be noted that the concentration of rural people in the urban centers ~~was~~ increased alarmingly during and in the aftermath of the offensive.

On April 9, 1968, the GVN abolished the position of Deputy Province Chief for Security and stated that the civilian deputy would be the sole deputy and would act on all matters in the absence of the province chief. Thus, a long time irritant was eliminated from provincial administration.

Also, during this critical year, the PAD advisors were working with the Council for Administrative Reform and were bringing into focus some of the more difficult problems that were facing the Office of the Prime Minister.

Again, despite the offensive, internal revenue collections were increasing over 1967 <sup>despite</sup> and ~~even with~~ a decline of seven percent in the number of personnel assigned to the Directorate General of Taxation. Salary withholding taxes increased more than 51% over the same period in 1966. Corporate income taxes tripled those of 1966 and toward the end of the year there was a feeling that all was not lost. Total national internal tax collections for 1968 reached 19.3 billion VN\$ an increase, ~~nevertheless~~ of 12% over the 17.2 billion recorded in 1967.

Imports, expected to rise in 1968 fell off because of the offensive and its disruptions to the commercial network. However, due to the increased efficiency of the Customs Service customs revenues increased slightly over

1967. The advisory team was concentrating on closing loopholes at ports of entry, particularly the international airport at Tanson Nhut. In addition the GVN accepted the team's recommendations to combine the Customs offices and the Taxation offices in the provinces. Finally, as a result of the advisory team's efforts the Fraud Repression Service made enormous gains in quality and quantity of seized goods. It is reported that the value of goods seized and penalties rose to over 1.4 billion VN\$ or an increase of 270% over 1967.

### The Year 1969

A developing nation must give special attention to the development of its public administration capabilities if it is to govern justly and well. It must have the laws and the institutions to interpret and enforce them. For these and other reasons USAID/PAD is advising and assisting the GVN throughout the broad spectrum of civil administration.

Turning to the continuing impetus of the Accelerated Pacification Campaign, the GVN moved ahead on its election of village and hamlet officials and completing these elections in all of the then administratively viable villages and hamlets throughout the nation.

The training of village and hamlet officials at the Vung Tau National Training Center proceeded according to schedule. It should be noted that among the officials trained many of ~~them~~ were appointed members of the Village Administrative Committee, who were responsible for the day-to-day business of the village. These included commissioners of economy and finance, taxation, agriculture, civil register, and security. The elected officials were the Chairman and Vice Chairman of the Village Council, the Village Chief, and the Hamlet Chief and Deputy. ~~It was a very ambitious training program and, in retrospect, remarkably well done.~~

At the outset of the year the President saw fit to abolish the counterpart office of the PAD regional advisors, the regional office of the Prime Minister. Since the Commander of the Tactical Zone was, concurrently, Government Delegate, the consensus among certain elements in Saigon was that there was too much power concentrated in the hands of a single person. The President of Vietnam yielding to that consensus signed Law No. 1 on January 1, 1969, abolishing the regional offices. For a matter of months the PAD regional advisors were in limbo except for their participation in CORDS assignments.

However, even without official status the officials of the former regional office were retained on the GVN payroll and performed perfunctorily on correspondence and reports that were still being submitted to them by the provinces and technical services in the region. Later in the year the Prime Minister created another regional office designated as the "Inter-Provincial Inspectorate". Instead of having four regional offices coterminous with the four military regions the Prime Minister created six regions. The additional two were the result of bi-secting military region 2 and military region 4.

Thus, the PAD advisors in MR-2 and MR-4 had to advise and assist two separate counterparts. It was complicated more so in MR-2 where the CORDS headquarters was in a province other than those of the two inspectorate offices. At the outset the Inter-Provincial Inspectorate met with lack of enthusiasm by the National Assembly and the Prime Minister was forced to pay expenses from one of his special funds.

~~Returning to the efforts of~~ the three PASA teams ~~it was evident~~ that all ~~three~~ were enjoying a fruitful year.

The IRS Tax Team made <sup>a</sup> good headway with their proposals to reorganize the Directorate General of Taxation along functional lines. Not that this was completely accomplished but the team leader did succeed in getting the Minister of Finance and the Director General of Taxation to agree to pursue this organizational change at the earliest time. In addition, emphasis was placed on introducing modern management techniques, and mechanizing accounting operations. This type of program is one that requires continual dialogue and pressure to ensure that the momentum is not lost. <sup>During this period</sup> Incidentally, ~~it is re-~~ <sup>we</sup> ~~called~~ that there had been several changes in key positions within the Ministry of Finance and each change had a way of delaying administrative improvements, or possibly, setting them aside for future consideration. One can imagine the pressures that are brought to bear on any Minister of Finance and his Director General of Taxation to obfuscate efforts to effect improvements in tax fraud detection, tax dodging and collection of delinquent taxes.

The Customs Advisory Team worked assiduously with <sup>its</sup> their GVN counterparts but there were still many improvements to be made. ~~There was still~~ <sup>evidence</sup> ~~of~~ <sup>is seen</sup> of high-level collaboration between officials and select key importers in addition to the typical "under-the-counter" activities transacted on an ad hoc basis at the ports of entry--particularly Tan Son Nhut Airport. The advisors continued to stress the importance of training personnel in valuation principles and related customs procedures. During the year the cumulative total of customs officials that had received this specialized training reached 450...out of the Saigon-based force of 800 inspectors.

Customs revenues increased from the 14.9 billion VN\$ in 1968 to a record 31.4 billion VN\$ in 1969. Although much of this increase was attributable to increases in duty prices and the value of imports credit must be given to improvements in overall administration and fraud repression.

During the year the Bureau of Census Statistical Advisory Team assisted the National Institute of Statistics in establishing a Statistical Training Center from which eighty students were graduated at the primary and intermediate levels. Also at the behest of the advisors the NIS organized field offices at Nha Trang, Ban Me Thuot, and My Tho. Additionally, consumer income and expenditure surveys were completed in Saigon, Can Tho, Dalat, Nha Trang, and Danang. Demographic surveys were initiated in five cities and two urban centers.

Three new computer installations were completed: The National Bank of Vietnam, Directorate General of Treasury, and the Directorate of Electrical Power. All were financed by the GVN. Training courses were given for 35 computer programmers and 10 punch card equipment operators. The punch card installations at the Directorates General of Taxation and Customs, the Ministry of Health and the NIS were improved through PAD technical advisory assistance.

