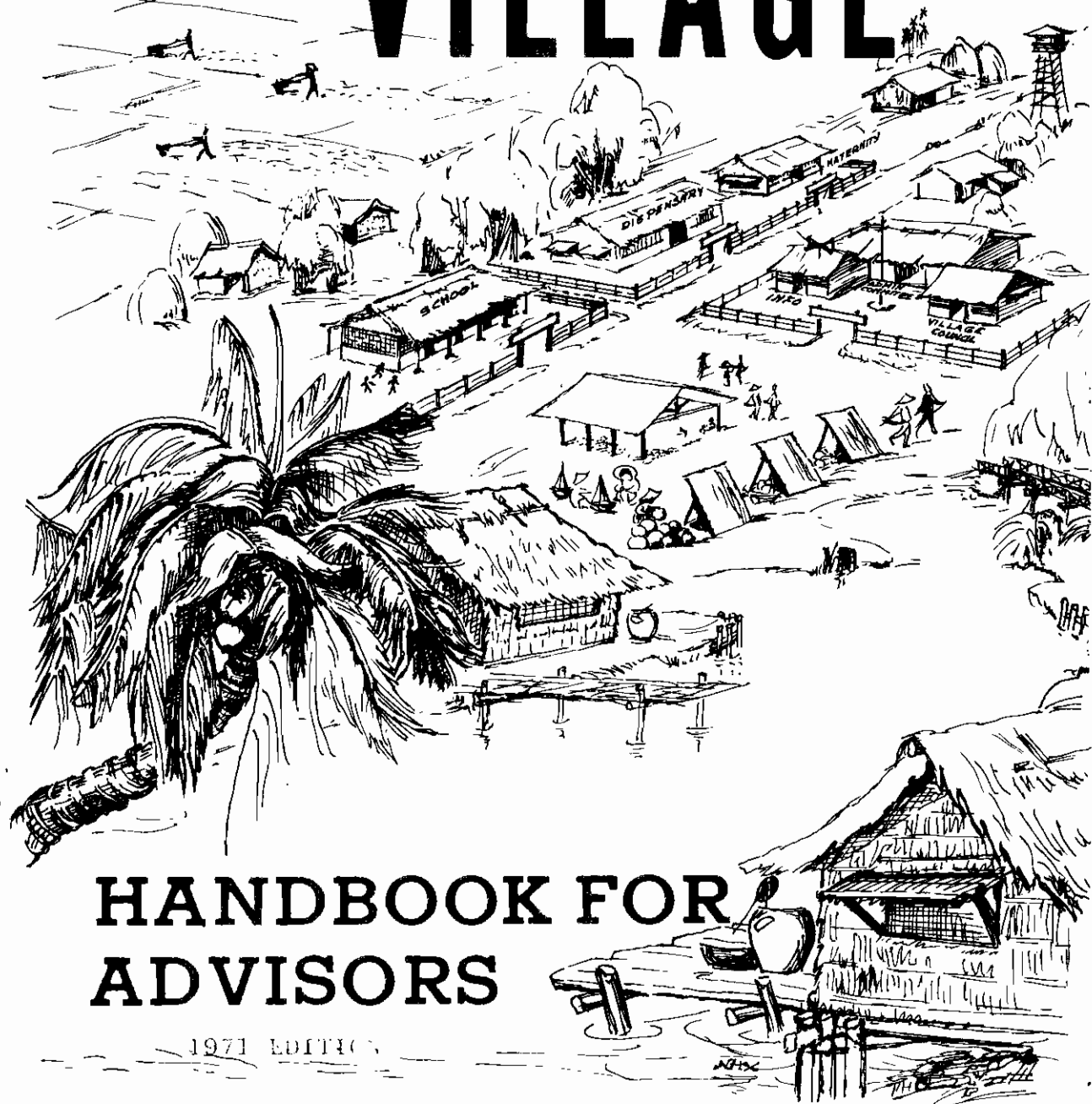


THE VIETNAMESE VILLAGE




**HANDBOOK FOR
ADVISORS**

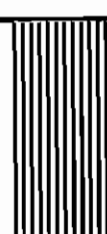
1971 EDITION



THE VIETNAMESE VILLAGE
○
RURAL DEVELOPMENT DIVISION
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CORDS



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MACJOIR

24 June 1971

MEMORANDUM FOR RECORD

SUBJECT: The Vietnamese Village - A Handbook for Advisors

1. This handbook is designed to inform advisors at all levels of the structure and nature of the Vietnamese village.
2. This is important to the CORDS mission because the Government of Vietnam, in its Community Defense and Local Development Plan for 1971, has laid particular stress on the full development of the village as the foundation upon which the provincial and national communities can rest.
3. In tradition and history, the Vietnamese village has played a major role in the life of the Vietnamese people. The 1971 Community Defense and Local Development Plan is designed to strengthen the self-defense, self-government and self-development of this fundamental Vietnamese political entity.
4. For a CORDS advisor to be effective, therefore, a full understanding of the detailed structure of the Vietnamese village is essential.
5. Through support to this program of the Vietnamese Government, the CORDS advisor can assist the people of Vietnam themselves to develop the strength and unity essential to a just termination of the war.



W. E. COLBY
DEPCORDS/MACV

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I

The Village Yesterday and Today

"The King's Law Bows to Village Custom"
(Phep Vua thua le lang)
Ancient Proverb.

A. SUMMARY

1. The traditional structure of village society in Vietnam has all but collapsed under the pressures of war and rapid social and economic change. The enemy, in an effort to cut off communication between the rural population and the Government of Vietnam, has explicitly targeted village/hamlet government. During the last decade, he enjoyed fair success in neutralizing the GVN "presence" in many areas of rural Vietnam.

2. The 1971 Community Defense and Local Development Plan (CD&-LDP) is a political/military strategy which seeks to revitalize the village community. It blends relevant tradition and necessary innovation to create a viable local governmental structure, one which is capable of leading the rural population in the defense of their interests and the solution of their problems.

B. TRADITIONAL VILLAGE LEADERSHIP

3. Since the beginning of Vietnamese history, the village has been the basic unit of local government. Traditionally, the village community enjoyed a degree of autonomy, as indicated by the proverb quoted above. It said that as long as a village took care of its own affairs quietly, paid its taxes regularly and supplied men for the emperor's army when needed, the state did not interfere.

4. Many Vietnamese seem to conceive of the village as having been in the more or less distant past an ideal democracy, where man lived in harmony with nature and his fellow man. There is a large element of myth in this -- a myth which sometimes leads Vietnamese

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populists to declare that most current problems could be solved "if we could only restore the old traditions". In truth, the village in pre-colonial days was never wholly autonomous and rarely democratic. Historical research indicates that the surface harmony of the village was largely the product of the villager's lack of opportunity for either geographical mobility or social advancement. As a result, the villager had no choice but to accept the dictates of the village elders, or "notables", who were at least partly intent on preserving their own privileges by preserving "harmony".

5. There was a strong tradition of justice and civic service which tended to prevent serious abuses of power by the village notables. On the whole, it was a workable, if extremely conservative, system suited to a traditional peasant culture. The French, who conquered Vietnam in the last half of the 19th Century, recognized this at once. The colonial authorities did not interfere with the collection of taxes (of which there were many) and the provision of labor for public works projects.

6. The traditional system of village government has crumbled under the pressures of war and economic and social change during the past twenty-five years. The young Vietnamese is no longer content to follow in his father's footsteps. Drawn by the bright lights of the cities, or by the adventure and advancement promised by the Viet Minh or Viet Cong, hundreds of thousands of the more energetic and ambitious peasant youth have left the villages. At the same time, a large part of the traditional leadership class, the elderly "notables", has been killed, has been frightened into channeling its civic energies into strictly religious pursuits, or has fled to the cities. Danger, diminution of authority and prestige combined with a growing workload, and finally, minute salaries, made village office an unattractive proposition. It is no wonder, then that there has been in recent years a great shortage of talented and motivated leaders at the village level.

C. THE WAR AND THE VILLAGES

7. It is the village/hamlet official, not a faraway district or province chief, who personifies the Government of Vietnam to the rural citizen, to whom he may look for assistance and advice. For this reason the village and hamlet governments were a principal target of the enemy insurgency in its early stages and remain an important target today. By neutralizing the village governments, the enemy was able to cut off nearly all communication between the central government and the rural population. Where he was successful in this effort, he could then harness the rural population to his own war machine.

8. The enemy posed as a social reformer, the protector of the

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little man against the "bullies and exploiters" who supposedly held village office for the GVN. In practice, however, his main weapon against the village leadership was, and remains, selective terrorism. Particularly in the early years of the insurgency, the Viet Cong showed remarkable skill in killing off the better officials while leaving the worst untouched. It was a weapon which the most popular local officials were ill-equipped to counter.

9. In the early and middle 1960's the enemy thus was rather successful in his campaign to neutralize or frighten into the district towns the village officials appointed by the GVN. In parts of rural Vietnam the central government was hard-pressed to maintain even a symbolic presence. Time and again it was found that GVN "authority" in a village consisted of little more than a village office and a small outpost. There village officials would issue documents and inform casual visitors that the population was pro-GVN, while a Popular Forces platoon guarded the outpost and a few hundred meters of road. At the same time very close by and especially at night the enemy would be free to tax, to conscript labor, and to hide his troops among the rural population. The people would be carefully watched and controlled through automatic "membership" in various front organizations -- the "Liberation Farmers' Youth", and so on. Masterminding the operation would be a handful of well-trained and experienced Viet Cong political cadre, backed by local guerrilla organizations. As long as this enemy organization remained unchallenged, with the power of life and death over the villager, the most attractive GVN development program would be doomed to failure.

10. The enemy had in this fashion extended his sway over portions of rural Vietnam by 1964 when he chose to attempt a quick victory by changing the character of the war. His escalation to large unit formations and his large scale infiltration of North Vietnamese troops was countered by the commitment of substantial US and other Free World Forces. Thus, during the mid-1960's the general re-establishment of effective local government had to take a back seat to other higher priorities. In this respect the bloody failure of the enemy's Tet and May 1968 attacks may prove to have been a key turning point. It gradually became apparent that the GVN had emerged from the crisis stronger and more stable than before. The enemy's main force units had suffered a terrible bloodletting and few Vietnamese believed any longer that the Communist were capable of seizing power by military means.

