

ECONOMIC STUDIES

National Institute of Administration

**AN ANALYSIS OF REVENUES AND EXPENDITURES
OF VIETNAMESE GOVERNMENTAL AGENCIES HAVING
BUDGET AUTONOMY FISCAL YEAR 1956**

by

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MICHIGAN STATE UNIVERSITY

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SECTION A

Introduction and General Comments

One of the most fundamental and generally accepted principles of budgeting is the rule of comprehensiveness or universality. This principle requires that all income and all outgo of the government be reported in the budget document and that the total financial requirements of the government be reviewed and approved by the executive and legislative authority. A budget to be comprehensive must encompass all financial activity of the government including the financial operations of all public enterprises and corporations, even though these activities are often financed from operating revenues or fees which the agencies themselves levy and collect. It should be pointed out that adherence to this principle does not mean that all governmental agencies must follow uniform and inflexible rules and procedures established for the execution and control of the budget. Administrative regulations concerning the expenditure of public funds may vary according to the nature and requirements of the activity being carried on.

It is apparent to any analyst of the Vietnamese budget system, that the current budget is not comprehensive. Today in Vietnam, there are 27 agencies supported by public funds, which are not included within any governmental budget. There also exist approximately 22 special fund accounts that are not a part of the budget, which receive revenues and make disbursements. The primary purpose of this report is to present the financial data pertaining to these agencies and accounts for fiscal 1956, to analyze briefly the nature of their revenues and expenditures, and to evaluate the importance of this sector of governmental operations in relationship to the total financial and economic activity of the government.

The report also attempts to define the various types of governmental agencies having budget autonomy and to present a brief description of each organization.

Definition and Classification

For purposes of analysis and reporting, the various items studied have been divided into four categories: Government Agencies With Budget Autonomy; Government Enterprises; Public Corporations and Non-budgeted Transfer Accounts (Comptes Hors Budget). The criteria used to determine the classification of each organization is as follows:

Government Agencies With Budget Autonomy are defined by process of elimination as those organizations supported by public funds which do not fall under the definition of government enterprises or public corporations. In general, most of these agencies perform a function often assumed by a central government as a part of normal governmental activity and are only distinguishable from regular government agencies in that they have budget autonomy. Listed below are the twelve agencies included under this category:

Chamber of Agriculture	National Office of Water Distribution ⁴
Chamber of Commerce - Da Nang ³	National Orphanage ⁴
Chamber of Commerce - Saigon	National Radio ⁴
Civil Servants' Retirement Fund	National University of Vietnam ¹
National Institute of Oceanology ¹	Purchase Center ³
National Office of Tourism	Vietnam Press

Government Enterprises are those organizations having budget autonomy, which produce goods or services for sale to the individual consumer at, or above, cost. These enterprises are entirely owned by the national government. They generally use a system of commercial accounting and in theory should operate from the proceeds arising from their activities, although at the present time some of them are receiving sizeable subsidies from the national government. Following is a listing of the twelve government enterprises existing in 1956:

Commercial Credit^{3/}
 Lottery for Reconstruction
 Low Cost Housing Office
 National Bank of Vietnam
 National Office of Electrical
 Re-equipment
 National Investment Fund

National Office of Agricultural Credit^{4/}
 National Office of Mechanical
 Agricultural Equipment^{4/}
 National Office for Reconstruction
 National Railways
 Port of Commerce - Da Nang
 Port of Commerce - Saigon

Public Corporations are those enterprises of a commercial nature in which the national government controls 51 per cent or more of the capital stock. The three public corporations operated in Vietnam are:

Savings Bank of Saigon
 Televietnam
 Viet Nam Airways

Non-budgeted Transfer Accounts (Comptes-Hors-Budget) cannot properly be considered as agencies or organizations. They are primarily special purpose, or revolving fund accounts which are supported by earmarked revenue. In most cases, the accounts are administered by an authorizing officer for receipts and payments and by a liquidating officer. None of these accounts are included in the national budget. The twenty^{two} accounts active in 1957 are listed below:

- Account for the Establishment of Coal Stocks^{2/}
- Account for the Establishment of Rice Stocks
- Account for the Utilization of Funds Provided Through the Sales of Educational Publications
- Account for the Construction of Civil Servants' Housing^{4/}
- Autonomous Funds for the Protection of the National Economy
- Confiscation of Rebel Assets^{4/}
- Confiscation of Enemy Assets
- Development of the Nong - Son Coal Mine^{3/}
- Expenditure of Funds from the Sales of Fertilizers
- Funds for Expenditures to Protect Road and River Circulation^{1/}
- Forestry Development Fund Jute Development Fund^{4/}
- National Account for the Compensation of Imported and Exported Merchandise
- Rehabilitation of My - An^{3/}
- Service of Loans to Small Merchants^{4/}
- Social Welfare Account for the Vietnamese Army^{4/}
- Special Fund for Agrarian Reform^{4/}
- Stabilization Fund for the Price of Pork in Saigon^{3/}
- State Inheritances and Sales of Wrecks
- Sugar Cane Development^{3/}
- Vietnamese Salt Concession^{2/}
- European Pension Fund (Saigon)

- ^{1/} organizations which will be terminated beginning fiscal 1957
- ^{2/} organizations which will be terminated beginning fiscal 1958
- ^{3/} created in fiscal 1956
- ^{4/} created in fiscal 1957

Financial Importance of this Sector of Government Operations

Before ~~presenting a detailed analysis of the revenues and expenditures of the various organizations having budget autonomy,~~ ^{looking at the factors responsible for the creation of agencies having budget autonomy,} let us consider briefly, the financial importance of this sector of public finance in Vietnam as it relates to the total financial operations of the government.

The following table is based on information in this study and a previous study, "A Comparison of Vietnamese Government Revenues and Expenditures for Fiscal Years 1954, 1955, and 1956 (estimated)," issued in February, 1957, by the Michigan State University Group. This table shows that during 1955 and 1956, the expenditures of the organizations having budget autonomy accounted for more than 10 per cent of total Vietnamese Government expenditures at all levels. Revenues (excluding subsidies from the national budget) of the same organizations and accounts, amounted to approximately the same percentage of the total revenues of the Vietnamese Government. Also, in 1956, expenditures by this non-budgeted sector were equal to almost 30 per cent of the expenditures of the national civilian budget and were 600 million more than the total provincial expenditures.

TABLE 1

Government Receipts and Expenditures in Viet Nam, 1955 and 1956

(000\$VN)

<u>Sector</u>	<u>Receipts</u>		<u>Expenditures</u>	
	<u>1955</u>	<u>1956</u>	<u>1955</u>	<u>1956</u>
National (civilian)	5,658,890	5,635,000	3,327,257	5,700,000
National (military)	3,400,000 ^{a/}	5,738,000 ^{a/}	7,067,911	7,000,000
Regional	682,392	0	1,581,615	0
Provincial	92,054	260,000	1,150,980	1,085,000
Prefectoral	400,183	425,000	536,620	610,000
Municipal	102,750	100,000	125,233	190,000
Autonomous Budget Authority	<u>1,435,611^{b/}</u>	<u>1,442,348^{b/}</u>	<u>1,517,595</u>	<u>1,681,185</u>
Total	11,771,930	13,600,348	15,307,211	16,266,185

a/ AEA support

b/ Excludes subsidies from national budget

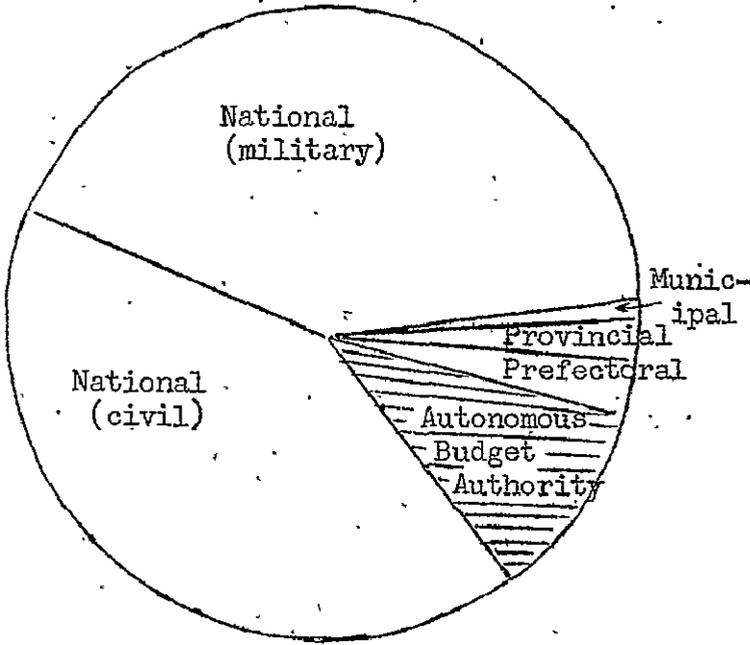
Graph 2 shows the relation between the various sectors of public finances in Viet Nam for 1956.