The PAD training advisors ~~also had a strenuous year~~ by increasing <sup>ed</sup> the scope of their NIA assistance to include a program in curriculum development at the National Defense College (NDC). As a result the NDC curriculum ~~now was~~ <sup>expanded to provide</sup> ~~embraces~~ a broad-gauged educational experience for potential national leaders, both military and civilian, who attended the mid-career eleven-month course offered annually. One training course that ~~USAID/PAD~~ helped develop, known as Basic Administration Management, was taken over by the Vietnamese in 1969. There were strong indications that the Ministry of Interior was awakening to its responsibilities in the training of civil officials and other personnel in those services at provincial headquarters under its immediate supervision.

Another significant change occurred in August 1969, when Prime Minister Tran Van Huong was replaced by General Tran Than Khiem who held the post of Minister of Interior concurrently.

The Accelerated Pacification Campaign maintained its momentum and gradually villages were recovered, reconstruction went on in the cities and urban areas, restoring provincial and district headquarters that were demolished, destroyed, or heavily damaged during the offensive. But the invaluable civil registers and records of property were lost beyond reconstruction.

The record shows that the year 1970 was a banner year for USAID/PAD activities in the advisory role for the improvement of high echelon administration and management as well as its continuing effort in the areas of in-service training for GVN and increasing the flow of Vietnamese officials to the U.S. and third countries in Asia.

The Office of the Prime Minister, the focal point for administrative improvement in the GVN, entered into a master agreement with USAID that provided continuing consultation and assistance in the administrative capabilities of the GVN. Contracts to strengthen the internal management of the Ministries of Agriculture and Education were also signed.

The National Institute of Administration continued to maintain an excellent standard of training for pre-service as well as in-service GVN officials and employees. Since its inception in 1955 the NIA has produced more than 1,200 graduates with diplomas and 6,000 special certificate employees. With undergraduate and graduate programs, field studies and practical experience and in-service training activities, NIA satisfied a broad range of administrative needs.

The Tax Advisory Team labored ~~untiringly~~ to achieve short-term improvements concurrently with their efforts toward long-term goals. Mainly at the behest of the advisors the Directorate General of Taxation made significant headway during 1970 that included:

- a nationwide survey to identify tax dodgers
- Intensified audits on selected and suspected returns
- Utilization of electronic data computer equipment to create a master file of taxpayers and streamline billing and accounting.

National internal tax collections for 1970 set a new record. Collections for the year were 37 billion VN\$ compared with 27.3 for 1969. This represented a gain of 38% in a single year.

The Customs revenues continued upward as collections from all sources approached 60 billion VN\$ compared with 31.4 billion in 1969. The advisors sustained their pressure on the Directorate General of Customs in efforts to sharpen the processing of commodities and goods and to identify and apprehend smugglers of currency, gold and narcotics. Large currency seizures were made by the GVN during 1970 at various locations throughout Vietnam. Although the number of seizures was lower the value was higher. At the same time the total amount of penalties increased some 48%. The GVN began a computerized import license control and revenue projection which will be functional during 1971.

The Customs Advisory Team sponsored five trainees who were sent to the U.S. Bureau of Census for academic and workshop studies in data processing, demography, economics, population, and sampling-survey methods. Two new NIS field offices were established, ~~one~~ One at Hue and the other at Rach Gia.

With concentrated advisory assistance the Office of the Prime Minister created a central computer facility at the Prime Ministry to service other agencies. The Ministry of Labor trained 65 programmers and planned more courses for programmers and systems analysts.

At ~~the~~ local government levels the regional PAD advisors and the city/urban advisors continued efforts to assist in the achievement of the goals of the Accelerated Pacification Campaign. Their experiences working with the newly created Inter-Provincial Inspectorates <sup>were less successful than</sup> ~~was less than fruitful~~ as those with the <sup>former</sup> Government Delegates. In addition the Prime Minister was experiencing difficulties with the National Assembly in his efforts to obtain an appropriation for the Inter-Provincial Inspectorate. Cooperation from the province chiefs was less than enthusiastic simply because of the known fact that the newly appointed inspectors were not of the calibre or status of the former Administrative Assistants to the Government Delegate. In other words they had no political base. Consequently, the programs in the regions began to flag and the conferences and consultations with provincial officials became less effective.

A significant development in local government during 1970 was the organizing and conducting of provincial and city council elections on April 26. It will be recalled that the first and last provincial/city council elections were held on May 30, 1965. According to the law the term of office was for three years but because of the internal political situation the GVN kept extending the term of office until 1970 when it was deemed propitious to hold new elections. The elections were held as scheduled and newly elected councillors were ~~then~~ installed at their respective chief towns and cities. In its program to provide training to all public servants the GVN organized training sessions

for the chairmen of the provincial and city councils at the National Training Center at Vung Tau. At the time there were 44 provinces and give autonomous cities and the prefecture of Saigon.

Another development in local government that was the result of joint USAID/MOI study and collaboration was the establishment of five new autonomous cities. After a long period of deferral the GVN in October 1970, created cities out of five former heavily populated urban centers-- Qui Nhon, Nha Trang, My Tho, Can Tho, and Rach Gia. The record shows that previously under French administration both Nha Trang and My Tho had enjoyed municipal status to which they were now restored. One of the major drawbacks to this development is that the concerned provinces that had once received the revenues and other economic spin-offs were now denied these funds and there were long lingering resentments between the former provincial administration and the new city administrators. The real bite may have been felt in the illicit payoffs or acquiescing to other than legal activities. Nevertheless, these new cities were created bringing to ten the total number of autonomous cities in Vietnam, excluding, of course, the Prefecture of Saigon which <sup>was</sup> ~~is~~ in a different political status.

By the end of the year the GVN once again was recovering its losses and making ~~surprising~~ gains in all facets of local government. 1971 was the year that gave first indication that the ~~USAID Public Administration Advisory~~ <sup>PAD</sup> Program had reached its zenith and that henceforth it would be diminished. There were two ~~important~~ reasons for this. First, the Civil Operations for Revolutionary Development Support (CORDS) had the manpower and other resources to cover, if not overwhelm, the GVN at all echelons of local government. The PAD advisors were caught up in this vast field operation and more frequently were assigned to problems that were not germane to their particular skills/

training or utilized other than efficiently. Second, the GVN abolished the PAD counterpart organization, the Inter-Provincial Inspectorate, when the National Assembly explicitly refused to appropriate funds for it. ;

There was another development in the beginning of the year that urged ~~the USAID/~~ PAD to recall its field advisors. Both USAID and CORDS had developed an ambitious project that ultimately would establish the majority of provinces, cities, and villages on a financially self-sufficient basis. It was realized that PAD would have to muster all of its remaining specialists to ensure that the program was properly organized, implemented and monitored. PAD also had need for expertise in working on several critical items of proposed legislation one of which was the drafting of an entirely new concept of real property tax administration.