D. THE DEFENSE AND DEVELOPMENT STRATEGY

11. A gradual refinement of pacification and development concepts and techniques had begun long before the enemy launched his desperate Tet 1968 attacks. It was recognized early that successful pacification is no simple process, and that development could take place only in a climate of round-the-clock security. It was

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clear that large units can support, but cannot implement, a pacification program, and that in any event there could never be enough large units available to secure every village. At the same time the Rural Development program demonstrated, despite failures as well as successes, that pacification could succeed even with limited resources under the proper conditions.

12. The rural population of Vietnam is weary of never-fulfilled enemy promises, of unending tyranny. The villager realizes, perhaps best of all, that the enemy's grip on the countryside has weakened considerably. Experience has demonstrated repeatedly that, given weapons, organization and good leadership, the villager will actively defend his life, his family and his property.

13. Successful pacification is essentially a problem of counter-organization. Current strategy, with its emphasis on the revival of strong village communities, is aimed toward that end. The overriding objective of the village development effort is to confront and supplant the enemy's political/military organization in every village with a deadly rival -- a "friendly infrastructure". Strong links must be established between the pro-GVN leadership of the village and the bulk of the population, on one hand, and between the village leadership and higher levels of government, on the other.

14. The Defense and Development Plan is built on the assumptions that:

a. The village community, including its constituent hamlets, is central to the life of the rural Vietnamese.

b. The rural Vietnamese, working within the village framework, with assistance as appropriate from the central government, can effectively manage his own affairs, solve his own problems and, by doing so, erect a strong bulwark against Communist efforts to undermine Vietnamese society.

15. The revival of "Community Spirit" is a key theme of the current strategy. This may be understood as the reinvolvement of all the best elements of the village community in a cooperative effort to improve their own lives by securing and developing the village.

16. The revival of Community Spirit is stimulated by the GVN through:

a. The modernization of village government, including large-scale delegation of decision-making power to the village, strengthening of village finance, intensive leadership training of village/hamlet officials, and extension of the elected-government system to all relatively secure areas.

INTRODUCTION

b. The delegation of primary responsibility for local security to the village, through village control of Popular Forces, People's Self-Defense Forces, and Police.

c. The encouragement of popular initiative and broad popular participation through an expanded, locally-determined self-development program assisted by Rural Development Cadre under village control.

II

Village Government

"The roof cannot be stable unless the house's pillars are strong. The national government cannot be stable unless the village governments are strong."

-- Old Saying

A. SUMMARY

1. All but a handful of the Republic of Vietnam's 2100 odd villages share a common governmental structure based on a division of powers and functions between an elected village council and a partly-elective, partly-appointive administrative committee (VAC). Hamlets are subdivisions of the village and hamlet management boards are extensions of the VAC.

2. Current pacification strategy is built on the premise that village governments must be full partners in the defense/development effort. Local administrative relationships have been significantly realigned. Decree #45, promulgated in April 1969, greatly expanded the authority, personnel and responsibility of the village governments. At the same time, it integrated them more closely with the district and province administration.

3. The village chief and his subordinates are called upon to be strong leaders, as well as administrators. They are the link between the GVN and the rural population. Their paramount task is to rally the best elements in the village to the common task of building a united and progressive community.

B. VILLAGE GOVERNMENT IN THE GVN STRUCTURE

4. There are between 2100 and 2552 villages and between 10,000 and 12,000 hamlets in the Republic of Vietnam, depending on which tabulations are consulted. The higher figures generally include villages and hamlets which remain "on the books" but have been depopulated by refugee movements. As of 31 ~~December~~ 1970, 2,094 villages

had elected governments. Similarly, 10,187 hamlets had elected hamlet chiefs. Most of the remaining villages and hamlets were administered by appointed officials, who were to be succeeded by elected authorities as soon as elections were feasible. ("Village government", as used below, will refer to the elective type unless specifically noted). During 1970 the village governments elected in 1967 ran for re-election.

5. The Government of Vietnam is organized under a unitary structure established in the Constitution promulgated on 1 April 1967. All powers are vested in the national government which in turn delegates authority to the forty-four provinces and to the villages. Military regions, administrative regions and districts are administrative echelons which in civil matters play a monitoring and troubleshooting role.

6. Although villages vary radically in size, ethnic composition, terrain, economy and security, before the law all are equal. The one thing common to every village is its status as the lowest unit of government which is a legal entity, having the power to make a budget, to levy taxes and to own property. Hamlets are simply administrative subdivisions of villages. Decrees No. 198 and No. 199, both dated 24 December 1966, and amended by Decree No. 45, promulgated on 1 April 1969, establish a uniform village government structure. They reverse the tendency of the later French colonial and Diem eras to concentrate authority at higher echelons. Considerable responsibility for the conduct of village affairs is delegated to a partly elective, partly appointive village administration.

7. Decree #45 established two types of village administrative organizations. Class A villages, with populations in excess of 5000, are authorized a few more officials than Class B villages (5000 inhabitants or less). Although the effect of this precedent was initially minor, it indicated a growing awareness on the part of the central government that individual villages face varying requirements and that higher echelons must tailor programs to meet the individual needs and capabilities of the villages.

8. Section C of this chapter discusses the composition and formal responsibilities of the village council, the village administrative committee and the hamlet administrative committee. Section D deals more broadly with the leadership role of the village chief, the village's relationships to the district and province administrations and certain problem areas. Village finance, including management of the Self-Development Program, and Village Security organization are treated in subsequent chapters.

C. ORGANIZATION AND FUNCTION OF THE VILLAGE GOVERNMENT

9. The village government has two major components, the village

council and the village administrative committees. Hamlet administrative committees are an integral part of the village government.

10. The village council is the village's policy-making body. It determines the course of village affairs (in many cases subject to review by higher authority) and gives general direction to the village's executive body.

11. The Village Council

a. Organization.

The village council is elected at large by the inhabitants of a village over 18 years of age, by direct and secret ballot. Depending on the population of the village, from six to twelve council members are elected.

Up to 2000 inhabitants.....	6 members
2001 to 5000 inhabitants.....	8 members
5001 to 10,000 inhabitants.....	10 members
Above 10,000 inhabitants.....	12 members

Village councilmen serve for three year terms and may be re-elected.

b. The council member who received the highest number of popular votes automatically becomes the chairman of the village council. The second-highest vote-getter becomes deputy chairman. A third council member serves as secretary-general.

c. At its first meeting the newly elected council elects one of its members to serve as village chief, concurrently head of the village administrative committee (VAC). The village chief becomes a non-voting member of the council, and the council's voting membership is thus reduced to an odd number.

d. Function

(1) The village council may discuss any problem of interest to the village and may express opinions, proposals or aspirations to higher authority. Such recommendations must "be considered and resolved within the shortest period of time", and the village council must be informed of the outcome.

(2) It is the village council's job to decide all matters of policy within the village. By law, it is charged with deciding on the village budget, construction projects, concessions and contracts, transfers or rentals of village property, taxes, receipt of legacies, changes in boundaries, and so on. In many cases, however, the council's decisions must be reviewed by either provincial

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or national officials, as indicated by Chart #II-2. This is often a time-consuming process. Decree #45 of April 1969, decentralized authority slightly. The Decree provided for province review of all village budgets, so they no longer had to be sent to Saigon for review. Also, village councils were authorized to spend up to 100,000\$ (vice 50,000\$), without higher level review.

(3) The village chief must bring before the council all questions regarding land affairs, professional practices by villagers and recruitment of village/hamlet employees. The council scrutinizes the village administration's execution of its decisions and of GVN programs in general. The council is also charged with monitoring the behavior of all GVN personnel working in the village, "particularly their attitudes toward serving the people".

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The Village Council is delegated power of decision over a wide range of matters. In most cases, however, council decisions must be reviewed by the province chief ("P" in the chart below) or the ministry ("M") concerned. The chart breaks out those powers specifically delegated to the village council by Decree No. 198 (as amended by Decree No. 45) and indicates necessary higher level approval.

Power of the Village Council

	REVIEW		
	None	P	M
1. Village Budget:			
-- establishment		x	
-- amendment		x	
2. Construction Projects, Equipment, Programs:			
-- creation and modification of village plans.....			x
-- totalling over 1,000,000\$.....			x
-- involving village properties, 100,000 to 500,000\$.....		x	
-- involving village properties, over 500,000\$.....			x
-- involving road construction or alignment...		x	
3. Concessions for Public Services:			
-- for more than 3 years, total more than 500,000\$.....			x
-- for less than 3 years, total less than 500,000\$.....			
4. Contracts (with Village Financial Responsibility):			
-- over 500,000\$.....			x
-- under 500,000\$.....		x	
5. Transfer, Purchase or Exchange of Village Property:			
-- total expense over 500,000\$.....			x
-- expense from 100,000 to 500,000\$.....		x	
-- expense under 100,000\$.....	x		
6. Leases or Rentals (expenditures):			
-- over 3 years, over 500,000\$/year.....			
-- 3 years or less, cost of 100,000 to 500,000\$/year.....		x	
-- cost under 100,000\$/year.....	x		

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7. Taxes, Fees & Rentals (income):	:	:	:	:
-- establishment of new items.....	:	:	:	x :
-- establishment of percentage rates.....	:	:	x :	:
-- regulations concerning collection.....	:	x :	:	:
	:	:	:	:
8. Loans & Subventions (Salary Subsidies).....	:	:	:	x :
	:	:	:	:
9. Receipt of Donations or Legacies:	:	:	:	:
-- with conditions.....	:	:	:	x :
-- without conditions.....	:	:	:	:
	:	:	:	:
10. Changes in Boundaries or Removal of Offices:	:	:	:	:
-- changes in village boundaries.....	:	:	:	x :
-- moving village offices.....	:	:	:	x :
-- changes in hamlet boundaries.....	:	:	x :	:
	:	:	:	:
11. Organization & Administration of Markets, Fairs.....	:	:	:	:
	:	:	:	:
12. Disputes:	:	:	:	:
-- legal proceedings.....	:	x :	:	:
-- amicable settlements.....	:	:	x :	:

(4) Except for decisions requiring higher level approval, the village chief must carry out the village council's instructions within fifteen days, or explain why he has failed to do so. In the event of a deadlock between the village council and the village chief, either party may ask the local district or province chief to "solve" the matter.