GRAPH 2

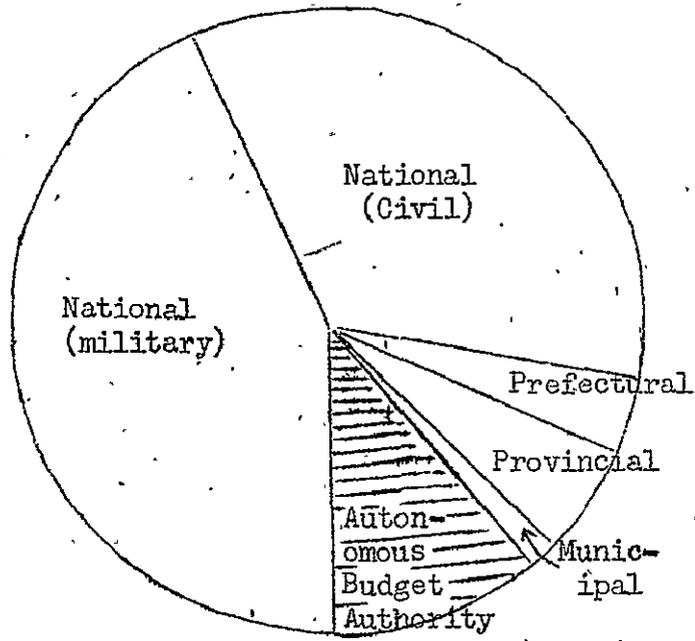
Government Revenues and Expenditures in Viet Nam 1956

Revenues

Expenditures



13,600,348,000 \$VN



16,266,185,000 \$VN

Using the data given in Table 3 below, which gives the revenues and expenditures for 1955 and 1956 of the organizations having autonomous budget authority, the following comparisons may be made:

While total expenditures increased by 11 per cent in 1956 over those in 1955, revenues including subsidies declined about 5 per cent in 1956 as compared with those of 1955. Expressed in other terms, receipts equaled 103 per cent of expenditures during 1955. In 1956, receipts were only 88 per cent of expenditures.

TABLE 3

Receipts and Expenditures of the Organizations Having Budget Autonomy in Viet Nam

(000\$VN)

<u>Sections</u>	<u>Receipts</u>		<u>Expenditures</u>	
	<u>1955</u>	<u>1956</u>	<u>1955</u>	<u>1956</u>
Autonomous Government Agencies	210,537	263,741	187,574	172,268
Government Enterprises	611,695	706,454	551,783	615,654
Public Corporations	260,329	225,702	268,637	220,327
Non-budgeted Transfer Accounts	353,100	246,451	308,115	217,400
Subsidies to Autonomous Governmental Agencies from National Budget	130,551	42,733	-	-
Loans	-	-	0	356,890 ^{a/}
New Capital Investment	-	-	93,305 ^{b/}	86,188 ^{b/}
Purchase of Existing Facilities	-	-	108,181	12,458
Total	1,566,212	1,485,081	1,517,595	1,681,185

a/ Excludes 20,000,000 \$VN in loans made by the national account for compensation of imported and exported merchandise and included as expenditures within various transfer accounts. See Table 39.

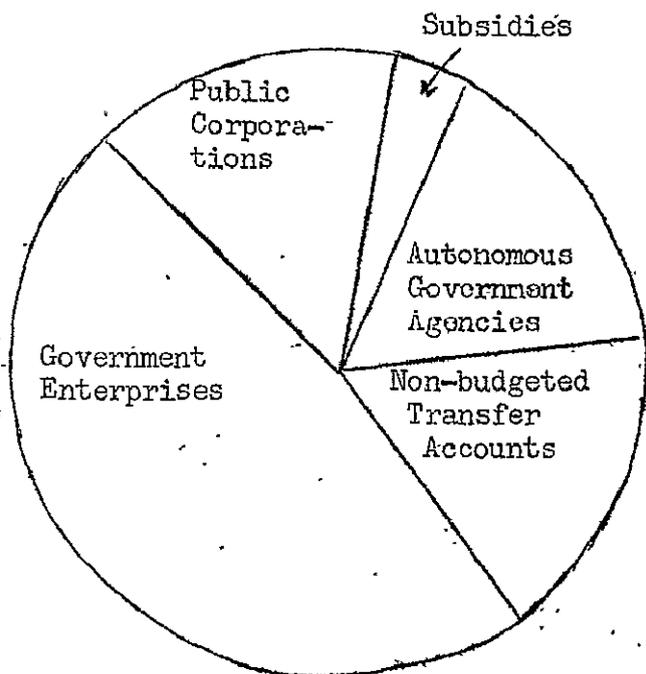
b/ Net = Total less disinvestments.

The graphic relationship between the amount of receipts and expenditures of the various sections included in Table 3 are shown for the year 1956 in the following graph.

GRAPH 4

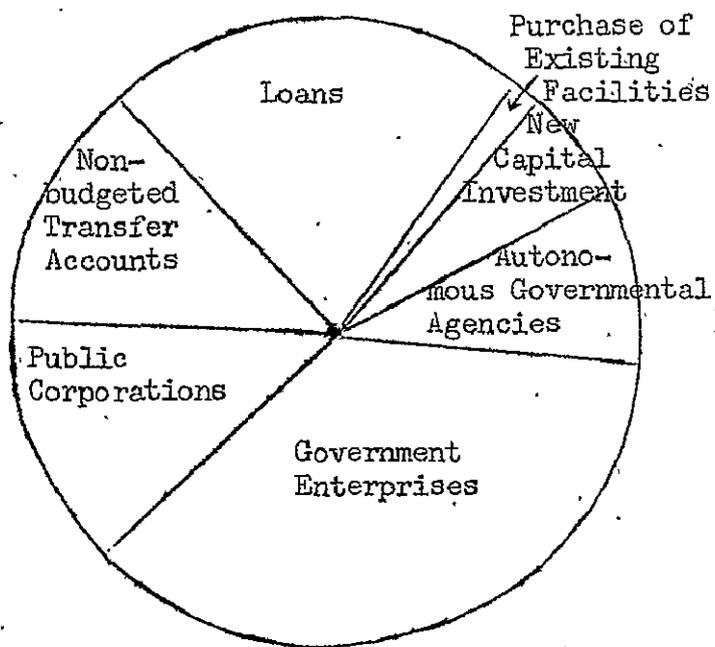
Receipts and Expenditures of the Various Sectors Having Budget Autonomy, 1956

Receipts



1,485,081,000 \$VN

Expenditures



1,681,185,000 \$VN

Factors Responsible for the Creation of Agencies Having Budget Autonomy.

As noted earlier in this study, there existed in Viet Nam in 1956, twenty-seven organizations financed by public funds, which were not included in the budget and were not subject to the regular procedures established for expenditure of government funds. It would seem appropriate to analyze briefly the factors that have led to the separation of such a large number of government agencies from the normal budgetary procedures.

It is probable that two contributing factors to this situation have been, first, a desire to speed the execution of certain key programs and to increase the administrator's freedom of action by permitting him to by-pass the time consuming and inflexible procedures currently controlling the execution of the budget, and second, a failure to realize that the budgets of these agencies could be included in the budget document for informational, review and approval purposes without necessarily depriving the agencies of administrative responsibility over the expenditure of funds. However, the major factor has been a historical development arising from the recent political changes in Viet Nam.

The majority of the organizations now having budget autonomy do so because they were originally French institutions which were not transferred to the Vietnamese Government at the time of transfer of ministerial functions.

Both the National University and the National Institute of Oceanology were French institutions which became first ^{quadr-national²³ institutions} bi-national institutions of the Vietnamese and French Governments and later entirely Vietnamese. Both of these organizations have now been incorporated into the Ministry of Education and are a part of the normal national budget procedure, except that the Rector of the University has power to obligate and spend funds without further approval by the Secretary of State for Education. Of the organizations existing in mid-1957, all but four were similarly given budget autonomy because of their temporary bi-national character.

4 Viet Nam, Cambodia, Laos and France.

Though four autonomous organizations began operations in 1957, the general trend is to eliminate autonomous agencies either by incorporating them into the national budget, or by making them strictly private affairs with some sort of government supervision. Such may be the treatment in 1957 of the Chamber of Agriculture and the Chambers of Commerce.

For political and economic reasons many countries have created government enterprises in order to stimulate and encourage economic development which was lagging under normal conditions. Primarily for these reasons the Vietnamese Government has in the last few years created a number of organizations in this category. Some--the railways and ports--were not transferred to the Vietnamese by the French along with the general government. However, most of the enterprises are newly created by the national government to meet specific needs, particularly in the areas of housing and credit.

Lastly, a large number of Non-budgeted Transfer Accounts (Comptes Hors Budget) exist in Viet Nam and these are constantly increasing. As a general rule, these are special purpose accounts managed by personnel of the various departments. Many of them operate either from "earmarked" revenue or on a revolving fund basis, which probably accounts for their being outside the budget. In principle, there appears to be no reason why these accounts should not be included in the budget document. Unlike the organizations having budget autonomy, the Non-budgeted Transfer Accounts do not have authorization to maintain a deficit position at the Treasury or to secure loans from other sources. However, they may carry over from one year to the next, any balances accumulated at the end of the year.

Source and Treatment of Data:

The source of the information contained in this report is not cited for each table. Few of the tables were prepared from published data. To wait for the official annual reports would prevent this report from being issued until 15 or 18 months after the close of the fiscal year. Most of the information has

been taken from the accounting records of the agencies studied. For information on the non-budgeted transfer accounts, the monthly statements of the General Treasury of Viet Nam have been consulted. Another source has been the study of the 1955 accounts which was issued May 18, 1957. This latter source has been used exclusively for comparing the 1956 data with that of 1955. However, some adjustments were made in the presentation of the 1955 data so that comparisons with 1956 might be made. Step -

In presenting the detailed information on revenues and expenditures by individual agencies, it will be noted that no consistent pattern is followed. This is due to the fact that no uniform accounting system is used by the various agencies, particularly in the coding of expenditures for supplies, materials and contractual services. Although in all cases, it has not been possible, an attempt has been made to segregate funds spent for capital assets from those used for current consumption. For this reason expenditure tables in sections B, C and D do not include expenditures for capital investment. Funds spent to increase capital assets are included in a separate section G.

