From: Province Chief
To: Public works service Chief
Provincial elementary school Inspector
Health Service Chief
District Chiefs

SUBJECT: Service and village budget preparation for fiscal year 1956.

C I R C U L A R .

In order to have complete documents to prepare the budget of 1956, I request you to prepare your statement of estimate expenditures for personnel and material concerning each of your programs and send them to my office as soon as possible.

In the last few years, the unsecure situation caused an important budget deficit. Hence this year, 1956, because security has been re-established in most of jurisdictions, with the goal of bringing the complete victory to the national government, I call your attention to our mutual effort to improve at least partially the actual budgetary condition which is, of course, unsatisfactory. We will then increase the revenues for the budget and limit the expenditures.

Thus, according to the order of the Delegate's office,
the budget of this year 1956 will be an economical one based
upon the characters below:

**Village budget.**

The village budgets are to be based on the principle
of "Self governed finance" as approved by the village council. After preparation of the village budget they will be approved by the village council.

All public expenditure schedules, classified by their importance, must be annexed to the village budget estimate.

On the expenditures side, charges must be included in the village budget for expenditures on education and security. I call for the village effort in these social expenditures. Don't provide for non essential expenditures in order to avoid increases the village budget in either expenditures or receipts pertaining to allowances of the village council.

**Service budget.**

a) **Expenditure estimates for personnel.** These must be computed with reference to the actual number of present personnel on October 1-1956.

You must enclose a comparison statement of personnel number for 1955 and 1956 and any explanation if there will be an increase.
b) **Expenditure estimates for material and supplies.**
These must be limited to a minimum, in any case, they cannot exceed 80% of the expenditures during 1955.

c) **Expenditure estimates for public-works.**
Only the public and essential works for common interest should be presented.

It is better to delay all operations of Residence building or expensive reparations of houses.

To conclude, I impress upon you the necessity to present practically and clearly your budget estimates and send them to my office before the December 15th; 1955

MY THO, December 12th; 1955
Province Deputy Chief.
Mr. Wayne Snyder, Statistician

Walter W. Mode, Chief, Field Administration Division

Village Financial Data

Attached are some village fiscal materials which our survey team picked up in Mytho and which you may find useful. I would appreciate your returning them to me after you have finished with them. If you should have an English translation made, please furnish a copy to us, also.

cc: Dr. Wesley R. Fishel, Chief Advisor
    Dr. Guy Fox, Chief, National Institute of Administration

Attached:
2. Village Budget Form.
3. Quarterly Report Form for listing receipts and payments by village.
4. Chart of taxes to be collected by villages and division between the several levels of government.
Mr. Marvin Murphy, Budget Specialist

Walter W. Mode, Chief, Field Administration Division

Budgetary Operation

There are attached copies of:

(1) A request for funds made to the Department of the Interior for feeding of prisoners in Myrto Province dated 12 September 1956.

(2) Several follow-up documents requesting action on the request addressed to the Department of the Interior and to the Department of Justice which had taken over this function.

Apparently, in making up its budget, the Department of the Interior neglected to include a provision for food for prisoners (at least for Myrto Province). For some reason, the province has been unable to get action.

It is believed that a study of this case might throw light on some of the difficulties of the present system of budgetary operations and might be helpful in persuading the powers that be of need for change. We shall be glad to cooperate in any way that we can. Please return the documents when you are through with them.

jl

cc: Dr. Wesley R. Fishel, Chief Advisor
    Dr. Guy Fox, Chief, National Institute of Administration
Walter Mode, Chief, Field Administration Division  
Marvin Murphy, Budget Specialist  
Food Problem - Prison of Mytho Province  

This is reference to your memorandum to me dated November 15, 1956, concerning the lack of budgeted funds for the feeding of prisoners in the branch prison in Mytho Province. You suggested that an investigation of this situation, and the causes thereof, might reveal deficiencies in the Vietnamese budgetary operations, and that this concrete example could be cited to aid in persuading the officials concerned to improve the system.