(5) The village council is authorized to meet in regular session for four days each month and to meet in special session for two additional days, if necessary. It must meet at least once a month, and usually it meets more often. Each council member, including the village chief, receives 300\$ per meeting day. Meetings are generally public, and often are attended by concerned village and hamlet officials and elders. On the request of the council chairman, the village chief or one-half of the members, the council may meet in secret session.

(6) Every council member may suggest items for the agenda, which is made up by the council chairman after consultation with the village chief and the other officers of the council. Half of the membership constitutes a quorum. If a quorum cannot be formed, the council may be reconvened twenty-four hours later and act legally, no matter how many members are present.

(7) With one exception, a simple majority vote decides questions before the council. Village officials may be removed from office by the council only for malfeasance and only by a three-fourths majority.

12. The Village Administrative Committee

a. Organization and Functions

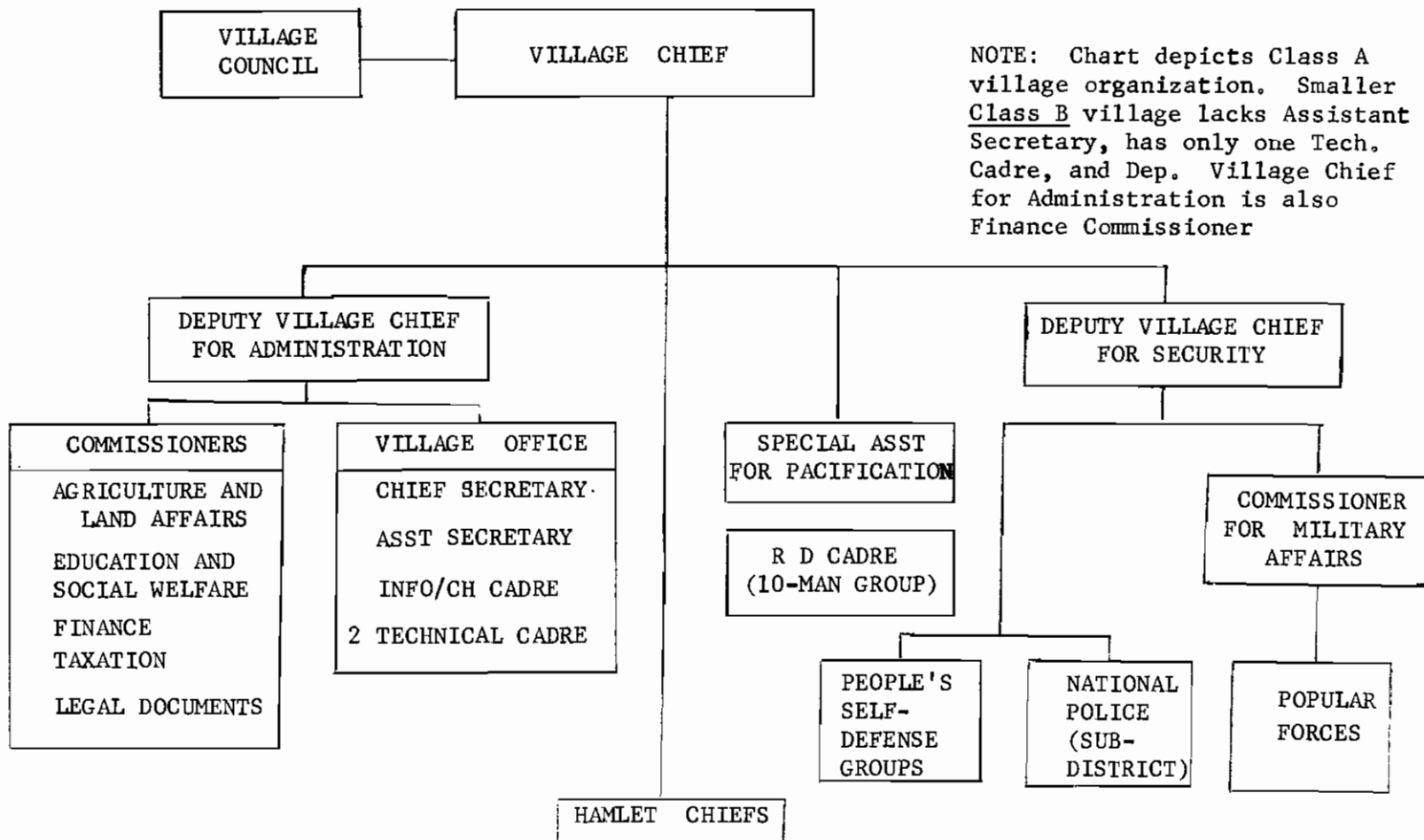
(1) The Village Administrative Committee, or VAC, is the executive branch of the village government. It consists of the village chief, who heads the committee and serves as its chairman, the deputy village chiefs for administration and for security, and all village commissioners. The committee is required to meet in work session at least twice a month to review work completed, to work out plans of action for future months, and to coordinate with other agencies in the village. The committee is also required to meet at least once a month with the Village Council in a meeting under the joint chairmanship of the Council Chairman and the Village Chief. (See Chart #II-2)

(2) The relationships of these various officials among themselves and with other GVN elements at the village level such as Popular Forces and Rural Development Cadre are depicted on Chart # II-2.

CHART #II-2

VILLAGE GOVERNMENT ORGANIZATION

per Decrees #198 (4 December 1966) and #045 (1 April 1969)



NOTE: Chart depicts Class A village organization. Smaller Class B village lacks Assistant Secretary, has only one Tech. Cadre, and Dep. Village Chief for Administration is also Finance Commissioner

(3) Hamlet Management Boards (HMB) are not part of the Village Administrative Committee. However, the hamlet chiefs are directly responsible to the village chief, and the Hamlet Management Boards function essentially as extensions of the VAC. They are discussed in paragraph 18, following.

13. The Village Chief

a. Appointment, Term of Office and Removal.

The village chief is elected by the village council from among its membership, as described in paragraph 11c. He holds office for a term of three years, concurrent with the village council. He may be removed from office under certain conditions, including malfeasance, unjustified absence from duty or imprisonment. If the village chief resigns, dies or is dismissed from office, the village council elects a successor from among its membership.

b. Duties.

The village chief is charged by law with broad responsibilities. He:

(1) Directs all GVN affairs within the village. He supervises the VAC (for which he is responsible to the village council), and "oversees the functioning" of all other governmental agencies.

(2) Executes decisions of the village council.

(3) Supervises the maintenance of security and public order. In this function he is responsible for the operational control of forces placed at the disposal of the village authorities, including Popular Forces.

(4) Reports to district and province any significant occurrences.

(5) Publishes and enforces GVN laws and regulations.

(6) Represents the village before the law.

(7) Certifies documents and signs receipts and authorizations within the limits of village budget appropriations.

(8) Arbitrates minor disputes and performs marriages.

In other words, the village chief is simultaneously planner and administrator, policeman, Commander-in-Chief and Justice of the Peace. Unofficially, he is also often a lobbyist (to higher authority), a

politician and, at numerous ceremonial or festive occasions, a master of ceremonies. His position calls for a high degree of leadership ability, stamina and motivation. Unquestionably, he is the key man in the village. The village chief's leadership role is discussed in greater detail in paragraphs 32-36.

14. The Deputy Village Chiefs

a. The Deputy Village Chief for Administration is nominated by the Village Chief with the approval of the Village Council, and is appointed by the Province Chief. The Province Chief must, whenever possible, respect the nomination of the Village Chief. Under the direction of the Village Chief, the Deputy for Administration coordinates the activities of the Commissioners for Finance, Taxation, Agriculture, Social Welfare and Legal Documents. In a Class B Village (under 5,000 population), he serves concurrently as Finance Commissioner. The Deputy for Administration additionally supervises the village office. The Village Chief may delegate to his Deputy for Administration authority (including sign-off authority), in all civil matters with the exception of the authority to release funds. In the Village Chief's absence, the Deputy for Administration automatically acts for him in administrative matters, but cannot authorize expenditures.

b. The Deputy Village Chief for Security, like the Deputy Village Chief for Administration, is nominated by the Village Chief with the approval of the Village Council, and is appointed by the Province Chief. Under the direction of the Village Chief, the Deputy for Security is responsible for handling problems concerning administrative and judicial police, public order, military draft and military affairs, and serves as judicial police agent. Under Decree No. 045 the Deputy for Security is also made responsible for following up political activities, organizing intelligence networks, supervising popular self-defense youth and sports activities, and representing the Village Chief when absent or busy with respect to military and political problems.

15. Commissioners.

a. General: Commissioners are appointed by the Village Chief with the approval of the Village Council. The Province Chief establishes general criteria for appointment (age limits, educational requirements, draft status, anti-communist viewpoint, etc.). Appointments are reviewed by the Province Chief or, more often, the District Chief, for conformity to these criteria and may be disapproved. If neither approved nor disapproved for 20 days, the appointment nonetheless becomes effective. The village military commissioner must be selected from the ranks of the Popular Forces. All other commissioners must be local civilians. Commissioners are

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responsible to the Village Chief through the respective Deputy chiefs. They may be discharged by agreement of the village chief and village council.

b. Commissioner for Economy and Finance: The finance commissioner is responsible for the management of all village funds and assets. He is assisted in the management of village-owned land by the agriculture commissioner. The Finance Commissioner is the village treasurer and accountable cashier. He manages the budget, which he usually prepares, and other economic and supply problems. As he is also responsible for "studying measures to develop the village resources", the finance commissioner normally plays a major role in village self-development activity.

c. Commissioner for Taxation: A sound financial base is essential to the development of strong village government. Recognizing the need to focus attention on the improvement of tax collection, the GVN established the position of tax commissioner in the 1969 reorganization of village government. The tax commissioner is responsible for the maintenance of village tax rolls and for the collection of taxes.

d. Commissioner for Agriculture and Land Reform: The agricultural commissioner's job includes two broad functional areas. First, he is responsible for bringing technical assistance to the village's farmers, fishermen, woodcutters, and fruit and livestock raisers, with the assistance of cadre from agricultural ministry services at province level. Second, he is the village's expert on real estate and its administrator for land reform. He also assists in obtaining Agricultural Development Bank loans for deserving farmers.

e. Commissioner for Social Welfare and Culture: The social welfare commissioner is responsible for village management of programs in the fields of education, social welfare, public health, public works, refugees, veterans' and labor affairs.

f. Commissioner for Legal Documents: The legal documents commissioner (sometimes also called the civil status commissioner) is responsible for the day to day management of all matters concerning official documents for individual citizens. These include I.D. cards, birth, marriage and death certificates, residence certificates, permission to transport strategic commodities, voting cards and so forth. He is assisted by the secretaries in the village office.

g. Commissioner for Military Affairs: The Commissioner for Military Affairs directly handles the command of PF units in the village and is responsible for village defense, patrolling in and about the village, laying of ambushes and search for an destruction of the enemy in conformance with plans and instructions of the Village

Chief. He is appointed by the Village Chief and must be a member of the Popular Forces.

h. Village commissioners will not necessarily be trained technicians in their respective fields. Such is particularly true, for example, in the case of the Commissioner for Social Welfare and Culture who is responsible for education, social welfare, public health, public works, refugees, veterans and labor affairs. These commissioners are expected, however, to have a practical working knowledge in their areas of responsibility, to be able to identify problems, to assess progress being made, to contribute to planning and budget formulation, and to serve as a contact point and channel for the village people when information or assistance is needed from the village government or from higher levels.

