

ORGANIZATIONS WITH BUDGET AUTONOMY

IN

VIET NAM

A study of the annual reports and the administrative accounts pertaining to calendar year 1956 for use in estimating the National Income of Viet Nam (a project of the National Bank).

WAYNE W. SNYDER

and

NGUYEN TIEN HOANH

MICHIGAN STATE UNIVERSITY

VIETNAM ADVISORY GROUP

NATIONAL INSTITUTE OF ADMINISTRATION DIVISION

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DATA FOR USE IN ESTIMATING THE NATIONAL INCOME OF VIETNAM FOR CALENDAR
YEAR 1956

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Data For Use in Estimating the National Income of Vietnam for 1956.

SECTION A

Introduction and General Comments

The purpose of this report is to present data pertaining to the financial operations of those governmental agencies in Vietnam which are supported in whole or part by public funds, but are not included within the national budget. The information included in this report does not represent the entire financial transactions of this sector of government operations, but only that data which is applicable to national income accounting. The information given in the following sections is more precise than was similar information supplied to the National Bank for its national income estimates of 1955 in a report issued May 18, 1957. It is hoped that this report will contribute the necessary information for completing the public sector of the national income estimates of Vietnam for 1956, which is a current project of the National Bank.

More complete information relating to the budgets of these governmental agencies is contained in a second report, An Analysis of the Revenues and Expenditures of Vietnamese Governmental Agencies Having Budget Autonomy, issued by the Michigan State University Group in August, 1957. This second report analyzes the importance of this element to the total budget operations of the nation and compares the financial operations of 1955 with those of 1956.

SECTION B

Government Agencies Having Budget Autonomy

Seven government agencies having budget autonomy functioned in 1956 and seven in 1955. However, there were two changes. The Center of Scientific and Technical Research was absorbed by the Ministry of Agriculture and now receives all of its funds through the normal national budget procedures. One new agency, the Chamber of Commerce of Da Nang, began operations in October, 1956.

As in 1955, the financial operations of these seven agencies should be included in the national government data because the nature of most of these organizations is to provide a national service rather than specific, individual services.

Expenditures for wages and salaries were down 26% in 1956, as compared with 1955. Most of this drop was due to the elimination of the Center of Scientific and Technical Research and the payment of salaries to the French professors at the National University directly by the French Government and not through the university's budget. The newly created Chamber of Commerce at Da Nang did not add materially to the expenditures.

Purchase of goods and services by the government agencies having budget autonomy increased about 15% during 1956 over the previous year. The increase was general and not off-set by the elimination of the Center of Scientific and Technical Research.

Sales of services by these agencies to the private sector increased about 4 million piasters, all accounted for by increased university receipts.

The net government expenditure for consumption in 1956 was thus about 56 million piasters, or down 34% from that of 1955.

For 1957 the operations of the National University have been included within the national budget. However, the National Radio, a new agency having budget autonomy has been added. It is estimated that the budget of this latter agency will exceed that of the University by approximately 10 million piasters, which will result in a probable increase in the total expenditures for consumption by this group of agencies.

Table 1

Payments by and Purchase from Government Agencies Having Budget Autonomy.

1956

(\$V.N.)

	: :Wages and :Salaries : : : : :(1)	: :Purchases :of Goods :and Serv- :ices : : : :(2)	: :Sales to :the Pri- :vate Sec- :tor : : : :(3)	: :Autonomous :Government :Agencies-Net :Expendi- :tures for :Consumption : :(4) :(1)+(2)-(3) :=(4)
Chamber of Agriculture	: 85,800	: 17,673	: 0	: 103,473
Chamber of Commerce Da Nang	: 20,000	: 25,000	: 0	: 45,000
Chamber of Commerce Saigon	: 949,871	: 1,597,335	: 0 ^{a/}	: 2,547,206
Civil Servants' Retirement Fund	: 3,224,797	: 876,867	: 0	: 4,101,664
National Institute of Oceanology	: 2,146,842	: 720,356	: 166,914	: 2,700,284
National Office for Tourism	: 672,911	: 554,212	: 1,818,147 ^{b/}	: -591,024
National University	: 25,181,984	: 12,937,323 ^{c/}	: 6,772,828	: 31,346,479
Viet Nam Press	: 7,361,903	: 12,971,786	: 4,698,509	: 15,635,180
Total.....	: 39,644,108	: 29,700,552	: 13,456,398	: 55,888,262

^{a/} Excludes 602,319 \$VN received in rent from the Port of Saigon^{b/} Includes amount received from rent of owned hotels^{c/} Excludes 6,217,406 \$VN in capital investment

