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ACTION

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VPEP

FROM - SAIGON

AID
DATE SENT
C & A
March 7, 1968

SUBJECT - "Corruption in Vietnam"
"GVN Civil Service Reform"

REFERENCE - SAIGON 20985 (TOAID 9093)

*Dick
you may be
interested? 7
H*

Attached are two copies each of subject papers which were prepared by personnel of the Program Office and Public Administration Division. ~~xxxx~~

25W

BUNKER

Attachments: 4 (two each of subject publications)

To VND 3-11

TREAS

Group 4 -Downgraded at 3-year intervals
Declassified after 12 years.

PAGE 1 OF 1

DRAFTED BY DA:RRParker:bs	OFFICE DA	PHONE NO.	DATE 3/7/68	APPROVED BY. DA:RRParker <i>R Parker</i>
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AID AND OTHER CLEARANCES

CLASSIFICATION

UNITED STATES GOVERNMENT

Memorandum

copy'n
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TO : William G. Wild, Jr., Actg. ADLD

DATE: March 6, 1968

FROM : Robert R. Johnson, ADPA

SUBJECT: (Attached) Report on Irregular Practices: GVN Civil Service Reform
(and) Miscellaneous "Brainstorming" Ideas on GVN Anti-Corruption Program.

The attached paper is a preliminary and informal staff study which was made recently in our division. This follows up our earlier discussions on this subject with Mr. Culbertson, also.

AID/W recently sent through an idea paper on an anti-corruption system/ approach and there have been other written and verbal expressions of opinion on this question. It relates directly to some of the objectives of this division. We, therefore, undertook to determine if there were practical ways through GVN administrative actions to support efforts for general government reform as well as having a favorable side-effect on the ethical standards of public service.

A small working group with representatives of each of our branches participated in the preliminary examination. Their ideas were reviewed and discussed. The paper represents a synthesis of the ideas produced. Perhaps the most useful portion is the list of ideas for further exploration, which were developed as a kind of brainstorming exercise. Many of these ideas may not be feasible for one reason or another; at the same time we are trying to open up if possible new approaches which might be workable, and we think that some of the ideas so generated deserve further testing.

The GVN, itself, must take the lead in effecting any reforms. The usefulness of any ideas which have been stimulated depends, therefore, on someone in GVN trying to effect implementation. It may be that we could encourage useful ideas at appropriate points. If we were to try to take action, this should be done unobtrusively and carefully because of the sensitivity in this area.

If you have any suggestions as to ways in which we might sort out any of these ideas in further pursuit of this question, please let us know. We recognize that this is a troublesome question and that other divisions and issues, as well as our own are involved.

ADPA:RRJohnson:jf

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Attachment

cc: DA:RRParker (3)

Decentral following 3/6/69

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GVN CIVIL SERVICE REFORM

I. INTRODUCTION

During the past few weeks ADPA has examined the possibility of practical organization and administrative actions within the framework of general government reform which might be taken to also ameliorate irregular practices in the GVN. The latter is a sensitive issue whose implications go well beyond our own area of concern. We tried, however, to analyze the problem taking into account economic, political and ethical considerations with stress placed upon effective government administration -- the basic objective of this Division's efforts -- rather than the moral or social implications of alleged malpractices. For example, efficient personnel, financial and operations systems inherently possess characteristics that reduce irregular practices. It was in search of such ideas within this context that this admittedly brief examination was made.

This study was completed within a relatively short period. It was not intended to constitute a complete analysis but rather to be a summation of ideas which might be considered or studied further in terms of possible implementation. No particular restriction was placed on development of ideas. Our effort was to stimulate some new thinking. A number of ideas were evaluated and rejected.

II. BASIC ASSUMPTIONS

In undertaking this effort we have proceeded on the following assumptions:

1. That the top leadership of the GVN is genuinely determined to undertake basic reforms and that this resolution can be translated into specific action;
2. That the problem of irregular practice is not a discrete problem area but is one aspect of a total governmental administration process; and
3. That the basic problem of malpractice flows largely from economic, social and administrative considerations when it does occur.

