

TRANSLATION OF A PORTION OF THE GENERAL EXPLANATION SECTION OF 1957 BUDGET DOCUMENT
INCLUDES PG I - VII, XII - XIX, LIII - LVII.

I. GENERAL REMARKS

A. Achievements in the past.

1. After the change in the form of the budget, immediate attention was given to reorganization of the budget contents for a better understanding of the activities of the government agencies and a more effective implementation of the planned policy.

Although the national resources are still inadequate in relation to the national needs, the achievements in the past two years reflected clearly continuous efforts in the improvement of the life of the working class, the restoration of the national culture, the improvement of the people's educational level and the entrancement of the human dignity and at the same time the reconstruction of the destroyed areas, the increase of production as well as the development of the national industries so as to become independent of foreign industries.

2. The achievement of the past two years in every respects, especially in the field of economic development, such as the creation of the resettlement centers in the remote areas, the establishment of the industrial and handicraft development center aimed at encouraging the development of the necessary industries (sugar, cotton, paper, lime etc...), the program of immediate increase in rice production, the long term loans for the development of the cultivated area (rubber, tea, sugar cane) are a few instances full of promises for the future of the country.

B. Objectives in the future.

3. The national economy has improved gradually and is making satisfactory progresses. To speed up these progresses and to prevent developments that fail to square with these objectives, particular attention was paid to 2 following main points in the preparation of the 1959 budget.
 - a. To increase the production to the fullest extent in order to strengthen the economical independence and to provide the budget with stable resources.

- b. To diminish the present monetary hoardings to permit an easy operation of the economic activities and to prevent them from being suspended.
4. Despite the burden on military and operating expenditures of an administrative machinery which is ever developed to meet the requirements of the people the 1959 budget has clearly indicated the government's concern in achieving the 2 above objectives.

Therefore:

- a. High priority is given to the program of immediate benefits or programs capable of increasing the production within a short period of time.
- b. Adequate funds are provided for the large-scale constructions so as to provide employment for the people.
- c. Adequate funds are provided for the provinces aiming at the following basic objectives:
 - Developing the high region of Central V.N. so as to absorb the unemployed people in the over-populated area and to improve the standard of living of the ethnic minorities.
 - Developing the economy of the province of Central V.N. whose standard of living is low and a communication system for an effective exchange of commodities between the well off and the poor areas.
 - Increasing the quality and quantity of the production of the provinces of South V.N. by increasing the cultivated area and carrying out the highways, irrigation and sanitation programs.
5. Besides these important capital expenditures the amounts earmarked for security, education, health and social welfare also increase.
6. However, an economical policy has been observed in making budget estimates.

Besides, the control by machine accounting has proved to be effective and brought about the expected results thanks to the timely and adequate statements of expenditures.

7. Many new needs arise as compared with the previous fiscal year but no additional tax is to be levied on the people.

The taxation policy in the ensuing year do not aim at increasing taxes or creating new taxes. The main efforts of the tax agencies will be directed to a more effective collection system especially in respect of direct taxes, a tax considered as the most equitable one and which can most likely be increased. Thus tax can be increased considerably by a more effective control.

8. The reorganization of the provincial tax so as to encourage production is another outstanding feature of the 1959 budget.

Besides, the rates of the production tax, custom taxes is also reviewed in the light of the policy of protecting and increasing the locally produced commodities.

9. There was a tremendous improvement in the form of the 1958 budget - Further improvements is made in the 1959 budget estimated expenditures are classified by a basic table of contents which has been adopted by many modern countries.

Each agency is included in a chapter. Each chapter is broken down into 3 types of expenditures, operating expenditures, capital expenditures, and unclassified expenditures. The purpose of those classifications is to bring out the activities of each agency in particular and the overall policy of the government in general.

C. Comparison of 1958 and 1959 budget

- | | |
|---|----------------------|
| 10. The 1959 budget with estimated expenditures balanced by estimated receipts amounts to | 14,994,385,000 |
| As compared with the budget estimates for 1958 (after amendments) | 13,752,339,000 |
| Show an increase of | 1,242,046,000\$ |
| Percentage increase | 9,03 ^o /o |
11. The estimated expenditures and receipts with their increase or decrease are explained in the following.