SECTION C

Government Enterprises

Table 2 gives the summary information pertaining to the various accounts of the national income estimate for government enterprises. In 1956, there were 11 government enterprises as compared with 8 reported in 1955. Actually, no new enterprises were created in 1956. Three additional enterprises existed in 1955, but were not included in that year's study. One, the Low Cost Housing Office of the Prefecture of Saigon, was omitted because its existence was overlooked. A second Commercial Credit was created in October 1955 and its operations for the remainder of that year were considered too insignificant to include. Finally, the functions of the National Office of Agricultural Credit were performed by a Service of the Ministry of Agrarian Reform and Land Registration. Concerning the latter, it remained a part of the above Ministry during 1956 and its employees were paid from national budget funds. It was not until 1957 that it was given autonomous budget status. However, in 1956 no funds other than those coming from American Aid were loaned, which explains why it is not included in the following table.

No attempt will be made here to compare 1956 data with that of 1955, as the former had been prepared in a modified and improved form. For analyses of this type, see the report, An Analysis of the Revenues and Expenditures of Vietnamese Governmental Agencies Having Budget Autonomy, August, 1957,

TITLES	: Commercial : Credit : \$ VN	: Lottery for : Reconstruc- : tion : \$ VN	: Low-Cost : Housing : Office : \$ VN	: National : Bank : \$ VN
(1) Wages and Salaries	: 15,000,000	: 1,204,092	: 1,051,161	: 41,850,553
(2) Net Interest	: 0	: 0	: 0	: 0
(3) Net Rent	: 2,500,000	: 0	: 0	: (2,347,621)
(4) Distributed Profit	: 0	: 18,165,064 ^{a/}	: 1,375,000 ^{c/}	: 0
(5) Undistributed Profit or (Loss)	: 19,200,000	: 0	: 3,391,255	: (38,572,085)
(6) Total Profit or (Loss) (4+5+ 6)	: 19,200,000	: 18,165,064	: 4,766,255	: (38,572,085)
(7) Indirect Taxes	: 92,000	: 0	: 0	: 0
(8) Direct Taxes	: 4,629,000	: 0	: 0	: 0
(9) Total Taxes	: 4,721,000	: 0	: 0	: 0
(10) Amortizations and Depreciation Funds	: 4,200,000	: 0	: 0	: 0
(11) Value Added 1+2+3+6+9+10 + 11	: 45,621,000	: 19,369,156	: 5,817,416	: 930,847
(12) Purchased Goods and Services	: 3,279,000	: 4,741,524	: 181,121	: 150,917,467
(13) Net Receipts 13 - 12 = 11	: 48,900,000	: 24,110,680 ^{b/}	: 5,998,537	: 151,848,314

a/ Paid to the National Office for Reconstruction

b/ Excludes that part of receipts paid out to lottery winners

c/ Loan repayment

GOVERNMENT ENTERPRISES

National Office of Electrical Re-equipment \$ VN	National Investment Fund \$ VN	National Office for Reconstruction \$ VN	Nationalized Railways \$ VN	Port of Da Nang \$ VN	Port of Saigon \$ VN	Total \$ VN
1,240,418	1,842,396	1,761,750	194,018,972	9,695,936	26,090,885	293,756,163
0	0	0	142,862	0	0	142,862
0	0	0	(5,203,250)	0	0	(5,050,871)
0	0	0	0	0	0	19,540,064
26,715,827	2,951,513	(62,993,648)	(84,510,273)	3,146,946	14,484,977	(116,185,488)
26,715,827	2,951,513	(62,993,648)	(84,510,273)	3,146,946	14,484,977	(96,645,424)
0	0	0	7,339,946	0	0	7,431,946
0	0	0	0	0	0	4,629,000
0	0	0	7,339,946	0	0	12,060,946
0	0	0	8,245,319	0	0	12,445,319
27,956,245	4,793,909	(61,231,898)	120,033,576	12,842,882	40,575,862	216,708,995
165,741	487,236	67,877,361 ^{d/}	189,245,852	8,692,073	32,271,351	457,858,729
28,121,986	5,281,145	6,645,466 ^{e/}	309,279,428	21,534,955	72,847,213	674,567,724

d/ Does include all construction

e/ Excludes receipts from Lottery for Reconstruction

SECTION D

Public Corporations

Table 3, which follows, gives the pertinent information for the various accounts of the national income estimate for public corporations in Vietnam. No new public corporations were created during 1956 and none were abolished.