III. THE DIMENSION OF IRREGULAR PRACTICES

A great deal has been said and written pro and con about the magnitude of "corrupt" practices in the GVN. Where there is much smoke there is undoubtedly some fire. Nevertheless, we have been unable to ascertain in objective or specific terms the extent to which individual officers and employees may be involved in such actions. From time to time offenders are caught and action is taken. There undoubtedly are others who are not caught. It seems probable that malpractice may occur at any level of the

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government. There undoubtedly are situations where the circumstantial evidence is, at least, unfavorable. We have also been told by responsible GVN officials that the problem of controlling corruption is a difficult one and that they are undertaking ways to try to minimize the conditions and effect of this kind of a situation.

Based upon such evaluations as we have, however, our staff also are convinced that many of the officials and employees with whom we are associated are honest and have not used their positions for personal gain. Our belief is that much of the information on this subject is based on hearsay with very few hard facts. We can make no acceptable assessment about the percentage of GVN officials who may be corrupt, how well organized many alleged malpractices may be in an organization, or how much cost, economic or social, results from these activities.

IV. ECONOMIC CONSIDERATIONS

A major question revolves around the level of public service compensation. The need for action on salaries of GVN officials and civil servants has been reported in separate memoranda. Civil Service compensation has not kept pace with cost of living particularly during recent years. The disparity between salary payments and the cost of living is an inducement to dysfunctional performance of different kinds, including corruption. For example, employees are forced to take moonlighting jobs, there are pressures to use civil service as a source of outside special family income, and there is reduced incentive to perform well on the job.

We have already recommended salary increases and the restructuring of the pay system as essential steps which need to be taken. It should be noted that the civil service salary structure is based upon "minimum vital" (cost of living index) established in 1954. As the cost of living has increased, the GVN has not made equivalent adjustments in the cost of living base. It has made certain occupational adjustments and has provided special allowances. The result, however, is that the whole structure of the government pay system is economically and administratively in serious need of reform.

It is recognized that considerations of broad economic policy will influence what can be done. Also, it is not suggested that paying more money will buy honesty; nevertheless, we believe that the payment of a decent salary level in which effective performance is expected will do much to alleviate both the economic and moral considerations in this problem.

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V. ETHICAL CONSIDERATIONS

We have made no deep effort to make a cultural and moral evaluation of this problem, however, it is recognized that an understanding of the social and ethical fabric of the society plays an important part in the way individuals respond in Vietnam. Much has been published in press accounts about the VC social programs and the fact that this enemy offers an image of incorruptibility. We doubt the full validity of this. On the other hand, the fact that this image is offered indicates that honest governmental practices are values that have significance in this society. We do not agree with the argument that there is something intrinsic to the society which makes corruption a basic value. There is much reason to believe that where corrupt practices exist this is due to reluctant acquiescence rather than acceptance. We believe, in fact, that with certain economic and administrative alterations, this society is capable of proceeding at a high level of integrity in conduct of its public business. To the extent that internal administrative reforms are a part of such social restructuring we believe that continued progress can be made.

VI. POLITICAL CONSIDERATIONS

The new government will face a range of problems in translating policy into action. In attempts to solidify divergent elements of the political and social spectrum, this task will not be an easy one. This holds true for amelioration of irregular public practices where there is always resistance on the part of those who may have special interests.

In his speech on the occasion of the inauguration of the Senate on October 11, 1967, President Thieu made the following forthright pledge: "All the measures to raise the people's living and intellectual level can only be realized when all corruption and social injustice have been eliminated... Therefore, with the objective of reforming widely the society the most urgent effort in the first months of the future government will be to eradicate corruption at all levels, from the central to the regional, in the Army as well as the Administration, in a complete, though just, impartial and clear manner."

The basic problem which the government will face in carrying out this kind of reform will require resolute action coupled with an administrative organizational structure of government which reinforces such efforts. It has already taken certain actions; more may be necessary. Through the application of constitutional arrangements and through strong enforcement means much can be done in this area. We should recognize that this is essentially a GVN problem; that our support for their efforts should be quietly but forcefully maintained and that the GVN will, nevertheless, face obstacles in its efforts along these lines.

