

# VIET-NAM BULLETIN

A WEEKLY PUBLICATION OF THE EMBASSY OF VIET-NAM  
2251 "R" Street, N.W., Washington, D.C. 20008 (Telephone: 234-4860)  
August 24, 1970

## Economics & Finance

### ESC ON PROSPECT OF NATIONAL ECONOMY

Saigon, August 9, 1970--The Economic-Social Council (ESC) Saturday made public a nine-point recommendation according to which the ESC suggested to shift the objective of the RVNAF to production and to reconsider the use of manpower.

The ESC also proposed that public expenditures be curtailed and maximum production output be reached and inflation be curbed down.

The ESC still suggested the setting-up of a priority list of special economic branches with a view to meet the population's need of necessary items. According to ESC, the agricultural, fishery and animal husbandry branches and industry in support of agriculture and fishery should be rated as of top priority. In addition, standing operating procedures and regulations involved should be simplified to strongly encourage the production output of these branches.

Other points of the ESC recommendation package included the development of social welfare facilities, especially vocational installations to prevent unemployment, the improvement of procedures and regulations relating to labor conflicts to ameliorate labor relations and the review of the use of foreign aid and the import policy to support local production and prevent lavish expenditures.

The ESC recommendation also centered on the rationalization of exchange rate so that it could help step up exports and curb down illegal transfers. According to the ESC, the current official exchange rate "can in no way be altered under the circumstances".

Emphasis was particularly laid on the support of Vietnamese economic activities in the country.

However, the ESC on the other hand encouraged international cooperation on the basis of mutual interests and the implementation of necessary support measures such as economic information, guidance for consumption and organization of people's cooperatives.

Besides the above-said nine urgent measures, the ESC threshed out these fundamental conditions:

- Reorganizing the administrative structures with a view to strengthen coordination and effectiveness in the reconstruction and modernization of the country.
- Protecting and improving the living conditions of low-income circles including civil servants, militarymen, disabled veterans, war widows and workers in the face of an unavoidable inflation threat.
- Reviewing the use of foreign aid in the direction of reducing expenditures and increasing the local capacity of production.
- Strengthening people's confidence in national leaders so as to have the entire population's cooperation in the building-up of the national economy.

The ESC also remarked that the prosperous national economy must be based on the respect of freedom and justice and the outcome of the economic development must be equally enjoyed by people of all social strata so that free life can be guaranteed.

In its conclusion, the ESC expressed its hope that the Executive and Legislative will pay close attention to its recommendation and that a project for a self-sufficient economic and social development based on freedom and justice principles will be urgently drafted by these national bodies.

Vice President Nguyen Cao Ky presided over the Economic Social Council's Saturday meeting.

#### FINANCE MINISTRY ON TAXATION MEASURES

Saigon, August 13, 1970--"Present taxation measures which center on the elimination of tax evasion do not set off any troubles for honest taxpayers".

The Finance Ministry Secretary General made the statement in a letter recently sent to the President of Saigon Chamber of Commerce, Craft and Industry. The latter had inquired about taxation problems namely the income tax levied on businessmen and industrialists.

The letter confirmed that the Finance Ministry taxation agency has not thus far laid down any tax tariff imposition on those taxpayers who have kept proper accounting records.

The tax imposition procedure, the letter said is only applied to those taxpayers who violate current financial regulations, failing to make in time tax declarations and to present legal accounting records.

In cases of tax imposition, according to the letter, the taxation agency determines basic taxpayments on the most rational basis in line with concrete data on hand.

For those importers who are subjected to the above said taxation measures, transaction data will help taxation officers to determine appropriate taxpayment tariffs, the letter said.

The letter also dealt with the recently-established special taxation committees the mission of which consists in settling all stagnant cases, making technical suggestions and ensuring rational and impartial tax impositions.

"Such committees have no connections with the activities of the advisory council as stipulated by articles 22 and 66 of the income tax code", the letter asserted.

## STEEL, CEMENT FACTORIES TO BE BUILT IN VIET-NAM

Saigon, August 1, 1970--Sources from the Capital's business circles Thursday said two investment projects on cement and steel production presented by private industrialists have been adopted in principle by the Investment Committee.

The project concerning metallurgy factory will be realized in Nha Be, Gia Dinh with an estimated annual output from 100,000 to 150,000 tons from local raw material.