Table 3

PUBLIC CORPORATIONS

Titles	Savings Bank	Televietnam	Viet Nam	Total
	of Saigon		Airways	
	\$ VN	\$ VN	\$ VN	\$ VN
(1) Wages and Salaries	1,170,735	12,519,828	72,798,227	86,488,790
(2) Net Interest	0	(139,622)	7,077,097	6,937,475
(3) Net Rent	0	98,668	(4,428,836)	(4,330,168)
(4) Distributed Profit	1,184,711	3,191,732	0	4,376,443
(5) Undistributed Profit or (Loss)	1,317,047	65,688	(6,362,805) ^{a/}	(4,980,070)
(6) Total Profit or (Loss) 4+5 = 6	2,501,758	3,257,420	(6,362,805) ^{a/}	(603,627)
(7) Indirect Taxes	0	420,415	4,486,798	4,907,213
(8) Direct Taxes	0	1,911,227	345,600	2,256,827
(9) Total Taxes	0	2,331,642	4,832,398	7,164,040
(10) Amortizations and Depreciation Funds	0	260,857	26,628,167	26,889,024
(11) Value Added 1+2+3+6+9+10 = 11	3,672,493	18,328,793	100,544,248	122,545,534
(12) Purchase Goods and Services	140,173	5,489,743	91,742,914	97,372,830
(13) Net Receipts 13-12 = 11	3,812,666	23,818,536	19 ² ₈ ,287,162 ^{a/}	219,918,364

^{a/} Excludes sales of capital equipment

SECTION E

Transfers

This section presents the summary information concerning transfers to and from the national government during 1956. All but one of the items which make up the transfers come from Non-budgeted Transfer Accounts. The one item which does not come from these accounts is the funds paid in the form of pensions to civil servants. For further information concerning these accounts and the details of the operations of specific organizations, see the report, An Analysis of Revenues and Expenditures of Vietnamese Governmental Agencies Having Budget Autonomy, August, 1957. Information similar to that given in Table 4 below, was not collected in 1955 because of time limitation. However, utilizing the data in Table 4 and the information given in the study concerning payments of civil servants' pensions in 1955, Table 5 has been prepared to show the comparison between the two years. From this data, it may be seen that transfers to the private sector exceeded transfers from the private sector in 1955 by 56%, whereas in 1956, the excess was 35%. Also, it is noted that transfers from the public sector to the private sector increased about 3% in 1956 as compared with 1955. Transfers to the public sector from the private sector increased about 20% on the same basis. All of these comparisons exclude the indirect tax on imported items which is a major source of funds for transfers to the private sector.

Table 4

Transfers to and from the Public Sector During 1956

Organization	Transfers to the Private Sector (from the Public Sector)	Transfers to the Public Sector (from the Private Sector)	Difference be- tween transfers, to and from the Private Sector
	\$ VN	\$ VN	\$ VN
Civil Servants' Retirement Fund	102,923,777	56,504,992 ^{a/}	46,418,785
Account for the Establishment of Coal Stocks	11,028,735	16,572,418	(5,543,683)
Accounts for the Establishment of Rice Stocks	95,993,638	95,511,937	481,701
Expenditures of Funds from the Sale of Fertilizer	9,797,000	9,287,000	510,000
Funds for Expenditures to Protect Road and River Circulation	350,000	102,000	248,000
National Account for the Compensation of Imported and Exported Merchandise	26,745,000 ^{b/}	0	26,745,000
Stabilization Funds for the Price of Pork in Saigon	35,981,229	36,484,052	(502,823)
Vietnamese Salt Concession	7,288,776	3,510,825	3,777,951
European Pension Fund	4,107,885	0 ^{c/}	4,107,885
Total.....	294,216,040	217,973,224	76,242,816

a/ Includes only contributions made by the civil servants, (i. e., State contributions are excluded)

b/ Assuming that, of the 46,745,000 \$VN in total expenditures (net of subsidies to other unbudgeted transfer accounts), 20,000,000 \$VN were in loans and the remaining in transfers to the private sector.

c/ Assumes that all receipts were subsidies from the Prefectural Budget of Saigon