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VII. SUGGESTED AREAS OF ACTIONS TO BE TAKEN

As implied by preceding comments we have some reservations that an anti-corruption program or system can be developed without reference to the broader political, social and economic systems of which this is an aspect. It is possible to treat anti-corruption as a system in a purely analytical sense but this might not add much to solutions. It is also possible to conceive of an anti-corruption program but this would necessarily be within the framework of GVN official policy and implementation where it already seems to be now recognized as a significant public issue for action.

The ideas which are summarized below represent the main elements of administrative actions which we would believe helpful to reinforce effective governmental administration, yet would also have the effect of reducing or ameliorating instances of improper public actions on the part of GVN officials or employees. These ideas need to be further refined and examined in terms of practicality, administrative feasibility and the GVN interest in taking such actions in its own program of implementing its governmental administrative policies.

- a. Salaries of the civil service at all levels need to be raised appropriately as soon as economically and administratively feasible. As a longer term effort the whole structure of public service compensation needs to be studied and revised. Coupled with any basic substantial pay adjustment the GVN needs to enunciate standards of efficiency and service expected of its staff and officials and the neglected area of budget-operational control needs to be strengthened. At present any meaningful operational budget control is obstructed because the salary schedules make it virtually impossible to relate performance with compensation in the conduct of public business.
- b. Also related to the question of basic salary reform is the opportunity for the GVN to publicize and dramatize its programs for public understanding. The theme of a government responsible to the interests of all its citizens rather than anti-corruption per se should probably be stressed. Nevertheless, the anti-corruption motif could be dramatized in certain ways. A formalization and publication of a code of public ethics would be one. The government could announce its decisions designed to assure attention to individual citizen needs from government as well as enforcement machinery which would be applied to controlling improper conduct of public officials and employees. Well designed GVN information programs would have usefulness.

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- c. If the office of the President wishes to give further importance to the issue of anti-corruption as a basic policy issue, it might consider establishing a high level commission headed by an individual of good reputation to develop the implementation plans and approaches which the government might follow in implementating its announced policy. One approach might be to develop a constructive enforcement function built around the new constitutional office of Inspector General. In developing the responsibilities and functions of this office it should be possible to draw upon the French experience, the USGAO concept and other ideas which, however, should be adapted fully to the Vietnamese interpretations of government structure and allocation of authorities.
- d. The adoption of firm enforcement measures to be applied impartially against violators is an essential adjunct of any responsible governmental system. It is believed that present laws are only partially capable of dealing with these problems. Some of the considerations which are believed to deserve attention are legal actions which place the onus for malpractice upon private parties as well as public officials or employees, for example in the case of a bribery. The present administrative and judicial procedures for dealing with corruption are also incomplete. Although the basic legal system of the country provides for administrative tribunals, the present practice is one in which legal action can be taken only by an already overburdened court of law. It should be possible to set up procedures governed by administrative laws for dealing with less flagrant cases. The whole area of infraction and penalty should be graded and defined with appropriate responsibilities fixed. Finally, there must be interest from the top, exercised through all points to assure that enforcement is carried out without favoritism.
- e. The GVN should press as quickly as possible to establish a strong central personnel agency and to move ahead in developing a modern personnel program which will offer incentives for career job services of high standards, and to establish through selection, promotion, pay, and other devices moral and economic incentives which would substitute for undesirable values extant in the work system today.
- f. Consideration should be given the influences which could be exerted through the educational system in developing constructive concepts of government on the part of people who are receiving

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3/6/68

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education at all levels. It is possible that leaders in the educational system might be stimulated to impart in the educational process which would have beneficial effects in the attitude patterns of students. There is no reason why constructive value patterns should not be consistent with both religious and ethical concepts in this country.

- g. A number of other suggestions have been proposed as a result of the brain storming exercise. These are included in a special attachment. As indicated earlier, we think that these ideas might provide subjects for further evaluation if we find suitable openings.