The second project on Portland cement, will be established at Cam Ranh Bay. The cement factory will have an estimated annual output of 400,000 tons in its inceptional stage, later on the yearly production will be increased to 1,200,000 tons. The project included also the production of clinkers, a material necessary for the fabrication of cement.

Both projects were presented by the private firm 'Dong Ich' which is contemplating a 3rd project on fertilizers. Well informed sources said the firm has earmarked over 80 U.S. million for the carrying out of all three projects.

## Social Welfare

### MADAME THIEU LAYS CORNERSTONE FOR NEW HOSPITAL

Saigon, August 18, 1970--Madame Nguyen Van Thieu, wife of the President of the Republic, Monday morning laid the cornerstone for the construction of "Vi Dan" (for the people) hospital at Bay Hien in the intersection in Gia Dinh.

On this occasion, Madame Thieu, who is also Chairman of the Vietnamese Women's Association for Social Service (VWASS) said that the war has brought about death, poverty, and disease. Hence, the Vietnamese women have been determined to realize concrete social services to alleviate to some extent the people's sufferings.

According to the first lady, the VWASS builds this hospital since it has realized the people's urgent medical demands.

Earlier, Mrs. Nguyen Thi Hai, VWASS Deputy Chairman, presented the Association's plan in the construction of "Vi Dan" hospital.

Since its founding, she said, the VWASS has studied the establishment of a hospital which gives priority on medicare to the poor.

"Vi Dan" will be a modern hospital with 300 beds and all specializing wards.

The first phase of construction will be completed in July 1971 at a cost of 406 million piasters.

At the ceremony an offereings service and a thanksgiving mass were officiated by Ven. Thich Tam Giac, Buddhist chaplains director and Rev. Phan Phat Huon, Senior Catholic Chaplain at the Capital Special Zone.

Present at the event were the Ministers of Veterans Affairs, Social Welfare, and Health, representatives of the Executive, Legislative and Judicial agencies, wives of Ambassadors of friendly countries and VWASS members.

#### Foreign Relations

#### NO CHANGE IN FRANCO-VIETNAMESE DIPLOMATIC RANKS: OFFICIAL SAYS

Saigon, August 13, 1970--Mr. Nguyen Qui Anh, Cabinet Director at the Foreign Ministry Thursday morning termed groundless the rumor alleging that diplomatic relations between the Republic of Viet-Nam and France will be raised to Ambassadorial level.

In an interview with VP, Mr. Anh stressed that since the severance of the Franco-Vietnamese relations, there has been no sign for a betterment of the friendship between the two nations.

According to Mr. Anh, as long as the Paris talks on Viet-Nam goes on, the Franco-Vietnamese relations will remain unchanged since France still has to maintain her impartial and neutral position.

On this occasion, Mr. Anh denied the change of Ambassador Pham Dang Lam's role in Paris. Mr. Lam, he said, still cumulates the functions of RVN Consul General to France and RVN Chief negotiator at the Paris peace talks.

Mr. Anh also disclosed no official has been appointed to replace Mr. Pham Trong Nhan as RVN Consul General to India.

Meanwhile he rejected the rumor alleging that Mr. Nguyen Cao Quyen, current counsellor at the RVN Consulate General in France will be appointed Consul General to New Delhi.

Mr. Le Thanh Khe, Vice Consul General, is acting as Charge d'affairs at the RVN Consulate General in India.

PREMIER BACK

(VIET-NAM NEWSLETTER, August 13, The Viet-Nam Council on Foreign Relations)

Premier Tran Thien Khiem is scheduled to return to Saigon tomorrow after a series of visits to South Korea, Japan, and the Republic of China. In the three Asian countries, the South Vietnamese Premier and his high-powered delegation were received by top local leaders with whom they had what sources described as "highly successful meetings".

Premier Khiem's visit to Japan took place on Viet-Nam Day at the International Exposition of Osaka but the South Vietnamese leader also met with Japanese Premier Eisaku Sato, from which he secured a promise of economic and technical assistance to South Viet-Nam. Khiem reportedly secured Sato's promise for the creation of a new power station in Saigon with Japanese loans totalling many million U.S. dollars.

While in South Korea, the South Vietnamese Premier told a press conference that little could presently be expected of the Paris talks. The former four-star general also repeated South Viet-Nam's opposition to coalition and claimed that peace can be restored speedily "if Hanoi should withdraw its troops from the South, leaving the South Vietnamese alone to solve their problems". Khiem also said that the South Vietnamese would never vote Communist in possible general elections with Viet Cong participation.