As a result of the culmination of these x events USAID/PAD allowed its city/urban advisors to complete their assignments without renewal and recalled the regional advisors (save one in MR-4) to Saigon for reassignment, under ~~PAD operational control.~~

Therefore, in 1971 the major concentration in local government advisory assistance was on the project to have provinces, cities and villages achieve various levels of financial self-sufficiency over a period of several years.

This also coincided with the transfer of responsibility for local revenue control from the Ministry of Finance to the Ministry of Interior. As a result, all of the long-time relationships that had evolved between ~~USAID/~~ PAD and the MOI served in good stead under these new developments. The principle involved was to reduce, and eventually eliminate, subsidies to local governments as they achieved their allocated levels of financial self-sufficiency. This would give

the people a greater sense of responsibility and involvement in their local affairs as opposed to the indifference that had been evident under the subsidy program. Upon assignment to USAID/PAD, Saigon the advisors participated in the groundwork necessary for the proper organization of the project.

At the central government level the advisory work started in 1970 for the improvement of administration within the Office of the Prime Minister, the Ministries of Agriculture and Education gained momentum when a course in management analysis was instituted. Under the sponsorship of the Office of the Prime Minister the new course was designed to provide trained management analysts to those ministries engaged in administrative improvement activities. By the end of the year fifty analysts <sup>were</sup> ~~had been~~ trained.

Additional agreements were entered into with the Ministry of Finance and the General Censorate (anti-corruption arm of GVN) to assist in strengthening the GVN accounting and auditing systems. Working relationships were developed with the Directorate General of Budget and Foreign Aid to introduce program budgeting to Vietnam. An accounting training course was organized and implemented to teach basic principles of accounting, auditing, and budgeting. Twenty-four GVN financial personnel completed the first course.

Another effort involved the installation of the Institute of Public Administration Advisory Group at the National Institute of Administration. This was another effort to strengthen the role of the NIA and, in this instance, to access the NIA role as the agency responsible for pre-service education and executive development throughout the civil service. A constantly expressed need in Vietnam is for administrative-managerial resources. Since

this project serves to develop the overall administrative capabilities of the GVN it must be deemed basic to all projects working through the GVN ministries and agencies. NIA alumni now encumber positions from the district administration up to the director general level. Several members of the National Assembly are graduates of the NIA.

The USAID/PAD continued its program to send participants to the U.S. and to Asian Third Countries to observe the conduct of local government. Through the Ministry of Interior the PAD advisors determined which countries of Asia were most suitable for observation tours and then, if acceptable, organized three to four-week tours. Mainly, the countries visited were the Republic of China, Korea, Thailand, and the Philippines.

*Fin*

~~Turning to~~ the IRS Tax Advisory Team and its program in national internal tax administration it was a significant year. In the first place, <sup>its</sup> counterpart ministry lost its previous control over local revenues when the role of the Ministry of Interior was strengthened in local administration and operations. Secondly, the team, after a long period of intensive efforts, still was not successful <sup>in</sup> to persuade <sup>the</sup> the Ministry of Finance key <sup>1/19</sup> officials to move with dispatch on the preparation of new tax laws, and a meaningful reorganization along functional lines. What was needed, and the team urged early action, was a broad revamping of the domestic tax structure. The basic laws included the income tax, business tax, registration tax, special consumption tax, and the value-added tax. The Tax Team had included the real property tax law but responsibility for that was transferred to the Local Government PAD advisors working with the Ministry of Interior. However, their efforts notwithstanding, the GVN had reasons of its own, mainly political to defer full

and final consideration of the tax reform package.

Nevertheless, short-term improvements and acceptance of minor recommendations <sup>gradually</sup> kept improving <sup>ed</sup> the standards of tax administration. As a result the collection of national internal taxes reached 49.1 billion dong. The IRS team reported that the increase <sup>was</sup> is due also to specific areas of operational and managerial concern such as (1) increased use of the Ministry of Finance Computer Center for the support of tax administration through the perfection and expansion of the master file and conversion of routine processes to automation; and (2) the design of expanded statistical reporting systems to provide improved management and operational control.

The Customs Advisory Team had its hands full with the impact of a now resuscitated economy with its increasing volumes of imports. One of <sup>its</sup> <sup>achievements</sup> the major ~~improvements that this team achieved~~ was to persuade the GVN to install its own radio network between the Saigon headquarters and its field stations throughout the country. ~~USAID~~ PAD obtained the equipment and by 1971 out-stations were being installed at the field offices. This was a major breakthrough in coordinating special operations and accomplishing them in a timely and secure manner. Previously, the use of communications channels not under Customs control was probably the cause of <sup>numerous</sup> compromises and aborted operations.

There were significant improvements in the inspection and valuation of goods at the ports of entry and collections from all sources approached 70 billion VN\$. Despite this there <sup>were</sup> ~~are~~ reports that the suspected high-level collaboration between certain Customs officials and key smugglers

still persisted.

Advances<sup>also</sup> continued to be made in the program conducted by the Bureau of Census Advisory Team. During 1971 six trainees returned to the Institute of Statistics after completing courses in the United States and eight more trainees were sent to the United States from the NIS and the National Bank for training in such fields as economic statistics, demographic statistics and data processing.

Collection of data from the new field offices of the NIS was completed for a survey of commercial and industrial establishments. Tabulation of a recent demographic survey in 10 cities and 4 urban centers was begun as well as field work in 16 provinces which marked the first NIS survey in rural areas in more than 10 years.

Data were compiled and published for consumer expenditures in Saigon, Can Tho, DaLat, NhaTrang and DaNang. On the basis of these data price index weights were revised for Saigon and weights established for the four cities. The regular 3-man advisory team was assisted by a specialist in price statistics from the Department of Commerce in the latter part of the year.

The GVN began facing up to its overall manpower resources problem as the year progressed and directed the Ministry of Labor to organize short-term skill training in its civilian ministries including the establishment of a National Skill Training Center. Subsequently, the MOL opened training centers in QuiNhon, Vung Tau, ChoLon (greater Saigon) and GiaDinh during 1971.

~~It is reported also that~~ the development of trade unions, <sup>reportedly</sup> continued to advance through the joint efforts of the Vietnam Confederation of Labor, the Asian American Free Labor Institute (AAFLI) (under U.S. contract) and the USAID. Leadership training courses for 1,275 cadre and members conducted by AAFLI during the year. In addition, on-the-job training and experience was provided for 119 union members with financial support provided by AAFLI.

During the year the GVN organized and conducted elections for membership in the Lower House of the National Assembly. On August 29 elections were held for 159 seats.

