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Consulting Section  
Special Report  
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SPECIAL REPORT TO THE PRESIDENT

Michigan State University Group

October 13, 1956

## SUMMARY

Although the following recommendations assume the need for centralized administrative organization at this time, we strongly urge acceptance of the principle of delegation of authority to act. If the centralized structure is to be workable and efficient, officials throughout the organization must be empowered and encouraged to make decisions and take responsible administrative action on a wide variety of governmental affairs within the framework of general policy decided at high levels.

### MEMORANDUM I

1. The Presidency should be organized to include a personal staff to the President, two advisory national councils, and a Secretary of State at the Presidency.

2. The two Councils, one for internal security and the other for economic development should meet regularly, each should be composed of a relatively small number of high ranking officials with responsibilities in the specific subject area, and be presided over by the President of the Republic. They would be advisory to the President and facilitate program planning and coordination in each area.

3. The Secretary of State at the Presidency should be assisted by an Undersecretary, a Secretary General, and Assistant Secretaries of State for (1) Internal Security (to include the Police, Civil Guard and Bureau of Investigation), (2) the Provinces, and (3) Executive Services (to include plan, budget, and civil service).

### MEMORANDUM II

In order to provide for a more adequate organization for economic development during the present emergency period, further steps might be needed. We recommend:

1. That an office of Coordinator for Economic Affairs be created within the Office of the Presidency to assist the President.

2. That the Coordinator have responsibilities to assist the President in (1) establishing policy and programs for general economic development, (2) issuing directives in line with these policies and programs, (3) reviewing agency activities related to economic development.

3. That the functions of the Directorate General of Plan be absorbed within the Office of the Coordinator and that the National Institute of Statistics be attached to the Coordinator's Office.

## Memorandum I

Part A .... Recommendations on the Presidency

Part B ..... General Recommendations

The following recommendations are based on the assumption that a high degree of administrative centralization is necessary in Vietnam in the immediate future. Experience during similar national emergency periods in other countries would tend to support this assumption.

The system which is recommended -- with a broadly defined and powerful Presidency -- would provide this relatively centralized administration. The recommended Councils would facilitate Presidential leadership, control, and coordination of the work of Departments and General Directorates involved in internal security and economic development.

Through the Secretary of State at the Presidency and the Assistant Secretaries, the President would be able to oversee provincial administration, the operation of governmental services in the areas outside of the city, key security services, and staff services, such as budget, plan, and personnel. On the other hand, by providing for a strong Secretary of State, an Undersecretary and a series of Assistant Secretaries, sufficient decentralization within the Presidency could be attained to keep things running smoothly and efficiently.

The administrative danger in such a system is that the centralization provided for in the organizational structure will not be accompanied by a reasonable delegation of authority to act.

Unless delegation is a general principle of operation within the Presidency, the Government will become delayed and even paralyzed on important as well as on merely routine operations. Each of the directors-general and each service department chief must be empowered to act and to make important decisions in line with general policy guidance laid down by the President and those immediately under him.

Advisory Councils, on the other hand, would not be action bodies, but coordinating, discussing and advisory bodies which would tend to crystallize the issues in their areas and in this way assist the President.

### Part A. Recommendations on the Presidency

1. The Presidency should be reorganized to include, directly under the President, the Secretary of State at the Presidency and a personal staff to the President including military aides, personal secretariat, chargés de missions, chargés d'études, and a press secretary.

The Secretary of State at the Presidency should be assisted by an Undersecretary, who would be his main assistant and act for him in his

absence, and three Assistant Secretaries -- for Internal Security, for the Provinces and for Executive Services -- plus a Secretary General.

- a. The Assistant Secretary for Internal Security should have under him the Directorates General for the Civil Guard, the V.B.I., and the Police. The Assistant Secretary should be responsible for their smooth functioning, coordinated action and efficient administration. (See MSUG Police Reorganization Plan)
- b. The Assistant Secretary for the Provinces would be the channel through which Province Chiefs keep in regular contact with the National Government. Periodic reports should be handled through this office and instructions from the Government would flow from the office of the Assistant Secretary to the Province Chiefs.