RVN ATTENDS 4th CONFERENCE ON INTERNATIONAL LAWS

Saigon, August 13, 1970--Mr. Tran Minh Tiet, President of the Supreme Court, Wednesday afternoon headed a delegation of six Magistrates to the 4th conference of International Laws held by the United Nations in Kyoto (Japan).

The conference to take place August 17-26 will deal with the prevention of law-breaking and reformatory procedures.

Following the Kyoto meetings, Mr. Tiet will leave for The Hague (Holland) to attend the 54th conference of the International Laws Association, to be held next August 23-30.

Military

COL. HANH AWARDED NATIONAL ORDER MEDAL , 3rd CLASS

Saigon, August 17, 1970--Col. Vo Huu Hanh, 44th Special Sector Commander was recently awarded the National Order Medal, 3rd class and the Gallantry Cross with Palm while conducting an operation in Kompong Ran and Kompong Trabeck areas in Cambodia.

The presidential decree dated August 7, 1970, granting the medals as an exception was dropped at the battlefield from a VNAF L. 19 observation aircraft while a fierce engagement was raging between two ARVN ranger battalions and three Communist battalions.

This was the first time in the Viet-Nam war a colonel received his decorations under such particular circumstances.

Col. Hanh, 37, Commander of the 44th Special Sector since January 1, 1970, has received so far 73 assorted medals. Under his command, the 44th Special Sector has killed 6,331 Communists, captured 853 others, welcomed 557 returnees and seized 331 crew-served and 2,290 individual weapons plus 412 tons of ammunition.

Election

NO CANDIDATES TALK TO VOTERS IN HALF-THE-SENATE RE-ELECTION

Saigon, August 13, 1970--Sixteen slates running for the half-the-Senate re-election at a meeting Wednesday afternoon decided to cancel all their direct talks to the voters throughout the country.

These slates will utilize the national radio and television broadcasting systems, newspapers, wall-posters and press conferences to disseminate their stands.

Prof. Bui Nhong, Vice Chairman of the Central Election Campaign Committee said the foregoing decision was taken since the senatorial election's slates realized that candidates' talks used to lack honesty "in previous elections, in which their supporters had mingled themselves among the voters to acclaim or shout down the speakers".

The Committee, according to Prof. Nhong, has informed the Interior Ministry of this decision and requested it to disseminate it to Campaign Committees in various cities and provinces all over the country.

According to article 12 of decree 81 dated June 29, 1960, the official election campaign will begin Friday August 14, and end at midnight August 29.

Miscellaneous

VN STUDENTS IN EUROPE HOLD SUMMER CAMP IN SPAIN

Saigon, August 6, 1970--The Union of Vietnamese Students in Europe last Sunday organized a summer camp at Altea, Spain under the auspices of the RVN Consulate General in Paris.

The three-week camp was attended by 40 Vietnamese students from Paris, Nantes, Besancon and Caen (France), Brussels (Belgium) and Lausanne (Switzerland).

The camp served as an opportunity for the strengthening of solidarity of Vietnamese students abroad and the upholding of their national spirit.

VIETNAMESE IN U.S. DONATE \$978 TO REFUGEES

Saigon, August 13, 1970--Personnel of the RVN Embassy in Washington and Vietnamese cadets under training at various U.S. military schools recently contributed \$978 (about 100,000 VNP) to assist Vietnamese nationals repatriated from Cambodia.

Among the contributors were Vietnamese cadets at Fort Wolters, Fort Hunter, Lack-Land Airbase and 13 other military schools.

Especially, 56 helicopter pilots recently graduated from Fort Hunter military school donated \$120 to the refugees.

Personnel of the Military Attaché's office at the RVN Embassy contributed \$167.

The above cash donations will be sent to Viet-Nam in a near future to contribute to the relief fund for the refugees.

TWO ITALIAN YOUTHS VOLUNTEER TO JOIN RVNAF

Saigon, August 8, 1970--Two Italian youths recently expressed their desire to join the Republic of Viet-Nam Armed Forces, sources from the RVN Embassy in Rome said.

The two named as Petronio Luciano and Lalenti Diego late last week asked the RVN Embassy in Rome to send their applications to the RVN government.

The two said their physical conditions were apt for being drafted into the RVN Armed Forces.