16. The Village Office.

a. General: A village office is organized in each village. Its primary purpose is to assist the Village Administrative Committee in carrying out its responsibilities. Appointments to positions in the village office are made by the Province Chief or by designated ministries. The Deputy Village Chief for Administration is responsible for general supervision of the village office.

b. Village Chief Secretary: Sometimes referred to as the "principal secretary" the chief secretary heads the village office. He is often regarded as "the district chief's man in the village". He supervises general administrative and clerical work and maintains custody of the village's seals, forms, records and files. In a Class B village he serves also as postmaster.

c. Secretary (or "Assistant Secretary"): The secretary is appointed only in a Class A village. He assists the chief secretary and replaces him in his absence. The secretary also serves as postmaster.

d. Information and Chieu Hoi Cadre: The Information and Chieu Hoi Cadre represents the Ministry of Information and Chieu Hoi in the village. He is recruited, trained, assigned and managed by the Ministry, but is under the operational control of the Village Chief. He is responsive to the province and district VIS and works closely with the hamlet Information and Chieu Hoi Cadre to execute information, polwar, popular proselyting and Chieu Hoi programs in the village.

e. Technical Cadre: There are authorizations for two technical cadre in a Class A village and one in a Class B village. The position was established in the 1969 reorganization. However, due to problems in recruiting, many of these are unfilled. The technical cadre is a trained generalist responsible for serving the village,

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its people and its officials in economic, social, cultural and political activities; for explaining government policies to the people; for providing information and guidance in the various village technical activity areas; and for assisting village officials in carrying out their duties. Technical cadre operate under the direction of the Village Chief, but are appointed, paid and managed by the Ministry of Interior.

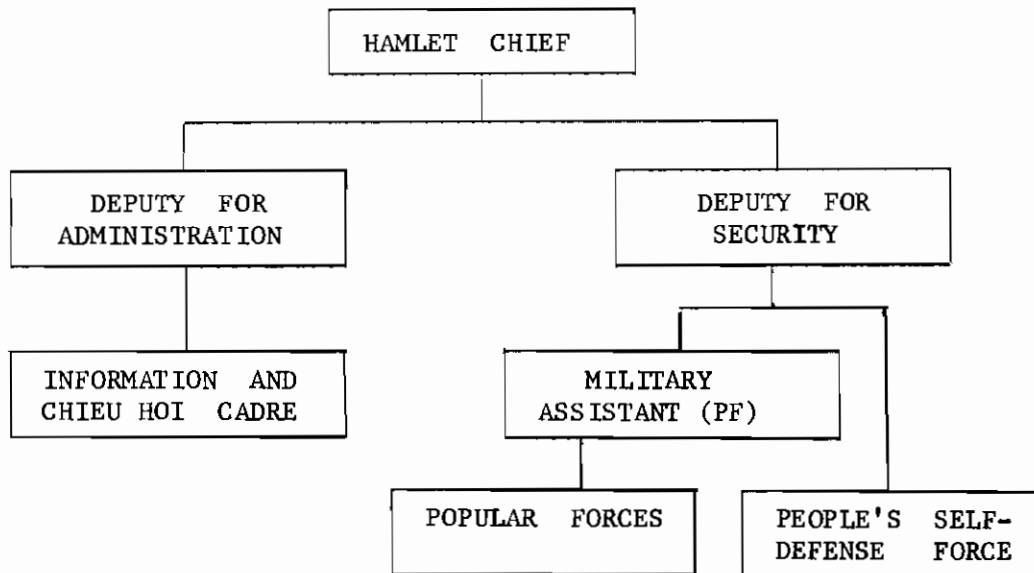
17. The Hamlet Management Board

a. At full strength, the Hamlet Management Board (HMB) is a five-member committee. Its head is a hamlet chief who, like the members of the village council, is directly elected by the people. His term of office is three years, and is not necessarily concurrent with that of the village council. The hamlet chief has two deputies, for administration and security. These individuals are nominated by the hamlet chief and appointed by the Village Chief. The District Chief may veto the appointment; if so, he must outline his objections in writing. Additionally, a hamlet management board may have an information/chieu hoi cadre (appointed by the Ministry of Information) and a hamlet military assistant (drawn from the ranks of the Popular Forces and usually a senior squad leader).

b. The hamlet is an integral part of the village and the HMB is an integral part of the VAC. Thus the various members of the HMB function, more or less, as extensions of their "counterparts" at village level, and under their guidance. (See Chart #II-3). The Hamlet Chief, by law, "represents the Village Chief in the hamlet".

CHART #II-3

HAMLET ADMINISTRATION
(per Decrees #198 and #045)



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c. The hamlet has no budget and no legislative body. Further, the hamlet may have no representatives on the village council. Thus, it is an important function of the hamlet chief and his deputies to see that the village council and the VAC are aware of hamlet problems and interests.

d. Additionally, the Hamlet Chief is responsible for seeing to the execution of central and local government laws, policies and directives, for maintenance of accurate hamlet registers, certifying routine documents before they are sent to the VAC, and assisting the village tax commissioner in the collection of taxes. In all of this he is assisted by his deputy for administration. Just as the village chief in early 1969 received operational control over village security forces, the Hamlet Chief was charged with "operational control of the forces placed at his disposal, including PF, in conformance with the village chief's instructions". In this sphere he is assisted by his deputy for security and his military assistant (See Chapter IV for further discussion of hamlet security activity).

18. Training

a. The village government is charged with performing at the local level many of the functions performed by the central government. The limited size of the village administration requires that nearly all of its members be generalist, able to do several jobs at once. Thus, the GVN has placed great emphasis on the training of local officials.

b. In the past, such training was rather elementary. It was largely concerned with the proper preparation of paperwork, with a certain amount of political orientation thrown in. In 1969, however, a course was inaugurated at the National Training Center, Vung Tau, which has had far-reaching impact on the conduct of local government. Four key village officials -- the village council chairman, the village chief and his two deputies -- and all of the hamlet chiefs were to be flown to attend a four-week course in village/hamlet government. They received instruction in various GVN programs, with stress on those activities which had recently been added to the list of village responsibilities. Far more important, however, they received guidance in leadership techniques and executive management and, of course, they enjoyed a unique opportunity to compare ideas and experiences with other village leaders from all parts of the nation.

c. Paralleling the Vung Tau course, wide-gauge courses in finance, taxation, agricultural affairs and land reform, local development and village security operations were being organized in-province at the training centers. These courses were for village/hamlet officials who could not be accommodated at the National

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Training Center. They followed lesson plans drawn up by the central government. In 1970 special teams of RD Cadre were organized to assist the provinces with village/hamlet official training.

19. Salaries, Allowances and Fringe Benefits

a. An increase in salaries and allowances averaging thirty-five percent was decreed for village/hamlet officials on 6 May 1969. All village officials receive a basic salary plus a Tet bonus amounting to a month's pay. Additionally, the more important officials receive a position allowance of from 500 to 1500 piasters monthly. (See Chart #II-4).

CHART #II-4

VILLAGE MONTHLY PAY SCALES
(As of 1 April 1969)

	<u>Salary</u>		<u>Allowances</u>		<u>Total</u>
VILLAGE CHIEF.....	4000	+	3300 ^{ab}	=	7300\$
VILLAGE COUNCIL CHAIRMAN.....	4000	+	3300 ^{ab}	=	7300
VILLAGE POLICE CHIEF*.....	4638	+	2000 ^{cde}	=	6638
RD CADRE GROUP LEADER	5200	+	2680 ^{acde}	=	7880
DEPUTY VILLAGE CHIEF	4000	+	1000 ^a	=	5000
DEP VILLAGE COUNCIL CHAIRMAN....	3000	+	1000 ^a	=	4000
COMMISSIONER (Civilian).....	4000	+	500 ^a	=	4500
HAMLET CHIEF.....	4000	+	500 ^a	=	4500
CHIEF SECRETARY.....	4000	+	500 ^a	=	4500
VILLAGE COUNCIL SECRETARY.....	2700	+	1800 ^b	=	4500
DEPUTY HAMLET CHIEF.....	4000	+	0	=	4000
PF PLATOON LEADER.....	4100	+	1600 ^a	=	5700
VILLAGE COUNCILMAN.....	0	+	1800 ^b	=	1800
VILLAGE TECHNICAL CADRE.....	11100	+	100	=	11200
VILLAGE INFORMATION/CHIEU HOI... 5300	5300	+	100	=	5400

CADRE

- Allowances:
- a. Position Allowance
 - b. Per diem, Village Council meeting (300\$/day)
 - c. Rice Allowance (200\$)
 - d. Cost of Living Allowance
 - e. Hazardous Duty Allowance

*Salary of police chief calculated for Sub-Inspector, single, less than three years service.