The Easter Offensive and GVN Resurgence - 1972

Not unlike other years following an upswing in the political, economic and military situation, 1972 began with much promise. Generally, the public administration program for 1972 was designed to support economic stabilization through decreasing local subsidies by increasing the generation and collection of local revenues and improving GVN control and accountability of expenditures. Despite <sup>continuing</sup> hostilities, national internal taxes and other revenues increased at an unprecedented rate. GVN support of the technical assistance effort was reflected in its willingness to provide manpower from a sparse labor reservoir. The GVN also continued to introduce recommended procedures and organizational changes necessary to improve government operations.

At the highest GVN echelons, i.e. Office of the Presidency and that of the Prime Minister, the government continued to give support to the program that was improving high and middle-level management. Recognizing ~~the obvious sincerity of the GVN to move along these lines~~ The USAID strengthened its management advisory program with the introduction of an additional group of management consultants to work within the Office of the Prime Minister.

The management analysis training course, designed for GVN employees ~~who are~~ assigned to management units <sup>within various</sup> ~~among the~~ ministries completed its 5th three-month <sup>cycle.</sup> ~~course.~~ Over 100 employees <sup>had</sup> ~~have~~ been trained in some

ten ministries and twenty of whom were given special instructions to assume full teaching responsibilities for the program upon completion of the seventh course.

In the other major sub-sector advisory programs all appeared to be ~~maintaining their high standards~~ <sup>progressing well</sup> and were making ~~really significant~~ gains in counterpart responsiveness <sup>to</sup> both new legislation and re-organization.

In this regard the IRS Tax Advisory Team reports <sup>ed</sup> that, despite the invasion by North Vietnam, the year marked milestones in institutional and operational improvement. Collections by the Directorate General of Taxation (DGT) achieved the highest yearly improvement since the inception of the project, reaching 67.6 billion VN\$ or 38% over 1971. Contributing to this achievement were sharp increases in auditing activity (159% higher than last year), a firm stance by GVN on collection of back taxes, extensive public information campaign and the appointments of a dynamic Director General of Taxation. The new Director General was trained in the U.S. and had the reputation as a vigorous and honest administrator.

Additionally, the DGT made impressive progress in institutional reform which would lead to better performance:

- The long-sought for reorganization of DGT was approved.
- The President sponsored and promulgated a new income tax law that includes such features as self-assessment, <sup>and</sup> tax re-structuring based on equity and simplicity.

▼ 800 new employees were recruited and trained for more intensive operations and more effective tax administration.

~~It should be noted that practically~~ <sup>Nearly</sup> all of these major feat<sup>R</sup>ures were sponsored by the U.S. advisors.

Revenues from customs duties also continued to improve during 1972. However, because of the new tariff schedule established in November, 1971 a major share of customs receipts were deposited with the National Bank account for foreign exchange sales. As a result of these reforms, the total collections for 1972 reached only 57.6 billion VN\$.

The GVN Customs Code was revised in 1972 with major assistance rendered by a U.S. Customs attorney advisor. The new code greatly strengthened the underpinnings of GVN Customs by defining more precisely the authority of the customs officers and removing archaic legal and procedural provisions.

Development of statistical programs by the National Institute of Statistics showed substantial progress in 1972. Results were processed for two one-time surveys - a 1970 demographic survey in 10 cities and four urban centers, and a 1971 demographic survey of the rural areas in 16 provinces.

The NIS also began work on continuing national sample surveys. Samples were designed and field enumeration got underway for a quarterly demographic survey of households and for quarterly annual economic surveys of business and industrial establishments.

In recognition of the importance of the NIS role in providing basic statistical data the Prime Minister elevated the NIS from a Directorate to Directorate General.

The project to develop an accounting education capability for Vietnam was well underway. Courses in elementary and intermediate accounting ~~have been~~ <sup>were</sup> completed and tested and were translated into Vietnamese. A course in auditing was being prepared and five other courses ~~are to be~~ <sup>were being</sup> designed. ~~At~~ <sup>By</sup> the end of the year 150 Vietnamese trainers ~~will have~~ participated in the first two courses.

Progress in local government was definite ~~and~~ re-assuring. The PAD advisors ~~had been~~ working closely with officials of the Ministry <sup>MOI</sup> ~~of the Interior~~ in the overall program to reduce subsidies and generate and collect local revenues in order that local governments <sup>could</sup> ~~will~~ achieve financial self-sufficiency. The problem had to be approached from several bases: it required a completely new concept in the real property tax system to provide the potential for substantial increases in local revenues; the <sup>MOI</sup> ~~Ministry of Interior~~ had to be re-organized to <sup>gain</sup> ~~have~~ the managerial capability to administer the program; and a <sup>large intensive</sup> ~~vast and intensified~~ training program had to be organized and launched for both central and local officials to obtain the understanding and competence to administer the program.

Consequently, much had to be accomplished by the advisors and their counterparts to advance the several phases of the program in order to meet critical goals within a <sup>short</sup> challenging timeframe. The officials of the Ministry of Interior responded with alacrity and total cooperation. These are some of the achievements:

- 600 former Technical Cadre were re-trained as Local Revenue Cadre and assigned to local finance services to work on the assesement and collection of local revenues.
- The MOI accepted, and the Prime Minister approved the USAID/CORDS recommendation to elevate the Directorate of Local Government to a Directorate General in order to provide the authority and staff to administer the ambitious local revenue program.
- The GVN approved the transfer of authority from the Ministry of Finance to the MOI, <sup>for</sup> the approval of rate increases requested by local governments.
- In October, 1972, the GVN, through special Presidential authority, enacted the new real property tax law which modernized and re-vitalized the entire real property tax administration.

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Against all of these central government activities, the Accelerated Pacification Program went ahead recovering the loses <sup>s</sup> sustained in the

the invasion and ended the year with the knowledge that yet another onslaught had been withstood and operations would continue as before. :

Due to the Communist invasion<sup>S</sup> the GVN suspended the regular village council elections during the year. It is estimated that elections were to have been conducted in nearly 1,385 villages. ~~It is expected that the suspension will be lifted by Spring of 1973.~~

Raw

16  
1973 - The Year of Administrative Revolution

It was long evident that the existing structure of the GVN was not capable of ~~the ability to respond to the people in a manner~~ <sup>ing: reflecting to the people in paper</sup> and a timeliness that would be acceptable. <sup>A</sup> The major stumbling block to ~~responsive~~ government was the organization of the provincial administration that embraced two major elements: (1) The intrinsic services of the province that were under the immediate and direct control of the province chief and, (2) the extrinsic services that responded to their technical ministries at Saigon from whose budget they were financed; also many of the bureaucratic processes that affected the daily conduct of civil government and the people required concurrence and approval at two or more higher echelons. The principle of the Sector Commander appointed as Chief of Province notwithstanding, there were <sup>many</sup> innumerable deficiencies in the system that defied sensible administration. The President of the Republic was very much aware of the situation and on many occasions had expressed his ~~serious~~ concern and his desire to make sweeping changes in the structure. Already exposed to the administrative reforms being implemented within the Office of the Prime Ministry and the line ministries, the President finally decided to do something about the behemoth that was Saigon and provincial government.