A brief explanation of the treatment in this study of taxes paid by government enterprises and corporations is necessary. It is recognized that in commercial accounting taxes are considered as a current operating cost. However, because this study attempts to relate total governmental income to total governmental outgo for this sector of government operations, and taxes paid by these agencies become receipts of the government, amounts paid out in the form of taxes have not been included in the figures for expenditures. In the case of the distributed profits of Televietnam, no attempt has been made to segregate the government's share of the profits from the share going to the private sector. The amount would be insignificant in terms of the total figures.

SECTION-B

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Government Agencies With Budget Autonomy

Although the same number of government agencies with budget autonomy were reported in 1955 as in 1956, two changes occurred. At the end of 1955, the Center of Scientific and Technical Research was absorbed by the Ministry of Agriculture and now is supported by the national budget. The Chamber of Commerce of Da Nang was created in late 1956 and given budget autonomy. Table 5 below compares the receipts and expenditures for 1955 and 1956 of the government agencies with budget autonomy, which existed in 1956 only. Total receipts exceeded total expenditures by 12 per cent in 1955 and 53 per cent in 1956. Also, total expenditures decreased 8 per cent in 1956 compared with 1955, while total receipts increased 25 per cent in the same period. It should be noted, however, that one agency - Civil Servants' Retirement Fund - accounted for about 65 per cent of the expenditures and nearly 95 per cent of the receipts. The large surplus in total receipts can be attributed almost entirely to this agency and is the result of the contributions by civil servants and the government to the retirement fund. Of the eight agencies in this group, five operated on a budget deficit, while only one, The National Office For Tourism, showed a true surplus of receipts over expenditures. Excluding the receipts and expenditures of the Civil Servants' Retirement Fund, expenditures of these agencies exceeded receipts by 50,720,340 \$VN in 1956. Of this deficit, 42,700,000 \$VN was covered by subsidies from the national budget and the balance came largely from withdrawals from reserves.

TABLE 5

Receipts and Expenditures of the Government Agencies Having Budget Autonomy

1955 and 1956

(\$VN)

<u>Government Agency</u>	<u>Receipts^{a/}</u>		<u>Expenditures^{b/}</u>	
	<u>1955</u>	<u>1956</u>	<u>1955</u>	<u>1956</u>
Chamber of Agriculture	280,774	25,085	102,538	103,473
Chamber of Commerce Da Nang	0	45,000	0	45,000
Chamber of Commerce Saigon	1,549,098	816,509	395,231	2,547,206
Civil Servants' Retirement Fund	198,489,898	249,218,575	120,174,222	107,025,441
National Institute of Oceanology	94,282	166,914	2,762,466	2,867,198
National Office for Tourism	204,552	1,818,147	911,287	1,227,123
National University	2,688,266	6,772,828	44,002,441	38,119,307
Viet Nam Press	<u>5,392,388</u>	<u>4,878,173</u>	<u>19,225,398</u>	<u>20,333,689</u>
Total	210,537,258	263,741,231	187,573,583	172,268,437

^{a/} Excludes all subsidies and withdrawals from reserve funds.

^{b/} Excludes expenditures for capital investment where separate accounting permits. See Table 40 for capital expenditures.

Table 6 gives summary data concerning the payments made by these agencies to the private sector and purchases from the private sector for 1956.

Expenditures for wages and salaries were down 26 per cent in 1956 compared to 1955. Most of this decrease was due to the elimination of the Center of Scientific and Technical Research and the payment of salaries to the French professors at the National University directly by the French Government and not through the University's budget. The newly created Chamber of Commerce at Da Nang did not add materially to the expenditures.

Purchase of goods and services by this group of agencies increased about 15 per cent in 1956 over the previous year. Sales of services to the private sector increased about 4 million piasters, all accounted for by increased university receipts. The net government expenditure for consumption in 1956 was thus, about 56 million piasters, or down 34 per cent from 1955.

Following Table 6 is a brief description of the operations of each agency in this category.

TABLE 6

Payments by and Purchase from Government Agencies Having Budget Autonomy

1956

(\$VN)

	Wages and Salaries	Purchases of Goods and Serv- ices	Sales to the Pri- vate Sector	Autonomous Government Agencies-Net Expenditures for Consump- tion
	(1)	(2)	(3)	(4) (1)+(2)-(3) =(4)
Chamber of Agriculture	85,800	17,673	0	103,473
Chamber of Commerce Da Nang	20,000	25,000	0	45,000
Chamber of Commerce Saigon	949,871	1,597,335	0 ^{a/}	2,547,206
Civil Servants' Retirement Fund	3,224,797	876,867	0	4,101,664
National Institute of Ocean- ology	2,146,842	720,356	166,914	2,700,284
National Office for Tourism	672,911	554,212	1,818,147 ^{b/}	-591,024
National University	25,181,984	12,937,323 ^{c/}	6,772,828	31,346,479
Viet Nam Press	<u>7,361,903</u>	<u>12,971,786</u>	<u>4,698,509</u>	<u>15,635,180</u>
Total	39,644,108	29,700,552	13,456,398	55,888,262

a/ Excludes 602,319 \$VN received in rent from the Port of Saigon

b/ Includes amount received from rent of owned hotels

c/ Excludes 6,217,406 \$VN in capital investment

Stop

A. Chamber of Agriculture

8, Mac Dinh Chi

The Chamber is administered by a three member council composed of a president (French), a vice-president (Vietnamese) and a treasurer (Vietnamese). The staff of the agency consists of one administrator, a secretary and a guardian. Two former sources of revenue have been withdrawn from the Chamber. Its adjacent building has been requisitioned by the Vietnamese Army and the additional percentage on the land tax of South Viet Nam is no longer levied for their account. The national government will probably make a decision this year on the future status of the Chamber as it has only enough reserve funds left to operate through 1957.

The president of the administrative council is the authorizing officer for expenditures and the treasurer is the liquidator.

TABLE 7

Receipts of the Chamber of Agriculture -- 1956

Payments due from previous years	<u>25,085</u>	
Total Current Receipts		25,085
Withdrawal of reserve funds		<u>78,388</u>
Total		103,473 \$VN

Expenditures of the Chamber of Agriculture -- 1956

Wages and salaries		85,800	
Purchase of goods and services		17,673	
Purchase of goods		6,130	
Office supplies	971		
Maintenance	2,263		
Electricity	396		
Periodicals	2,500		
Purchase of services		11,544	
Transportation	3,600		
F.T.T.	7,884		
Miscellaneous	60		
Total			103,473 \$VN

B. Chamber of Commerce of Da Nang

Prior to the transfer of the Chamber to the Vietnamese authorities in 1955, this office managed the docks of the Port of Da Nang giving it a monthly income of approximately one million piasters. However, it no longer has this income and is currently operating from the additional percentage added to the business licenses issued in Da Nang. The Chamber has been administered since October 1956 by a management committee elected from local Vietnamese businessmen. The committee is under the supervision of the Ministry of National Economy to which it submits its budget for approval.

TABLE 8

Receipts of the Da Nang Chamber of Commerce -- 1956

Additional percentage added to business licenses	45,000 \$VN
Total	45,000 \$VN

Expenditures of the Da Nang Chamber of Commerce -- 1956

Wages and salaries	20,000
Purchases of goods and services	<u>25,000</u>
Total	45,000 \$VN

C. Chamber of Commerce of Saigon

45 Ben Chuong Duong

The Chamber was administered by a provisional committee until an elected committee took over in March 1957. The authorizing officer for expenditures is the president of the Chamber. During 1957, the national government requisitioned the Chamber's present building for use as a conference hall. The Chamber will receive other quarters from the government, but it will lose about one-third of its present income obtained by renting part of its present premises to the Port of Saigon authorities.

TABLE 9

Receipts of the Chamber of Commerce of Saigon -- 1956

Additional percentage added to business licenses	178,944
Rent received	620,319
Reimbursement from the Vietnamese Compensation Fund	8,746
Reimbursement from the French Chamber of Commerce	<u>8,500</u>
Total Current Receipts	816,509
Withdrawal of reserve funds	<u>1,730,697</u>
Total	2,547,206 \$VN

Expenditures of the Chamber of Commerce of Saigon -- 1956

Wages and salaries		949,871
Ordinary personnel	712,384	
Police guards	212,147	
Hospitalizations	2,340	
Advances to the personnel	23,000	
Purchases of goods and services		1,597,335
Purchase of goods	1,502,024	
Building maintenance	1,220,417	
Office supplies	75,522	
Furniture and office equip.	47,470	
Maintenance	43,278	
Water and electricity	36,326	
Representation	15,147	
Election costs	36,064	
Books and periodicals	2,974	
Miscellaneous	3,826	
Reimbursable advances	11,000	
Reception	10,000	
Purchases of services		95,311
Transportation	36,477	
Gratuities	22,516	
Telephone	25,034	
Telegrams	298	
Postage	8,700	
Telegraph address	400	
Post office box number	336	
Deposit on telephone	1,550	
Total		2,547,206 \$VN

D. Civil Servants' Retirement Fund

123 Truong Minh Giang

Responsible to the Ministry of Finance, this organization maintains a non-budgeted transfer account in the General Treasury which receives the 6 per cent contribution of participating civil servants, as well as the additional 20 per cent participation by the government. From the funds in this account, all payments are made to those eligible for retirement benefits and payments are made into an administrative budget for all operating expenditures. The budget is prepared by the administrative council and approved by the President of the Republic. The president of the administrative council is the authorizing officer and the director of the Civil Servants' Retirement Fund is the liquidator for all expenditures.

In mid-1957, there are approximately 20,000 civil servants contributing to the fund (one must be a permanent civil servant to qualify for retirement benefits) and about 6,900 receiving retirement benefits.

Receipts were up about 25 per cent in 1956 as compared with 1955, due to the large number of contractual employees who attained civil service status in 1956 and who made retroactive payments to become eligible for retirement. Payments in the form of pensions were down about 15 per cent from 1955, due to a lump sum cost of living increase covering previous years which was granted in 1955.

