

MICHIGAN STATE UNIVERSITY
VIETNAM TECHNICAL ASSISTANCE PROJECT

OFFICE MEMORANDUM

TO : Mr. Mode

DATE : January 15, 1957

FROM : Nguyêñ-Quân

SUBJECT : Comments on the "Proposed Functions and Authority
of Advisoty Committee on Agricultural Credit".

Some lines of background:

Following the French (and Vietnamese) commercial law, private limited (liability) company is managed by 3 organisms:

- Manager
- Board of Directors
- Share holders Assembly

In principle the Share holders Assembly is the company's owner. It appoints the Manager and the Board of Directors. In fact it is called:

- in special meeting in any emergency case.
- in a regular annual meeting for approving the past year's management and then give what we call the "quitus" (full discharge of responsibility). The word literally means: "you are through".

In Vietnamese public administration it used to be that autonomous (or rather semi-autonomous) agencies like Vietnam Press, Saigon Harbor, Agriculture Credit..., are managed roughly the way private or commercial communities are, by:

- a Director
- a Board of Trustees

The Director is appointed by the President of the Republic. Trustees also are designated as representatives of interested ministries or concerned professions.

The agency's articles clearly state the partition line for functions of each one of them. In fact, the Director enjoys a great deal of freedom for routine management and calls the Board only in case of important decisions to be taken and inevitably, at the year's end, to examine the past year's management and give the "quitus"

The Government control over the agency's management is carried out by the obligation for the agency draft budget being finally approved by the Finances Department. As for the policy to be followed up, the Government continues this action by:

- a. making the agency report to a specific Department (Vietnam Press to the Information, Saigon Harbor to the Public Works, Agriculture Credit to the Agrarian Reform...)
- b. designating a well gained-to-the government man as the agency's director.

A brief record of the meeting with Mr. Lién

Mr. Lién does not think well of the existing Board of Trustees for 2 reasons:

- a. the Board includes members who care little about the Agency's business
- b. the Board's recognized powers limit and bother the Director's action. If the government set up an autonomous agency to take charge of a given government activity it was because the government wanted to free that activity of common administrative routine and red tape.

Then, instead of a Board of Trustees Mr. Lién merely wishes a Committee of Advisors with powers of a consultants Group.

However, on the other hand, Mr Lién wonders who then might give him the "quitus" for his management. In other words, who might cover him in case of error and irregularity.

"Anyway, he said, I am a human creature and then capable of failure..."

He also wonders who might give him directives on the policy to be followed up.

These are my comments on the draft

- 1. The draft does not state expressly who shall be vested with authority to give the "quitus". This is a thing Mr. Lién insisted upon.
- 2. To prevent all risks of conflicting powers or temptations of evading responsibility, I would suggest the list of functions and authority be worked out following this pattern:
 - a. actions the Director could take by his own authority: routine operation and management, loans up to a certain ceiling, appointment of low-ranking-personnel, pre-loan investigation etc...
 - b. actions for which consultation of the Committee would be optional, e.g. any time the Director would feel the necessity of being covered.

- c. actions for which that consultation would be compulsory (budget, proposed programs, loans with no real security, appointment of high-ranking-personnel, etc...)
- 3. Whatever optional or compulsory consultation there may be, the Director would act by his own authority and engage in his proper responsibility. This differentiates the proposed system from the old Board of Trustees which shares the decisive authority with the Director and involves a duality of functions.
- 4. Keeping in close contact with the consultation procedure, the Committee will then find interest in the agency's business. As another consequence, it is up to him whether he wishes to support the Director's request for "quitus" which will be delivered by the Agrarian Reform's Secretary of State.

Appendix

Mr. Liêñ called Mr. Mode on Tuesday 15 at 10:40. This is the message I have taken:

Mr. Liêñ wishes a Board of Directors similar to the one which runs the Vietnam Commercial Credit Bank. It would include:

Board's President: Secretary of State of Agrarian Reform (Mr. Cõng)
3 Members: The Director of the N.A.C.A (Mr. Liêñ)
The Deputy Director of the N.A.C.A.
A Controller General.

That Board would give both policy directives and the *quitus* to the Director.

Quân's comments on the message:

In other words Mr. Liêñ wishes a joint-management carried out by the Director and the Board through a single organism.

However I wonder how can people be judge in his own case, how can Mr. Liêñ, member of the Board, give Mr. Liêñ Director the "quitus" for the his past year's management?