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COVER PICTURE: The Ministry of Interior Building on Tu Do (Liberty) Street, just off Kennedy Square.
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STATE OF THE NATION MESSAGE OF
PRESIDENT NGUYEN VAN THIEU

To The Joint Session Of The National Assembly

25-1-1968

Mr. President of the Senate,
Mr. President of the House,
Distinguished Senators and Representatives,
Ladies and Gentlemen,

Since the day the Constitution was proclaimed, on April 1, 1967, our country has gone through almost one year in time, and though it had many difficulties and challenges, it also gathered many encouraging results. From a Constitution proclaimed as a legislative act on principles, we have gradually materialized those principles into reality. From the temporary executive and legislative organisms, we have moved to the constitutional ones, and today marks the first formal and direct meeting between the Executive and Legislative powers in a joint session of the National Assembly.

As Chief of the Executive, duly elected by the People, I sincerely welcome you, Representatives of the Nation's Legislative power, and I hope that the relations between the Executive and Legislative will be fostered in order to better serve our Nation and People's interests.

Ladies and Gentlemen,

Due to the pressing situation of the country, the day I have been waiting for has come, for the two Houses have already finished preparing their status and elected their official secretariats as well as the special committees in order to operate efficiently.
For this reason, I come here today to present to you the actual situation of our country, our national policy, the Government's program of actions and the proposed budget for 1968.

Ladies and Gentlemen,

Three years ago, the Communists opened large-scale operations throughout and inside our territory, from the provinces of the southern I Corps, the central Coastal Zone, the central Highlands, to the Southwestern and Southeastern provinces. In 1965 alone, there was a time when the enemy wanted to divide our country into many isolated zones so as to surround and destroy us.

However, from mid-1966 to this date, our Armed Forces and our Allies have repeatedly defeated the enemy in all battlefields. The southern part of the DMZ, as well as the bases along the Central Coastal Zone and the famous safe-havens in the South-East and South-West were gradually either cleaned up or occupied.

Toward the end of 1967, with the cessation of important but costly battles taking place in the past few months from the South of the 17th parallel to Dakto, Phuoc Qua, Loc Ninh, Bo Duc... we have seen that from the big operations in preparation for its general offensive war in 1965, the enemy was gradually forced to a holding position in 1966, and to a defensive one today. The majority of the units from the Division to the Regiment level were wiped out of their strong base camps, and especially in the last months of 1967, despite the fact that the enemy was still able to conduct some large battles, they all took place along the frontiers and the DMZ, and there was not any important battle deep inside our territory.

Two years ago, the enemy was thinking of dividing our country in order to destroy us, but they were gradually pushed to the point from where they could not launch any important offensives without relying on bases beyond our frontiers.
In the last three months of 1967 alone, enemy's casualties were up to 22,500, and around 9,000 weapons of all kinds were seized.

In 1967 especially, the enemy lost around 96,000 soldiers (an increase of 52% over 1966) and 32,785 weapons (an increase of 66% over 1965).

Compared to ours, the enemy's casualties are increasing everyday. The ratio of friendly to enemy forces killed in 1965 was 1/2, in 1966 it was 1/5, and in the first months of 1967 it was 1/6. The ratio for weapons seized has changed from 1/3 to 1/1.5, and to 1/4. There were also 26,157 V.C. returnees in 1967, a record number until now. The enemy's recruiting capacity in the South has decreased by 50% in 1967, thus forcing them to draft youngsters 14 to 16 years of age, to use women to replace the guerillas, to try to attack jails and release the prisoners in order to strengthen the number of their units.

Their total strength has decreased despite their efforts to infiltrate from the North in order to make up for their depleted units and their difficulty in recruiting in the South. The number of fighting men in their various units has also decreased.

Throughout the past two years, the enemy tried desperately to force a victory at any cost, first aiming at the U.S. Forces, in order to attract the world's attention and stir the U.S. public opinion, and last hoping to use the victory on the battlefield as a bargain at the negotiation table.

The enemy also tried but failed to create political instability in the rear, thus preventing us from building a legal Government and Democracy.

Through various Winter-Spring, Fall-Winter campaigns the enemy's hopes to end the war by a military victory were completely crushed.

In the plains, the enemy no longer has the ability to launch an all-out offensive against the chief towns and district towns, thus they are forced to use mortar attacks and terrorism. Their tactic was aimed at shaking public's
donfidence and discrediting the Government, but on the
military viewpoint, it demonstrated a weakness rather
than strength. When the regional forces can no longer
support the guerillas efficiently, and when the main-core
units are isolated from the regional forces, then their
mutual support can no longer exist, consequently, their
general offensive can no longer be realized.

Their rear bases in the North being destroyed, their direct
infiltration network being harassed, and although North
Vietnam has used many new infiltration routes and safe-
havens, the replacement strength of the North is no longer
in abundance for production and self-defense purposes as
well as for infiltration, as was the case in the past. The
question of feeding an expeditionary force having lost the
support of the regional forces has become an unsolvable
problem for North Vietnam.

The North Vietnamese high-ranking officials certainly under-
stood more than anybody else that they cannot achieve a
total victory, but with their remaining capability they
still nurture a last hope for victory.

This year being an election year in our most important
allied country, namely the United States, the Communists
take advantage of the occasion and fully utilize all
propaganda and political maneuvers; they launch a false
peace offensive along with their military efforts which at
the present time take place with vehemence in the area south
of the DMZ and some places of the Highlands. They also
increase their sabotage, shelling, and terror campaigns in
the Delta provinces. Furthermore, there is a propaganda
movement for a coalition government. All the above mentioned
efforts aim at consolidating the morale of the people, the
army, the cadres in the North as well as in the South before
their total collapse.