TABLE 10

Receipts of the Civil Servants' Retirement Fund --- 1956

Contributions by civil servants (6 per cent of salary)	56,504,992
Contributions by the government (20 per cent of salary)	187,669,066
Journalized employees	4,032,496
Other receipts	<u>812,121</u>
Total	249,218,575 \$VN

Expenditures by the Civil Servants' Retirement Fund -- 1956

Pension payments	102,923,777	
Wages and salaries	3,224,797	
Purchases of goods and services	<u>876,867</u>	
Current operating expenditures		107,025,441
Surplus of receipts exceeding expenditures		<u>142,193,134</u>
Total		249,218,575 \$VN

E. National Institute of Oceanology

Nha Trang

1956 was the last year of autonomous operation by this agency. In 1957, it was incorporated into the national budget.

TABLE 11

Receipts of the National Institute of Oceanology -- 1956

Museum admissions	150,699	
Unforeseen receipts	4,338	
"Recettes D'ordres"	8,704	
Receipts due from previous years	<u>3,173</u>	
Total current receipts		166,914
Withdrawals from reserve funds		350,250
Subsidy from the National Budget		2,033,250
Unfunded deficit		<u><u>316,784</u></u>
Total		2,867,198 \$VN

Expenditures by the National Institute of Oceanology -- 1956

Wages and salaries		2,146,842
Personnel payments	1,870,538	
Payments for positional responsibilities	81,314	
Payments due in previous years	194,990	
Purchases of goods and services		720,356
Purchases of goods	570,567	
Building maintenance	27,198	
Furniture	20,083	
Scientific research equipment	87,668	
Electricity	125,256	
Gasoline for autos	58,955	
Laboratory equipment	64,548	
Aquarium	31,067	
Institute boat	29,816	
Fisheries	90,678	
Unforeseen expenditures	22,602	
Payments due in previous years	12,696	
Purchases of services	149,789	
Servicing of furniture	28,474	
Telephone	30,892	
Transportation	90,423	
Total		2,867,198 \$VN

F. National Office for Tourism

185 Hien Vuong

This agency receives the profits from the operations of the Majestic Hotel in Saigon, which are paid the year following the operating year. Receipts

were less in 1956 than in 1955 due to the closing of the hotel during a part of 1955. However, there was a net surplus of about 600 thousand piasters, because no loan repayments were made during the year. Expenditures for personnel were increased by about 50 per cent and the number of employees was increased from 8 to 17.

An administrative council prepares the budget (the president is the Secretary of State for Reconstruction and Urbanism) and it is approved by the President of the Republic after having been submitted to the Direction General of the Budget.

TABLE 12

Receipts of the National Office for Tourism -- 1956

Receipts from the operation of hotels owned by the agency	1,359,846
Other receipts	<u>458,301</u>
Total	1,818,147 \$VN

Expenditures by the National Office for Tourism -- 1956

Wages and salaries	672,911
Purchases of goods and services	554,212
Materials	355,222
Works	8,840
Insurance	14,975
Unforeseen expenditures	61,611
Rent paid for Majestic Annex	113,565
Total Current operating expenditures	1,227,123
Surplus	<u>591,024</u>
Total	1,818,147 \$VN

G. National Office of Water Distribution

Ministry of Public Works

94, De Lattre de Tassigny

This agency was created in 1957 to improve the water distribution in the Saigon area. However, it has not yet received operating funds and a merger is currently contemplated with the National Office of Electrical Re-equipment.

H. National Orphanage

Tu Duc

This agency became autonomous in 1957 and will henceforth have a budget. In 1955 and 1956, it received money from the national budget under subsidies to local non-profit organizations. In 1956, the orphanage received 2,637,000 \$VN from the national budget, of which only 2,237,000 \$VN was spent. In 1957, it will receive a subsidy of about 3,000,000 \$VN.

In 1955 there were about 250 orphans and by the end of 1957, they will probably number 450.

I. National Radio

3 Phan dinh Phung

Before 1957, this agency was a part of the Ministry of Information and Youth. Henceforth, it will have its own autonomous budget. Its expenditures will run about 40 million piasters during 1957.

J. National University

3 Cong Truong Chien Si

In 1957, the National University was placed under the Ministry of Education without an autonomous budget, but the rector of the university remains the authorizing officer for all university expenditures.

TABLE 13

Receipts of the National University — 1956

Receipts from university fees	1,674,015	
Miscellaneous receipts	<u>5,098,813</u>	
Total current receipts		6,772,828
Subsidy from the national budget		30,000,000
Withdrawals from reserve fund		<u>9,000,000</u>
Total		45,772,828 \$VN

Expenditures by the National University — 1956

Wages and salaries	25,181,984	
Purchases of goods and services	<u>12,937,323</u>	
Total current operating expenditures		38,119,307
Investments		6,217,406
Unexpended surplus		<u>1,436,115</u>
Total		45,772,828 \$VN

K. Purchase Center

29 bis Phan dinh Phung

This organization was created in 1956 by a grant from AEA and was given the responsibility to centralize all overseas purchases paid for with AEA project funds. Its operating expenses are to be paid from service fees charged to the various departments requesting purchases. In 1957, it is to begin general government purchases.

L. Viet Nam Press

136, De Lattre de Tassigny

The operations of Viet Nam Press were significantly different during 1956 from 1955. The real operating deficit increased about 1.8 million piasters, or 13 per cent. From the administrative account, 15,036,016 \$VN in "depenses d'ordre" has been subtracted from 15,215,660 \$VN in "recettes d'ordres" leaving a net figure of 179,664 \$VN in "recettes d'ordre."

TABLE 14

Receipts of Viet Nam Press -- 1956

Sales of services	4,698,509	
Net "recettes d'ordre"	<u>179,664</u>	
Total current receipts		4,878,173
Subsidy from national budget		10,700,000
Withdrawal of reserve funds		<u>4,755,516</u>
Total		20,333,689 \$VN

Expenditures of Viet Nam Press -- 1956

Wages and salaries		7,361,903
Permanent personnel	7,055,506	
Other personnel	306,397	
Purchases of goods and services		12,971,786
Purchases of goods	11,354,656	
Materials	3,412,134	
Service materials	3,357,879	
Consumable materials	2,480,427	
Office supplies	1,228,182	
Miscellaneous	876,034	
Purchase of services	1,597,130	
Contractual services	150,245	
Cable charges	1,429,529	
Insurance	17,356	
Total		<u>20,333,689 \$VN</u>

~~SECTION C~~Government Enterprises

In the similar report of 1955, eight government enterprises were studied. In 1956, eleven are presented. Three government enterprises (Low-Cost Housing Office of the Saigon Prefecture, the National Office of Agricultural Credit, and Commercial Credit) existed in one form or another in 1955, but for lack of information, they were not included in the data of that year. However, only the Low-Cost Housing Office and Commercial Credit operated with funds other than AEA and they are included in Table 15 below. Commercial Credit was created in October, 1955, but its operations were so small during the remainder of that year that they were not included.

One new government enterprise has been created in 1957, the National Office of Mechanical Agricultural Equipment. A short statement about this organization is included in this section. b.

Table 15 below gives comparisons of receipts and expenditures for both 1955 and 1956. Operating expenditures by the government enterprises rose in 1956 about 64 million piasters above 1955, or a rise of 12 per cent. The creation of Commercial Credit accounted for about a third of the additional expenditures and the rest was spread rather proportionately among the other government enterprises. Receipts were about 95 million piasters higher in 1956 than in 1955, a rise of 15 per cent. Of the increased revenues, Commercial Credit accounted for about 49 million piasters, the National Bank for 93 million piasters, whereas the income of the National Railways was reduced by about 35 million piasters and the National Office for Reconstruction was reduced by approximately 12 million piasters below 1955 receipts.

TABLE 45 7

Receipts and Expenditures of Government Enterprises

(\$VN)

<u>Government Enterprises</u>	<u>Receipts</u>		<u>Expenditures</u> ^{1/}	
	<u>1955</u>	<u>1956</u>	<u>1955</u>	<u>1956</u>
Commercial Credit	0	48,900,000	0	20,979,000
Lottery for Reconstruction	39,065,616	46,702,380	24,341,803	28,537,316
Low-Cost Housing Office	8,887,026	5,998,537	1,636,970	1,232,282
National Bank	58,544,520	154,195,935	44,608,545 ^{2/}	58,180,481 ^{2/}
National Office of Electrical Re-equipment	26,427,548	28,121,986	1,134,653	1,406,159
National Investment Fund	0	5,281,145	1,157,918	2,329,632
National Office for Reconstruction	18,502,209	6,644,466	15,565,273	37,269,745
National Railways	351,363,888	316,227,692	391,629,811	393,397,966
Port of Da Nang	21,085,431	21,534,955	15,442,343	18,388,009
Port of Saigon	<u>87,518,829</u>	<u>72,847,213</u>	<u>56,266,138</u>	<u>53,933,675</u>
Total	611,695,067	706,454,309	551,783,454	615,654,265

^{1/} Does not include expenditures for capital outlay and investment where separate accounting is possible. See Table 40 for capital expenditures.

^{2/} Does not include Bank termed investments - 1955 - 130,634,148 \$VN; 1956 - 134,584,539 \$VN.

- end

A. Commercial Credit

17, Ben Chuong Duong

This state enterprise was created in October, 1955, but it did not begin full operation until 1956.