VIII. CONCLUSIONS

These comments are those generally agreed upon by our staff. Some ideas on which there was not full agreement were discarded. It may be that further thinking involving other persons outside this division might lead us to other appropriate possibilities. Nevertheless, we believe that the ideas generated offer a base for further examination and, in any case, represent in some instances actions which can be pressed with our GVN associates as appropriate to our general mission.

ADPA:RRJohnson:jf
3/6/68

Decentral following 3/6/69

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MISCELLANEOUS "BRAINSTORMING" IDEAS ON GVN ANTI-CORRUPTION PROGRAM

Draft a written Code of Ethics.

Establish a "suggestion box" with awards for ideas that are used.

Install a bonus system in which the more efficient and productive offices or agencies receive extra remuneration.

Have an elected auditor in each province.

Encourage the National Assembly to establish a GAO which, like its US counterpart, would be a part of the legislative branch but would have unlimited power and authority to audit the executive branch.

Appoint a GVN "Hoover Commission" made up of prominent citizens who are not currently in government service and give them a broad charter to study and make recommendations upon the operations of the government, including ways and means of combatting corruption.

Raise pay levels to the point where even the lowest paid full-time employee receives enough money to support his family.

Make broad, continuing appeals to the general public to refuse to pay graft to public officials and to report to a competent anti-corruption authority or agency within the Government all instances wherein an employee of the government demands graft payments for performing a government service, or fails to provide proper services promptly and efficiently without such payments.

Impose severe penalties on government employees who are found guilty of corrupt practices and give the widest possible publicity to such cases.

Encourage the National Assembly to give priority attention to the enactment of statutes, including those comparable to our Corrupt Practices Act and our Hatch Act, which will implement those articles of the Constitution which provide means of fighting corruption and supplemental safeguards.

Face up to the unalterable fact that what we call corruption is deeply ingrained in the Vietnamese way of life, that it is an integral part of their system, that it always has been and always will be; and that we merely detract from our effectiveness as technical assistance aides and advisers in this country by becoming so preoccupied with the "corruption problem" that we spend a great deal of our time and dissipate our good will with our Vietnamese counterparts by lecturing them in a patronizing, moralistic manner which annoys and offends them, but can have no effect upon their actions or attitudes. The best thing for us to do about corruption in Vietnam is to ignore it.

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Develop a comprehensive "fee system" for compensating government employees upon a piece-work rather than a per annum or per diem salary or an hourly wage. This would have the practical effect of legalizing many of the practices which are now classified as corrupt, but imposing a rational and reasonable scale of proper fees which constitute the "take" instead of leaving each official and employee to be his own judge of "what the traffic will bear" in his particular jurisdiction.

Enact a law which gives the government the authority to require employees to file sworn reports on the nature and sources of their personal wealth. This law should be applied selectively to persons, for example, who hold fiduciary positions or who, by a conspicuous display of high and expensive living, draw suspicion to themselves. The filing of a false report would, of course, constitute grounds for disciplinary action in itself.

Inform employees that they will be forgiven for past sins but will be held to strict accountability for their actions after a certain specified date and will be punished severely and swiftly if they transgress - including the continuation of prior corrupt practices of the type that have been "forgiven" - after that date.

Instead of giving government employees pay increases, in piasters, give them supplemental payment in kind, such as free or subsidized housing, the use of government vehicles, the right to buy various desirable commodities, both necessities and luxuries, at discount prices through government outlets, and to acquire valuable services, such as health insurance or scholarships for their children, as incidents to their employment. If this were done, the threat of dismissal from the service for indulging in corrupt practices would have a great deal more impact than it does today when most government employees can make more money honestly outside the government than they can in it.

Reduce the living standard of USAID officials stationed in Vietnam to one roughly approximating that of their counterparts - or what their counterparts' would have to be if they were living on the government salaries. Thus our counterparts, many of whom are relatively young, inexperienced, and impressionable, would no longer be exposed to the luxuries implicit in our standard of living which both whet their appetites for "la dolce vita" and at the same time provide them with a justification for striving, by fair means or foul, to match our living standards on the grounds that, having accepted our lavish hospitality as representatives of their government, they have assumed an obligation to reciprocate and, for the honor and prestige of their country as well as themselves, they must entertain us on approximately the same level of social gentility at which we entertain them. This recommendation could be implemented without doing fatal

Change to the USAID recruitment program if USAID employees were paid the same salaries and allowances that they are now but were required to receive a larger proportion of their total income in the US.