NOTE: Chart #II-4 on page 20 was rendered obsolete by Arrete 536 of 22 June 1971. The following pay scales are now in effect:

VILLAGE/HAMLET OFFICIALS' SALARIES AND ALLOWANCES

(Effective date: 1 July 1971

References: Decree #062-SL/NV and

Arrete #536-BNV/NSKT/38 - 22 June 1971)

Positions	Salary VN\$	Meeting Allowances VN\$ 400 x 6 days	Total
<u>1. Village Council</u>			
- Chairman	7,080	2,400	9,480
- Vice Chairman	3,510	2,400	5,910
- Secretary General	3,160	2,400	5,560
- Other members	None	2,400	2,400
<u>2. Village Administration Committee</u>			
- Village Chief	7,080	2,400	9,480
- Deputy Village Chief	6,280	None	6,280
- Commissioners	5,480	None	5,480
- Chief Secretary	5,480	None	5,480
- Secretary	4,680	None	4,680
<u>3. Hamlet Management Board</u>			
- Hamlet Chief	5,480	None	5,480
- Deputy Hamlet Chief	4,680	None	4,680
- Assistant to Hamlet Chief for Military Affairs	4,680	None	4,680

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b. Village councilmen, including the village chief, receive 300 piasters every day the council is in session, up to a monthly maximum of 1800 piasters. Council officers receive a monthly salary in addition.

c. PF, RD Cadre and Police are paid according to the wage scales of their respective organizations. They are also eligible for the various fringe benefits (hospitalization, family allowances, death and disablement benefits, etc.) generally paid by their organizations.

d. Village and hamlet officials are, together with their spouses and children, entitled to "available treatment in government hospitals". If killed or missing while acting in the course of duty, a village official's legal kin is entitled to twelve times his monthly salary as compensation.

D. DECISION-MAKING IN THE VILLAGE

20. The Village Policy. It is a pacification and development axiom that small, relatively unsophisticated, usually rural communities are at least as capable, on the average, as higher echelons of government in deciding and managing their own affairs efficiently. This is an idea which has roots in both the Vietnamese and the American traditions. The corollary to this axiom is that insofar as these communities have the ability to decide, organize and manage their own affairs, popular identification with the community will grow and the community will become gradually more resistant to Communist attempts to subvert a basically pro-GVN orientation. This too, has firm roots in experience.

21. Preceding sections of this chapter have discussed the village as an administrative unit -- the lowest level of government. The village is, of course, much more than that. It is a functional community -- a social, economic and political unit. This implies organization and a decision-making system.

22. The village government is but one organ in the decision-making structure of a healthy village. Others would include, typically, a socio-economic hierarchy represented in the village cult committee, the structures of organized religion, an "intellectual" group including the village school teachers and other educated persons, and a "military presence," meaning the local RF and/or PF. Additionally, there may be present on the margins special interest groups, such as Parent-Teacher's Associations or Farmers' Associations. Finally, outside the pale, but not beyond consideration, is the Viet Cong village organization.

23. It is the presence of all, or most, of these groups in a

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village that binds a number of families into a village community. It is their interaction which gives a village community its individual character. It is the mutual dependence and overlapping membership of these groups which give a village community its cohesiveness and stability.

24. Each one of these groups has at its command negotiable assets and sanctions which it can impose. Each one has a set of interests which it hopes to advance. All, of course, are committed to the greater good of the village -- but each defines it in its own way. The Viet Cong's image of the village's best interest obviously differs from the village government's, with the Cult Committee and religious leaders taking alternative positions as well. There are, additionally, a number of more parochial interests to which each group is more or less committed: prestige, influence, security, freedom from coercion, stability, prosperity.

25. Village Interest Groups.

a. The Cult Committee

(1) Nearly every village has a cult committee, centered on the village dinh, or communal temple. It is the body which sees to the proper observance, according to Confucian tradition, of ceremonies to honor the protecting spirits of the community. The dinh is the psychological center of the village; here the village's imperial charter is kept. The cult committee may be very large, including several hundred men divided into smaller committees with different functions. It is the premier voluntary organization in nearly every village.

(2) Upward movement through the cult committee hierarchy is governed by the Confucian virtues. Thus a man who raises respectful, well-behaved children, who participates in and contributes to village functions, and who farms profitably may expect to be invited, in his old age, to join the village council of notables, the top of the cult committee. The council of notables represents the collected wisdom and virtue of the community; its advice is always sought and respected, although not always followed.

(3) As might be expected, the cult committee, and especially the council of notables at its head, is generally a rather conservative body, intent on maintaining the old traditions and good social order. Its influence may be stifling, but it is more often constructive. Certainly its benign approval is in most cases a necessity for programs aimed at village improvement.

b. Religious Groups

(1) No religion is dominant in Vietnam; the relative

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strength of the various sects varies from region to region. Buddhists are found everywhere. At the village level they are likely to be of the moderate variety. Catholics of northern origin (1954 refugees) tend to group into homogeneous communities on the fringes of the larger cities, while southern Catholics are spread more evenly throughout the country. The Hoa Hao, a militant and reformed Buddhist sect, are strongest in the western Mekong Delta. The two largest branches of the mystical, syncretist Cao Dai are centered on Tay Ninh and Ben Tre (Kien Hoa). Here and there are small Protestant congregations and exotic groups like the followers of "Dao Dua", the "Coconut Monk", who preaches peace through co-existence and vegetarianism.

(2) Generalizations about the influence of the religious groups in village affairs are treacherous. Certainly they have an extremely important effect on the life of every village, but their influence may be variously cohesive or divisive, progressive or reactionary, anti-communist or neutral. Religiously homogeneous Communities, generally northern Catholic, Hoa Hao or Cao Dai, are typically better organized and resistant to Communist inroads. It is highly important to enlist village religious leaders in support of village improvement programs, while guarding against the trap of favoring one sect over another.

26. The "Intellectuals": The better-educated citizens of a village tend to view themselves as something of a group apart, to be consulted on matters requiring sophistication about the outside world. This is in line with the waning mandarin tradition, to which the school teachers, some of the priests and a few others may fall heir. School teachers have significant influence in educational and cultural matters, generally with support from the village school's Parents' Association.

27. Cooperatives, Farmers' Associations, Labor Unions, Tenant Farmers' Unions: Special interest economic groups are a recent development in Vietnam, and only in a few villages may they be said to wield significant influence, even on economic matters. However, their incidence and influence is likely to grow rapidly as security and stability increase and "modern ideas" flood the rural areas.

28. The Pro-GVN (Civil): Except in enemy-controlled villages, a pro-GVN group is identified in the popular mind. These are the village officials, plus any other resident civil servants or cadre, and their families. Studies show that by virtue of accepting office they detach themselves, in the eyes of their neighbors, from the mass of "ordinary people". The influence and prestige of the GVN in the village is very largely a derivative of the influence and prestige of this "pro-GVN group". That, in turn, depends on a number of factors. On the one hand, there is their honesty, justice and energy in administering the village. On the other hand, there is

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their education and their family and social connections. In some villages, the job of village chief has been the prerogative of a single family for generations.

29. The Pro-GVN (Military): The influence of the RF/PF in village affairs is most often, unfortunately, only a reflection of their possession of weapons and their ability, within variable limits, to use it then. RF and PF are usually men of an ordinary rural background drawn from the broad mass of the population. If, however, the village PF or RF have an image as "good soldiers" (i.e., those who do not abuse their ability to extort favors and foodstuffs from the population(and/or if they are successful in protecting the community against enemy incursions, they may acquire some influence springing from gratitude and sympathy. (This was the case when one village voted to spend the whole of its development grant to build PF housing.)

30. The Viet Cong Organizations(s):

a. Where the enemy is weak, his village organization is likely to include nothing more than a shadow village government supported by a handful of guerrillas living a precarious life in the nearby jungles. He may have the support of few families, generally relatives, but his influence over the community as a whole derives almost exclusively from his possession of force and his proven willingness to use it to attain his ends.

b. Enemy strength at the village level implies a corresponding GVN weakness. The extreme is found in a few areas where the Communists have been strong ever since the 1930's; here a revolutionary tradition has been passed down from father to son and the characteristic village interest groups discussed above (paragraphs 22 to 29) have been supplanted by mass organizations which preserve much of the outward form but are thoroughly meshed into the enemy war machine. These are the Liberation Farmers", Youth, Women's, etc. Associations, and also, sometimes, organizations of "patriotic" Buddhists, Catholics, etc. The glue which holds the entire structure together is the Communist party village chapter, an elite group which typically monopolizes the leadership of the various mass organizations.

c. In 1968 the enemy began a program of "democratizing" his village organizations through the "election" of village and hamlet "Liberation Committees". These elections have been elaborately stage-managed, thoroughly undemocratic and, consequently, seem to have had little impression on the rural population.

d. The Viet Cong village leadership, like their GVN antagonists, generally are sufficiently "a part of the community" to find their higher loyalties frequently in conflict with their loyalty to

the village. It is in the village's interest (at least in the short run) that the level of violence remain low and that the demands of both the GVN and the National Liberation Front be accommodated at minimal economic and social cost to the community. Thus in places a tacit accommodation has developed, which institutionalizes GVN control by day and enemy control by night, pending the outcome of the war through decisions arrived at elsewhere.

31. "Ordinary People". In pre-war days, it is safe to say that nearly everyone knew his place in village society. The dislocations and stresses of the past twenty-five years have gravely weakened the village social order. Alienation and, consequently, personal opportunism have increased. Many ordinary Vietnamese have found it increasingly difficult to trust their neighbors.

32. Conclusion:

a. Numerous interest groups typically are present at the village level. Some, like the village government and its Viet Cong shadow, are "official" and clearly incompatible. Others are unofficial social or economic groups through which both the local GVN and NLF can hope to influence the bulk of the village population. It is the leaders of all of these groups, plus the followers whom they influence, that comprise the village governmental organization, or decision-making structure. War and socio-economic change have acted to weaken and divide the village governmental organization during the last generation, rendering leadership and decision-making more difficult.

b. Reintegration of the village governmental organization is a desirable and attainable goal, a goal which the GVN has designated "the revival of Community Spirit". Necessarily, the Viet Cong must be excluded, for their purpose is simply the manipulation of the government organization for ends which ultimately must result in the government organization's destruction. Leadership must come, for the present, from the "pro-GVN group" -- the village government. It cannot function effectively, however, unless it is able to enlist the active support of those village leaders who typically have stood more or less apart: the notables, the religious leaders, the teachers, the progressive farmers. Decree #45, expanding the assets and authority available to the village government, was a great step forward -- particularly its integration of the GVN civil and military presence at the village level and its emphasis on wide participation in development planning.