Of the two, one is a radar specialist and the other a former Italian marine.

Special Feature

A PACIFICATION REPORT  
(Letter from Saigon)

(VIET-NAM NEWSLETTER, August 13, 1970, Viet-Nam Council on Foreign Relations)

An administrative order has just been published, which receives little attention from the general public but which constitutes a most eloquent indication of the current state of pacification in South Viet-Nam.

The order bids administrative and military officials in most of the Mekong Delta to permit the free circulation of goods and men on the region's highways until midnight. Until very recently, traffic on country roads would come to a halt at sunset and the road system would turn into a no man's land whose night sleep was often punctuated by the sounds of firefights between Viet Cong and government troops.

All this insecurity apparently is over. With the Viet Cong losing strength with each passing week, a semblance of peace appears to have been restored in most of the Republic.

TERRORISM: This is not to say that the South Vietnamese people are now living in peace. Although war reports received at the general headquarters of the VNAF have become less and less dramatic, scores of persons still get killed and countless others wounded each day.

And, so strange as it may seem, Viet Cong terror has been on the increase during the past semester in the course of which an average of 290 incidents were perpetrated each week by Communist agents as compared to a weekly average of 207 last year.

But for no one less than General Cao Van Vien, Chief of the Joint General Staff, the increase in terrorism should simply be viewed as "a sign of desperation and weakness on the part of the Viet Cong". "We can cope with this", the general also told a visiting correspondent last week.

This apparently is also the view of other South Vietnamese leaders, including President Nguyen Van Thieu, who has repeatedly spoken of a fading out of the conflict if the enemy should continue to block the Paris talks "with unreasonable demands".

WORST PROVINCE: Even in the perennially "bad" province of Kien Hoa, the birthplace of the Viet Cong's National Liberation Front (NLF) of South Viet-Nam, things appear to be looking up so dramatically that foreign correspondents can go around the island province unescorted.

This is all the more remarkable since official HES (Hamlet Evaluation System) figures only give 44.9 per cent of the 556,000 persons there living in secure areas and 20.3 per cent in relatively secure areas. They are the lowest such figures in Viet-Nam.

Officially, too, the Viet Cong infrastructure, the body of civilian collaborators of the guerrillas, are still believed to be in the thousands. According to HES, there

are still 4,300 such enemy agents in addition to some 3,500 armed Communists but they have been unable to mount any major attacks for many months.

And so, for all the foe's numerical strength in Kien Hoa, normalcy seems to be prevailing throughout the province. Even in Mo Cay district, where the NLF was proclaimed in 1960, visitors can nowadays only see luxuriant palms, green ricefields, and graceful sampans plying the province's many canals and rivers.

ELSEWHERE: Elsewhere in the Republic, things are even rosier. Except for such provinces as Tuyen Duc in the highlands and Ninh Thuan on the coast, where the enemy is known to be intensifying his effort for a particular show of strength, the situation can be said to be "good".

Even in the northern province of Quang Tri, where North Vietnamese troops outnumber the allies, the "Street without Joy" has been renamed "Street of Hope" and the many Communist attempts to sweep east have met with utter failure.

Every time North Vietnamese troops overrun a village, killing or kidnapping its elected officials, the villagers would elect new ones and close ranks behind them. Also, with government assistance, they would speedily restore normalcy and keep the North Vietnamese at bay.

The situation throughout the Republic, thus, is one definitely favoring Saigon. It is also one in which the insurgents and their North Vietnamese allies can only have less and less reliance on a depleted infrastructure that finds it more and more difficult to renew itself.

TURNING POINT: Against this context, one finds it easy to understand why village after village has come under government control, pushing the percentage of Saigon-controlled population to at least 90 per cent. One also finds it less incredible the official claim that in the eleven provinces around Saigon, not a single hamlet is under Viet Cong control, according to HES figures.

Indeed, to the Tet 1968 offensive must be traced the upward trend of pacification achievements. Before this unprecedented Viet Cong attack on the cities and townships of South Viet-Nam, there has been many pacification schemes but they had been successfully countered by the Viet Cong.

Until the early days of 1968, the Viet Cong had enough personnel in the countryside to defeat all that which the allies might do to keep the countryfolk under control. Either by resorting to terror or to persuasion, the foe had been able to keep the common people of South Viet-Nam from taking their choice.