Tighten the safeguards and controls with which US funds and commodities are brought into Vietnam, stored, distributed, and subsequently accounted for. For example, the former practice of requiring both the province chief or his representative and the US province representative to countersign all authorizations for the release of USAID-supplied commodities for use in civil action programs in the provinces should be reinstated.

Develop within both the GVN and the US Mission a fanatical zeal to root out corruption, root and branch without compromise or clemency, wherever it is found. Exceptionally severe and dramatic penalties should be imposed on persons of high rank, trust, privilege, prestige, and education when they are found guilty of corrupt practices.

Deliver an ultimatum from the highest officials of the US Government to the highest officials of the GVN that if they do not take, in good faith, certain specified anti-corruption measures by a certain specified date, the US Government will reluctantly conclude that the war against the VC is impossible to win and the US will take certain specified measures leading toward an orderly withdrawal of our military forces and a scaling down drastically of our economic commitments to the GVN.

Establish an Ombudsman in the GVN and in every province of Vietnam.

Create an anti-corruption agency within the US Mission. Invite the GVN to create a counterpart organization. Publicly announce its existence and officially inform the GVN of its existence and its functions. Invite all persons having knowledge of corrupt practices involving GVN employees or officials to report such incidents freely and fully with ample safeguards to protect them from reprisals. Offer rewards to non-Americans for information of substance. Shed the light of day on the situation by making confirmed data available to the press.

Confront the GVN with examples of corruption as fast and as often as they are discovered. Demand corrective action and force it, if necessary, by actual exposure of the individuals concerned and withdrawal of US support of any program involved. Insist that law enforcement and revenue collecting or handling officials go to jail and be publicly disgraced for involvement in graft and corruption.

Abandon our tendency to resort to the face-saving fiction that corruption is the exclusive province of middle and lower echelon GVN officials and employees. Place the blame squarely where it belongs--right at the top, even if it involves GVN officials who have been American favorites or "pets" in the past.

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Name the political and military officials of the GVN who control expensive bars and night clubs. Identify the prominent persons whose names are linked with gold smuggling and narcotics traffic. Publicize those who have "acquired" tracts of land whose value suddenly skyrockets because of a government decision to build an adjacent military base or development project. Reveal the generals who are building or operating resort hotels and villas at such watering places as Dalat and Vung Tau.

Fire half of the GVN work force and double the pay of the remainder.

The American Mission should, with firm resolve and its eyes open, accept the role of scapegoat and whipping boy for those who will be hurt if the war against corruption is prosecuted aggressively and effectively. It should hold its ground and refuse to knuckle under when it is accused, as it inevitably will be, of usurping GVN authority, interfering with GVN sovereignty, being arrogant and offensive to GVN officials, etc.

Eliminate all political appointments in the law enforcement and revenue collecting services of the GVN.

Set up separate, independent internal audit and security agencies within each ministry, with the head of such service reporting directly to the minister.

Institute a "blue ribbon" personnel system with career programs for all executive and managerial officials.

Revitalize and expand the GVN public information program to educate the public concerning taxpayers' rights, privileges, and duties; channels of appeal; complaint procedures, etc.

Publicize the services and facilities that the Government has created for the people as a means of counteracting the traditional VN attitude that the GVN does nothing for the people and that money paid in taxes is wasted.

Mount a poster campaign against corruption in the ministries of the GVN.

Institute a strict background investigation and security checking program to ensure, as a prerequisite to appointment with the GVN, that candidates are not only politically reliable but of high moral character.

Devise a practical system whereby government employees can themselves report instances of corrupt practices on the part of their colleagues or superiors without fear of reprisal. In fact, such reporting should be regarded as a duty.

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