33. Leadership Role of the Village Authorities

A village chief can play, in the reorganized village structure, a catalytic leadership role. He has at his disposal:

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a. Access to higher GVN authority, which is able to supply needed resources, redress grievances.

b. Access to American advisors, potentially a fruitful source of material assistance.

c. Personnel -- the VAC, the village security forces, the RD Cadre.

d. Means and authority to help villagers solve personal and group problems, through allocation of village resources, arbitration, or as an intermediary with higher authority.

e. Ability (and in some cases authority) to invoke sanctions against non-cooperating villagers, including blacklisting and harassment.

f. Legitimacy, deriving initially from his election and from the popular image of the GVN.

g. Prestige, initially derived from his social status and his election, but ultimately dependent on his effectiveness in using leadership tools without frequent resort to sanctions.

34. Ironically, attitude surveys indicate that villagers in general have very low expectations of the village government. All too frequently a village official's merit would be assessed by a reply like "He's a good (bad) official. When we need documents he gives (does not give) us any difficulty". This reflects what might be termed the rockbottom minimum role of village government: the provision of necessary documents and the maintenance of sufficient defensive capability to secure a village office. Except in those areas where the enemy remains a significant threat twenty-four hours a day, village governments -- elected or appointed -- are capable of far more. Where they are not working close to the limits of their capabilities, it is the function and responsibility of higher authority (generally the district chief) to step in and insist that they do so.

35. Given even a mildly favorable situation, skillful and energetic village leaders make the difference between a dynamic and an inert village community. The leadership group may be as small as the village chief and the village council chairman, but it will be more effective if it widens, as appropriate, to include not only the village council and village officials, but also spokesmen for the various interests within the community. There must be an area of consensus -- agreement on where the village wants to go and some idea of how to get there. The village officials must be able to play the roles of politicians as well as administrators. If some

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horsetrading is necessary to get a local landlord to donate a choice piece of land as the site for a dispensary, so be it.

36. It is of prime importance that the village leaders be, by village standards, honest. It is understood that from time to time an official may divert a tithe into his own pocket. How else, villagers will explain, can the man support his family? What is obnoxious is conspicuous corruption: favoritism, cronyism, demanding bribes from those who cannot afford them, or excessive bribes in general, other injustices, and particularly, accepting favors and then failing to deliver a quid pro quo. The "good official" is one who limits his take to that necessary to maintain himself and his family properly and uses any other windfalls to help the community, particularly its less fortunate members. To be able to function as a leader, rather than simply as an administrator, it is essential that a village official have a reputation for integrity.

37. Finally, the village leadership must have strong and dependable support from above. Training and orientation to government programs are only the first step. Mutual confidence must develop between the village leadership and the district and province authorities, of the sort which will:

a. Minimize non-adherence to the chain of command (e.g., either the district chief's giving orders directly to elements under the village chief's operational control or the village chief's going over the district chief's head).

b. Promote fast and positive response to the legitimate needs of the village (e.g., such things as approval of personnel recommendations, approval of popularly-supported development proposals, effective tactical and logistical support of village security forces).

c. Minimize bureaucratic delays; one of the targets of the 1971 Community Development and Local Defense Plan is the simplification of procedures and the elimination of red tape.

d. Permit an overall increase in government effectiveness by adjusting the span of control to reasonable dimensions; and

e. Maximize the prestige of all GVN leaders within their respective spheres of authority.

38. The advisor -- particularly the MAT or district-level advisor -- may play a very constructive role. He must be careful never to involve himself so completely in local relationships of authority that he becomes conspicuously partisan. However, in many subtle ways he can encourage the growth of responsive and energetic village leadership which is positively and patiently supported by province

and district authorities.

III

Village Economy and Finance

**"Prosperous People Make a
Strong Nation"**

**("Dan Cuong, Quoc Trang")
Ancient proverb.**

A. SUMMARY

1. Technological advance is rapidly bringing the Vietnamese rural economy into the modern world. Despite the war, many localities are prospering through diversification into secondary crops, the introduction of improved rice and livestock strains and the widespread adoption of mechanical aids. The return of peace is likely to bring about a general revival, making the Republic of Vietnam once again a major exporter of foodstuffs.

2. In addition to planning for the postwar period the Government of Vietnam is forging strong links between local government and the local economy now. Whereas in the past all locally collected taxes were sent to Saigon, to be dribbled back to the provinces and villages, taxation is now being decentralized. Similarly, in recent years villages have been delegated increased authority over their budgetary and fiscal affairs, a development which is likely to continue. The technical capabilities of village government have been lodged at the village level.

3. In finance and economy, as in administration and security, the objective is to make the villages full partners in the pacification/development effort. A prerequisite is reform of fiscal and management policies which have hitherto throttled low-level initiative. Simultaneously local managerial skills must be upgraded. The 1971 Community Defense and Local Development Plan makes the establishment of village budget self-sufficiency a key target. The aim is to increase local tax collections, to tie them directly to local uses, and to reduce village dependence on subsidy payments from central government for village official salaries.

B. THE VILLAGE ECONOMY

4. The Village within the National Economy

a. Despite some twenty-five years of intermittent conflict, the rural communities of Vietnam are today far more closely tied economically to the cities. Wherever a truck or a junk can go, city products and imported goods may be found for sale. Some village crafts are gradually dying out; why buy a palm-leaf hat or an earthenware bowl when a plastic version is cheaper and lasts longer? The war has, to an extent, depressed the agricultural sector, insofar as land (principally riceland) has been abandoned for lack of security or labor. This is offset, however, by a dramatic expansion of truck-farming and animal husbandry and by flow of remittances from sons and daughters who have left the villages for the army and for jobs in the cities and towns.

b. Even in the distant past, villages were never wholly self-sufficient. Natural advantages dictated regional specialization, thus one district would become famous for pottery, another for nuoc mam, another for weaving. Improvement of land and water transportation nets during the colonial period made possible further specialization in brick and charcoal making, plantation products, vegetable and fruit-growing, special strains of rice, and so on.

c. With the exception, perhaps, of cottage crafts, the return of peace is likely to bring about a general revival of the rural economy, turning South Vietnam once again into an important exporter of foodstuffs. A high-level study group concluded in 1969 that the nation could export, with the benefit of a massive project to control the waters of the Mekong river, some 12,000,000 tons of rice per year within the foreseeable future. (The previous export high is some 3,000,000 tons, set in 1939). Vigorous prosecution of the land reform program and expansion of agrarian credit institutions will help ensure that prosperity is passed on to the tiller.

d. Long-run prospects for the rural economy are thus highly favorable, particularly since the GVN has, despite the war, laid the ground-work in its economic planning. Short run gains are also being emphasized, to capitalize on increasing security provided by the pacification program. Programs of agricultural extension are increasing yields of rice, soybeans, vegetable crops, chicken and pork at a rate which astonishes many economists. A far-reaching land reform program moved into the implementation phase in 1970. Programs such as these are the government's best propaganda in the countryside. They demonstrate to the farmer in very practical fashion the government's interest in his welfare.

5. Village Economic Types

a. It is possible, for purposes of analysis and program planning, to classify villages into three typical economic types: Urban, Rural/Commercial and Rural/Agricultural.

b. The Urban Village: Agricultural activity is negligible; nearly all of the work force is dependent on salary or entrepreneurial income. Population density is high, and totals 20,000 or more. The village is a primary distribution point for a large surrounding area. Typically the village is a major administrative center (e.g., province town or corps capital) and may be part of an urban area which includes all or part of neighboring villages as well. There is likely to be some light industry, such as textile mills, food processing plants and sawmills. Minimal services, such as power, paved streets and adequate drainage are usually provided, but water and sewage may not be. Usually there is a small professional community -- doctors, lawyers, educators and so forth. Invariably there are good secondary schools. Theatres, hotels and gas stations are common.

c. The Rural/Commercial Village: Although agriculture is a significant part of the village economy, there is a commercial core area centered on a large market. Population density is high in the core and total population is probably 8,000-20,000. Most city goods are available; the market area serves as a secondary distribution point for a dozen or so surrounding villages. The village is likely to be a district seat and may be a smaller province seat. There may be some specialization in cottage industries, brick and pottery-making, etc. A modest level of public services (electricity, some paved roads) is typical. A high school is probably present, but is unlikely to offer the full seven-year program. A gas station is likely but hotels and theatres are not.

d. The Rural/Agricultural Village: The village economy is dominated by agricultural pursuits or fishing. The population, generally below 8,000 is typically widely dispersed in hamlets and individual clusters of houses (unless there has been a relocation for pacification purposes). There is a small market, normally with a few dry-goods stores and soup shops nearby. Village roads are rarely paved and the only likely service is a small electric power generator at the village center. Education typically stops at the elementary level.

e. Variants: Villages where forest-exploitation is the principal economic activity typically are clustered tightly along main roads but otherwise resemble the rural/agricultural type village. Plantation villages typically evidence a higher degree of planning and services, provided by the plantation management, but

otherwise resemble the rural/agricultural type also.

6. VILLAGE BUDGETING AND FINANCE

6. Introduction

a. Three levels of government are empowered to make budgets: The central government, the provinces and the villages. Village fiscal autonomy, however, has existed more in theory than in practice. A pattern of centralized control and fiscal conservatism was built into the Vietnamese administrative system in pre-war years. Effective pacification management, however, demands flexible and decentralized decision-making. In short, judged in terms of present-day requirements, a situation of "overcontrol" has existed. The authority granted operational levels should be made commensurate with the responsibility assigned.

b. Regarding village government, the 1971 Community Defense and Local Development Plan gives considerable emphasis to improving the ability of villages to support themselves and to manage their fiscal affairs more effectively. In keeping with the overall objective of making the village an equal partner in the pacification/development effort, the plan provides for work, both by central government and by the provinces, to simplify administrative procedures governing village finance. It also sets goals for the establishment of entirely or partly "self-supporting" villages. A village that is entirely self-supporting no longer needs a subsidy payment from the central government to cover salaries of village officials.

c. Earlier actions by central government also continued to be of significance in strengthening the village's self-support capabilities. In December of 1967, revenues from agricultural land taxes were assigned exclusively to the village budget. Joint studies by the Ministry of Interior and the Ministry of Finance in 1968 led to the addition of a tax commissioner in the village government, to the improvement of the formula governing subsidies to villages, and to the development of training courses which are still being in the provinces for village officials responsible for budgeting and tax collection. During 1969 and 1970 considerable additional work was begun by the central government to improve the local fiscal situation and this will continue during 1971, as described below.

d. While a great deal of research and study was undertaken by a special InterMinisterial Committee to improve Local Revenue, particularly during 1970, more work is necessary. Objectives of this work fall under four main headings:

- (1) Development of incentives to increase local tax collections.