With regard to national security, mention should be made of
many important successes in 1967, namely:

- control has been regained on 95% of the rice cultivated
  and heavily populated areas in the II Corps;
- better security conditions on roads and waterways were observed in 1967 as compared to 1966;

- the length of secure roads increased by 660km;

- the length of roads where armed escort was required decreased by 500km;

- by the end of 1967, traffic on National Route No. 1, from Saigon to Ben Hai, was reestablished;

- in addition, 209km of railway were restored, thus increasing the total operation network to 519km.

If North Vietnam stubbornly avoids a peace talk because they had neither a military nor a political victory, then, with its rate of increasing defeats it will not be long before North Vietnam must decide to end the war gradually.

But as I have also presented, until North Vietnam has to bow totally to decide either to negotiate or stop the war, they still are able to increase their military and sabotage efforts, at least in the course of this year. Along with their military offensives and sabotage actions we should expect many more propaganda campaigns and efforts to stir up the population in our towns and cities; thus, in this respect we should be vigilant, and strongly oppose them.

The above mentioned facts do not permit us to be too optimistic and believe that peace will soon come as a miracle. On the contrary, we must know to exploit the actual Communists' failures as well as our victories in view of shortening the war and establishing peace under the most favorable conditions for our side, thus bringing us a guaranteed and durable peace upon which we can rebuild and develop our nation on a strong and lasting basis.

Moreover, it is a common knowledge that we are fighting for our self-defense, and the Vietnamese are a peace-loving people; therefore, we will always welcome peace initiatives; provided that peace is a just peace which guarantees our Independence, Freedom, and Democracy, and suppresses the
sufferings long endured by the Vietnamese of both the North and the South.

However, when we talk about Peace, in other words the end of the war, it is necessary for us to mention that the purpose of the present struggle of the Republic of Vietnam is simply a self-defense war against the aggression of the Communist North.

Immediately after the signature of the 1954 Geneva Agreement, North Vietnam has violated it by leaving behind hundreds of arms caches scattered everywhere and numerous disguised cadres in the South.

Later, Communist NVN infiltrated into SVN in ever increasing numbers of cadres, weapons and large military units. Captured North Vietnamese soldiers as well as captured documents have amply proven this aggression, aimed at the destruction of SVN and the overthrow by force of the Government of the RVN.

The ICC, in its Special Report of June 2, 1962, has clearly testified to this aggression.

The bombing of NVN, as well as the presence of allied troops in SVN, which followed by many years the start of Communist aggression, are the only measures in response to Communist aggression. Therefore, any solution toward peace should begin by the cessation of Communist infiltration and aggressive activities. To ask us to stop our defensive measures before the aggression stops, is to ask us to surrender to the enemy. The RVN and the other freedom-loving countries will never accept this condition.

The bombing of NVN is the response to the whole apparatus of Communist aggressive activities, including Communist infiltration across the borders, as well as guerilla attacks, subversion, sabotage, and terrorism...in SVN. Therefore, the bombing of NVN can be stopped only after NVN has stopped all their aggressive activities mentioned above.

The cessation of infiltration by itself is not sufficient,
because infiltration is only a part in the Communist
system of aggression.

Besides, it is the part whose cessation is the most difficult
to control in view of the lengthy borderline across vast
areas covered by jungles and mountains, especially on the
frontiers between North and South Vietnam, and between Viet-
nam - Laos - Cambodia.

We should also try to avoid falling into the stratagem of
NVN which strives to separate artificially the war in the
North from the war in the South. In fact, these are only
two battle fields of the same war, as illustrated by the two
following reasons:

1. The battlefield above the 17th parallel is caused by the
NVN aggression in SVN.

2. Communist NVN directs and organizes the war of aggression
against the RVN. To stop the bombing of NVN alone will not
bring back peace to Vietnam.

The scheme of NVN is to require our cessation of bombing
in the North and then to bring pressure on us to negotiate
with and to recognize the so-called "NLF": leading to a
"Coalition Government" with the Communists. NVN hopes, by
that detour, to conquer the RVN by political means, through
a solution by which the communist elements constitute a fifth
column inside our administrative machinery and even at the
high level of our Government itself. This, we can never
accept.

If the Communists reduce infiltration altogether with other
aggressive and subversive activities in SVN, the bombing of
NVN can also be reduced in the same proportion. Since the
bombing of NVN is only a defensive measure, it cannot be
stopped until the aggression itself has completely stopped.

The defensive character of the bombing of NVN needs to be
better understood by public opinion in our country and abroad.

In the past two years, at each bombing pause, the Communists
took advantage of it to increase their infiltration and prepare greater assaults against our installations.

The bombing of NVN constitutes a measure of dissuasion for NVN to stop its aggression. If the Communists maintain their aggressive ambitions, we shall have to increase our pressure in order to bring peace nearer, and shorten the sufferings of the entire Vietnamese population.

The Communists are fully aware of the effectiveness of our response. Therefore, they concentrate all their political and propaganda efforts to bring pressure on us to stop our most efficient method of defense. They have, to a certain extent, succeeded in confusing public opinion on this issue, because while the international press focused their attention on, and gave full publicity to the isolated cases in which our bombings created casualties among the civilian population, they have not sufficiently brought to public attention the numerous cases of brutal murders, assassinations, and shellings committed by the VC against women, children, the innocent civilian population as well as local officials in the districts, villages and hamlets in SVN. The question therefore has been often placed in an unbalanced perspective, creating emotional reaction in the wrong direction.

In summary, for RVN the purpose of our present struggle is simply the defense of our national independence, and the preservation for our people of the freedom to choose their way of life, and their system of Government.