Attached to your memorandum were four documents: (1) a budget form indicating the amount of authorized funds for the administration of the Mytho prison for 1956, the amount of funds expended during the first nine months of the year and funds requested for the remaining three months of 1956, (2) a copy of a request for additional funds to pay for supplementary and unauthorized obligations which the chief of province had made for the maintenance of prisoners, (3) a copy of a telegram sent by the chief of province to the Department of Interior requesting action on the two previous documents, and (4) a copy of a letter addressed to the Departments of Interior and Justice requesting action on the province chief's request for additional funds.

We have investigated this situation in quite some detail and believe that it was caused, not so much by improper budgetary procedure, but by the dislocation and administrative confusion which resulted from the abolition of the regional budgets and the implementation of the recommendation contained in the report concerning the Department of Interior, which proposed that the Department of Interior be responsible for all "housekeeping functions" of the provincial administration. At least the fact that no supplemental funds have been forthcoming can be directly contributed to the latter cause.

The Department of Interior did not prepare the budget request for the provincial prisons in general or for the Mytho prison for the budget year 1956. As in the past, the budget was prepared by the staff and authority of the Regional Delegation for South Vietnam. The prison budget was based upon an estimated number of prisoners to be confined in the Mytho prison. The person who made the estimate failed to take into account two large pacification operations which were held during the latter part of 1955 in the western provinces. As a result the prison population for the area has
about doubled over the original estimate. I am unable to determine if the regional authorities or the budget directorate were informed of the pacification operation before compiling the 1956 budget figures. If they did know of the operation but failed to take it into account, then this situation indicates extremely poor budgetary planning. If the large influx of prisoners could not have been foreseen at budget preparation time then of course the officials responsible cannot be criticised. However, one of the major principles which I hope to instill in the minds of Vietnamese officials is that the budget is a major instrument of planning and that the planning must be sound and realistic.

Because of the increase in the prison population, the funds meant to be used to feed the prisoners for the full year have been used up during the first nine months and now the province chief has requested just under 300,000 VN$ additional, or about 10% above the original amount. However, no official request for additional funds has as yet been presented to the Budget Bureau for the maintenance of prisoners in any province.

As to the reasons why no action has been taken to relieve this situation, I offer the following facts.

On December 24, 1955, by Presidential decree, the regional authority of the three regional delegations of the Vietnamese government were abolished. This decree specifically included the regional budgets. However, neither the administrative nor strictly budgetary aspects of this decree were immediately implemented. A regional budget for the coming year - 1956 - for each of the regions - had already been prepared and this was bodily incorporated in a unified National Budget, thus giving appearance of abolishment of the regional budgets, but in fact little was changed.

Beginning on January 1, 1956 the regions began to give up their responsibilities and by about the middle of August they were almost totally reduced to advisory and investigatory bodies of the national government for regional affairs. One of the earliest removals of responsibilities concerned various provincial police functions which had traditionally been under the responsibility and authority of the regional delegations. Specifically, in South Vietnam three functions were turned over to the Department of Interior early in January of this year. They were: (1) Provincial prisons, (2) Communal police, and (3) Auxiliary Brigade of the Gendarmerie. Later a fourth function was turned over to the Department of Interior, that of provincial administration.

However, in the case of provincial prisons the responsibility was not entirely given to the Department of Interior. Apparently, some attempt was made to follow the Field Administration Division's recommendation that the Department of Interior become responsible for the "housekeeping functions" within the thirty-five odd provinces. Thus, only responsibility for material expenditures was turned over to the Department of Interior.
This means that chapters of the budget concerning material and special expenditures became the responsibility of the Interior. Personnel administration was assigned to the Department of Justice with the rational being that it was Justice's responsibility to guard the State's charges.

As a consequence of these changes, two organizations, neither of which had previously had any administrative responsibility or experience in managing the provincial prisons, suddenly became responsible for welfare of hundreds of Vietnamese, Chinese and French citizens. To cope with the financial aspects of the problem the government delegation for South Vietnam transferred to the Department of Interior four of their fifty-four employees trained in financial administration.

