

Summary of the First Session of the National Assembly
on the 1959 Budget.

December 2, 1958

The session began with a presentation of the broad outlines of the 1959 budget recommendations and the introduction of the members of the Budget sub-committee by the Head of the said committee.

Then Mr. Hà Nhu Chi, speaker of the Budget sub-committee, started the report on the budget. He first gave a brief report on the execution of the 1958 budget stressing that the 1958 budget has been properly carried out and has resulted in substantial progresses in the field of national Economy and Social welfare. This is well-illustrated in the amount of tax collected. For instances:

| | <u>Actual receipts</u> | <u>Estimated receipts</u> |
|---------------------------------|------------------------|---------------------------|
| Income tax (as of September) | 309 millions | 470 millions |
| Production tax (as of July) | 1,5 billion | 2,3 billions |

Then he presents the 1959 budget. The budget includes 2 parts:

1. Estimated receipts

The national resources which consists largely in taxes and fees of Government Services amounts to more than 9 billions.

As compared with 1958, the direct tax increases by 60 millions (8.44 o/o), the indirect tax by 259 millions (9.30 o/o), the regie tax decreases by 82 millions (-5.40 p/o). This does not mean that more tax burden will be placed on the people but the tax control and tax collection will be strengthened. The estimated receipts of the Regie tax decreases because it was overestimated last year.

The American Aid is provisionally maintained at the same level as 1958. When definite figures are available an amendment will be voted. It should be noted that the emphasis of American Aid has been and will be placed on Technical Aid (equipments) rather than on commercialized aid.

The Pacification tax will be abolished. To fill the gap left by its abolition, it is necessary to have recourse to the reserve funds for an estimated amount of 434 millions. Still, said the

speaker, this measure will not be necessary if the estimated receipts are fully collected.

Estimated expenditures

Estimated expenditures are increased by 1,2 billion. The increase will largely go to the following.

a. From an administrative organization standpoint

- Public work and communications
- Health
- Education

b. From an economic standpoint

- Operating expenditure 8.15 o/o
- Capital expenditure 116.15 o/o
- Unclassified expenditure 15.72 o/o

The above figures show that the Government is paying increasing attention to the development of the national economy, an economy aiming at a prosperity widely shared, as has been stressed in the Presidential circular on the budget policy "sacrifice signifies only in terms of an equitable distribution; to discard the mass is to give up the hope of progresses, because only with the support of the mass can progresses be achieved".

The role played by the National Budget in the present economic situation of the country.

Like most small countries recently freed from colonial clutches, Vietnam is faced with 2 major problems arising out of economic development.

1. Capital.

To meet the Capital requirement, Vietnam can look to three sources for help

- a. Foreign Aid-V.N. cannot depend entirely on foreign aid because it is limited and may cease sometime.
- b. Loan from International agency. This would involve complicated monetary problems and is not advisable at the present time.

c. Private sector

The Private Sector in V.N. is not familiar with organizing itself into by company, the only way capable of gathering large capitals. Furthermore, the sense of insecurity inherent to a troubled time is still prevalent making the businessmen unwilling to invest his money in any long-range project.

This is where the National budget comes into play with its capital expenditures.

2. Specialists

At present, V.N. lacks specialists in almost every field. We lack the thinkers at the stage of planning and the doers at the stage of implementation.

The unemployment problem in the western sense turns out not to exist in reality in Vietnam. The farmers who left the countryside for the city out of insecurity possess no skill, whatever. Large expenditures are required either to resettle these people in the countryside or to provide them with the specialized training of skilled worker.

Assembly Meeting of Friday, December 5th

There were approximately 70 deputies present which included only three deputies from the minority block aside from those who might have been sitting on the Budget and Finance Committee. Mme Nhu was not present. Four votes were taken while I was at the assembly. On each vote about 60 members voted for the proposed receipts, then a second call was made for delegated votes and another thirty votes were counted; the four votes went ~~to~~ 92, 87, 89, and 89. There didn't seem to be any opportunity for the deputies to vote against the chapters. Of the three minority block deputies, two of them never bothered to vote.

One deputy of the majority bloc posed the rapporteur all the questions that were asked during the afternoon. He seemed to enjoy himself at his task a good deal. He asked questions along the following lines:

"Why does the Chapter for Miscellaneous Receipts include Unforeseen Receipts when there is a special chapter for such receipts?"

"What is the meaning of the Chapter of Receipts from Returned Coins?"

He didn't appear to accept the rapporteur's reply to his second question as being sufficient and he tried to get the President's permission to speak again....but the President didn't recognise him and called for a vote instead....while the vote was being taken, the deputy stormed over to DDT's box and asked Thinh (I suppose) to explain the matter to him. DDT leaned down too, apparently trying to cut the discussion short...but in any case the deputy returned to his seat with a satisfied and happy look about him.

DDT was rather busy writing notes to the Rapporteur who for the entire afternoon was the same and a rather ineffectual looking type who limited his presentation to the Assembly pretty much to that information in the Budget document.

Both of the women deputies present were reading novels during almost all of the session as were some of the other male deputies.

The next question from the floor, always by the same man, was:

"You have said that 19 million piasters are included in the Chapter-Receipts from Government Investments and you have said that this is quite satisfactory and shows a nice increase over last year's receipts. Now I ask...where did the original money come from to purchase these shares of stock...I suppose that it came from the people's deposits at the Treasury...and the Treasury must pay interest to the depositors. Will you tell us whether or not these projected receipts of 19 million will cover the interest payments that the Treasury must make of its borrowed f

The Rapporteur's reply was that the Treasury did, indeed, pay interest on the deposits...an interest of one per cent, but these funds were not the primary source of money which was used to purchase shares of private industries. This money came from reserve funds and thus no interest was paid on it.

Next question was:

" You have said that this chapter will bring in about 10 million piasters from uncashed postal money orders which have passed beyond the date of acceptance. Now I ask, couldn't the government adopt a more lenient attitude to these people who purchase money orders...isn't that a lot of money to ~~XXXX~~ lose?

Answer: The present regulations provide that a money order be valid for four years. We feel that that is sufficient time for all normal and even extraordinary cases to complete the cashing of the money orders.

During the afternoon, the chapters were voted on as follows:

Chapters 32-38 were voted on in a block vote
39-41 " " " " " " "
42-48 " " " " " " "

The last block of chapters included the Chapter on American Aid to the ~~xxxxxxx~~ defense budget of Viet Nam...the rapporteur explained that the 5 billion old figure was the same as last year's figure ~~xxxxxxx~~ because the figure for 1959 was not yet available. No questions were asked at all on this Chapter, even though it accounts for about one-third of the total receipts of the National Budget. This closed the session and the chapters of Receipts.