The individual Province Chiefs should have the role of coordinating national government services, serving as representatives of the Government in the province, inspecting and reporting on governmental services and acting in other ways as the administrative representative of the National Government. (See Report on the Interior Department by MSUG) These functions should evolve over the next few years.

The office of the Assistant Secretary should have a geographic breakdown, with one bureau designated as the Bureau for PMS affairs, to guarantee sufficient attention to the problems of the mountainous areas and people.

- c. The Assistant Secretary for Executive Services should have responsibility for operations of the General Directions of Budget, Plan (to include the AEA), and Civil Service. Each of these General Directions should be revised so as to incorporate modern techniques, procedures and objectives. The General Directorate for Plan should be strengthened and its scope expanded to play an increased role in national development.
- d. The Secretary General should be responsible for the "house-keeping" services of the Presidency. (See MSUG Presidency Report, "Organisation Proposee")

2. The President should be the Chairman of two advisory councils -- the Internal Security Council, and the Development Council.

These councils should meet at least twice each month and be presided over by the President. Each should discuss matters relating to its interest, and after reaching a consensus, offer advisory resolutions to the President. Each council should serve as a coordinating body for activities within its respective area.

Each should have a permanent Executive Officer who would be assisted by a small staff. The Executive Officer should be considered a member of the personal staff of the President.

The councils should not be action bodies. They should serve only as a formal and regularized communications channel while planning and operating functions continue as before through regular Departments and the expanded planning agency.

Regular membership on each of the Councils should be limited to about ten persons to facilitate active discussion. Non-permanent members could be invited at the discretion of the President as the subject under discussion may require. However, the total participating membership at any meeting should not exceed 15 persons or the meetings would become unwieldy. Non-permanent members should be given the right to vote on advisory resolutions at the discretion of the President.

- a. The Internal Security Council. Members should include the Secretary of State at the Presidency, the Secretary of State for Defense, the Assistant Secretary for Internal Security, the armed services Chief of Staff, and the Directors General of the V.B.I., Civil Guard, and Police. The Assistant Secretary for Executive Services and the Council Executive Officer should assist the President in the bi-weekly meetings.
- b. The Development Council. Presided over by the President, the Council would be composed of the Secretary of State at the Presidency, the Secretaries of State for Public Works, Agriculture, Finance, National Economy (revised as "Commerce and Industry" -- see MSUC Preliminary Report on Department of National Economy), and Reconstruction, the Assistant Secretary for Executive Services, and the Directors General of Plan, Budget, and others directly interested in national economic development.

As in the case of the Internal Security Council, the Executive Officer of the Development Council should assist the President in the bi-weekly meetings.

- c. Discussions in each council should be based on the work of a sub-council composed of representatives of the member agencies. Work procedure should consist of deliberation on policy papers prepared by member agencies on problems of general concern.
- d. The Executive Officer for each Council should be a high-ranking civil servant. He should prepare the agenda under the general guidance of the President, follow up on decisions made by the President related to matters before the Council, and assist the President in routine coordination.

In the case of the Development Council, he would have a somewhat larger staff and take on somewhat broader responsibilities at the direction of the President and in his name. The Directorate General of Plan would also play a very important part in general administrative assistance to the Development Council.

3. Other agencies now within the Presidency, such as the Commission for Civic Action and the National Institute of Administration, should be kept within the Presidency for the immediate future. Policy guidance for each of these semi-autonomous agencies should come from the President, with administrative support provided by the Secretary-General.

