

## 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.