Briefly put, the President decided to take government to the people. At the behest of the President, the GVN launched a <sup>new</sup> ~~stunning~~ program

that would -

- Transform the civil service corps into a responsive body serving the public in the fashion of local cadre.
- Re-organize the provincial government in a manner not dissimilar to a military structure.

(This would include the control by the province chief of all services with the possible exception of power, water, post office and the Agricultural Bank. It would make the province chief solely responsible)

Appropriate decrees ~~would be promulgated~~ that would authorize lower echelons to approve programs and documents that previously required approval by the higher echelons.

(This was a significant move toward decentralization and it would authorize village authorities to approve numerous documents that heretofore had to go to the District Chief of Province Chief.)

*Increase*  
- The authority of the provincial, city, and village councils ~~would be increased~~ to permit greater leeway in coping with local conditions.

*Transfer*  
- Large numbers of officials and personnel assigned to the central ministries at Saigon

~~would be transferred~~ to the Provinces to enable decentralization to take effect.

- Formulation <sup>of</sup> a consolidated province budget including technical program funds.

Subsequently, the President <sup>held</sup> ~~scheduled~~ many ~~important~~ conferences to discuss the proposals and to listen to the views of the technical service ministries on the one hand, and those of the province chiefs on the other.

These meetings, <sup>which</sup> were held at Vung Tau, <sup>continued</sup> and ~~lasted~~ throughout the balance of 1973. At the outset the technical service ministers put forward <sup>strong</sup> ~~convincing and persuasive~~ arguments against the proposed control by the province chief and their loss of control over the technical operations at local levels.

~~The Public Administration~~ <sup>PAD</sup> advisors at the ~~Ministry of Interior~~ <sup>MOI</sup> were directly involved in submitting recommendations on the proposed re-organization of provincial/city governments as well as increasing the authority of province and city councils. While the bloc of province chiefs, spearheading the interests of their colleagues, pushed for meager increases in council authority the PAD advisors supported the <sup>MOI</sup> ~~Ministry of Interior~~ to encourage decentralization.

However, by the year's end, no decision had been reached with regard to the proposed re-organization of province/city government or the increased authority of the councils.

As a result of the frequent and long meetings concerning the Administrative Revolution, many of the central government officials took a wait-and-see attitude and not too much was accomplished in certain programs other than the on-going activities.

In August, 1973 the GVN accepted the recommendations of PAD advisors and promulgated Decree 135 that established "Development Villages" (term used in lieu of urban village). Actually, this was the first decree issued within the framework of the <sup>MOI's</sup> ~~Ministry of Interior's~~ recommendations concerning the Administrative Revolution. This decree would provide for greater autonomy for the estimated 70 villages in Vietnam that meet the criteria. As a case in point, one village in the Saigon/Gia Dinh area has a population in excess of 170,000 but, under the old structure, it <sup>had to</sup> must function with the same organization and personnel as a village of 6,000. Now it <sup>will</sup> will be provided added village commissioners and staff plus increased authority over local affairs. By the end of 1973, the MOI had created 48 development villages with a total population in excess of 2,600,000 people.

<sup>In addition to their work on</sup>  
~~While immersed in the processes of~~ the Administrative Revolution, the PAD advisors monitored and worked in close collaboration with concerned MOI officials overseeing the local revenue improvement program. At the end of the year ~~it was reported that~~ the local revenue goal of 7.5 billion VN\$ was surpassed with an achievement of 9.8 billion VN\$ or 131% of the goal. This represented a ~~substantial~~

78% increase over 1972.

The IRS Tax Advisory Team encouraged by the enactment of the new income tax law worked diligently with their counterparts in assuring compliance with the new provisions. One of the major tasks included the supervision of the reorganizing of Field Tax Offices along functional lines as recommended by the IRS Team and approved by the Minister of Finance. The advisors and counterparts visited all regions and conducted seminars on the new organization and operations.

The collection of national internal taxes reached an astounding 168.4 billion VN\$ exceeding far the original estimate of 123 billion. Income taxes exceeded estimates by 82%. New records were established by the Central Audit Office <sup>in</sup> that handled 2,078 cases which produced 5.8 billion VN\$ in additional assessments.

Greater emphasis was applied by the Customs Advisory Team on detection and seizure of narcotics that <sup>were</sup> was entering Vietnam through diverse means. Training of customs officials proceeded according to schedule. The fraud repression program continued to gain and the number of seizures reached 2,524 during the year. The value of the goods seized amounted to \$3.8 billion VN\$.

The Statistical Advisory Team while continuing its standing commitments to the National Institute of Statistics was involved in a proposal to conduct a national population census, ~~This proposal required study~~ <sup>requiring the services of</sup> by an additional specialist who visited Saigon in March to review the overall requirements. ~~However,~~ <sup>it</sup> developed ultimately that the

proposal for such a census was disapproved by the USAID Director and plans were abandoned. ~~However, yet~~ <sup>A</sup> another specialist visited Vietnam to study the industrial sector and to analyze data to determine if a revision of weights for wholesale price index and production index was justified.

One of the actions taken by the GVN in its efforts to effect changes in overall organization was to reduce the <sup>status of the</sup> National Institute of Administration ~~to a reduced status~~ and to <sup>change its name to</sup> be ~~designated~~ the National School of Administration. This was brought about because of the <sup>plan</sup> proposal to establish a much broader training scheme for all government employees with the creation of the National Institute of Training.

USAID contract consultants working within the Office of Prime Minister met with some frustrations because of the pre-occupation of counterpart officials with the Administrative Revolution. Work continued, however, on the proposed 80 hour Basic Management Training scheduled to be given to all national cadre trainees in 1974.

By the close of the year, no decision had been reached by the President concerning the critical problem of giving full authority to province chiefs and mayors over the operational control of the technical services and the adoption of a consolidated budget.