TABLE 16

Receipts by Commercial Credit -- 1956

Commissions on openings of letters of credit	19,000,000
Interest and profits on exchange of I.C.A. funds	11,800,000
Interest on loans	9,900,000
Commissions on bank services	2,018,000
Profits on exchange differentials	4,700,000
Miscellaneous receipts	<u>1,482,000</u>
Total	48,900,000 \$VN

Expenditures by Commercial Credit -- 1956

Wages and salaries	15,000,000
Purchase of goods and services	3,279,000
Rent	2,500,000
Amortization	<u>200,000</u>
Total current expenditures	20,979,000
Taxes	4,721,000
Indirect	92,000
Direct on profits (24 per cent)	<u>4,629,000</u>
Reserve Fund	4,000,000
Undistributed Surplus	<u>19,200,000</u>
Total	48,900,000 \$VN

B. Lottery for Reconstruction

34, Nguyen Du

The lottery had considerable success during 1956, and beginning July, 1957, the number of drawings held each year will be doubled (from one a month to twice monthly). The organization is responsible to the Ministry of Reconstruction and Urbanism whose cabinet director is the authorizing officer for expenditures and the director of the lottery is the liquidator. Administrative expenditures are not to exceed 6 per cent of the total receipts. In 1956 about 4 million piasters more than in 1955 were deposited to the National Office for Reconstruction. However, the final data is not yet available as each lottery ticket is valid for one year which prohibits the closing of each drawing for 12 months. The following data is based on seven months actual data and the estimated payments from known receipts of the last five months in 1956.

TABLE 17

Receipts of the Lottery for Reconstruction — 1956

Total receipts from the sale of lottery tickets	<u>46,702,380</u>
Total	46,702,380 \$VN

Expenditures of the Lottery for Reconstruction — 1956

Payments to lottery winners	22,591,700	
Wages and salaries	1,204,092	} 5.9.
Purchases of goods and services	4,741,524	
Purchases of goods	2,148,031	
Purchases of services (commissions to ticket sellers)	2,593,493	<u> </u>
Total Expenditures		28,537,316
Surplus deposited to the account of the National Office for Reconstruction		<u><u>18,165,064</u></u>
Total		46,702,380 \$VN

C. Low-Cost Housing Office of the Saigon Prefecture

86, Le Thanh Ton.

This office was created in 1951 for the construction of low-cost housing within Saigon. American Aid funds helped build two housing projects: the first was constructed with an outright gift of funds from AEA, La Cité Nguyen Tri Phuong, the second was built with a loan from AEA, Tran quoc Toan (Ex. La Caze). AEA administers the funds of the latter project.

The préfet of Saigon Prefecture is the authorizing officer for disbursements of funds and he is also the president of the administrative council of the office. The administrative accounts of this office carry over the cash balances remaining at the end of each year; they have been deducted and were as follows:

<u>Account</u>	<u>1955</u>	<u>1956</u>
Cité Nguyen tri Phuong	2,308,548	4,588,508
Cité Tran quoc Toan	1,964,032	3,011,400

TABLE 18

New Constructions by the Low-Cost Housing Office

	<u>1955</u>	<u>1956</u>
Cité Nguyen tri Phuong	477,233	0
Cité Tran quoc Toan	<u>981,103</u>	<u>721,486</u>
Total	1,458,336 \$VN	721,486 \$VN

TABLE 19

Receipts of the Low-Cost Housing Office -- 1956

Rent and sales at la Cité Nguyen tri Phuong	3,279,726
Rent and sales at la Cité Tran quoc Toan	<u>2,718,811</u>
Total	5,998,537 \$VN

Expenditures of the Low-Cost Housing Office — 1956

Wages and salaries		1,051,161
Concerning Cité N.T.P.	525,161	
Concerning Cité T.Q.T.	526,000	
Purchase of goods and services		181,121
Office supplies	46,123	
Concerning N.T.P.	23,997	
Concerning T.Q.T.	22,126	
Maintenance	82,961	
Concerning N.T.P.	76,127	
Concerning T.Q.T.	6,834	
Payments to the Saigon Prefecture	28,700	
Concerning N.T.P.	20,220	
Concerning T.Q.T.	8,480	
Unforeseen expenditures	23,337	
Concerning N.T.P.	14,243	
Total Expenditures		<u>1,232,282</u>
Surplus		4,766,255
Distributed Surplus	1,375,000	
Repayment of loan to AEA	500,000	
Repayment of loans to various Vietnamese budgets	875,000	
Undistributed surplus	3,391,225	<u><u>3,391,225</u></u>
Total		<u><u>5,998,537 \$VN</u></u>

D. National Bank

17, Ben Chuong Duong

Total expenditures by the National Bank amounted to 193 million piasters in 1956 compared to total revenues of 154 million piasters, resulting in a deficit of 39 million piasters if an attempt is made to balance fiscal year

revenues and expenditures. However, \$135 million of the expenditures were classified by the Bank as investments, the largest item being 127 million piasters which represented the cost of printing money. Similar treatment was given to 1955 expenditures, at which time 131 million piasters was classified as investments, with 32 million representing costs of printing money. In the summary tables in this report, these "investments" are not included in the figures on expenditures.

TABLE 20

Receipts of the National Bank -- 1956

Interest on loan to the national government	28,283,572
Interest on loan to Commercial Credit	19,444
Interest on deposits in foreign banks	81,322,279
Interest on loans to personnel	6,333
5% commission on purchases and sales of foreign exchange with various banks	12,907,476
2% surcharge on sales and purchases of foreign exchange with various banks	564,662
Commissions on foreign exchange	5,754,655
Profits on foreign exchange	2,490,223
5% premium on operations concerning American Economic Aid	11,421,476
Commission on sales and purchases of precious metals	126,208
Premium on foreign exchange guarantee	155,144
Profits from the sales of precious metals	7,323,445
Rent from building and furniture	2,347,621
Sales of publications	131,674
Receipts from the transfer service	155,445
Miscellaneous receipts	<u>1,186,281</u>
Total	154,195,935 \$VN

Expenditures by the National Bank — 1956

Wages and salaries		41,850,553	
Administrative council	453,449		
Employees salaries	30,236,548		
Bonuses and allowances	5,208,593		
Social payments	5,951,963		
Purchase of goods and services		16,329,928	
Supplies and office furniture	2,416,511		
Cashier's supplies	1,126,129		
Administrative supplies	9,053,835		
Fiscal fees	12,807		
Financial fees	2,727,033		
Transportation	920,113		
Technical training	73,500		
Total Current Operating Expenditures			58,180,481
Investments (Classified as such by National Bank)			134,584,539
Equipment and Furniture	520,416		
Building maintenance	6,737,374		
Costs of printing money	127,326,749		
Total Expenditures			192,768,020
Deficit			<u>(38,572,085)</u>
			154,195,935 \$VN
E. National Office of Electrical Re-equipment			
94, De Lattre de Tassigny			

Receipts were somewhat higher in 1956 than in 1955 and purchases of electrical equipment were consequently increased.

TABLE 21

Receipts of the National Office of Electrical Re-equipment -- 1956

Surtax on the consumption of electricity (C.E.F. included)	24,006,598
Profits from the production at Ankroet	2,524,511
Miscellaneous receipts	<u>1,590,877</u>
	28,121,986 \$VN

Expenditures by the National Office of Electrical Re-equipment -- 1956

Wages and salaries		1,240,418 -
Personnel salaries	979,645	
Allowances	156,133	
Hospitalization	14,640	
Bonuses	90,000	
Purchases of goods and services		165,741
Purchases of goods	127,702	
Office supplies	23,141	
Office equipment	18,120	
Auto maintenance	65,067	
Electricity	8,345	
Technical books	4,797	
Maintenance of materials	1,935	
Miscellaneous	6,297	
Purchases of services	38,039	
PTT	12,578	
Transportation	25,461	
Total Expenditures		<u>1,406,159 \$VN</u>
Surplus		<u>26,715,827</u>
Total		28,121,986 \$VN

TABLE 22

Capital Investments by the National Office of Electrical Re-equipment -- 1956

Soc. Gen. D'Eclairage et d'Energie.	1,816,330
Un. Elec. D'Indochine	1,479,076
Soc. Indo, Eau et Ele. d'Annam	2,542,841
Soc. Anony. d'Ele. de Rachgia	1,199,718
Regie du Sud Viet Nam	606,230
Exploitation des PMS	4,808,526
Installation costs for equipment in the PMS furnished by AEA	1,088,647
Installation costs for equipment at Tan Son Nhut furnished by AEA	1,841,339
Equipment furnished to various sites	<u>4,027,320</u>
Total	19,410,027 \$VN

F. National Investment Fund

42, Nguyen Hue

This was the first full year of operation for the National Investment Fund.

TABLE 23

Receipts of the National Investment Fund -- 1956

Interest and commissions on loans	5,281,145
Total	<u>5,281,145 \$VN</u>

Expenditures by the National Investment Fund -- 1956

Wages and salaries		1,842,396
Purchases of goods and services		487,236
Purchases of goods	270,430	
Office supplies	35,741	
Automobiles	123,323	
Books and periodicals	10,529	
Water and electricity	5,649	
Materials	10,961	
Miscellaneous	84,327	
Purchase of services	216,806	
Transportation	122,330	
PTT	44,976	
Lawyers' fees	49,500	
Total Expenditures		2,329,632
Undistributed surplus		<u>2,951,513</u>
Total		5,281,145 \$VN

TABLE 23

Loans by the National Investment Fund -- 1956

Loans to industrialists	66,950,300
Loans to agriculturalists in Central Viet Nam	15,906,529
Investment in the Vietnamese Cotton Industry Company	<u>6,000,000</u>
Total	88,856,829 \$VN

G. National Office of Agricultural Credit

136, De Lattre de Tassigny

This office was created in April, 1957 to combine the functions of two existing services which made loans to agriculture. The function of making agricultural loans dates back to 1927, when a Service of Agricultural Credit

was created. This Service continued until 1933. From 1933 until 1940, a new organization called the Indochinese Office of Mutual Agricultural Credit was operating. From 1940 until 1942, it had the title of the Indochinese Office of Mutual Agricultural and Artisanal Credit. From 1942 until 1950, it was called the Office of Popular Credit. Between the years 1950 and 1952, no agricultural loans were made. Then from 1952 until 1957, a National Service of Cooperative Agricultural and Artisanal Credit functioned. At first, it was dependent upon the Presidency (July 28, 1952 until 1953), then upon the Ministry of Agriculture (1953-February, 1954), and finally upon the Ministry of Agrarian Reform and Land Registration (February, 1954-April, 1957).