Apparently the administration of the prison operation did not go smoothly during the first months of 1956. The government delegations, for unknown reasons, turned a "deaf" ear to the requests from the Department of Interior for the records pertaining to the management of provincial prisons, with the consequence that untrained personnel were attempting to cope with an entirely new responsibility. The solution or at least a step towards a solution, was to resolve the divided responsibility and obtain the necessary documents concerning the previous administration. Triparty negotiations with this aim were entered into between representatives of the Departments of Interior and Justice and the Presidency. About the middle of April it was the consensus that the Department of Justice would assume complete responsibility for provincial prisons. However, there was a point of misunderstanding between representatives of Interior and Justice. The disagreement turned on the question of whether the Department of Justice would accept the responsibility for payment of obligations made by provincial officials for maintenance of prisoners during the period when Interior was responsible for such authorization of payments. Minor as this point might seem to some, its solution was not reached until the middle of August, when by presidential decree it was stated that from October 1, 1956, the Department of Interior would cease all responsibility for the administration and material support of provincial prisons, and that such responsibility and material support would henceforth be the total responsibility of the Department of Justice. At the same time, it was agreed that for obligations incurred during the period prior to the change in authority, the Department of Justice would liquidate these obligations only on the recommendation of the Department of Interior.

Hence, on September 30th the Department of Interior gave up all responsibility for initiating any action concerning the management of provincial prisons.

In order to present the most orderly possible transfer of management to the Department of Justice, the Department of Interior requested by letter on September 6, 1956 that all province chiefs, in their capacity as administrators of national prison programs at provincial level, submit to
the Department a revised request for funds through the ending of the third quarter. This was to permit the Department to present a consolidated request to the Budget Bureau for sufficient funds to cover all obligations made by provincial authorities, and clear their books of obligations incurred under their management.

It might be said that the budget system was at fault for permitting the provincial chiefs to obligate funds in excess of the authorized amounts available. However, the province chiefs had, in fact, not done this, as it is not possible to do so without the prior approval of both the Controller of Obligated Funds and the Budget Bureau. What had happened, was that the province chiefs had on their own authority and not as representatives of the Department of Interior's interests, encumbered obligations to local merchants for maintenance of the prisoners in their prisons, a very natural situation and a commendable one in light of the situation.

Unfortunately, not all provinces replied to the Department of Interior's letter in time for the Department to request additional funds before it gave up such authority on September 30th. In fact, the Department has still not received information from several provinces. As the financial administration of all provincial prisons is included in one chapter, the Department could not submit a request for additional funds for only the few needy provinces without explaining to the Budget Bureau that it had no idea what funds remained at the disposal of the other and majority of the provinces. The responsibility for the administration of provincial prisons has now been transferred from Interior to the Department of Justice.

The Department of Interior has released two of the four employees which they received from the Southern Delegation for the administration of their additional financial obligations to the Department of Justice, in order that this department might have two persons somewhat familiar with prison affairs.

I believe that the following conclusions can be drawn from this case:

1. There may be evidence of poor budget planning at the time of preparation of the original request although the facts would seem to indicate the situation was unavoidable.

2. A workable budgetary allotment system and control report would have brought this situation to the attention of responsible authorities much earlier in the year so that some action could have been taken.

3. The major cause seems to be the disorganization caused by the reassignment of the prison function and the fact that the department assigned the responsibility had had no experience in this operation.

cc: Dr. Wesley R. Fishel, Chief Advisor
    Dr. Guy Fox, Chief, N.I.A. Division
PROVINCE FIELD INTERVIEW

Name of Province: My-Tho
Name of Interviewees: Nguyễn Trân, Huỳnh Truy Trúc
Title of Interviewees: Province Chief Accounting Bureau Chief

Project: Budget Accounting & Spending
Date: November 13-14, 1956
Interviewers: Mr. Rosenfeld Nguyễn Quán

1. The Bureau Personnel numbers Mr. Trúc, Bureau Chief, and 5 clerks (3 are permanent and 2 daily paid).
   Mr. Trúc belongs to the regular body of public servant and is paid by the National Budget. All his 5 clerks are paid by the Provincial Budget. Both payrolls are established in My-Tho.