- (2) Simplification of fiscal management.
- (3) Increase in village budgetary authority.
- (4) Improvement of the fiscal and tax management skills of village and province officials.

It is expected that the GVN will continue its efforts to develop the local revenue base throughout 1971.

e. The local advisor has a continuing role to play in the elimination of non-essential, informal restraints on village authority to manage village fiscal affairs. Study of the discussion of village finance which follows will suggest many lines of inquiry which, after research at the village level, may be followed up with counterparts. District and province deputy chiefs for administration and administration and finance service chiefs will prove fruitful sources of information and ideas.

6. The Budgetary Process

Under present law, the village budget is established and approved as follows:

a. Generally in September, The Directorate-General of Budget and Foreign Aid (DGBFA) sends to the provinces guidelines and instructions on the general policy which is to govern the making of village budgets in the following year. The provincial Finance Service issues a circular which relays these instructions to the districts, which in turn inform the villages.

b. The Village Administrative Committee compiles the village budget, using standard forms provided by DGBFA. Generally the budget will be prepared by the Village Commissioner for Finance under the general direction of the Deputy Village Chief for Administration or the Village Chief himself. In villages having less than 5,000 people the Deputy Village Chief for Administration is responsible for budget preparation. An attempt is made to estimate accurately receipts and expenditures in the coming fiscal year in each of many categories. This is usually done by averaging the receipts or expenditures in each category during the previous three years and then adding for anticipated changes. The complete draft budget must balance.

c. The draft budget is submitted by the Village Chief to the Village Council for approval, together with a State of the Village' report. The council may make changes in any category, but the planned expenditures and receipts must balance.

d. After approval by the Village Council, the draft budget

is transmitted to district for certification. The district may return the draft budget to the Village Council with recommendations for changes or it may forward it to the province Finance Service.

e. The province Finance Service checks the draft budget. It may return the draft budget to the village with suggested changes or may forward it to the Province Chief.

f. The Province Chief may return the draft budget to the village with suggested changes or may give it final approval, in which case a copy is returned to the Village Council for implementation. The entire process should be completed by 1 January, the start of the fiscal year, but delays of several months more have been common.

7. In addition to overall approval of the budget, the law requires that the province chief approve separately a great many budget items, generally those involving a total cost of between 100,000\$ and 500,000\$. In some provinces the province council participates in these decisions. Most items involving costs of more than 500,000\$ must be approved by the concerned Saigon ministries. These requirements are outlined in Chart #II-2.

8. Revenues

The GVN subsidy for village and hamlet official's salaries is the largest single item of revenue for village expenses. Taxation of concessions (Markets, slaughter houses, fishing rights etc.), comprises what is probably the largest local tax revenue item in most village budgets. Next in importance are the business license tax (Chapter One), and revenue from rental of communal land (Chapter seven). In the rice land and mixed cultivation land taxes are a great potential revenue source, but for the most part are far from being fully exploited. Ninety percent of the villages show income from fees for issuing documents and papers (Chapter Six). (See Chart #III-1)

CHART #III-1

VILLAGE BUDGET RECEIPTS*
(Average, all MR 4 villages, 1966-7)

<u>Budget Chapter</u>	<u>Percentages**</u>
1. Land and Business License Tax.....	6.0
2. Direct Taxes.....	1.5
3. Public Property Occupancy.....	0.5
4. Miscellaneous Taxes.....	0.5
5. Concessions.....	40.0
6. Administrative Services (Fees).....	9.5
7. Rental of Public Property.....	7.5
8. (a) Subsidies.....	20.0
(b) Contributions and Surplus.....	9.0
9. Delayed Collections.....	3.5
Title II: Unforeseen Receipts.....	<u>2.0</u>
	100.0

* See Chapter II, paragraphs 9 and 10.

** Percentage figures for various budget chapters very widely from village to village. Business License taxes, for example, comprise an average of 30% of the revenues of an "urban village", but are negligible in a "rural/agricultural" village. Most "urban" villages receive no GVN subsidy, but subsidies may make up 90% of the revenue of a poor rural village.

9. Explanation of Revenue Items in the Village Budget.

a. Chapter 1: Land Tax

(1) There are three types of land tax:

(a) A tax on rice fields

(b) A tax on mixed cultivation lands, and

(c) A tax on improved and unimproved lands in urban centers and on all other improved land (i.e., occupied by building or structures) throughout the province.

Revenues from the first two taxes are reserved exclusively for the village budget, while revenues from the third are reserved for the province budget. This third tax is legally levied on every taxable structure in the province, whether located in a heavily populated village or in a small isolated hamlet. Not all residential structures are taxable, e.g., straw huts and certain other light residential construction.

(2) Rice Land Tax: Land is classified in one of six grades on the basis of average production (per crop). The GVN has established minimum and maximum rate ranges for each grade; Province Chiefs then determine the specific rate within these limits.

(3) Mixed-Cultivation Land Tax: Land used for agricultural purposes other than rice farming is called mixed-cultivation or "garden" land. Mixed-cultivation land is classified into one of seven grades for tax purposes and maximum and minimum rate ranges are fixed by the GVN. The Province Chiefs then determine which crops will be placed in each category (e.g., rubber is usually in the "special class", tea in the "1st Class", etc.) and fix the specific rates for each class.

(4) Comments: GVN agricultural land taxes are extremely low. As rates are fixed, inflation has caused them to decline as a percentage of overall village revenues. In recent years they have averaged about $\frac{1}{2}$ to 1% of the value of production. Further, through lack of up-to-date land registers, insecurity land absentee landlords, only a small fraction of the potential land taxes have been collected in recent years. In contrast, the enemy has rather effectively taxed rice at rates varying from seven to 30 percent of the value of production (depending on a family's ability to pay and its political viewpoint).

b. Chapter 1: Business License Tax

Basically, this is a central government tax. However, provinces are allowed to add additional centime or override up to a maximum of 100%, autonomous cities are allowed up to 200%, and villages have the authority to request the Province Chief for an override to a maximum of 100%. The village rates are usually set by the Province Chief on a district boundary basis, but may apply province wide. The actual village override percentages range all the way from 25% to 100%.

c. Chapter 2: Direct Taxes

Direct taxes include a variety of minor levies including taxes on bars and restaurants, on vehicles, domestic animals and boats, and taxes for garbage removal, street lighting and cleaning. Most villages use only the animal and boat taxes. They have generally been prevented from using the bar and restaurant taxes by the provinces.

d. Chapter 3: Public Property Occupancy

This usually minor item includes taxes for encroachment onto highway rights-of-way, river banks and sidewalks, and taxes on the mooring of boats and vehicle parking. There is a special tax

for the construction of verandas and balconies. These taxes are usually collected by the bidding system (see below, sub-para f). The province usually utilizes this income source. Not more than 100 villages in the country showed any income from Chapter 3 items in 1968.

e. Chapter 4: Miscellaneous Taxes

This Chapter, nearly always a minor item, includes taxes on theaters, billiard parlors, etc.

f. Chapter 5: Concessions

This important Chapter includes revenues from the exploitation of markets, slaughter houses, docks, electric power and water supply concessions. Concessions are established by public competitive bidding, usually yearly, for the right to manage the right to manage the village market (and thus collect fees from individual vendors), to fish in ponds and sections of canals and rivers, etc.

g. Chapter 6: Administrative Services

All stamp fees (for legal documents), fees for sale or exchange of property, miscellaneous fines and fees for official services are recorded in this chapter.

h. Chapter 7: Public Property

(1) The importance of the public property chapter in the village budget varies widely, depending on the amount of public land owned by a village. This chapter includes income from the sale or transfer of village-owned property as well as rentals.

(2) The rental of public agricultural land is governed by criteria established by the GVN. Land must be rented directly to an individual, at a rent of 15 to 25 percent of average production. The maximum individual rental is three hectares in MR 1 and 2 and five hectares in MR 3 and 4. Leases are ordinarily made for five years, but may be recalled by the village for a public hearing with six months' notice. Preference is given (in order) to the following classes:

- (a) Disabled soldiers or families of dead soldiers;
- (b) The families of other war victims;
- (c) Combat Youth (PSDF);
- (d) Veterans:

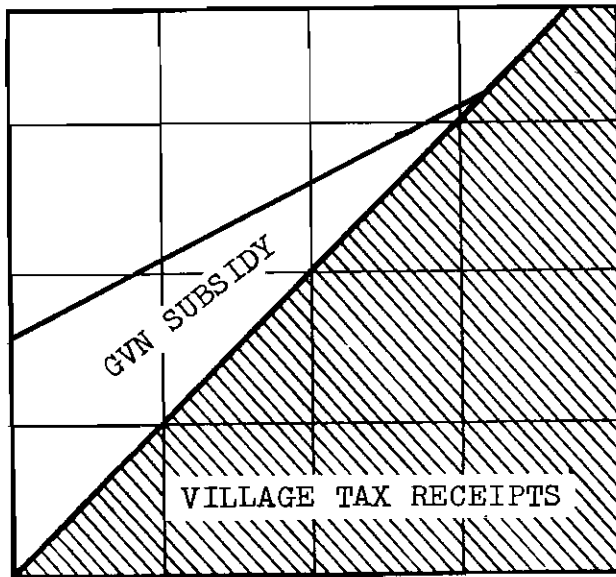
(e) Tenants or other small farmers.

i. Chapter 9: Subsidies (There is no Chapter 8)

Most villages receive a subsidy from the central government. Under a 1969 law the subsidy formula was revised so that the subsidy is reduced progressively by one piaster for every additional two piasters in revenue. The maximum subsidy (for a village with organic revenue of 200,000\$ or less) is about 1,500,000\$ (See Chart #III-2).

CHART #III-2

GVN SUBSIDY TO VILLAGE BUDGET
(Per Circular #1706 BNV/NSKT/38 dated 10 March 1969)



FORMULA: Below 200,000\$ in village tax revenues, GVN bears full cost of village payroll. Above 200,000\$, salary subsidy is reduced by 1\$ with every 2\$ increase in tax revenues.

Chart is calculated for village with payroll of 1,500,000\$/year (full staffing).

j. Chapter 9: Contributions and Surplus

Also included in Chapter 9 are any bequests, legacies or voluntary contributions received by the village council and any surplus (or deficit) brought forward from the preceding year.

k. Chapter 10: Delayed Collections

This chapter includes amounts due from previous years which the village has some hope of collecting.

l. Title II: Unforeseen receipts

A hodgepodge of incidental receipts, including donations and bequests. Title II is of minor importance.