In addition to the above organization, another agency was created in April 25, 1955, the Administration of Popular Agricultural Credit, which was entirely financed with American Aid funds and whose staff was identical with that of the above named organization, but with a different director.

The operations of these two organizations have been grouped together financially. However, the National Service of Cooperative Agricultural and Artisanal Credit did not make any loans after 1954; hence the information given below concerns only American Aid funds (except loan repayments in 1955) and is not included in the table of government enterprises.

TABLE 24

Loans and Repayment of Loans by the National Service of Cooperative Agricultural and Artisanal Credit during 1955 and 1956 -- (\$VN)

	LOANS		LOAN REPAYMENTS	
	Individuals	Cooperatives	Individuals	Cooperatives
1955	0	0	933,058	0
1956	137,473,045	1,754,352	21,849,347	419,243

G. National Office of Mechanical Agricultural Equipment

114, Hong Top, Hu Lu

This office was created in 1957 for the development of mechanical agriculture in Viet Nam. At present, it operates entirely with American Aids funds, but soon it expects additional participation by national budget funds. It holds titles to approximately 100 tractors which are used mainly in areas where refugees are being resettled.

H. National Office for Reconstruction

60, Doan thi Diem

Receipts were greatly diminished in 1956 compared to 1955, mainly because the office did not receive either subsidies or loans from the national budget. Expenditures were increased, mainly in the form of housing assistance during 1956 to victims of the Binh Xuyen uprising. The deficit was made up with funds remaining from 1955.

TABLE 25

Receipts of the National Office for Reconstruction -- 1956

Repayment of reconstruction loans	856,505	
Rent from low-cost housing	1,614,907	
Rent-sales of low-cost housing	3,905,697	
Miscellaneous receipts	<u>267,357</u>	
Total Net Receipts		6,644,466
Lottery receipts ^{1/}	12,683,275	
Lottery receipts due from previous years ^{1/}	<u>4,548,823</u>	
Total Receipts Transferred from Lottery for Reconstruction ^{1/}		<u><u>17,232,098</u></u>
Grand Total		23,876,564 \$VN

^{1/} These receipts accounted for as revenues of Lottery for Reconstruction, Table 17.

Expenditures by the National Office for Reconstruction -- 1956.

Wages and salaries		1,761,750	
Purchase of goods		1,401,714	
Office supplies	218,622		
Maintenance	1,168,221		
Depenses D'ordre	14,871		
Current Operating Expenditures		3,163,464	
Aid to victims of Binh Xuyen uprising		<u>34,106,281</u>	
Total Operating Expenditures			37,269,745
Purchase of building for American Economic Mission	439,649		
Purchase of Land and buildings	12,018,529		
New construction	<u>20,949,936</u>		
Capital Outlay Expenditures			<u>33,408,114</u>
Total Expenditures			70,677,859
Deficit			<u>(46,800,495)</u>
Total			23,877,364 \$VN

I. National Railways

2. Cong Truong Dien Hong

The loss incurred by the railways was slightly higher in 1956, than that of the previous year. In order to calculate the receipts and expenditures of the National Railways on a January-December basis, though its fiscal year runs from July-June, one-half of the 1955-1956 fiscal year was added to the available data on July-December 1956. Capital investments during 1956 are estimated at 37,315,466 \$VN.

TABLE 26

(\$VN)

	July '55-June '56	July '56-Dec '56	Estimated Jan '56 - Dec '56
	(1)	(2)	(3) 1/2(1)+(2)=(3)
Operating receipts	327,534,915	145,511,973	309,279,430
Interest received	679,540	100,648	440,418
Rent from concessions	<u>7,319,762</u>	<u>2,847,962</u>	<u>6,507,843</u>
Total	335,534,217	148,460,583	316,227,692

Expenditures by the National Railways -- 1956

Wages and salaries	185,526,421	101,255,762	194,018,972
Purchase of goods and services	194,709,301	91,891,151	189,245,802
Rent	1,421,450	593,868	1,304,593
Interest payments	1,166,561	-	583,280
Amortizations	<u>8,245,308</u>	<u>4,122,665</u>	<u>8,245,319</u>
Current Operating Expenses	391,069,041	197,863,446	393,397,966
Taxes (indirect)	9,056,653	2,811,619	7,339,946
Deficit	<u>(64,591,477)</u>	<u>(52,214,482)</u>	<u>(84,510,220)</u>
Total	335,534,217	148,460,583	316,227,692
Typhoon repairs ^{1/}	3,191,969	1,103,407	2,699,392

^{1/} This item not included in totals as it is paid by national budget at close of each fiscal year.

TABLE 27

Stock changes of the National Railways

Value of stocks on January 1, 1956	107,837,281
Value of stocks on December 31, 1956	<u>105,038,739</u>
Depletion of stocks	2,798,542 \$VN

J. Port of Da Nang

Although the number of tons handled through the port dropped from 326 thousand tons in 1955 to 218 thousand tons in 1956, the port still showed a profit on its operations.

TABLE 28

Receipts of the Port of Da Nang -- 1956

Port taxes		3,242,637
Rent of port facilities including warehouses		1,503,730
Tax on loading and unloading		9,337,837
Recettes d'ordre		12,858
Receipts due from previous years		<u>7,377,894</u>
Total		21,534,955 \$VN

Expenditures of the Port of Da Nang -- 1956

Wages and salaries		9,695,936
Purchases of goods and services		8,692,073
Supplies for offices and shops and maintenance	2,792,358	
Larger maintenance works and new work	5,427,337	
Miscellaneous expenditures	472,378	
Total Expenditures		<u>18,388,009</u>
Surplus		<u>3,146,946</u>
Total		21,534,955 \$VN

K. Port of Saigon

46, Ben chuong Duong

The operating surplus was doubled in 1956 over the previous year. In addition to the receipts mentioned in the following table, the port received a loan of 15 million piasters of AEA funds -- 2,500,000 \$VN were repaid on outstanding loans -- 10,002,603 \$VN were spent on capital investment.

TABLE 29

Receipts of the Port of Saigon -- 1956

Receipts from current operations	<u>72,847,213</u>
Total	72,847,213 \$VN

Expenditures of the Port of Saigon -- 1956

Wages and salaries	26,090,885	
Purchase of goods and services	25,342,790	
Supplies	1,304,980	
Maintenance of materials	19,501,455	
Purchase of materials	2,286,261	
Exploitation materials	2,139,054	
Miscellaneous purchases	111,030	
Repayment of loan	<u>2,500,000</u>	
Total Current Operating Expenditures		53,933,675
Capital outlay		10,002,603
Building repairs	6,906,392	
Investments	2,974,042	
New construction	122,169	
Total Expenditures		<u>63,936,278</u>
Surplus		<u>8,910,935</u>
Total		72,847,213 \$VN

Begr

~~SECTION D~~Public Corporations

There were no increases in the number of public corporations in Vietnam in 1956. The National Investment Fund invested 6,000,000 \$VN in the Vietnamese Cotton Industry Company, but this company is not considered a public corporation. The amount of business done by the three corporations was down some in 1956 compared to 1955. However, as shown in Table 30 below, all of the change took place in Viet Nam Airways. Gross receipts (excluding Viet Nam Airways' sales of capital equipment) for the three corporations were down 13 per cent while expenditures (exclusive of taxes and profits) were down 20 per cent. Again, exclusive of taxes and profits, the combined operations of the three corporations showed a surplus of 5.4 million piasters for 1956. In addition, total taxes paid by the corporations amounted to just over 7 million piasters and profits amounted to 4.5 million, not including the surplus shown in the accounts of Viet Nam Airways, which resulted from a sale of capital assets.

TABLE 30 8

Gross Receipts and Expenditures of Public Corporations

(\$VN)

	<u>Receipts</u> ^{a/}		<u>Expenditures</u> ^{b/}	
	<u>1955</u>	<u>1956</u>	<u>1955</u>	<u>1956</u>
Savings Bank of Saigon	3,824,252	3,812,666	3,094,316	2,495,619
Televietnam	23,735,130	23,958,159	17,693,731	18,369,096
V.N. Airways	<u>232,770,117</u>	<u>197,931,406</u>	<u>247,848,593</u>	<u>199,461,812</u>
Total	260,329,499	225,702,231	268,636,640	220,326,527

Two possible changes concerning public corporations in Viet Nam may occur during 1957. The Savings Bank of Saigon may be incorporated into a plan for postal savings for the entire country. The coal mine of Nong Son which is

a/ Excluding sales of airplanes by Viet Nam Airways as follows:
1955, 28,598,792 \$VN and 1956, 7,530,869 \$VN.

b/ Exclusive of taxes and profits.

currently being administered by the Ministry of National Economy may be established as a public corporation. end

A. The Saigon Savings Bank

86, Le Thanh Ton

As previously seen in Table 30, there was very little change in the level of business of the Saigon Savings Bank in 1956 as compared with 1955. The interest paid in 1956 was less than in 1955, with a corresponding decrease in expenditures and an increase in the undistributed earnings on deposits.