2. The Bureau manages the expenditures of 3 budgets:
   - National Budget
   - Provincial Budget
   - Foreign Aid Budget
   while the management of the assets collecting is carried out by the Taxes Bureau (see separate report)

3. National Budget expenditures are managed by way of granting delegated credit. Request for such a granting occurred quarterly. Usually request is complied with:
   - Some cut to the global amount
   - and too much delay

   Then suppliers are not willing to sell to the Government or only at an extra price to balance the lost due to the long payment delay. Some time the province chief uses illegal by-way in order to have the suppliers paid. For example the food supply for the convicts. As a French regime leftover it was primarily supported by the South Vietnam budget. More than a year ago the South Vietnam Delegation was abolished and the expenses thereof are said cared for by the Interior Department. Six months ago the penitentiary service was ordered to be within the Justice Department. As a boring result for more than 6 months the bill has not been paid at all. Then the Province Chief used a by way: he picked up money from the Incorporated village Funds and paid the Supplier but really it was illegal.
4. Management of Provincial Budget Funds is of course the Province Chief's business. However, he is bound by some restricting financial regulations such as the 50-60,000$ limit for all free of higher authorization expenses, or the obligation of an adjudication or auction for some other.

The interviewees think:
- The limit should be raised up to 100,000$
- Province Chief should be vested with more freedom in spending money. For example: this process has to be followed as far for all auction or adjudication: Request for by the interested service ———> Approval by the Presidency ———> Adjudication
  ———> Approval by the Presidency of the operation ———> Implementation.

Meas Trân and Truc fell the 2nd Presidency’s approval not necessary. Mr. Phuc, Treasury Chief, thinks so for the 1st approval.

5. Usually suppliers take 6 months to be paid. In theory suppliers are permitted to denounce the agreement if they did not get approval within 50 days.

6. Monthly Mr. Truc is notified by the Treasury of the amount of the fund available.

7. He also cares for the preparing of the annual province.

8. He acts as a pay agent of the province offices personnel.

9. He monthly works out report on the expenditures engaged (at the name of the Province Chief) to the Directorate General of the Budget.
PROVINCE FIELD INTERVIEW

Name of Province: MY-THO
Name of Interviewee: NGUYEN QUOC PHUC
Title of Interviewee: Chief of the Treasury agency of MY-THO.

Project: Province Treasury
Date: November 21, 1956
Interviewers: Matsu: NOBE, ROSENFIELD and QUAN on the November 20
- QUAN on November 21

---00c---

10/ Mr. PHUC is a Treasury body permanent employee. He is native of North VN and was previously Deputy to the Province Chief of Nam-Binh (North VN).

20/ For a better understanding of the Treasury functions following is the breakdown of the whole treasury system:

- Up to a very recent date:

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- Current organization:

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List of Provincial Treasuries:

a/ Central VM: Hô Chi
   - Qui-Nhon
   - Da-Nang (Tourane)
   - Nha-Trang

b/ P.M.S.: Ba-Lat
   - Ban-Me-Thuat

c/ South VM: Cholon
   - Gia-Dinh
   - My-Tho
   - Tay-Ninh
   - Thu-Dau-Mot
   - Vinh-Long
   - Tra-ving
   - Can-Tho
   - Bac-Lieu
   - Long-Kuyen
   - Bien-Hoa
   - Vung-Tau (Cap St. Jacques)

Some Provincial Treasuries cover several provinces where they have an Intermediary Agency of Treasury:

<table>
<thead>
<tr>
<th>Provincial Treasury</th>
<th>Intermediary Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Vinh-Long</td>
<td>Sadec</td>
</tr>
<tr>
<td>2 Vung-Tau</td>
<td>Ba-Hia</td>
</tr>
<tr>
<td>3 Can-Tho</td>
<td>Soc-Trang</td>
</tr>
<tr>
<td>4 My-Tho</td>
<td>Tan-an</td>
</tr>
<tr>
<td>5 Long-Kuyen</td>
<td>Nga-Hoa</td>
</tr>
<tr>
<td></td>
<td>Ben-Tre</td>
</tr>
<tr>
<td></td>
<td>Go-Gong</td>
</tr>
<tr>
<td></td>
<td>Rach-Gia</td>
</tr>
<tr>
<td></td>
<td>Chau-Doc</td>
</tr>
<tr>
<td></td>
<td>Ha-Tien</td>
</tr>
</tbody>
</table>
The Provincial Chief Treasurer is necessary a public servant of the Treasury body. The Intermediary Agent is merely a clerk working in the Province chief office with a specific assignment as a paymaster. He is not entitled to check "mandats" as the Provincial Chief Treasurer is.