The RVN has made many sacrifices in this struggle to defend these ideals, and we are longing for the reestablishment of peace, to put an end to the destruction and sufferings, and to be able to devote all our human and natural resources to the reconstruction and development of this country. But peace should be made with honor, and in conditions which can preserve Freedom, Independence, and Democracy, otherwise, so many soldiers of this nation and allied countries who fought to defend these ideals, would have died in vain, and stability as well as a durable peace in the world would be seriously jeopardized.
The position of the RVN with regard to the restoration of peace has been solemnly stated at the Manila Summit Conference on October 25, 1966. The RVN will maintain that position which can be summed up in these following six points:

1. Communist aggression under all its forms should stop;

2. The territorial integrity of the RVN must be guaranteed;

3. The reunification of Vietnam should be decided by the free choice of the entire population of Vietnam;

4. The RVN puts into effect the National Reconciliation program, to welcome into the National Community all the elements of the population, in the framework of the Constitution adopted by the elected representatives of the Nation;

5. The RVN will request allied troops to withdraw from Vietnam, after the military and subversive units of NVN will have stopped their infiltration and aggressive activities, and withdrawn from SVN;

6. The people of Vietnam require effective international guarantees for the implementation of the above mentioned points.

We are fighting for self-defense, and to preserve freedom. We are anxious for an early restoration of peace but we have to be vigilant.

As I have stated in my inauguration speech of October 31, 1967, I shall not overlook any opportunity which may bring to us peace with honour and freedom, and I have already actively explored the avenues which may lead to a fruitful negotiation with the North Vietnamese authorities. I believe strongly that the war in Vietnam logically should be discussed, in the first place, among the leaders of both North and South Vietnam.

Recently, with regard to the reestablishment of peace in Vietnam, mention has been made of the convening of an international conference on the basis of the 1954 Geneva Conference.
On this question, when the convening of an international conference appears indicated, in my view it can only begin after a complete cessation of hostilities; in other words, together with the cessation of bombing in NVN, all aggressive activities of NVN in SVN should be stopped.

As you remember, during the Korean war, the Communists dragged the negotiations for two years, and killed more allied soldiers during the negotiation than before.

In Vietnam, the Communists can in addition take advantage of the negotiations to increase their infiltrations, and strengthen their guerillas bases, while making pressure to require our cessation of defensive bombing.

In other respect, concerning the composition of a future conference on Vietnam, from a logical and realistic standpoint it seems to me that such a conference should naturally include only the Governments of the countries closely involved in the war. In this regard, not only is the nature of the present war completely different from the war previously waged by the French in Indochina, but the countries participating in the two wars are also very different. I conceive therefore that the countries having an active role in this war, in particular the countries whose sons are fighting in the present conflict, and the countries participating in the maintenance of peace and security in this area, are qualified to participate in a conference on Vietnam.

Another point which needs to be clarified is the fact that the 1954 Geneva Agreements were basically only an Armistice Agreement concluded between the French and the Viet Minh High Commands, to establish the modalities of ceasefire and regrouping of belligerent forces. There were no legal clauses with regard to Vietnamese political problems in the 1954 Geneva Agreements.

The Vietnamese political problems naturally fall within the sovereign jurisdiction of Vietnam, and normally are to be solved by agreements between the leaders of North and South Vietnam.
Furthermore, the question of guarantees for faithful implementation of an agreement is also very important. As it is well known, the Viet Minh violated the 1954 Geneva Agreements as soon as these Agreements were signed, by leaving behind them in SVN, arms caches and cadres, and obstructing a large number of our fellow countrymen in the North who chose freedom and wishes to go South.

Another example is the violation by the Communists of the 1962 Geneva Agreements on Laos, according to which the Communists were required to withdraw their troops from Laos. Instead, the Communist NVN troops, mingled with the Pathet-Laos, continue to occupy Laotian territory, to use it both as a base for infiltration into SVN, and a military position to threaten, on a permanent basis, the independence of Laos.

Therefore, we should not assume that an international conference will necessarily lead to a peace agreement. Furthermore, on the basis of past experiences, we should not assume that, once we have a peace agreement, we shall necessarily have a genuine and durable peace.

Although we have actively explored all means to end the war through negotiations, but if the Communists are still stubborn or try to use tricks to lure us, then we should intensify our pressure to force the Communists to end their aggression soon. The Communists NVN made no secret of their strategy of attrition, in which they count on our weariness in this struggle. They also rely on the fact that, after a period of time, the Chinese Communists will have a better arsenal of nuclear weapons and missiles, to provide a more powerful support to their expansion in South-East Asia.

Therefore, we should always keep in mind that, to have peace, a genuine and lasting peace for Vietnam and South East Asia, we should make greater efforts and sacrifices in order to avoid the danger of slavery for ourselves and also for the generations to come.

In the present struggle, the United States is our principal
ally, because the two nations share the same ideals on freedom and democracy, as well as common aspirations for a world in which frontiers cannot be unilaterally changed by the force of arms.

The American Government has also recognized that if communist expansion is not checked on time, security of other free nations will be sooner or later jeopardized.

The role of the US in VN today is not different from its role in Europe in the two World Wars. Communist NVN with the support of communist China, and their aggressive strategy for conquest based on infiltration, subversion, sabotage, and terrorism, constitute to South-East Asia a threat no less serious than the one posed to the security of Europe by Nazi Germany during World War II. Likewise, if the Communists succeed in taking over all of Vietnam, and expanding over South-East Asia, the balance of power will be seriously disrupted and will gravely affect the chance for international security and a durable peace in the world.

Therefore, the RVN is fully justified in requesting the assistance and receiving the help of the US and other freedom loving countries, in resisting communist aggression.

In their devious propaganda, the Communists naturally try to picture us as lacking independence vis-a-vis the US. This propaganda is not without regrettable effects on international public opinion.

Conversely, in some friendly countries, a certain number of people, without prior examination has over-dramatized the differences, real or imaginary, between the Vietnamese and American Governments, and seem to expect all the viewpoints and approaches of the Vietnamese Government to be always identical to those of the American Government. These expectations are not realistic because they do not conform to the actual situation; furthermore, they are harmful to our common cause, because the Communists exploit these manifestations to push their propaganda line, in which they pretend to be the standard bearers of the "liberation" of the South.
In our search for a peaceful solution, although the RVN has encouraged and requested friendly Governments and even neutral Governments, to make parallel efforts with us to explore the possibility which may lead to peace with honour, the RVN maintains the position that in all official proposals relating to the future of the VN people, the Vietnamese Government should have the principal role, otherwise the prestige of our common cause will be harmed, and we will give ammunition to communist propaganda.