II. ESTIMATED RECEIPTS

1. In general, the budget estimates for 1959 exceeds the 1958 budget estimates by 1,242,046,000\$

The estimated receipts for the 1959 budget falls into 3 categories:

- | | | |
|--|---------------|--|
| a. National resources as compared with 8,701,339,000 in 1958; an increase of 808,046,000\$ or 9,29o/o | 9,509,385,000 | |
| b. Drawings on reserve funds | 434,000,000 | |
| c. Contribution of American Aid to military expenditures (the 1958 figures are provisionally maintained) | 5,051,000,000 | |

Total	14,994,385,000	
	- 5 051 000 000	
	9,943,385 000	

A - GENERAL REMARKS

2. Except for special and temporary cases the 1959 budget estimates - as in previous fiscal year - are made on the basis of 1957 and the first 8 months of 1958.
3. The estimates of the national resources for 1959 is higher than that of 1958 due to the increase in the personnel of the collecting agencies and the creation of additional tax offices, the close supervision of collection in the cities as well as in the provinces and the application of mechanized system of audit.
4. Nearly 80o/o of the national income comes from the indirect taxes and the taxes levied on imported commodities. The present economic conditions call for the utmost care in making estimates for these types of tax. However, the receipts thereof will be partly assured by the commercialized foreign aid. Furthermore,

the receipts of the current fiscal year prove to be satisfactory especially the receipts in the second semester of 1958.

5. Despite the change in the tax rates which affects chiefly the locally made commodities, the total receipts concerning the imported goods remain unchanged. On the contrary, the customs tax and the production tax can be slightly increased thanks to the strengthening of the control system at the frontiers and the main communication intersections.
6. Receipts from the locally produced goods will decrease especially the Régie tax.
7. Despite the government's efforts, the estimated tax receipts will not be adequate to meet the urgent needs of the 1959 fiscal year. An additional amount of 434 millions is needed.

The present economic conditions makes it impossible for a tax increase; especially when more capital investment is needed. Therefore the only way to balance the budget is to draw on the surplus of the previous year deposited in the reserve funds-of the national budget.

8. No definite figures are available regarding the American contribution to military expenditures. The 1958 figures are, therefore, provisionally maintained.
9. In short, it is expected that the estimated receipts will be fully collected thanks to the drastic measures taken by the collecting agencies.
10. The following table gives a comparison of the total estimated receipts of 1959 and 1958 fiscal year.

(SEE TABLE PG. VII OF BUDGET DOCUMENT)
ON NEXT PAGE.

III. ESTIMATED EXPENDITURES

1. The estimated expenditures of the national budget also includes 2 parts:

REVENUES

Title	Types of receipts	Estimated Receipts		Balances		Percentage	
		1959	1958	Increase	Decrease	+	-
I	Direct taxes	769,172,400	709,172,400	60,000,000		8.46	
II	Indirect	3,037,500,000	2,777,790,000	259,710,000		9.34	
III	Customs Tax	2,405,870,000	2,182,670,000	223,200,000		10.22	
IV	Regie Tax <i>excise</i>	1,447,441,000	1,530,167,100		82,726,100		5.40
V	Fees from Registration, Public domain and admintrative stamps	516,500,000	547,500,000		31,000,000		5.66
VI	Public-work fees	281,400,000	268,950,000	12,450,000		4.62	
VII	Fees from other Admin- istrative services	213,331,500	196,625,000	16,706,500		8.49	
VIII	Revenues from exploita- tion adjudication	30,238,900	28,989,500	1,249,400		4.30	
IX	Miscellaneous receipts	116,006,000	105,480,000	10,526,000		9.97	
X	Reimbursements, Dis- counts	399,200	650,000		250,800		38.58
XI	Special receipts, Contributions and participations	6,176,526,000	5,404,345,000	772,181,000		14.28	
	TOTAL	14,994,385,000	13,752,339,000	1,356,022,900	113,976,900		

Increase in receipts includes

- Tax Increase 808,046,000.00

- Drawing on reserve funds 434,000,000.00

Increase = 1,242,046,000

(9.03 o/o)

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a. Civilian expenditures

includes the civilian expenditures itself and the expenditures of the Direction of Veterans entirely supported by the National budget

8,977,066,000 = 60%

An increase of 1,242,046,000 as compared with the civilian expenditures of 1958 (7,735,020,000)

b. Military expenditures

the 1958 estimates is provisionally maintained

6,017,319,000

Total

14,994,385,000

insted of estimated for 1958

13,752,339,000

A - GENERAL REMARKS

2. The contribution to military expenditures being not definitely fixed, that of 1958 is provisionally maintained. Adjustment will be made to meet changing conditions, if any.

Besides, the balance between the estimated national resources and the estimates for civilian expenditures is the contribution of Vietnam to military expenditures. = 966,319,000

3. On the basis of the classification of expenditures presented in the 1959 budget, the estimated expenditures are broken down into.