In each of provinces of minor importance like Phan-Rang, Phan-Thiet, Guang-Tri, Guang-Ngai, Tuy-Hoe, Guang-Nam, Djiring, there exist just a Collection Agency. The agent is also appointed by the Finance Minister but remains regarded as a Treasurer of low grade.

30/ Provincial Treasury functions include first the collecting of all kinds of taxes, direct and indirect ones.

Collecting of direct taxes is its entire business from warning the taxpayer thus receiving money or prosecuting the failing.

As far as indirect taxes are concerned, the Treasury merely receives money from interested collecting agencies.

The Treasury also collects fines and justice charges.

Secondly the Treasury pays all expenses on mandat. First he has to check:

- whether the expenditure is scheduled in the budget.
- whether the credit is over spent.
- whether financial regulations are followed, for example if the prescribed adjudication process has been carried out for some expenses engagement.

In theory the treasurer is not entitled to check the opportunity or the morality of an expense.
Actually Mr. PHUC refers to a round circular of the President recommending all expense managers to keep from all sumptuary expenses to recognize to himself the right of refusing visa of every "mandat" of such nature. It appears that Mr. PHUC over applies his right as the circular No. 12-FTT-HNS of 24 December 1955 did not expressly vest him with power of checking the sumptuarness of an expense. It merely recommended and transgressors (the province chief as the budget manager) have to report to their superiors. As a result conflicts from time to time occured and Mr. PHUC wishes a clear document to delimitate his powers.

40/ The Provincial Treasury works on what we call the Treasury advance. Every month My-Tho Treasury is delivered about 100 millions by the National Treasury. That fund is bound to cover payment of expenditures of 5 province services including the salary of the armed forces.

All taxes collected are moved over to the National Treasury and no balance operating occurs with the Treasury advance.

50/ Asked about the case of food supply for the convicts, Mr. PHUC says that instead of operating the illegal way by taking money from the Village Consolidated Fund, the province chief might well issue a payment requisition over the Treasury. So far no requisition occurred.

60/ Too many sumptuary expenses occured in province of Tan-An, for example 60,000$ of furnitures of which 10,000$ for a divan. Mr. PHUC says every time he was sent a "mandat" for such a costly expense he recall the province chief the above mentioned circular and he got it withdrawn.

What would the action of Mr. PHUC be if he wanted to buy a divan instead of a double bed. Is it tied to the successful operation of the Province administration?
This actually is the breakdown of the $107 million My-The

1956 budget:

<table>
<thead>
<tr>
<th>Estimated Revenues</th>
<th>Own receipts</th>
<th>From outside</th>
<th>$</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Taxes on land, commerce licences, boats etc.</td>
<td>10,831,000</td>
<td>- Subsidies from National Budget</td>
<td>13,000,000</td>
<td></td>
</tr>
<tr>
<td>- Taxes on animals and transportation</td>
<td>244,250</td>
<td>- Contribution from village budgets</td>
<td>6,000,000</td>
<td></td>
</tr>
<tr>
<td>- Ferry</td>
<td>420,000</td>
<td>- Reserve Funds</td>
<td>34,695,268</td>
<td></td>
</tr>
<tr>
<td>- Pacification</td>
<td>6,000,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Hospital, fines</td>
<td>1,084,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Unforeseen</td>
<td>120,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Overdue from the past year</td>
<td>34,208,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>53,303,930</strong></td>
<td><strong>Total:</strong></td>
<td><strong>53,695,268</strong></td>
<td></td>
</tr>
</tbody>
</table>

Grand total 107 millions.

Up to now (October 1956) only $6,939,186 have been actually collected as own receipts and for the balance the National Budget has to pay the bill.