In fact, as I have mentioned above, the RVN shares the same ideals and the same basic purposes with the friendly countries which are fighting side by side with us in VN. However, in the approaches toward the achievement of these purposes, the emphasis to give to each question may not be identical in all circumstances. That is why, in addition to the regular diplomatic relations, which are very close and naturally very friendly between us and the Allied Governments, there are Summit Meetings and Meetings at the level of Foreign Ministers, so that Allied Governments can exchange views, and iron out differences when they exist.

Concerning the question of peace negotiations, the American Government has pledged, and on January 15, 1968, Secretary of State Dean Rusk has renewed the pledge, that there could be no decisions by the American Government on negotiations without prior full consultations with us, and that the US upholds the basic principles that the SVN people must determine their own future without external interference.

Besides, the position of President Johnson on peace negotiations as stated in his San Antonio speech last September and his State of the Union Message to the US Congress on January 17, 1968, seems to me very realistic in requesting solid guarantees before the bombing of North Vietnam could stop.

In the common efforts to resist communist aggression, unity is indispensable to final success, and we should be careful not to fall into the communist stratagem of fostering division between us and our Allies.

Together with our Allies, we are devoting all our efforts to achieve a durable peace in freedom and justice, and to
build an international community based on mutual respect, 
and friendly cooperation for common security and prosperity.

On this occasion, I would like to express again the heart­
felt gratitude of the Republic of Vietnam for the selfless 
assistance of friendly countries at this crucial period of 
history which will determine the future of Vietnam and South 
East Asia.

To face the treacherous and stubborn attitude of the 
Communists, naturally we ought to put up a continuous fight 
and also increase our forces so that an early victory can 
be attained. In the meantime, our efforts toward peace will 
be increased.

Spurred by the successive victories in 1967, the Republic of 
Vietnam Armed Forces, with a modernization program in 
armaments, in equipments; and in logistics, will increase 
its activities in a two-pronged program: support for the 
pacification program and pursuit of the enemy through the 
search and destroy operations.

Regional Forces, Popular Forces, Revolutionary Development 
Cadres and Combat Youth will be reinforced and with their 
efficiency improved, they will play an important role in 
holding and controlling the territory gained, and this will 
give our Regular Forces a free hand in sweeping off the 
enemy regulars. Our Armed Forces will then be able to 
replace gradually the Allied Forces.

To keep the soldiers' morale high, the Government will 
coordinate the efforts to better the lot of the soldiers and 
to better the living conditions of the soldiers and their 
families. 12,000 houses will be built for married soldiers, 
and at the same time 1,420 other houses will be built in the 
Army Community villages in Saigon, Dalat, and Dà Nang. 47 
retail stores selling foodstuffs will be created and managed 
by the Army Office of Supply, 20 other Support Farms will 
also be created to supply fresh foods at low price to the 
Army units, and to distribute them free to the soldiers.

Besides, the Psy-War activities dealing with the political
indoctrination, the Army Social Welfare, the campaigns against the enemy proselyting efforts will be continued and developed. Especially the campaign against corruption will receive an impetus stronger than ever.

The training program of soldiers will be changed drastically to fit the new needs. The National Defense College will be inaugurated very soon. The training program and the plan to merge the Popular Forces, the Militia and the RD cadres into an unique Military-Civilian Force will be realized.

Finally, the partial mobilization program will be carried out to increase the fighting potential of our forces.

With regard to this subject, I want to explain clearly that the new mobilization policy is aimed mainly at the reinforcement and the beefing up of the Armed Forces, but the new policy will not affect much all other activities in the country, nor will it perturb other factors of our National Potential. The new policy will be carried out absolutely in a strict and just manner, so that all our young men can contribute to the struggle against the communist aggression, and thus will help bring an early peace to the country, so that all can join in the Reconstruction and Building of the Nation.

The salient points in the mobilization policy are:

- An intelligent and well-coordinated use of the human resources to beef up the Armed Forces enabling them to face favorably the Communists in the fields.

- In the rear, our young men, who still are able to go to school, will be allowed to continue to study until the day of their graduation. Then they will relieve those who had fulfilled their military service to allow the letter to go back to civilian life.

The war we are fighting is a special kind of war, with special characters. We have to fight and at the same time we have in our hand a reconstruction job. Thus, the forces fighting in the front should be solid and the forces in the rear should be in a state of readiness. Besides, the formation of cadres,
experts, officials in the administrative, economic and social branches should be continued so that, once peace is restored, we will have enough talented and efficient cadres to rebuild the country.

Thus, those students who have been successful in their work will be deferred. They will be allowed to continue to study until graduation. However, to prepare for a reserve force to be committed in an emergency, all students will receive their basic preparatory military training while they are still in school.

This basic preparatory military training is aimed at giving the students the necessary military skills similar to that of a soldier trained in a regular Army Training Center. The, after graduation, the students will be called to serve as reservists.

Besides, to allow those who are beyond the age of conscription to participate in the National Defense efforts, a military training program, a refresher military course which will be offered to the Civil Servants over 33 years of age, will be considered. The Civil Servants will be responsible for the security of the agencies where they work. They will relieve the soldiers assigned there; this will allow the latter to be transferred to the units fighting in the field.

REVOLUTIONARY DEVELOPMENT

Due to the continuing efforts by the soldiers and cadres, the Revolutionary Development Program had made significant progress. In 1966, and the six first months of 1967, we have succeeded in:

- The building of 787 New Life Hamlets and recuperation of 977,774 people under our control;

- The reinforcement of 846 New Life Hamlets previously set up, involving over a million people;

- The development of 3,235 already pacified New Life Hamlets, involving over 5 millions people.
Thus, the number of the population under the control of
the Government has increased to almost 10 millions (as a
matter of fact, the figure is 9,827,064), including over
2 millions living in the Capital. The total ratio of the
controlled population is 70%.