#### Part B. General Recommendations

1. Reorganization of Departments throughout the Government should be accomplished so as to group like functions together. Specific examples of changes that could be made in this respect follow:

- a. The Department of National Economy should be relieved of legal responsibility for overall economic planning and development. The department would then be free to concentrate upon promotion of the commercial and industrial segments of the economy just as the Department of Agriculture is responsible for government action in the agricultural sector. Accordingly, the Department of National Economy would become the Department of Commerce and Industry.
- b. The Agrarian Reform Department should be eliminated and responsibility for Agrarian Reform should be assigned to a General Direction within the Department of Agriculture. The Department of Agriculture should in turn be reorganized essentially along the lines in the MSUG Report on Department of Agriculture.
- c. The present Department of Interior should be eliminated, since its major functions will be absorbed into the recommended Presidency organization.

2. The role of the Province Chief should be redefined as discussed above and as outlined in the MSUG Interior Report for the Area Chief.

The present gradual transition toward larger provinces should be continued. Generally speaking, responsibility for initiating and operating programs in the provinces should rest with Service Departments and their provincial Chiefs of Service.

3. Revision of the budget system, development of planning responsibilities, and revision of the civil service system should be started.

4. A positive approach to problems should be stressed throughout the Government. With strong leadership, the Cabinet meetings and the recommended Council meetings could be the vehicle for attaining this. For example, the program of the Department of Information should shift from emphasis on security matters to explanation of governmental programs.

5. Possibilities for maximizing village and local area self-help or local development projects should be examined. Experience of other Asian countries in community development (for example India and the Philippines) should be studied. The current UNESCO pilot project, which is accredited to the Department of Education, should be watched closely by other interested departments and agencies, especially Civic Action. With proper stimulation at national and provincial levels, the concept of local self-help could become an inexhaustible national resource.

Memorandum II

Organizing Within the Government for Overall Economic Direction

In order to assist the Government of Vietnam to prepare and execute its programs of economic development, we offer the following proposals for establishing the requisite organization.

We recommend:

1. That an organization for economic direction be established within the Presidency. For convenience this organization will hereinafter be referred to as the Office of the Coordinator for Economic Affairs.
2. That the National Institute of Statistics of the former Department of National Economy, the Directorate-General of Planning in the Office of the Presidency, and the overall planning functions of other agencies be transferred to the Office of the Coordinator for Economic Affairs.
3. That the Office of the Coordinator be entrusted with responsibility and authority to advise the President in the following matters:
  - a. Establishment of a unified policy for the development of all aspects of Vietnam's economic life.
  - b. Establishment of economic programs that will insure optimum use of the nation's agricultural and other natural resources, industrial and commercial plant and equipment, man-power resources, financial reserves, and foreign aid.
  - c. Definition of the spheres of operation of government agencies concerned with production, procurement, distribution (including transportation) and use of food, raw materials, supplies, man-power, equipment, and foreign aid.
  - d. Issuance of such directives to government agencies as may be necessary in order to guide their operations within the framework of the approved plans or programs.
  - e. Reviewing these activities of government agencies by inspections, by study of required reports, or both.
4. That its mode of operation be as follows:
  - a. In close cooperation with representatives of the Departments and agencies concerned, the Office of the Coordinator for Economic Affairs will develop the policies and programs needed in a given situation, as determined by its own staff taking note of suggestions from other agencies of government or from the private sector of the economy.



- b. The Office of the Coordinator will propose to the President the final statement of policy in the form of a specific program. The National Plan will be promulgated by a Presidential decree, which will be binding upon all agencies of the Government.
- c. After issuance of the decree, the Office of the Coordinator for Economic Affairs will review operations of the agencies concerned and report to the President.

JUSTIFICATION:

To meet the present situation of economic scarcity and dislocation, the Government of Vietnam has committed itself to a policy of intervention in the production, transportation, pricing, allocation, and sale of commodities, particularly those involved in foreign trade.