Interest rate 1.5% → TABLE 31 maximum dep.: VN\$ 40,000
(3/29/61)

Receipts of the Savings Bank of Saigon -- 1956

Interest on funds deposited with the Central Savings Bank of France	3,192,304
Interest on funds deposited with the Vietnamese General Treasury	619,008
Receipts from closing old accounts	<u>1,354</u>
Total	3,812,666 \$VN

Expenditures of the Savings Bank of Saigon -- 1956

Interest to depositors	1,184,711
Wages and Salaries	1,170,735
Purchases of goods and services	<u>140,173</u>
Total Expenditures	<u>2,495,619</u>
Undistributed surplus	<u>1,317,047</u>
Total	3,812,666 \$VN

B. Televietnam

37, Nguyen Binh Khiem

As indicated in Table 30, the receipts and expenditures of Televietnam did not change significantly in 1956 from the level of 1955. Receipts rose by 1 per cent while expenditures rose 4 per cent. Distributed profits were little effected by this change.

TABLE 32

Receipts of Televietnam -- 1956

Sales and miscellaneous work	204,477
Received for renewal of equipment	333,787
Traffic participation	1,946,197
Radio-maritime service	193,569
PTT payments for services	16,746,642
Radio France-Asie	2,369,379
Radio Vietnam	1,690,927
Chief of Staff of Vietnamese Army	63,559
Vietnam Press Agency	270,000
Interest on deposits	<u>139,622</u>
Total	23,958,159 \$VN

Expenditures of Televietnam -- 1956

Wages and salaries	12,519,828
Purchase of goods and services	5,489,743
Rent	98,668
Amortizations	<u>260,857</u>
Total operating expenditures	18,369,096
Taxes	2,331,642
Indirect	420,415
Direct	1,911,227
Distributed profits	3,191,732
Undistributed surplus	<u>65,689</u>
Total	23,958,159 \$VN

C. Viet Nam Airways

116, Nguyen Hue

Viet Nam Airways was again able to show a small surplus in 1956 (though no dividends were paid) by selling off its capital equipment as it had done the previous year. Though gross receipts were down about 35 million piasters from 1955, expenditures were so reduced that the ratio of receipts (excluding sales of capital equipment) to expenditures (excluding taxes and profits) was increased from 94 per cent in 1955 to 99 per cent in 1956. Net disinvestment was about eight and a half million piasters in 1956, while it amounted to about 10 million piasters in 1955.

TABLE 33

Receipts of Viet Nam Airways -- 1956

Commercial receipts	191,685,086	
Receipts due from previous years.	602,077	
Rent and recuperation for miscellaneous activities	5,558,770	
Financial proceeds (interest, etc.):	<u>85,473</u>	
Total Operating receipts		197,931,406
Receipts from sale of capital assets		<u>7,530,869</u>
Total		205,462,275 \$VN

Expenditures of Viet Nam Airways -- 1956

Wages and salaries	72,798,227	
Purchase of goods and services	91,742,914	
Financial charge and interest	7,162,570	
Rent	1,129,934	
Amortizations and reserves	<u>26,628,167</u>	
Total operating expenditures		199,461,812
Taxes		4,832,398
Indirect	4,486,798	
Direct	345,600	
Undistributed surplus		<u>1,168,065</u>
		205,462,275

TABLE 34

Capital Investment Value of Viet Nam Airways -- 1956

January 1, 1956	66,579,125
December 31, 1956	<u>58,150,557</u>
Net disinvestment	8,428,568 \$VN

TABLE 35

Stock Changes of Viet Nam Airways -- 1956

January 1, 1956 valuation	19,785,703
December 31, 1956 valuation	<u>19,513,491</u>
Net stock depletion	272,212 \$VN

SECTION E

Non-Budgeted Transfer Accounts

There are currently (August, 1957), twenty-two non-budgeted transfer accounts which receive and disburse public funds. Eleven of these accounts have been created in 1957 and figures on receipts and expenditures in these accounts are not included in this study. Eleven accounts were active in 1956, and six in 1955. Tables ~~36~~⁸ and ~~37~~ present the data pertaining to these accounts.

Although the nature of these accounts varies, generally they appear to be either revolving fund accounts or accounts which receive "earmarked" revenue. For national income accounting purposes, all of the accounts have been treated as transfer accounts, that is, certain funds have been transferred into them from the private sector and other funds have been transferred out of them to the private sector.

In 1956, three of these accounts were subsidized by the National Account for the Compensation of Imported and Exported Merchandise. This account receives the proceeds from a tariff levied on imported products. The three accounts receiving subsidies in 1956 were: Development of the Nong Son Coal Mine; Rehabilitation of My An; and Sugar Cane Development.

Total receipts to these accounts exceeded total expenditures from the accounts in both 1955 and 1956. In 1955, the balance was 45 million piasters and in 1956, 29 million piasters. Both total receipts and total expenditures decreased by approximately 30 per cent in 1956. A yearly surplus or deficit in individual accounts has little significance, in as much as the balances in these accounts carries forward from year to year and is available for expenditures.

A brief description of each of the twenty-two accounts is included in this section.

*do not do*TABLE 36

Receipts and Expenditures of Non-budgeted Transfer Accounts -- 1955

(\$VN)

<u>Account Title</u>	<u>Receipts</u>	<u>Expenditures</u>
National Account for the Compensation of Imported and Exported Merchandise	97,025,113	130,000,000
Account for the Establishment of Coal Stocks	132,082,207	105,584,612
Account for the Establishment of Rice Stocks	107,816,687	60,000,000
Expenditure of Funds from Sale of Fertilizer	6,558,333	8,244,075
Vietnamese Salt Concession	4,564,584	-
European Pension Fund	<u>5,053,297</u>	<u>4,286,173</u>
Total	353,100,221	308,114,860

~~TABLE 37~~ 9

Receipts and Expenditures of Non-budgeted Transfer Accounts — 1956

(\$VN)

<u>Account Title</u>	<u>Receipts</u>	<u>Expenditures</u>
National Account for the Compensation of Imported and Exported Merchandise	80,050,206	46,745,000 ^{1/}
Development of the Nong Son Coal Mine	(11,118,800) ^{2/}	4,433,023
Rehabilitation of My An	(1,938,500) ^{2/}	1,053,960
Sugar Cane Development	(2,219,300) ^{2/}	720,491
Account for the Establishment of Coal Stocks	16,572,418	11,028,735
Account for the Establishment of Rice Stocks	95,511,937	95,993,638
Expenditure of Funds from Sale of Fertilizer	9,287,000	9,797,000
Funds for Expenditures to Protect Road and River Traffic	102,739	250,000
Stabilization Fund for Price of Pork in Saigon	36,484,052	35,981,229
Vietnamese Salt Concession	3,510,825	7,288,776
European Pension Fund	<u>4,932,193</u>	<u>4,107,885</u>
Total	246,451,370	217,398,737

^{1/} Excludes the 15,277,600 \$VN transferred to accounts indicated ()^{2/}.

^{2/} Not included in total receipts. These amounts are transferred to these accounts from Compensation of Imported and Exported Merchandise account and are included as receipts within the 80,050,206 \$VN of that account.

end

The following accounts were active in 1955 and 1956:

1. National Account for the Compensation of Imported and Exported Merchandise
(Treasury account number 25-01)

This account is by far the largest one presented in this section. It was created in July 1953 to tax certain imported products so that they would not undersell local products. During 1956, the tax was levied on the following imported products: sugar, silk, fuels, jute sacks and flour. In 1957, several new items have been added. The tax receipts are spent to encourage local production and the general economic development of the country. Through 1956, approximately 150 million piasters have been spent on economic development, while an additional 100 million piasters have been loaned out, either to other government agencies or to private persons. In mid-1957, about 51 million piasters remained in the account. This account is managed by the Ministry of National Economy.

2. Development of the Nong-Son Coal Mine (Treasury account number 13-36)

This account is managed by the Direction of Mines, Ministry of National Economy.

Most of the money for expenditures for the development of the mine of Nong-Son is provided by the national budget, but the National Account for the Compensation of Imported and Exported Merchandise also provided 11 million piasters in 1956.

3. Rehabilitation of My An (Treasury account number 13-40)

This account is controlled by the Secretary of State for Agrarian Reform and Land Registration. Its funds are used to reopen the area of My-An in the Plaine des Jones. The National Account for the Compensation of Imported and Exported Merchandise finances this account.

4. Sugar Cane Development (Treasury account number 13-35)

This account, managed by the Ministry of Agriculture, was given certain funds during 1956 for the encouragement of sugar cane development. Prior to that time all efforts in this area were supported by counterpart funds. Money allocated to this fund came from the National Account for the Compensation of Imported and Exported Merchandise.

5. Account for the Establishment of Coal Stocks (Treasury account number 13-31)

This fund was established in 1954 to provide security stocks of coal in the case of emergency. Most of the original stock of coal came from the Hon Gay Coal mine in North Viet Nam while American Economic Aid provided 30,000 tons through direct aid channels. It is planned to completely deplete the existing stocks of coal during 1957 and to abolish the account. The authorizing officer for receipts and expenditures is the Minister of Finance, but the actual storing and sales of the coal are managed by the Ministry of National Economy.

6. Account for the Establishment of Rice Stocks (Treasury account number 13-27)

This fund was established for the purpose of stabilizing rice prices, primarily in the Saigon area. The Ministry of National Economy manages this account. The Minister of Finance is the authorizing officer while the Director of Internal Commerce of the Ministry of National Economy is the liquidator of funds. The actual rice stocks are supervised by the Ministry of National Economy.