Within the Revolutionary Development program, about 15
millions seedlings of all sorts, and 13 million fishing
devices were distributed to the population and 2,116 class-
rooms (with 3,322 teachers recruited) were opened in the
hamlets.

This year, our efforts will be directed towards the
substantial increase of the controlled area, by the build-
ing of New Life Hamlets, Pacification Hamlets, and by the
reinforcement of the completed New Life Hamlets to prevent
them from slipping back into the hands of the enemy. At
the same time, for each province, we will fix a long-range
program for at least 3 years whose aim is directed at the
long sought security and the New Life Development.

We will train more cadres and recruit many other Military-
Civilian units, to serve in the building program of 2,400
other Hamlets involving another 2 million people.

The primary education program and the campaign against
illiteracy in the rural areas will be strengthened with
provisions for 2,700 classrooms (and 3,500 teachers) and
890 classes to teach oldsters how to write and read.

The Public Health program in the hamlets will call for the
creation of 198 maternity wards and the recruitment of
needed personnel.

The Government will increase efforts to provide better
facilities such as the construction of 500km of new roads,
the repair of 200 other kilometers, the construction of 150
ferry landings, 42 market-places, the dredging of 120km
of canals and the construction of 92 dams, dikes, culverts
and irrigation channels to reinforce the hydraulic facili-
ties serving an area covering some 200,000 acres.
To implement expeditiously and efficiently the above program, a National Congress for Revolutionary Development will be convened to set the proper and efficient measures for each area.

**OPEN ARMS**

The Government is concentrating its efforts in the development of the National Cause so as to offer those who are still with the Communists a honorably way out.

The brilliant successes of the Open Arms program depleted the enemy forces as well as their morale.

Currently, 75,000 people had left the ranks and file of the Communists to return to the Nation Cause. With 47 Open-Arms Centers in the whole territory and a Central Open-Arm Center in Saigon, we still need many other centers to receive the returnees whose number grows larger and larger.

64,000 out of 75,000 returnees were given a chance to go back to normal civilian life. More than 1,700 families now live in Open-Arm villages. 16 returnees were successful in the popular hamlet and village elections. 3,000 others now serve in the Government agencies, and some have been chosen to hold high and important offices. 3,000 have volunteered to serve in the Armed Propaganda Units.

In 1967, 47 Armed Propaganda Companies have successfully talked 3,000 Communists out of their units and killed 808 V.C., and captured 98 others and an important number of arms and ammunition.

To dampen the above governmental successes, the Communists had, on one hand, found all necessary proselyting measures to keep a tight control of their soldiers and cadres, and on the other hand, made many efforts to terrorize the Open-Arms cadres and the returnees. During the last year, 131 Open-Arms cadres and returnees were murdered by the V.C.

To face the subversive efforts of the Communists, the Open-
Arms program, planned for 1967, will be developed.

22 Armed Propaganda Companies will be formed, and 10 of them will be trained and committed in the first few months. These companies, along with the available cadres, will push the national Open Arms efforts, in trying to rally the V.C. cadres and soldiers to quit their ranks and files.

With the current development, the number of returnees anticipated for 1968 will reach 45,000 (27,000 in 1967). To cope with the needs, 118 temporary camps will be built all over the country.

With 100 instructors recently trained, the Government will start other training sessions and standardize the training program and revise the published materials.

50 returnees villages are being built and 8 others will be constructed. Self-help projects and cooperatives will be approved for the existing villages. Vocational Training Centers will be built and at the same time the Government Agencies and the Army increase their efforts in the recruitment and the use of the returnees. Besides, some of them are sent to receive training in the Training Centers managed by the Ministry of Labor and the Ministry of Education, and they will surely find a suitable job which fits their capability and desire.

As a special measure, the Government will orient the reconciled POW'S into returnees and will prepare a bill which will define the constitutional rights of the returnees.

FOREIGN AFFAIRS

In Foreign Affairs, we have to face a difficult situation, but we have pulled all our efforts to cope with the needs of the Country.

At the present time; we have 19 Embassies in 37 countries, 8 General Consulates, one United Nations observer and one Representative at the International Specialized Organizations in Geneva.
Within the Ministry, there is a progressive reform program leading to a better organization and to an efficient activity. Last year, a Training Center in Foreign Affairs was created to train the Ministry's officials. The personnel will be increased. The length of their duty tour abroad and the length of their stay at the Ministry will be revised so that the Foreign Ministry's officials will get to know better the situation in the country and abroad.

Nevertheless, the above efforts could not fill the current needs. As a matter of fact, the Ministry now lacks an adequate budget and a sufficient number of personnel to open other services and enlarge its sphere of activities.

First of all, is the overseas information. This activity includes the effort to make known the National Cause and to expose the aggression scheme of the Communists. Then, the next effort is aimed at working with the friendly governments urging them to increase their aid to Vietnam, and finally the last effort consists of helping the Vietnamese living or travelling abroad.

To attain the above objectives, the Government will install a few other Embassies in South America and Africa and will try to reestablish diplomatic relations with Indonesia. The question of cumulative representation of many countries by one Ambassador, especially in Africa, will be revised. The Government will organize roving diplomatic missions in Europe, in America, especially in South America and in Africa. The information bulletin about the Government policy sent to the Embassies will be upgraded. The personnel will be increased to fit the needs of the Ministry. Some 20 Attaches will be recruited this year.

We have just reviewed the problems dealing directly with the War and the Restoration of Peace.

But, the problems we have to face these days do not consist only of the pure military problems. We still have another problem: the Nation Building.
Thus, along with the military efforts, the National Policy also aims at the building of Democracy and the installation of Social Reforms. The above three points are what I consider as guidelines.