Table 5

Transfers to and from the Public Sector during 1955

Organization	: Transfers to : the Private : Sector (from : the Public : Sector) : \$ VN	: Transfers to : the Public : Sector (from : the Private : Sector) : \$ VN	: Difference be- : tween transfers : to and from : the Private : Sector : \$ VN
Civil Servants' Retirement Fund	: 117,044,783	: 39,085,893 ^{a/}	: 77,958,890
Account for the Establishment of Coal Stocks	: 105,584,612	: 132,082,207	: (26,497,595)
Expenditures of Funds from the Sale of Fertilizers	: 8,244,075	: 6,558,333	: 1,685,742
National Account for the Compensation of Imported and Exported Merchandise	: 50,000,000 ^{b/}	: 0	: 50,000,000
Vietnamese Salt Concession	: 0	: 4,564,584	: (4,564,584)
European Pension Fund	: 4,286,173	: 0 ^{c/}	: 4,286,173
Total.....	: 285,159,643	: 182,291,017	: 102,868,626

a/ Includes only contributions made by the civil servants, (i.e., State contributions are excluded)

b/ Assuming that, of the 130,000,000 \$VN in total expenditures, 80,000,000 \$VN were in loans and the remaining in transfers to the private sector

c/ Assumes that all receipts were subsidies from the Prefectorial Budget of Saigon

SECTION F

Government Loans

This section was omitted from consideration in the study pertaining to 1955. However, using the same criteria as in this report in the classification of certain expenditures as "Government Loans", only about 80 million piasters would have been omitted. The two most important autonomous loaning agencies, Commercial Credit and National Investment Fund, were created late in 1955 and had little or no effect that year. A listing of the presently existing organizations having budget autonomy which are making loans to the private sector is included in the report, An Analysis of Revenues and Expenditures of Vietnamese Government Agencies Having Budget Autonomy.

Two loaning agencies have not been included because the form in which their loans are made does not involve a movement of funds; they are the National Office for Reconstruction and the Low-Cost Housing Office of the Saigon Prefecture, both of which ~~make~~ government built housing available to citizens on a medium to long term payment basis. There is no way to determine the exact value of the housing which is "loaned" because the rent-loan-repayment plan makes it impossible to separate rent earned by the project from "loan repayment."

Table 6 below, lists the three agencies which loaned money during 1956.

Table 6
Government Loans to the Private Sector
1956

Organization	Amount \$ VN
Commercial Credit	271,033,167
National Investment Fund	85,856,829 ^{a/}
National Account for the Compensation of Imported and Exported Merchandise	20,000,000 ^{b/}
Total.....	376,889,996

^{a/} Includes 6,000,000 \$VN invested in the Vietnamese Cotton Industry Company

^{b/} Estimated

SECTION G

Capital Investment

Table 7 below shows how much money was expended on new capital investment during 1957 by the agencies under consideration. For details of the investments, see the appropriate section concerning the individual organization. For more general information concerning investment by the organizations having budget autonomy, see, An Analysis of Revenues and Expenditures of Vietnamese Governmental Agencies Having Budget Autonomy, August, 1957.

Table 7

Capital Investments in Viet Nam During 1956

Organization	:	Amount
	:	\$ VN
National University	:	6,217,406
Low Cost Housing Office	:	721,486
National Office of Electrical Re-equipment	:	19,410,027
National Office for Reconstruction	:	55,056,217
Nationalized Railways	:	37,315,466
Port of Saigon	:	2,974,042
Viet Nam Airways	:	(8,428,568)
Total.....	:	113,266,076

SECTION H

Stock Changes

Information available concerning changes in the level of stocks maintained by the various organizations presented in this study is limited to two organizations: National Railways and Viet Nam Airways.

Table 8

Stock Changes during 1956

Organization	:	:	:
	: Value of Stocks	: Value of Stocks	:
	: January 1, 1956	: December 31, 1956	: Change
	: \$ VN	: \$ VN	: \$ VN
National Railways	: 107,837,281	: 105,038,739	: -2,798,542
Viet Nam Airways	: 19,785,703	: 19,513,491	: - 272,212
	:	:	:
	Total.....		: -3,070,754
			:

SECTION I

Indirect Tax

Though some revenues of some organizations might be considered as indirect taxes instead of ordinary receipts, (for example, the additional percentage added to the business license tax, centièmes additionnels sur la patente, which is credited to the Chamber of Commerce and the additional percentage added to the land tax in South Viet Nam, centièmes additionnels sur l'impôt foncier, which is credited to the Chamber of Agriculture), their very slight importance has caused them to be left in the receipts balance of the respective organization. However, there is one major revenue which should be considered an indirect tax, and as such it should be included in the revenues of the national budget, at least for national income purposes. That is the tax on imported goods which is collected for the National Account for the Compensation of Imported and Exported Merchandise. For further details of this account, see the report, An Analysis of Revenues and Expenditures of Vietnamese Government Agencies Having Budget Autonomy, August, 1957.

Table 9

Indirect Taxes Collected by Organizations with Budget Autonomy

1956

Tax	Amount
	\$ VN
Tax on Imported goods for the N.A.C.I.E.M.	80,050,206
Total.....	80,050,206