So/ Mr. PHUC understands the following reasons why there occurs so big a deficit:

a/ The budget was very carelessly prepared. The budget editor should have been aware for example that there was almost no hope to recover 34 million of overdue taxes.
b/ In peace time taxes on land were the main budget receipt. Mr. THUC, chief of the Provincial Tax Bureau thinks if they give now so few that is because most of landlords are not able to have their rent paid.

Mr. THUC however believes the fault is partly to the Provincial Tax Bureau itself as it bring so little care to the establishing of the taxe list. The Treasury is sometime positively in no position of carrying out some list as: Mr. DUHAN in Saigon, Mrs. NGUYEN-DANH in Can-Tho, TA-VAN-BA in Bac-Lieu (the equivalent of Mr. Smith etc.) or Mr. GOVONDE in India.

c/ The Vietnamese tax system in the whole needs a body of taxe prosecutors. For the time being that function is carried out in My-Tho by a bailiff who actually pays more attention to his proper job more lucrative, in Tan-An by the Security Service Chief, in Go-Cong and Ben-Tre by a vague council member commissioner for Security. As a result not any prosecution is started mainly in matter of land taxes.

90/ Some aspects of the current finance regulations need amended. For example to obtain reduction of taxes which have been wrongly collected, the taxpayer should request a decision of the Ministry. In fact the Province Chief is in a favorable position to examine any request for abatement of taxes as he primarily worked out the taxes list.

100/ The My-Tho Treasury personnel numbers 24 persons. Mr. THUC thinks such a personnel enough. He has not to make fieldtrip and then wishes no transportation.
110/ According to the regulations mandate and other payment documents could not stay at the Treasury office for more than 5 days. Actually, Mr. HwuC said, they stay for less than 5 days at his desk. All delays occurred to payment procedure should be looked for at the province budget accounting bureau which is bound by no time limits.
Report on Field Trip down to My Tho

Name of Province: My Tho
Name of interviewee: Nguyễn tri Hiền
Title of Interviewee: Chief of Taxes Bureau
Project: Taxe Collection and administration
Date: November 19, 1956
Interviewer: Nguyễn Quân

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1o) The Taxes Bureau personnel numbers Mr. Hiền, Bureau Chief and 5 clerks.

Mr. Hiền states such a personnel not sufficient to care normally of the job. He has requested the South Vietnam Delegation — when the Delegué still existed — 4 additional clerks and has been refused.

2o) The Bureau deals with both direct and indirect taxes. Some go exclusively to the Province budget while some other go partly to the Province budget, partly to the National or Communal budget. The following breakdown will show the extension of each share.

<table>
<thead>
<tr>
<th>National</th>
<th>Provincial</th>
<th>Village</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bu</td>
<td>D G E T</td>
</tr>
<tr>
<td>1</td>
<td>100,-</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Exceptional Taxe of Pacification.............</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>100,-</td>
<td>10,-</td>
</tr>
<tr>
<td>4</td>
<td>100</td>
<td>200</td>
</tr>
<tr>
<td>5</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>
In the above breakdown the official way of calculating the share might appear surprising to a western collector who is rather used with a certain amount of percentage. However, it is simple and easy to operate for the Village Council most members of which are half illiterate; better stresses the final and principal beneficiary of a given tax, for example:

Land Taxes ......

<table>
<thead>
<tr>
<th>National</th>
<th>Provincial</th>
<th>Village</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>100$</td>
<td>10$</td>
<td>5$</td>
<td>115$</td>
</tr>
</tbody>
</table>

The former shows at once that Land Taxes should in fact go to the National Budget. The Province and Village shares are merely what officials call "additional hundredths".

Following the French tax administration system, direct taxes are those collected upon list (number 1, 3, 4, 5 and 7) while indirect taxes are collected upon declaration (number 6 and 8).

As far as direct taxes are concerned, the list which remains the masterpiece of the collecting process, is established by the Village Council, first checked by the district chief and finally by the Bureau. Then the Province chief gives his approval.
which stands for authorization for implementation. Village authorities actually collect money and ask the Bureau for a payment bill which entitles them to prefer the money to the Treasury Provincial Agency.