Then, came Tet and the remarkable show of an understrength South Vietnamese Army. The Viet Cong were defeated, bringing to an end the myth of their invincibility. With that Communist defeat, the people also saw the two antagonists in a similar light. The government struck them as the better and stronger of the two. For many people, indeed, the war then reached a turning point.

DECISIVE MOVES: Still, nothing would have taken place if the government had not done anything to take advantage of the new situation as was brought about by the Viet Cong's departure from the countryside to try to take control of the cities and consolidate their hold on the countryside as a bonus for their boldness in the townships.

While the insurgents were still trying to find replacements for their depleted ranks, government troops moved out en masse into the countryside filling in the vacuum left by the departing foe and starting the famous Phoenix program, killing and capturing thousands of Viet Cong agents who had surfaced during the short interregnum.

A few months later, during the later months of 1968, President Nguyen Van Thieu also ordered an Accelerated Pacification Campaign (APC) with tens of thousands of pacification cadres moving out boldly into disputed areas and setting up the skeleton of an administrative apparatus wherever it may be created.

As the French have rightly said, les absents ont toujours tort (the absent are always wrong), the people's allegiance was won by Saigon for the Communists failed to show they were still something to reckon with.

POPULAR SELF-DEFENSE CORPS: It is also to the credit of South Vietnamese leaders to see as early as mid-1968 the strategic necessities of a new situation in which the Americans were to play a diminishing role that soon was to have a most dramatic reflection in the decision to withdraw troops from the war zone.

Intensely aware that the regular army, even enlarged to include 1.1 million men, cannot assure the defense of every of the nation's 2,500 villages and 12,000 hamlets, the Saigon leadership created the Popular Self-Defense Corps (PSDC) and put into the hands of these part-time fighters half a million weapons, thereby relieving hundreds of thousands of troops for a continuing offensive against the enemy.

Although cases abound of PSDC fighters fighting among themselves, their presence from Ben Hai to Bac Lieu gradually resulted in denying the enemy an important factor contributing to his past successes. By merely existing, they reduced to nil what Vo Nguyen Giap once had proudly labeled "the strategic mobility of the forces of the Revolution". Their existence also explains the reduction of Communist force to border areas.

Unable to move around undisturbed, Viet Cong cadres lost their confidence in the ineluctability of victory. Tens of thousands of them surrendered through the "Open Arms" program, further creating a big morale problem their leaders in Hanoi have not been able to cope with, even after dispatching over 500,000 men South of the border since the Tet attacks.

CHOICE: By creating the PSDC, Saigon has demonstrated something more important in the fight for the people's hearts and minds. The decision to draft every able-bodied man between the age of 16 and 60 into this home guard-type organization and give them the weapons to defend their village was an act of faith.

If the people were not basically anti-Communist and if they were not prepared to defend their way of life, they could have been converted by the enemy into an irresistible instrument of revolution with which the Viet Cong could have speeded up the revolutionary process and taken over Saigon and the rest of the country.

But the people responded to Saigon's act of faith by siding with it. PSDC fighters have behaved generally well in the face of the enemy. Few weapons have been lost and still fewer PSDC have deserted to the enemy. By now, one can say that the South Vietnamese people have made their choice. They are behind Saigon in the contest between Saigon and Hanoi.

INELUCTABLE: As Vietnamese pundits have often said, "the people's will is God's will", the Will of God has now grown definitely readable in the countryside of South Viet-Nam. Even in areas where the insurgents are making a big effort to stage a comeback, it will not be an easy task for them.

If nothing should come out of Paris and if the fighting should go on in Cambodia and Laos, attracting there the great masses of North Vietnamese infiltrators, it appears ineluctable that the State of Emergency can be soon terminated in most of South Vietnam's provinces.

For recent visitors of the Mekong Delta, that day might not be too far away. "It's like in the late fifties", one of them told this correspondent, trying to secure his impressions after an extensive tour of South Viet-Nam's most populated area. From 1956 to 1960, South Viet-Nam was in peace.

<u>VIET-NAM BULLETIN</u>	Vol. IV, No. 25
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A weekly publication of the Embassy of Viet-Nam  
2251 "R" Street, Washington D.C. 20008  
Telephone: 234-4860

U. S. POSTAGE  
PAID  
Washington, DC  
Permit No. 41866

BULK RATE

Vol. IV, No. 25  
August 24, 1970

Mr. & Mrs. Burnett received VN S