*phase out* *me*  
1974 - The Accelerated Diminution of Public Administration Advisory Program

The withdrawal of U.S. military forces over the previous years and the signing of the Paris Accords accelerated the U.S. plan to reduce its numerous programs in Vietnam. Accordingly, a phase-out of the Public Administration program was planned and at the beginning of 1974, it was expected that by the end of June, 1974 there would only be one full-time direct hire advisor (in the role of program manager) and that the remaining personnel would keep viable the advisory programs, under the PASA arrangement and contracts for the National School of Administration and the real property tax training program. *to supervise the various PASA and contract*

*MCI*  
The advisory program at the Ministry of Interior began the year with ~~its~~ full concentration of ~~its~~ role in the Administrative Revolution and the attendant impact on the ministry and its conduct of local government. Having participated with the ministry in the formulation and allocation of local revenue goals for the program in 1974, the advisors worked and travelled with concerned ministry officials in field surveillance of all aspects of the local revenue improvement program and the implementation of the decrees and arretes concerning local administration.

The important decisions of re-organizing province and city governments and consolidating all funds into a single province budget was expected on February 15 and then postponed until April 1, 1974, but in ~~reality~~ *fact* the implementing decree was not promulgated until later in 1974...to take effect fully on January 1, 1975.

~~By the end of April 1974, all PAD advisors had departed Vietnam~~ for home leave/reassignment except the single direct hire specialist who administered the program and maintained semblance of liaison

<sup>MOI</sup>  
with the ~~Ministry of Interior~~ and other key agencies.

The single operational advisory program involved the total scope of the real property tax administration under the Ministry of Interior. The major emphasis concerned the training of provincial and city tax officials and cadre in all aspects of the system, but with special training in tax-mapping. <sup>This</sup> ~~The important~~ program was headed by an IRS advisor in local taxation who participated ~~fully~~ in the planning and implementation - including ~~the major share of~~ organizing the training program. In this regard, the USAID negotiated a contract to develop a complete property tax training program using the facilities of a university in the U.S. to train a group of 12 select participants in the property tax course and converted into the Vietnamese language.

~~The~~ <sup>called to the</sup> plan <sup>of</sup> was to return the participants to Vietnam with tax advisors <sup>at which time they would</sup> and adapt the course to the latest situation in real property tax administration and institutionalize the training program with the National Institute of Training and the <sup>MOI</sup> ~~Ministry of Interior~~.

While the contract was being negotiated, the IRS Tax advisor continued the in-country training of provincial and city tax personnel <sup>various</sup> in all facets of the system particularly in the techniques of property tax-mapping. The advisor organized several teams of specialists who had worked on the Saigon urban program, training them in the methods of tax administration and dispatched them to all of the ~~now~~ ten cities and some twenty urban areas that indicated a good property tax potential. This program was implemented in several phases and was scheduled

to run ~~right~~ through the end of June, 1975. ~~During 1974, the teams worked diligently in organizing the program in target areas and monitoring progress on a continuing basis.~~

The IRS Tax Advisory Team working on national internal taxation, ~~was now completely involved in assisting~~ <sup>concentrated on assistance to</sup> the Directorate General of Taxation (DGT) in the proper implementation of the new tax laws. Their ~~efforts were~~ <sup>team's primary</sup> concentrated on several additional re-organizational processes within the DGT <sup>to insure</sup> ~~assuring themselves~~ that compliance in the critical areas was being accomplished.

The Customs Advisory Team increased its program to improve narcotics control and fraud repression. By the end of 1974 the new radio network was fully operational and the number of aborted seizures was reduced to an absolute minimum.

<sup>Within USDP,</sup> At the outset of 1974 the ~~entire~~ <sup>PAD</sup> Statistical Services Advisory Project was transferred from ~~the Public Administration Division~~ to the Office of the Associate Director for Economic Planning and Policy.

The main reason for this transfer was to make the advisory team more <sup>requirements of the U.S. Mission's</sup> responsive to the <sup>particularly</sup> Joint Economic Office, and its need for macro-studies based on national accounts data, with the National Bank of Vietnam, ~~for other general purposes of the Joint Economic Office.~~

By the end of June, 1974, only one statistical advisor was left in Vietnam, ~~to conduct the total program.~~

1974 ended with only one direct-hire PAD advisor who administered the program and maintained the technical liaison with the Ministry of

Interior in overall local administration.

The Administrative Revolution was being implemented as planned and in a series of decrees, The GVN set the stage for the Province Chiefs and Mayors to exercise full control over all personnel assigned to their respective jurisdiction with the exception of the Post Office, Power, Water, and the Agriculture Development Bank, who remained under the control of their Saigon Headquarters. The processes were underway to develop a consolidated province/city budget which would include the funding for the technical services. This would be the ultimate step in unifying the administration of the provinces and would provide the province chief with the necessary control to carry out his new responsibilities. Under this re-organization, President Thieu believed, he could hold one person fully responsible for the conduct of government. It has been reported orally <sup>however,</sup> that as the change-over was initiated, the Ministries still found ways and means to defer its full implementation.

\* \* \* \* \*

Nineteen Hundred and Seventy-Anno Domini.

Experienced advisors in Vietnam understood that the calendar year as recorded in the Gregorian system is less than meaningful in a country where the days may be calculated by the Lunar Calendar. Thus, official activities begin to decelerate during and following the Gregorian holidays and carry through to the end of the Lunar holidays. Therefore, when one writes about the year 1975, we must realize that the GVN programs and activities for that year did not really commence

until the latter part of February. During this fateful year all was viewed against the stark backdrop of open warfare and imminent collapse.

The latest report available <sup>for this sector</sup> ~~to the writer that~~ <sup>cover the</sup> ~~cover the final days~~ is ~~that for~~ a bi-weekly period ending February 22. It concluded a promising report on the collections in January by the Directorate General of Taxation reaching almost 25 billion VN\$ and corporate income taxes more than double those for 1974.

There is <sup>is</sup> a report on 1974 property tax collections from the Ministry <sup>MDI</sup> of Interior stating that some collection levels in the provinces were disappointing due mainly to the deteriorating security situation.

~~Then~~ <sup>also a</sup> there is <sup>similar attributed</sup> a poignant statement <sup>alluded</sup> to President Thieu during a graduation ceremony at the National School of Administration. On that occasion, the President exhorted the graduates to take up their new assignments - most of whom as Deputy District Chiefs, and dedicate themselves to a selfless service to the people.