In brief in the matter of direct taxes, the Bureau has not to handle the cash.

60) On contrary, as far as indirect taxes are concerned, the Bureau receives both declaration and money the taxpayers. Every week Mr. Hiền bring the money to the Treasury.

70) Weekly too Mr. Hiền send a wire to the Finances Ministry to let the latter informed of the amount of taxes collected and monthly he send a written report to the same department. Or rather the Province Chief does it as all operations are said carried out on his name.

80) To the light of his experience, Mr. Hiền express the following very interesting comments on the current provincial taxes system:

a. The Exceptional Tax of Pacification hits the outing and coming of merchandises between My Tho and other provinces. In fact it constitutes a kind of internal custom duties, a leftover of the French during the Independance war (1945-1954) in order to impose products passing over the demarcation line of 2 zones. Logically it is to be abolished. However, it now provides nearly half the amount of the receipts of My Tho and the Government should think over.

b. Prior to 1945 Land Taxes constituted the main source of income for the then Cochinchina (South VN) Government. Since
1945 as most of landlords collected no rent, similarly the government collected no taxes. So far it was so. The Province chief has just received directives to make the farmers pay taxes from now one.

c. In normal peace time failing tax payers are liable of the following successive procedures:
- warming
- free summons
- charged summons
- legal prosecution
- legal seizing
- adjudication of the land.

Since 1945 none of landlords was involved in any of these procedures. It means a great deal of landlords owe the government for a pretty big amount of money. On the other hand the Agrarian Reform Program is now moving over its decisive phase which consists in purchasing the land from the landlords and distributing it to the farmers. The Government then may recall the owed taxes and deduct them from the land purchase price.

d. Declarations on which the Bureau base to collect indirect taxes, are false most the time. The Bureau needs a team of checkers.

e. Up to a very recent date taxes on entertainments were collected on contractual base. They are now collected by stamping the tickets. They profit to the paupers.
1. Mr. Hiền foresaw a dropping down of the receipts for 1957 because:
- the rice quotations are going down
- the aliens are forbidden to hold 11 professions. A great deal of the Chinese are involved in this prohibition.
PROVINCE FIELD INTERVIEW

Name of Province: MY-THO
Name of Interviewee: DANG-VAN-DINH
Title of Interviewee: Chief of the Village Finances Bureau.
Project: Village finances.
Date: November 13, 1956
Interviewers: ROSENFELD and QUAN.

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10/ The Bureau includes 3 persons including Mr. DINH.

20/ For a better understanding of the report let us recall that the village is regarded as an administrative unit which enjoys the juridical personality. The village finances are the main business of the village council including budget establishing and implementing. However the Province and the District extend an overall supervision and control over the village council. That is why annual draft village budget should go over the District and then the Province to be approved prior to application. Moreover village budget over 2500,000 must go for approval to Saigon. In My-Tho out of 90 villages, 5 have such a budget. Actually the Village Finances Bureau is in charge of a close supervision over the village budgeting and taxes collecting.

30/ The Bureau has to check the village budget draft presented by village council. It is entitled to recommend any change or alteration it may think advisable. Its action is of a great help as most of village councillors are not used with budgeting process if not even illiterate. It keeps a copy of the approved budget for the Province archives.

40/ The Bureau sees to it that money over a certain amount should be deposited in the Treasury and booked in a separate account of the
Consolidated Villages Funds. Quarterly it works out a report to the Province Chief.

50/ The Bureau also care for paying Village councillors whose salary is now supported for 60% by the Province budget and 40% by the Village budget. In fact as village budget is most the time broke the percentage supported by the Province budget is more than 60%.

60/ Mr. DIN would suggest 2 things:

- the share for paying councillors salary shall be:
  - Village Budget: 20%
  - Province budget: 40%
  - National budget: 40%

So the National budget shall be requested to pay too as it much profits of the work done by the councillors.

- the Bureau's personnel must carry out field trip and survey in order to train effectively village councillors in matter of finances.

- the obligation for over $500,000 village budget to be approved in Saigon is not legitimate as actually Saigon pays so little attention to village affairs and on the other hand the province chief is in more adequate position to decide about.