7. Expenditure of Funds from the Sale of Fertilizer (Treasury account number 13-25)

This account was created in 1954 with a grant of fertilizer from American direct aid. The amounts received from the sale of this fertilizer (valued at 7,000,000 \$VN), go into this account for the purchase of additional fertilizer. The sale price of the first fertilizer sold was at $1/3$ of its cost, then the

price was raised to 1/2, then to 3/4. Eventually, it will be sold at full cost. This account is managed by the General Direction of Agriculture, Ministry of Agriculture.

8. Funds to Protect Road and River Traffic (Treasury Account number 13-17)

This account was created during the period of civil warfare by a special tax on both road and river traffic. The proceeds of this tax were used to build block-houses and control points. The tax was abolished at the end of 1955, but during 1956, a few late payments were received and expenditures made. This account is managed by the Ministry of Public Works.

9. Stabilization Fund for the Price of Pork (in Saigon)

This fund was created in 1956 with 4,000,000 \$VN from the National Account for the Compensation of Imported and Exported Merchandise. The funds are used to purchase and sell pigs to keep the volume on the market steady and thereby avoid large price fluctuations. It is controlled by the Director General of the Saigon Prefecture. The number of pigs varies between 100 and 400. The fund operated only the last two months in 1956.

10. Vietnamese Salt Concession (Treasury account number 14-07)

This fund, managed by the Direction of Régie, Ministry of Finance, is used for the purchase and sale of salt to prevent undersupply and fluctuating prices in the salt market. However, the present situation is so stable that this account will be abandoned during 1957. The remaining stocks of salt will be sold during this year.

11. Pension Fund for European Employees of the Saigon Prefecture

This fund receives payments from and makes payments to European employees of the Saigon Prefecture. At the present time, there are only 15 Europeans contributing to this fund and 128 Europeans in paid retirement. This fund must be supplemented by the budget of the Saigon Prefecture.

The following accounts were created in 1957, or were inactive during 1956:

12. Account for the Utilization of Funds Provided through the Sale of Educational Publications (Treasury account number 13-42)

This account was created to increase the quantity and quality of students text books in Viet Nam. The table below shows the amount of counterpart funds which have been released or which are planned for the years 1954 to 1959 to be used for the publication of books. The proceeds from the sales of the books will be used in the future to publish more books. During 1956, 678,586 \$VN was deposited to this account from the sales of books printed with AEA funds.

The General Direction of Teaching, Ministry of Education, manages this fund.

TABLE 38

American Aid Funds to be Used in the Publication of Educational Books

<u>Fiscal Year</u>	<u>Amount</u>
1954 - 1955	1,000,000 \$VN
1955 - 1956	3,000,000
1956 - 1957	4,000,000
1957 - 1958	8,000,000
1958 - 1959	4,000,000

13. Account for the Construction of Civil Servants' Housing (Treasury account number 13-45)

This account was created in 1957 for the purpose of using one-half of the funds collected by the Economic Police through their confiscations for the construction of housing for civil servants.

14. Autonomous Funds for the Protection of the National Economy

This account was created in July, 1955 and the decree establishing it provided that up to 100 million piasters could be advanced by the Treasury. The Secretary of State for Finance was made the president of a commission controlling the

funds. No information is available on its use or status.

15. Confiscation of Rebel Assets (Treasury account number 13-46)

This account was created in 1957 to receive assets confiscated from rebels.

16. Confiscation of Enemy Assets (Treasury account number 15-05)

The account was established after the last world war for the deposit of confiscated Japanese assets. The funds in this account are transferred to the national budget when final decisions are taken as to their disposal. In mid-1957, 47,526,182 \$VN remained in this account. The General Direction of Registration, Ministry of Finance, manages this account.

17. Forestry Development Fund

This account was created in 1954 to receive the repayments of loans made with counterpart funds to those engaged in the lumber industry. Most of the loans were made for the purchase of hauling equipment. Up to the present time, the proceeds from loan repayments deposited to this account have not been reloaned, but it has been proposed that they be used for short-term loans. At the present time, there are approximately 4,000,000 \$VN in this account. The account is managed by the General Direction of Water and Forests, Ministry of Agriculture.

18. Jute Development Fund (Treasury account number 13-43)

Through 1956, jute development was financed by the use of counterpart funds, but during 1957, the National Account for the Compensation of Imported and Exported Merchandise will provide additional funds for the encouragement of jute development in Viet Nam. This account is managed by the Ministry of Agriculture.

19. Loan Service to Small Merchants

This service of the Ministry of National Economy was created in 1956 to provide loans to small merchants in the rural areas of Viet Nam. The terms of this service do not permit it to make loans exceeding 100,000 \$VN. The loans

are for six months and can be renewed once. The interest rate is 6 per cent per year. The first loans were made in 1957, and in the first six months of this year, 12,311,000 \$VN were loaned.

20. Special Fund for Agrarian Reform (Treasury account number 13-41)

This account was created in 1957 to handle the new phase of the agrarian reform program. Payments by those receiving land will be made into the fund and payments for the land to the original owners will be made from this account.

21. Social Welfare Account for the Vietnamese Army (Treasury account number 14-44)

This account was created in 1957 to receive deposits from the proceeds of Army benefit shows and lottery drawings for their ultimate utilization for social work of the army.

22. State Inheritances and Sales of Wrecks (Treasury account number 13-16)

This account is used for the deposit of funds escheated to the state or from the sale of wrecks which are salvaged by the state. The funds are held in suspense for twenty years before final disposition may be made. When after twenty years, no claim on the funds is upheld against the state, they are turned over to the national budget. At present, there are approximately 680,000 piasters in this account. The account is managed by the General Direction of Registration, Ministry of Finance.

SECTION FGovernment Loans

Today, there are several government enterprises which make loans to the private sector. Also, loans are made from the funds in a number of the non-budgeted transfer accounts. A brief description follows of the types of loans currently being made by the various agencies and accounts.

Government Agencies

Commercial Credit has been making loans since the end of 1955 to various types of commercial activity.

Low-Cost Housing Office of the Prefecture of Saigon has been making housing available since 1951; repayment on a medium-to-long-term basis.

National Bank began in April 1957, to loan money to the various private banks established in Viet Nam.

National Investment Fund has been making loans to Vietnamese industrialists and agriculturists since the end of 1955.

National Office of Agricultural Credit was created in 1957 to replace two existing agricultural credit agencies of the Vietnamese Government.

It has taken over the outstanding receivables of the former credit agencies.

National Office for Reconstruction makes housing available, the loan being repaid on medium or long-term.

Non-budgeted Transfer Accounts

Forestry Development Fund, which was originally financed by AEA funds, has made loans for the purchase of wood cutting and hauling equipment and plans to make short-term loans to the lumber industry.

Jute Development Fund will be making small loans to farmers to encourage the development of jute in Viet Nam. In the past, all expenditures

from this account have come from AEA funds.

National Account for the Compensation of Imported and Exported Merchandise has been making loans since 1953 for the development of Vietnamese industry and agriculture. Part of its loans go to other government programs which are financed in part by AEA funds.

Loan Service to Small Merchants was created in 1957 to provide working capital for small merchants.

Special Fund for Agrarian Reform was created in 1957 to finance the new program of agrarian reform.

Sugar Cane Development plans to make loans to farmers in 1957 to encourage the production of this product.

However, in 1956, only three organizations loaned government funds to the private sector as shown in table ~~39~~¹⁰ below.

TABLE 39-10

Government Loans to the Private Sector -- 1956

<u>Organization</u>	<u>Amount</u>
Commercial Credit	271,033,167
National Investment Fund	85,856,829 ^{a/}
National Account for the Compensation of Imported and Exported Merchandise	<u>20,000,000^{b/}</u>
Total	376,889,996 \$VN

^{a/} Includes 6,000,000 \$VN invested in the Vietnamese Cotton Industry Company.
^{b/} Estimated and included under expenditures within various transfer accounts.

SECTION G

Investments

In 1956, there were capital transfers in all sections presented in this study. The data supplied in the 1955 study has been reorganized and is presented in Table 41. The data concerning 1956 is presented in Table 40. Total investment (including the purchase of existing facilities) was less in 1956 than in 1955 due in part to the purchase in 1955 by the National Bank of the property it currently occupies. New capital investment was approximately 8 per cent less in 1956 than in 1955. For details of the specific investments, see the section and tables concerning the respective organization.

TABLE 40-11

Investments by Organizations with Budget Autonomy --- 1956

(\$VN)

Type of Budget Autonomy and Organization	New Capital Investment	Purchase of Existing Capital Facilities	Disinvestment
<u>Government Agencies</u>			
National University	<u>6,217,406</u>		
<u>Government Enterprises</u>			
Low-Cost Housing	721,486		
National Office of Electrical Re-equipment	19,410,027		
National Office for Reconstruction	20,949,936	12,458,178	
National Railways	37,315,466		
Port of Saigon	<u>10,002,603</u>		
<u>Public Corporations</u>			
Viet Nam Airways			<u>(8,428,568)</u>
Grand Total	94,616,924	12,458,178	(8,428,568)

end.

TABLE 41

Investments by the Organizations with Budget Autonomy -- 1955

(\$VN)

Type of Budget Autonomy and Organization	New Capital Investment	Purchase of Existing Capital Fa- cilities	Disinvestment
<u>Autonomous Government Agencies</u>			
Civil Servants' Retirement Fund	2,800,000		
National University	<u>4,165,889</u>		
Total	6,965,889		
<u>Government Enterprises</u>			
Low-Cost Housing	1,458,336		
National Bank		95,724,592	
National Office of Electrical Re-equipment	13,777,833		
National Office for Reconstruction	22,070,535	12,456,870	
National Railways	29,460,890		
Port of Saigon	<u>29,424,799</u>		
Total	96,192,393	108,181,462	
<u>Public Corporations</u>			
Viet Nam Airways			<u>(9,853,477)</u>
Grand Total	103,158,282	108,181,462	(9,853,477)