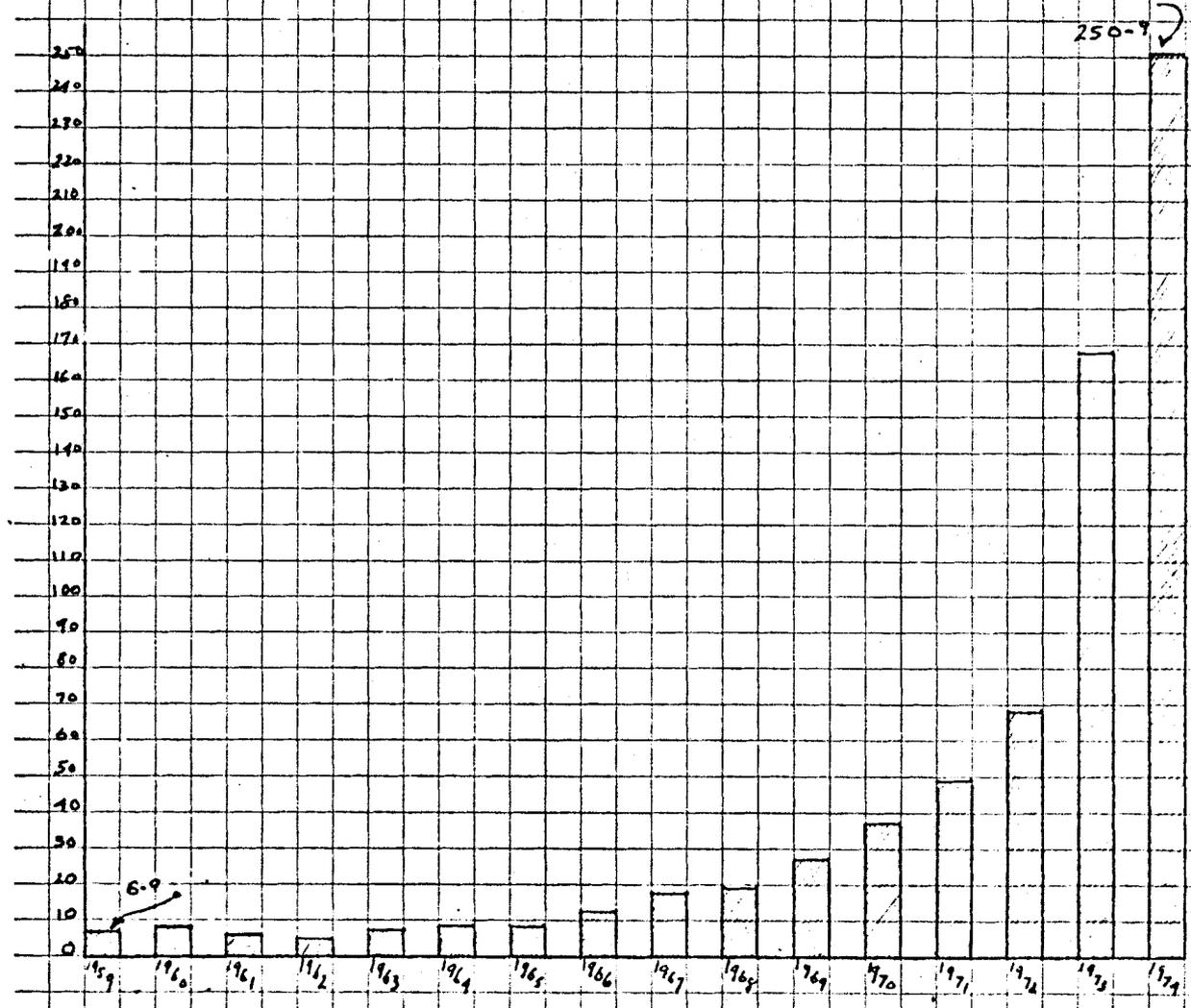
~~\*\*\*~~

It was not quite twenty years of public administration advisory activity in Vietnam...just short of a few weeks. Over the years this broad sector ~~program~~ covered many critical programs and institutions that touched upon the way of life for millions of Vietnamese, ~~fortunate~~ to have lived under the anti-Communist Government. This brief history cannot be told without commendation for the advisors who performed their assignments with dedication, and not a small touch of courage, and a pause.....to the memory of Gustav C. Hertz, Chief of Public Adminis

tration Division/USCM, who was abducted by the Communists in  
February, 1965 and died in a jungle prison near Cambodia in  
September, 1967.

ASIA/TD/HD/PA:JEFitzPatrick  
11/26/75

# GVN NATIONAL INTERNAL TAX COLLECTIONS 1959 - 1979



VIETNAM MONETARY UNIT IN BILLIONS (VIET NAM ĐỒNG)

SOURCE:

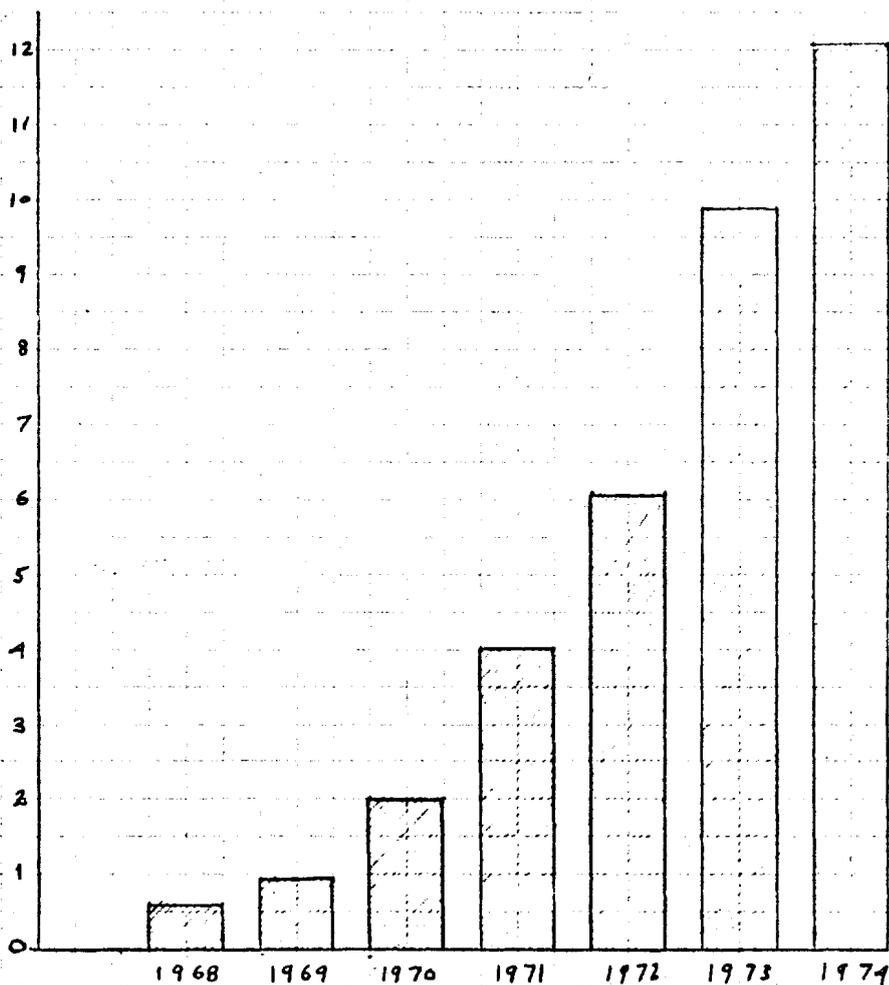
N.B. -

U.S. TAX ADVISORY TEAM

SIGNIFICANT GROWTH DUE TO  
IMPROVED INCOME & CORPORATE TAX  
ADMINISTRATION

DIRECTORATE GENERAL OF TAXATION  
WITH  
ASIA/TD/PA

## GVN

LOCAL REVENUES COLLECTED

VIỆT NAM MONETARY UNIT IN BILLIONS (VIỆT NAM ĐỒNG)

N.B.