- a. Operating expenditures, including personnel, materials, current repairs and the subsidies under the heading "current transfer"

- b. Capital expenditures, including funds for the purchase of equipment and machines, new construction and large scale reparations and purchase of real estates.
- c. Other expenditures not classified in the 2 above items.

As a result of the new classification of expenditures an additional traditional classification is needed if a comparison with the 1958 expenditures is to be made.

- 4. Following is the allocations of civilian expenditures with the military expenditures provisionally maintained at the former level.

Types of expenditures	Expenditures amounted to		BALANCE	
	1959	1958	Balance	o/o balance
1. <u>Operating expenditures</u>				
- Salary and allowance for the civilian personnel	4,159,369,000	3,827,702,000	331,667,000	8,66 o/o
- Salary and allowance for military personnel (NON DEFENSE DEPT) VETERAN'S AFFAIRS	33,690,000	22,998,000	10,692,000	47 o/o
- Materials and services	1,101,631,000	1,079,839,000	21,792,000	2,01 o/o
- Current transfer	1,540,951,000	1,380,004,000	160,947,000	11,66 o/o
- Other operating expenditures	422,230,000	399,851,000	22,379,000	5,59 o/o
TOTAL	7,257,871,000	6,710,394,000	547,477,000	

2. <u>Capital expenditures</u>				
Machines and equipment	170,045,000:	136,850,000:	33,195,000:	24,25 o/o
New construction and large scale repairs	552,873,000:	387,054,000:	165,819,000:	42,84 o/o
Purchase of existing property	6,730,000:	4,500,000:	2,230,000:	50 o/o
Other capital expenditures	672,880,000:	120,454,000:	552,426,000:	460 o/o
Total	1,402,528,000:	648,858,000:	753,670,000:	116,15 o/o
3. <u>Unclassified expenditures</u>				
Expenditures of closed exercises	5,948,000:	12,076,000:	- 6,128,000:	-50,74 o/o
Unclassified expenditures	310,719,000:	363,692,000:	- 52,973,000:	-14,55 o/o
	316,667,000:	375,768,000:	- 59,101,000:	-15,72 o/o
Grand Total	8,977,066,000:	7,735,020,000:	1,242,046,000:	16,05 o/o

The above comparative table indicates an increase of 16,05o/o as compared with the civilian expenditures of 1958.

5. Following is an analysis of the increase or decrease by types.

A L Increase in personnel expenditures: 342,359,000\$ (8,54o/o) as compared with 1958 expenditures. The largest portion of this increase is due to the

integration into cadre of the Police and Sureté personnel, the increase in the personnel of the Department of Education (Elementary School, High School, University) Department of Health, Department of Interior, Department of Finances, Department of Agriculture and finally the increase in the personnel of the National Assembly. Unlike the previous fiscal years, the budget estimates for the personnel to be recruited are included in the funds appropriated to the personnel of the agencies concerned (instead of being included in the reserved expenditures).

ITEM

2- Increase in material expenditures: 21,792,000\$

CURRENT TRANSFERS

3- Increase in subsidies for provincial budgets, autonomous agencies and other groups and scholarships for students. This increase is comparatively important because the provincial budget need large subsidies to fill the gap left by the abolition of the pacification tax which amounts to 200 millions.

4- Increase in other operating expenditures: 22,379,000\$00 (5,590/o) not classified in the 2 above items and including the contributions to the operations of American Aid program.

B - Capital expenditures increases by 753,670,000\$00 (60,670/o) of the total estimated increase and 116,150/o of the 1958 increase. This increase includes funds appropriated to the economic and social programs. This capital expenditure makes up 15,620/o of the total civilian expenditures. It reflects the effort of the Government in 1959.

C - Unclassified expenditures include reserved expenditures to cover the unforeseen expenditures. This type of expenditure decreases by 150/o because the expenditures provided for the personnel to be recruited are included in the personnel item of the agencies concerned.

6. Following is the analysis of the expenditures estimated for each Department, the reason of the decrease or increase thereof.