The building of Democracy is directed at the creation of the organisms prescribed by the Constitution in a record time and the creation of a favorable atmosphere for the development of political activities.

The rights and responsibilities of the citizens will be carefully explained, propagated, so the population can exercise their rights and defend their interests properly. At the same time, the administrative reforms will be implemented so that the administrative machine will be a smooth operating machine designed to serve efficiently the public.

Finally, the Government will reserve the rights fully deserved and the opportunities for the ethnic minorities to participate in the building of the Nation, in a real democratic atmosphere.

With the creation of the Second Republic and with the regular, solid, and well planned creation of the various institutions set forth by the Constitution, we have already taken a first step forward, we have built a solid base for the Nation-building.

The building of a democratic regime in our country is at the beginning stage. The framework is completed, but a real democratic regime cannot be fulfilled by its bare framework. Democracy consists of complicated political activities of many facets.

Thus, the creation of such a regime requires a long period of time, possibly a couple of decades; it demands fundamental changes in the organization, the basic laws as in the political and social customs.

As stated above, on the long road for the building of democracy, we have just completed the framework. The basic
institutions for the Executive and Legislative branches were installed recently. The Legislative branch, the Inspectorate, and other Consultative Committees are not yet created, but they are all planned for in the Constitution. We need some time to prepare and promulgate the basic organizational documents, as well as the organization of the afore mentioned organisms. We shall strive to cut short the lead time as much as possible, so that the activities in the Nation can be regulated.

The relations between the Executive and Legislative branches are at an experimental stage. Both branches were created recently and the relationship between them was not well developed, but through some recent contacts and through this Joint Session of the National Assembly, I certainly feel that we have made a very good start.

To help building up the Second Republic, we will have to think about revising, redefining and amending the Codes.

The task is complicated, and its accomplishment will surely be considered as a brilliant record for the Legislative term of office.

With regard to the mass activities, I am glad to recognize that the activities of the mass have well developed, since the 1963 Revolution, and reached a high degree in the large cities and especially in Saigon.

Under the Diem Regime, the political activities were prohibited, and nowadays a certain number of them have emerged officially and some unofficially. There are numerous organizations, political, social, professional, cultural as well as religious, which are now active.

They used to operate underground, and now they emerge in public. Thus, at the beginning, their activities were either very cautious, or very excessive, later, through their experiences and their potential for development, I firmly believe that the groups and mass activities will be better and progressively organized.
In 1964, a couple of months after the Revolution, we had a new tide of organizations emerging rapidly, with a proclamation, program of actions and so forth. They all asked for official recognition and their development and activities were not coordinated.

Their activities simmered down. The inefficient organizations were eliminated, the profiteering organizations died out. Those with a solid and sound organization recovered and reorganized their ranks and files, revised their program and activities accordingly.

The smooth transition period was very fruitful, and I certainly think it is not only good but also necessary. Surely after a tumultuous development, there should be a calm period for reorganization. Those which are good and efficient will emerge; those which are not, will be rejected.

During the past few years, I believe that the political groups have enough time to reaffirm their ranks and files; they should be able to regroup to form larger political parties deeply rooted in the population, well organized so that they can subsist through the political turmoils to develop themselves and to contribute efficiently to the development of the Country.

Our Country needs the presence of strong, coherent political parties. Our regime is a democracy. Our Constitution approves and encourages a two-party system. If both the Government and the Opposition are not backed by the aforementioned parties, we cannot build a regime, as stipulated by the Constitution.

Today, the strong political parties needed to back the Government and the Opposition are not available, but I believe they will be formed right within your ranks, distinguished Senators and Representatives, many of you under the banner of some organizations, some groups, have been elected. From your unofficial and often secret activities, to your official and public activities in the Assembly, as well as other form of public activities, you have covered a long way.
I believe the parties and groups will fulfill their duties in this new period of our History.

In the judiciary field, and independent justice was instituted with the purpose of modernizing and unifying the law. Since 1966, the Law Study Committee has undertaken the study of appropriate measures to reform the national laws and organize the judiciary organs. In this connection, many tribunals were reorganized and established.

However, we must admit that during the last few years our laws were not upheld and respected. In order to overcome this difficult situation and to restore the national discipline, the Ministry of Justice will implement and appropriate program and urgent actions.

Consequently, the Ministry's activities will be carried out to support efficiently the establishment of an upright and impartial justice.

To reach the objective of unifying and modernizing the law, the Ministry will give priority to the drafting of the laws pertaining to the organization of constitutional institutions, the Ministry will concurrently amend the 5 following codes: The Civil Code, the Civil Procedures Code, the Penal Code, the Criminal Procedures Code, and the Commercial Code.

The judiciary machinery will at the same time be reorganized so as to adapt to the establishment of the Supreme Court. The competence of a certain number of tribunals will be extended, and a certain number of Justices of Peace will also be established in such a manner that each district can have one.

Lastly and also most importantly, the Ministry will focus all efforts on heightening the people's sense of respect of the law, therefore, the mobile courts will gradually be brought to the population, from the districts to the villages and new-life hamlets, concurrently with the dissemination of common laws among the masses.

A few urgent actions will be accomplished before July 1968.
Along with a drafting of the laws concerning the organization of the constitutional institutions such as the Supreme Court, the Council of Magistrates, the Status of the Presiding Judges, the Status of the Prosecuting Judges, the 3 following Codes will be completed: the Civil Code, the Penal Code and the Criminal Procedures Code.

In the field of administration, the administrative reform has often been mentioned because we conceive it as a pressing need to put an end to the evil habits in which the people are the victims. People often do not hesitate to accuse the administrative machinery of hindering the progress of the Nation, and they regard the civil servants as people who fulfill their tasks superficially and who specialize in embezzling public funds.

Such an observation, even if it is partly correct, is only a hasty and inadequate one. I believe that the administrative machinery is, in the final analysis, a tool for the Government to use in the implementation of its policy.