Granted an urgent need for this intervention, it is the purpose of this report to recommend, in outline, an administrative mechanism which could effectively plan for the overall national economy, allocate responsibility to government agencies for execution of specific segments of the plan, and review the execution of these responsibilities in order to measure the success or failure of the policies, programs and operations instituted.

At present, the establishment and execution of a unified program are hampered by the division among the interested departments of the Government of responsibility and authority for formulation of overall policies, plans and programs, and for their implementation.

We recommend that this planning, coordination, and evaluation role should not be assigned to any of the operating agencies which maintain a program of direct service to the people. Experience in other countries has shown that the planning authority must review and adjust rival claims for scarce resources from all of them. Its effectiveness as an arbiter would be hopelessly compromised from the outset if it passed upon its own requests.

We do not propose creation of a "super-ministry" embracing all departments whose operations substantially affect national economic policy. Without the Department of National Defense its coverage would be incomplete, and the inherent bulkiness of the new administrative structure would entail a needlessly heavy price for coordination.

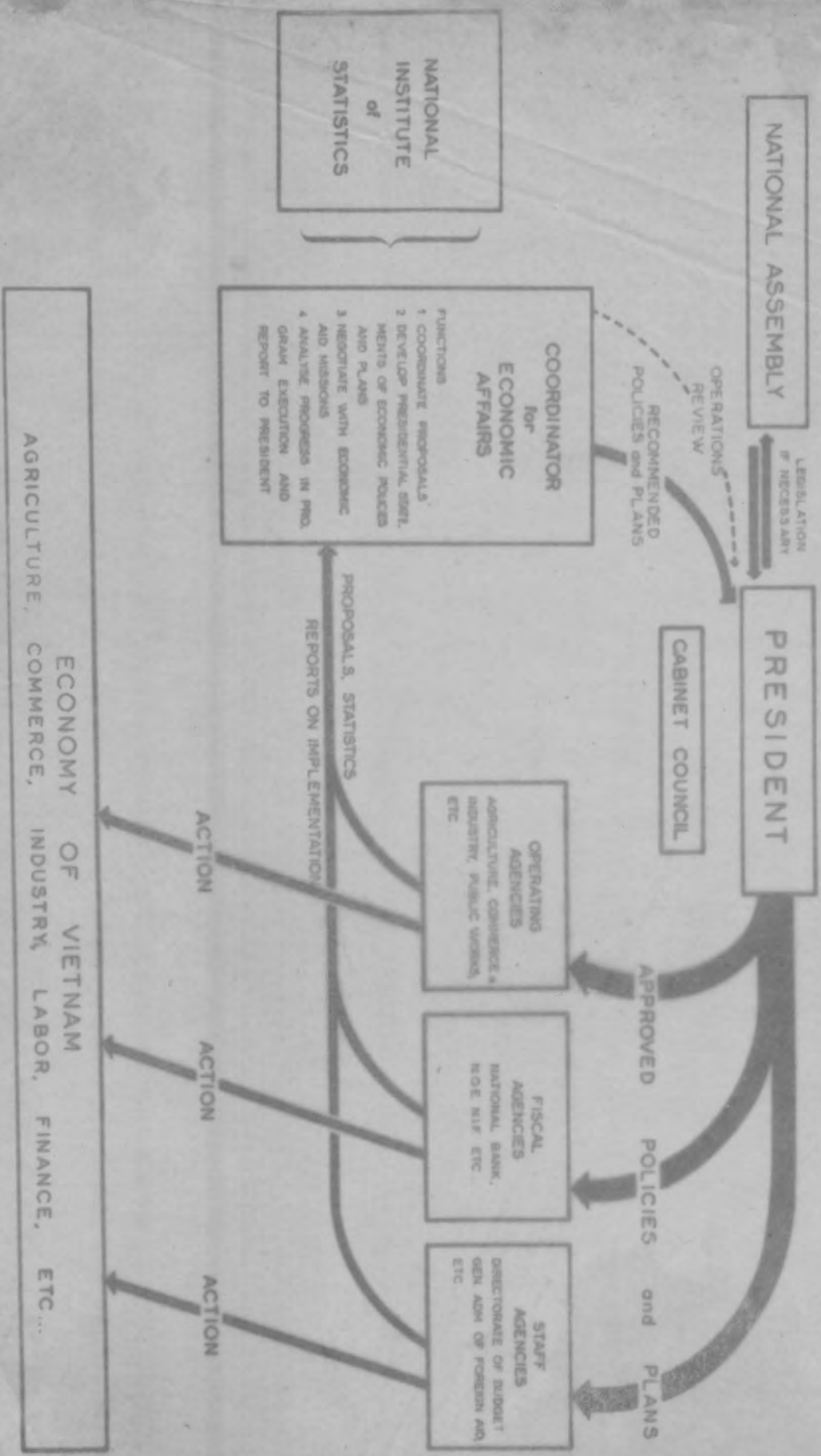
Furthermore, we see little value in creating still another interministerial council to undertake the planning function. Such a council tends to lack the necessary drive and unity of purpose. In addition, its recommendations are more likely to reflect the relative standing of the departments and the personal prestige of agency heads rather than the intrinsic merit of their claims.