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TITLE XI.- Department of Health.

a. The organization of the Department of Health includes the following agencies:

- Office of the Secretary of State and the Central agencies (Direction general of Health and Hospital, Direction of Health inspection for South V.N., Direction general for the Anti-Malaria program).
- Service of supply and materials.
- The directly related agencies include:
 - The Provincial Health Services
 - Hospitals (Chợ ray, Hong Bang, Chợ Quan, Nguyen Van Hoc, Nguyen Van Hoan, Nhi Đông, Binh Dan, Central hospital of Hue, Saigon Clinic, Thanh Quan Clinic).
 - Maternity hospitals (Tủ Du, Hung Vương)
 - Center of Blood transfusion (Saigon, Cantho, Hue)
 - National Cancer center (Saigon)
 - Optamology institute
 - Schools of (pharmacien assistant, laboratories assistant, midwifery of Saigon and Hue.)

b. Comparative table of expenditures of the Department of Health in 1959 and 1958

Types of Expenditures	1959	1958	Balance
Operating expenditures			
- Personnel	211,516,000	159,691,000	+ 51,825,000
- Materials	147,473,000	134,437,000	+ 13,036,000
- Contribution to American Aid program	43,000,000	2,680,000	+ 40,320,000
	401,989,000	296,808,000	105,181,000

Capital expenditures	:	:	:
- Machine and equipment	:	:	:
- Construction	:	:	:
	:	:	:
	:	:	:
	:	:	:
	:	:	:
	:	:	:
Grand Total	:	:	:

The expenditures of the whole department increase by 114,576,000 (32,830/o of the 1958 estimates) as the scope of activities is extended from the cities to the villages.

c. Extension of Health activities in 1959

- Treatment of disease: creation of additional clinics, maternity hospitals, surgery centers. The present number of health agencies reach 599 and that of beds 15,411 - and that of hospitals 2,541)
- Disease prevention: many campaigns will be launched, such as: anti-leprosy, anti-tuberculosis, anti-cancer, anti-malaria and rural health.
- Training of personnel: creation of Health cadres school.
- Also the optamology and Blood transfusion have been created.

Satisfactory results basing on the personalism have been obtained in the field of health and the scope of health activities also widens; even the village has a health station.

d. The Department of health is planning a further development by constructing more hospitals and increasing the technical personnel.

In the field of disease prevention the Department will carry on the programs initiated in 1957 and 1958 such as the rural health program and the anti-malaria

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programs to which the Vietnamese Government has greatly contributed.

Other programs such as anti-leprosy, anti-malaria, anti-venereal disease, anti-cancer, protection of baby and ^{units} will also be promoted.

The anti-tuberculosis program now has mobile ^{units} unto all over the countryside to detect and care for the tuberculosis-affected. In Hong Bang Hospital, the number of beds also increases.

The anti-leprosy program is progressing satisfactorily. The government has provided assistance for the charity organizations and concentrate and effort is made to the leprosy in leprosy centers = Qui Hoa, Kontum, Pleiku, Ben san centers have accommodated more than 1,500 persons.

For the purpose of children protection, five baby centers are established in addition to the Infant hospital.

Many pharmaceutical products are made within the country and the number of Drugstore in the cities has increased from 538 to 938.

Close check is kept on public sanitarium and health problems in the High Region. The Department of Health also provides training for the High Region people and works out methods appropriate to these regions.

- e. In short, the government's efforts in the field of Health are directed to the following:
- Emphasis on the disease prevention.
 - Democratization of the health problem.
 - Stimulating the people's participation in the Health activities.
 - Increasing the number of hospitals and health agencies to meet the needs.
- g. Breakdown of 1959 expenditures by chapters.

Chapter I.- Office of the Secretary of State and the central agencies.

1959	Estimated expenditures	88,953,000
1958	" "	32,472,000
		<hr/>
	Increase	56,481,000

Estimated expenditures increase because of increase in personnel in 1958 and because more health agents and treatment nurses will be hired in 1959.

Besides, the budget estimates also provides for the contribution to the American Aid program (38 millions), the construction of the Cancer institute and the purchase of equipment and maintainance of the Department headquarters.

Chapter II.- Service of Supply and pharmaceutic products.

1959	Estimated expenditures	110,996,000
1958	" "	107,050,000
		<hr/>
	Increase	3,946,000

The budget estimates also provides for the purchase of health equipment, medicines and the construction of the medicines store-house.

Chapter III.- National hospitals

1959	Estimated expenditures	147,052,000 \$
1958	" "	119,468,000
		<hr/>
	Increase	27,584,000 -

Estimated expenditures increase to strengthen the activities of the hospitals.

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Chapter IV.- The provincial hospitals and the provincial health services.

1959	Estimated expenditures	122,851,000
1958	" "	96,286,000
		<hr/>
	Increase	26,565,000

Estimated expenditures increase because the activities of the provincial hospitals are extended and because of purchase of additional medical equipment.