The good or bad results thus obtained depend not only on whether the tool is sharp or not, but also on whether the man who handles the tool has a concrete policy or not and knows how to handle it.

In saying so I do not mean that we do not need to raise the problem of improving the administrative machinery. An unskilled worker cannot produce anything even if he has a delicate tool. Conversely, a clever worker with an old and primitive tool cannot do better.

The need for an administrative reform requires us to possess a sharp tool; however, we inherited an antiquated administrative system from the past regimes, and which was adversely affected by many political turmoil, social instability and economic difficulties.

I do not think that these turmoil, instability and difficulties have caused the administrative machinery to be irremediably useless. In the past years, the administrative machinery has considerably contributed to the building of the nation and recently to the setting of the Democratic foundation for the era of the second Republic.
However, if we objectively analyze the situation, we must realize that, at the central as well as the local level, the administrative system is still cumbersome, complex and slow, lacks coordination, and still suffers from corrupt practices, injustice and bribery; in short it has not met the requirements of a nation which wants to free itself from the state of under-development.

In the field of local administration, in other words, at the level closest to the people, a certain number of administrative documents whose legal validity is in doubt has distorted the concept of separation and decentralization of power of the local administration, such as what concerns the authority and jurisdiction of the Government Delegates, the role and the position of the Province Chiefs vis-a-vis the central government as well as the various ministerial agencies in the provinces.

The delimitation of authority between the province chief and his Deputy, between the District chief and his Deputy, has not been clarified and unified.

With regard to personnel, we must frankly admit that we lack a rational program to train and utilize the cadres, a sound personnel rotation plan, a clear-cut and just reward and punishment policy.

Art. 70 of the Constitution stipulates that a law will determine the organization and the operation of the local administration. We should not wait until the promulgation of this law before we start functioning because the circumstances do not permit us to do so. We must conceive the administrative reform as a continuous process made up of many stages. Moreover, article 114 of the Constitution concerning the assignment of the province chiefs during the first presidential term of the Republic does not allow us to prescribed now a permanent administrative formula to be applied later.

Our problem is to seek a formula to improve the administrative machinery, which enables us to implement efficiently
the policy of the central Government in accordance with the main trend of the Constituent Assembly in order to prepare for the future. This is clearly mentioned in Art. 70 of the Constitution which reads: "The principle of local separation of power is recognized for legal regional entities: villages, provinces, cities, and the Capital." Thus, according to the Constitution, the power-decentralization tendency prevails over the power-centralization tendency, as illustrated by the provision for the election of prefects and mayors, and starting from 1971, the election of province chiefs.

People have often criticized Ordinance No. 57-a, dated Oct. 24, 1966 fixing the organization of the local administration as a document which is unrealistic and which is inconsistent with the country's requirements.

I think that what should be criticized is not the Ordinance 57-a itself, but the incorrect way of implementing it. Ordinance 57-a has prescribed an appreciably flexible formula for organizing the administrative machinery which not only is consistent with the local power decentralization principle, but also broadly harmonized with this principle.

Within the temporary framework of this legal document, the reform of the administrative system will be simultaneously conducted in two domains: organization and personnel.

Although they seem to be different, these two domains are in fact closely related.

With regard to Organization:

At the Central Level - Central agencies such as: the Ministry of Interior, the Directorate General of Civil Services, the Directorate General of the Budget, the National Institute of Administration, and others should coordinate their activities within the scope of a Committee for Administrative Improvement. The composition and jurisdiction of this Committee will be properly determined so that the Committee is fully able to fulfill its tasks, which is to work out plans, carry out Government policies,
promote civil servants, etc... the purpose is therefore aimed at avoiding the old path of previous Interministerial Committees which were considered as a graveyard for countless fine projects which were never completed.

- At the Delegates of the Central Government Level

I advocate a readjustment in the authority of all Delegates of the Central Government which are to be considered as power-separation agencies of the Central Level. I also advocate a revision in the jurisdiction and competence of the Government Delegates so that the inspection and supervision program can be more rational and effective.

- At the Prefectural, Municipal and Provincial Level

I conceive that this level is the basic support of the local administration. The constitutional principle of a local separation of power will be enforced especially at this level: increasing power and means to the prefects, provinces chiefs and mayors, at the same time, the control of Central Government upon these levels should parallelly be increased.

In order to make this level become the real delegate of the Central Government, it is needed to determine clearly and rationally the relationship between prefects, province chiefs, Mayors and the Central Government, as well as other local bureaus and offices, the role of the Ministry of Interior vis-a-vis other Ministries, and the competence of these Ministries toward the local bureaus and offices. Moreover, it is necessary to clearly define the authority and responsibilities of prefects, province chiefs, mayors, deputy prefects, deputy province chiefs, and deputy mayors.

- At the District Level

It is necessary to define the powers of the district chiefs, and deputy district chiefs, so that they can correctly fulfill their role and tasks assigned by the province chiefs and exercise their supervision over the cadres at the village and hamlet levels.
At the Village Level

It is necessary to continue the reorganization program of the village administration which has already started last year. The purpose is aimed at realizing effectively the traditional autonomy of the villages. It is also necessary to readjust the administration at the villages situated nearby the city in order to satisfy the needs of their people and to help them to catch up with the development at the city.

With regard to Personnel

- Forming and Training Civil Servants

There will be a long-term program of forming and training civil servants effectively in quality as well as quantity. This program will be carried at all levels: central, provincial, as well as for all ranks and all branches.

Training courses and seminars will be opened for civil servants to have opportunities to exchange their experiences and to improve their efficiency thus making the administrative machinery operate smoothly and efficiently.

- Using the right man at the right place

Eliminate the cliquish and biased spirit in the appointment of chiefs. All appointments and transfers should be based upon qualifications and virtues. Eliminate also corruption and bribery.