10. Collection of Revenue

a. Before the establishment of the separate positions of Tax Commissioner and Finance Commissioner (April 1969), the Deputy Village Chief (also Finance Commissioner) was likely to be the most overworked official in the village. Generally revenues were not aggressively pursued, for several reasons. First, the GVN subsidy formula prior to April 1969, was such that increase in revenues resulted in an equivalent or greater decrease in the central government subsidy. Second, there was conflicting policy guidance as to the desirability of aggressive taxation in pacification areas. Third, village officials often had only a rudimentary education in fiscal operations and were baffled by the complexity of GVN and province regulations. Fourth, insecurity and consequent refugee movements scrambled the land tenure situation and few villages were able to maintain up-to-date Land Registration Books.

b. The current subsidy formula has been discussed above, paragraph 10.i. as Chart #III-2 shows, this formula should act to encourage villages to expand local revenues. Moreover, the CVN now attaches great importance to increasing village tax revenues - and to the villages' using these revenues in ways which visibly benefit the villages. The creation of the tax commissioner post, and the in-province training courses in Taxation and in Finance are indicative of the importance placed on increasing revenues. Finally, surveys indicate that in the later stages of pacification the revival of trade and agriculture, coupled with better security, makes possible a significant strengthening of the village tax base.

c. Procedures

(1) Each time the village tax commissioner makes a collection, he must give the tax-payer a stamped receipt from a standard GVN collection book (printed by province). Receipts are serially numbered and matched by a corresponding stub in the collection book. One book is maintained for village tax receipts and one book for the collection of taxes for province and the national budget. A running account of receipts is maintained to the left of the stubs. Issue of these books is strictly controlled by the district tax office.

(2) At the close of business each day the tax commissioner turns over his collections and a summary account to the finance commissioner, who is also the village cashier. The finance commissioner signs for the funds and periodically transfers them from the village safe to the province treasury. Taxes collected for province and the national budget must be deposited twice monthly.

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Village funds, up to a maximum of 30,000\$ (50,000\$ in province and district towns), may be kept in the village safe.

(3) The procedure for deposit of funds in the Province Treasury is complex and generally runs through these steps:

- Village Finance Commissioner makes out deposit slips.
- Commissioner takes money and deposit slip to District Chief for visa.
- Commissioner takes money and visaed deposit slip to Province Finance Service Chief for checking as to proper form.
- Commissioner takes money and checked and visaed deposit slip to Province Chief for further visa.
- Commissioner takes money and visaed, checked and visaed deposit slip to Province Treasury.
- Province Treasury issues receipt and enters amount in Rural budget account book for the village making the deposit.

11. Expenditures

There are four chapters on the expenditure side of the village budget, subdivided into many articles. The regulations require minute accounting. In preparing the yearly budget estimate, the VAC is required to calculate expenses very carefully for each chapter. For instance, if at the end of the year, the village has surplus funds, these monies may not be used to purchase equipment or supplies needed in the following year. Nor may they be used to meet current needs if these needs were not anticipated in preparing the budget. Mid-year transfers of funds from one chapter to another require approval of the village council and the province chief (and usually the informal approval of all intermediate authorities as well); hence this rarely occurs. Procedures for withdrawal of funds from the province treasury are exceedingly complex and in effect impose an additional control on village finance, although these have been considerably reduced this year. Like the revenue side, the expenditure side of the village budget reflects a French-era preoccupation with higher-level control at the expense of the local flexibility necessary for effective pacification/development operations. Continuing emphasis is being placed on the reduction and simplification of these controls.

12. Explanation of Expenditure Items in the Village Budget.

a. Chapter 101: Allowances

This chapter includes only three items: Meeting allowances for the village council; miscellaneous allowances for VAC officials; and VAC meeting and travel expenses.

b. Chapter 201: Village Administration

Articles 13-19 cover salary and fringe benefits payments for village/hamlets, a very large item. Articles 31-39 cover routine expenditures for administrative operations. This includes office rental, utilities, transportation and POL, office supplies and maintenance. "Food for temporary detainees" and costs of "ceremonies and receptions" are budgeted under Article 38. Grants to "public common interest facilities" (schools, community power cooperatives, etc.) are provided for under Article 42. Welfare grants to individuals are budgeted in Article 51 and grants to "charitable associations" in Article 52. "Transfers" to other villages or to hamlets are found in Article 53 and taxes owed the central government are entered in Article 54. Articles 71 and 74 cover purchase of fixed and movable property, respectively. Article 81 is loans given; Article 83 is repayment of loans received.

c. Chapter 701: Public Works and Development.

The development chapter of the regular village budget is usually relatively small. Generally villages budget only enough to maintain existing facilities and depend on self-help/self-development grants for further expansion. Articles 13-19 cover the wages of skilled labor and other maintenance personnel. Operating expenses are budgeted in Articles 31 and 33; maintenance and routine repairs in Article 73 and procurement in Article 74.

d. Chapter 901: Miscellaneous Expenses

Chapter 901 provides for unforeseen expenditures.

e. Title II, Chapter 902: Extraordinary Expenditures.

The use of any extraordinary (windfall) receipts must be provided for in this chapter.

13. Disbursement

Study of nearly any recent village budget will reveal that once housekeeping expenditures are accounted for, very little remains. In the poorer villages, collections do not even begin to equal the cost of salaries and other administrative overhead; these villages

are dependent on large GVN subsidies. Implementation of the revised subsidy formula (paragraph 10.i, above) on 1 April 1969 made more funds available for improvement of facilities and for public works. Eventually all development effort should be funded through the village budget; this is possible now only in the most prosperous villages. Until a combination of incentives and fiscal reform makes a significant increase in village revenues possible extraordinary funding arrangements such as the Village Self-Development (VSD) Program (discussed below, paragraphs 19-29) will be necessary.

14. Procedures

a. Approval of Expenses

Villages may spend up to 100,000\$ without higher-level approval. The village chief is authorized to meet routine expenses, if provided for in the budget. By law, all expenses relating to the lease or rental of real estate or property, to the purchase, transfer or exchange of village property or to the construction and maintenance of village public buildings must be approved by the village council. As shown in the paragraph 17 below, these expenses are subject to audits. Expenses in excess of 100,000\$ and less than 500,000\$ which involve the management and construction of public properties (as above) must be personally authorized by the province chief, generally after a review by the district chief. Above 500,000\$, the district and province chiefs review the proposal, after which it is transmitted to the concerned Saigon ministry for authorization. The practical effect of this procedure, although unintended, is to discourage villages from attempting large scale improvement schemes.

b. Salaries

Management of salary payments is relatively simple. The deputy village chief for administration draws up a monthly pay schedule based on salaries established by GVN decree (see Chapter II, paragraph 19), including a certificate attesting to the attendance of village councilmen at meetings during the month. The pay schedule is countersigned by the finance commissioner and then is entered in the village ledger. It is signed by each official as he receives his pay. Generally, recruitment of personnel is allowed only when allowance has been made for a position in the village budget. By decree, province and district are not allowed to ask villages to bear the cost of salaries of province and district personnel. However, the practice appears to be common.

c. Public Works and Supply

Public works and purchase of materials funded under the

regular village budget are subject to progressive controls as the cost increases. Approval authority was discussed above (paragraph 14.a). In addition:

(1) Contracts of 20,000\$ or less:

No bidding or estimates required.

(2) Contracts of 20,000\$ to 100,000\$:

Three estimates are required. Prices are checked by a committee chaired by village council chairman, with another councilman and the village deputy for administration as members.

(3) Contracts of 100,000\$ to 200,000\$:

Three estimates are required. Generally, contract is made by a committee chaired by a representative of the province chief and including a representative of the province finance service, a village councilman and a member of the VAC. Final approval is vested in province chief.

(4) Contracts of 200,000\$ to 500,000\$:

As in 3 except that a call for bids is required. Specifications must have prior approval of province chief.

(5) Contracts above 500,000\$:

As in 4, except that province only reviews projects; final approval is vested in ministry concerned.

Contractors and suppliers are paid on the presentation of invoices, once the expenses has been approved." Expenses of 20,000\$ and above must be checked by committees established as in paragraphs (2) and (3) above. **Public Works** contractors are paid gradually, as the project progresses. One-tenth of the total payment is withheld until the work is "permanently accepted".

d. Withdrawal of Village Funds from the Province Treasury.

As noted in the discussion of village revenue management, a village may keep only 50,000\$ piasters on hand (100,000\$ in the case of province and district towns). The rest must be deposited in the province treasury, and can be withdrawn by the villages as they need the money.

15. auditing and Accounting Procedures

a. Accounts: The village is required to maintain a number of registers, as follows:

(1) Receipt Books: In one book all village revenues are entered, and in another all revenues for the national and province budgets are entered.

(2) Register of Expenses: In this book the finance commissioner keeps a running account of expenses for personnel, materials and works. The register is closed each month.

(3) Ledger of Expenses: In this book the finance commissioner records each expense according to the chapter and article of the budget. It is used to ensure that expenditures for each article do not exceed budgeted amount.

(4) Register of Cash: The cash account is closed daily and should tally with the amount on hand in the village safe.

(5) Inventory Book. This is an account of supplies and equipment on hand.

(6) Land Register and Land Tax Roll: The land ownership record is called a Land Register. The official copy of this record is kept by the Province Land Affairs Service. The Province Land Affairs Service sends a copy of each transaction of land ownership change to the village and the village enters the change in its copy of the Land Register. The Land Register has a record of present owners and previous owners with dates of previous transactions, the amount of land owned and a plot map with a lot number.

The Tax Commissioner uses part of the information contained in the Land Register to make up the Village Tax Roll. The Tax Roll contains the owner's name; number of hectares owned; whether it is rice, mixed-cultivation or urban land; the category or class of the land; the rate for the class of the land; and, finally, the total amount owed in taxes by the owner. The Village agriculture Commissioner is required to assist the Tax Commissioner in maintaining correct information as to land for each owner on the tax roll. The Hamlet Chief, who is required to assist the Village Tax Commissioner in the collection of the taxes, also furnishes information for keeping the tax roll current.

c. Business License Tax Roll: The Province Taxation Service prepares the business license tax roll, usually from information sent to the province by the villages. However, in the urban areas, only the Province Taxation Service is involved.