- (1) DATA UNAVAILABLE FOR AMOUNTS OF SUBSIDIES.
- (2) SIGNIFICANT GROWTH DUE TO NEW REAL PROPERTY TAX LAW.

SOURCE:

PAD LOCAL (NOT BEAN) WITH

MINISTRY OF INTERIOR  
25 NOV 75 ASIA/TD/CA

-14-

GVN - CALENDAR YEAR 1974

VILLAGE FINANCIAL SELF-SUFFICIENCY PROGRAM \*  
EFFECTIVE 30 NOV 74

REGION	NUMBER OF PROJECT VILLAGES									
	100%		65%		40%		25%		TOTAL	
	GOAL	ACHIEVED	GOAL	ACHIEVED	GOAL	ACHIEVED	GOAL	ACHIEVED	GOAL	ACHIEVED
MILITARY REGION 1	19	17	48	35	39	27	71	51	177	133
MILITARY REGION 2	106	100	66	57	72	66	61	45	305	268
MILITARY REGION 3	230	203	60	55	34	21	38	27	362	314
MILITARY REGION 4	560	471	91	65	48	40	53	36	752	612
TOTAL	915	791	265	212	193	162	223	162	1596	1327

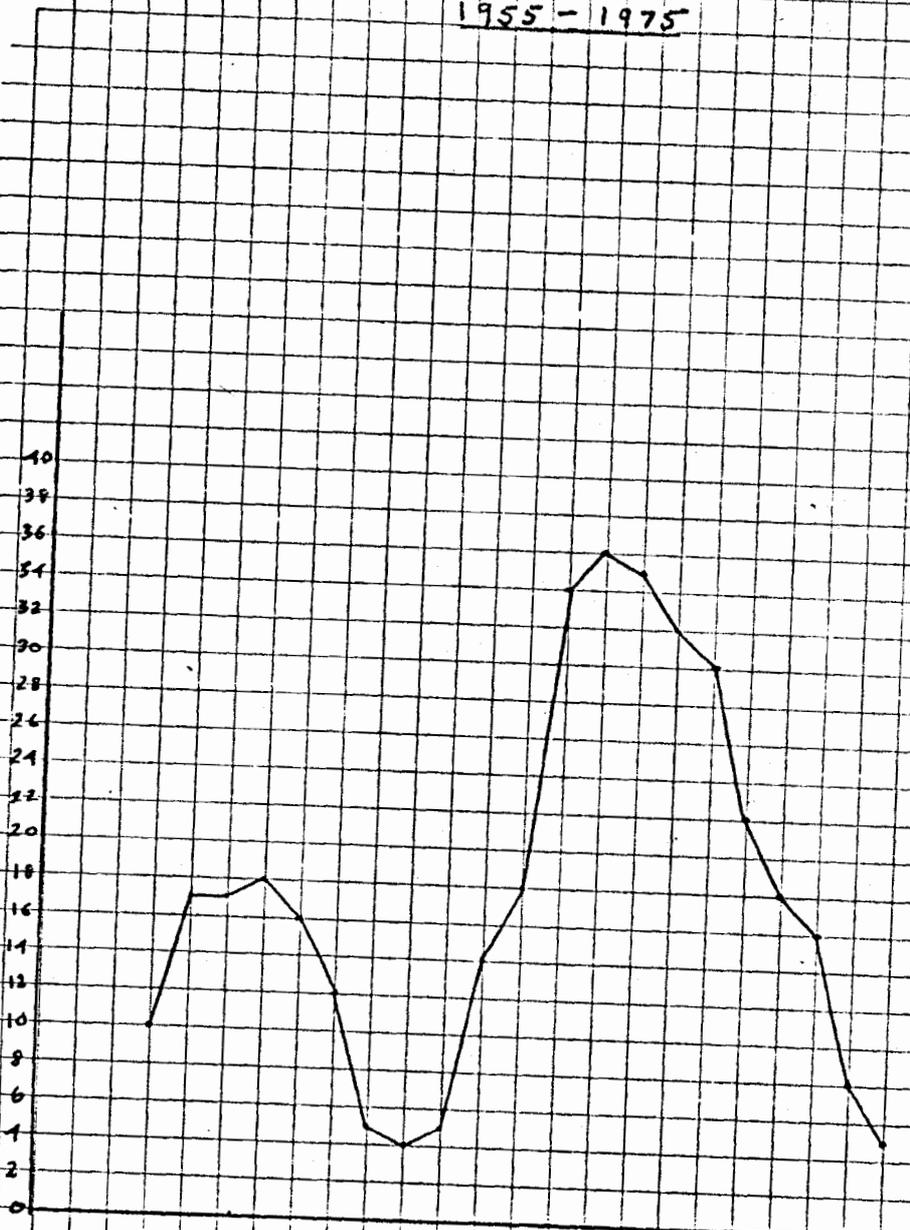
N.B-

\* FINANCIAL SELF-SUFFICIENCY IN OPERATING EXPENSES,  
IN ADDITION THE GVN SET A GOAL OF 806 VILLAGES  
TO ACHIEVE SELF-SUFFICIENCY FOR ANNUAL DEVELOPMENT  
PROJECTS - HOWEVER ONLY 568 HAD ACHIEVED THAT GOAL.

SOURCE: USAID / PAD / LGB  
WITH  
MINISTRY OF INTERIOR.

ASIA / TD / PA  
26 NOV 75

STAFF LEVEL OF U.S. PUBLIC ADMINISTRATION ADVISORS  
VIETNAM  
1955-1975



1955 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75  
 { MSG (PREDOMINANTLY) } { USOM / USAID (DIRECT HIRE & PASA) }

ASIA / TD / PA  
26 NOV 75