Instead we propose consolidation of the planning function in a staff agency to be assigned to the Office of the Presidency. It should assume all responsibility for governmental planning concerning the economy as a whole, recognizing intra-departmental planning of national programs in commerce and industry, education, health, agriculture, labor, public works, etc... This consolidation should embrace the Directorate-General of Planning now in the Presidency, the National Institute of Statistics of the former Department of National Economy, plus any other governmental bureaus or sections which now participate in some phase of overall economic planning. Personnel and records of the consolidated offices should be transferred to the new agency as needed.

At an early stage in its work the planning organism must associate the interested operating agencies with itself in developing the general program. The "thinkers" should invite the "doers" to prepare estimates of their probable needs and expected achievements. We assume that the agency heads, wishing to state the case most persuasively for their departments, will assign competent technical personnel to the task of preparing the agency's prospectus. The budgetary process offers another incentive for drafting and submitting well-reasoned working papers. The operating agency could use the same information in justifying its requests for the new fiscal year. Furthermore, a budget which employs the same set of estimates as a national economic plan will quite likely progress from the stage of wishful thinking to substantial realization.

We believe that adoption of these proposals would provide the Government of Vietnam with an effective instrument for preparing and reviewing its programs of economic development. These recommendations stand on their own merits, but it is suggested that their probable impact can be measured best within the context provided by our current reports concerning the Office of the Presidency and the Department of National Economy. We present these recommendations for an Office of the Economic Coordinator in the hope that they will assist the Government considerably in discharging its heavy responsibilities for the public welfare.

# ECONOMIC DIRECTION



NATIONAL ASSEMBLY

PRESIDENT

CABINET COUNCIL

COORDINATOR  
for  
ECONOMIC  
AFFAIRS

- FUNCTIONS
1. COORDINATE PROPOSALS,
  2. DEVELOP PRESIDENTIAL SUGGESTIONS OF ECONOMIC POLICIES AND PLANS
  3. NEGOTIATE WITH ECONOMIC AID MISSIONS
  4. ANALYSE PROGRESS IN PROGRAM EXECUTION AND REPORT TO PRESIDENT

NATIONAL  
INSTITUTE  
of  
STATISTICS

ECONOMY OF VIETNAM  
AGRICULTURE, COMMERCE, INDUSTRY, LABOR, FINANCE, ETC...

OPERATING  
AGENCIES  
AGRICULTURE, COMMERCE &  
INDUSTRY, PUBLIC WORKS,  
ETC

FISCAL  
AGENCIES  
NATIONAL BANK,  
NCF, ETC

STAFF  
AGENCIES  
DIRECTORATE OF BUDGET  
GEN ADM OF FOREIGN AFF,  
ETC