Exercise a just reward and punishment policy through an impartial and effective inspection system in order to create a firm belief among civil servants and enhancing the competition efforts to serve people.

- Helping Civil Servants

In the face of a hike in prices, the Government will seek all means to help civil servants through the following ways: providing needed goods, selling houses on the basis of
installments, and so forth. In the above mentioned administration reformation, a great number of problems will be solved in the first six months of 1968.

**On the Ethnic Development Field**

The democratic spirit has been manifested through the promulgation of a separate administrative system for ethnic peoples and the establishment of 7 courts applying the traditions of the Montagnards and the Decree-law on the citizenship and landownership of the ethnic peoples. In addition, another program will be realized aiming at providing favorable conditions for the Minorities to develop in the cultural, social and economic fields.

Especially, in the first six months of 1968, the establishment of the Ethnic Council will be carried on at the same time with the census of ethnic peoples and establishment of Ethnic Development Bureau at Phuoc Tuy and Chau Doc provinces. Meanwhile, the Government will call upon the dissident Minorities to return to cooperate with the Government, and there will be a proposal Decree related to land survey and the training of ethnic compatriots for this work.

On the cultural and social aspects, the ethnic language texts books of the elementary level will be printed, along with the building of boarding schools and boarding houses. To protect and improve the lives of the ethnic groups in their villages, the Ministry of Ethnic Development will cooperate with the Ministry of Defense in reorganizing the training and use of the military forces, including ethnic youths on the Highlands.

Ladies and Gentlemen,

We have just reviewed the problems of ending the war and building Democracy.

They are only necessary, but not sufficient, steps to attain the final objective, that is a New, Just and Progressive Society.
In the task of reforming the society, the Government will try to create equal opportunities for every citizen so that he may benefit from the progress of mankind, promote his ability and personality and contribute efficiently in the general development.

But under the present conditions of the society, the majority of the people are leading an unstable life, deprived of comfort and lacking education; they should be particularly assisted. For this reason, in the social and economic field, the main objective of the Government is the welfare policy.

In the economic field, the Government will mobilize every effort to achieve an economy based on mass capitalism. Favorable opportunities must be given to the tiller without land, the unskilled worker, the soldier, the junior civil servant in order for them to gradually reach a prosperous life with sufficient savings to assure their future.

The realization of this economy of mass capitalism should not be viewed as a mere subsidy of the Government but as a material aid to help the citizens themselves better their lives. To realize mass capitalism is to help the lower class of the society acquire property, organize the direct participation of the majority of the people in the economic life, harmonize the individual right of free enterprise with the interest of the community. Nevertheless, to achieve mass capitalism, we must first stabilize the prices and develop the Nation's economy. In this task, the Government will utilize all the resources and potentialities of the country instead of relying totally on the valuable help of friendly Nations. The Vietnamese should play a major role in the stabilization and development of the Vietnamese economy. For this reason, the Government will ask the whole population and adequate contribution in the above effort. And at the same time, to avoid any waste, we should fully utilize all the Nation's resources so as to have the maximum efficiency.

In the field of Education, the policy of the Republic of Vietnam is to realize practical education for the mass.
This educational system does not privilege any class of citizens; instead, it aims at the majority of the people. In this spirit, the Government will try to create equal opportunities for every citizen to have at least a basic education. For this reason, the Government will enforce compulsory and free education for the children through elementary schools, and at the same time, develop the popular education to eradicate illiteracy and increase the general knowledge of the people. Education for adult people should also be considered, in order for them to have the opportunity to further their study and advance in their profession.

Besides, in order to meet the requirements of the country on the road of progress, the national education should be practical. To achieve this goal, the Government will promote community-oriented schools to enable students to adapt themselves to the community and to better serve their region later.

Our next objective is to opt for vocational rather than academic education. We should view education as a giant investment. In this context, the education should meet the demands of the society and the Nation's economy. Consequently, in addition to the basic knowledge, our education should give the youngsters professional skills right at the secondary level so that upon graduation they can fully utilize their knowledge to serve the nation more efficiently.

In the **field of Culture**, the policy of the Government is to assist activities aiming at the promotion of national culture; and the Government will censor films, theater plays and novels which violate the national morals and customs.

In the **field of Social Activities**, the government's policy is to intensify the relief and welfare program, especially for the refugees, war victims... to help and develop the charity agencies to enable them to operate more efficiently. However, our most pressing need is to eradicate our social plagues, to build a healthy society and lastly to create a social security system as provided by the Constitution.
In the field of Health, we need to develop public health, particularly public hygiene and preventive medicine to protect the people's health. Medical treatment should also be intensified so that even the remote areas can also benefit.

In the field of Youth, the Government will try to build a strong and healthy young generation dedicated to the Nation. The physical education and sport programs, the youth-serving-nation movements will be strongly promoted, and the Government will give basic military training to the young people to prepare for their future civic obligations.

Lastly, with regard to the Labor Class, the policy of the Government is to assist them, help them acquire property, create equal opportunities for them to advance in their profession, and establish compulsory insurance to assure their safety.

Besides, the Government must also create mutual understanding between the employers and the employees, and try to reconcile the interests of both parties in order to avoid regrettable conflicts.

Within the framework of the policy I have just outlined, we must review the economic situation in order to clearly draw an appropriate program of action.

The present economic situation stems from the past years continuing events caused by the communist aggression. Our resulting military efforts together with the presence of large numbers of Allied Forces have tilted the national balance of supply and demand.

The strong measures taken by the Government in the middle of 1966 have gradually stabilized the economic situation. In the past year, the increase of the consumer price index in Saigon was 31%, compared with 62% in 1966 and 35% in 1965, due mainly to the price increase of locally produced foods and the difficulty in transport caused by communist sabotage.
The abundant import of commodities during 1967 has been one of the most decisive factors contributing to the price stabilization. This volume of imported goods has permitted the absorption of a large part of the purchasing power, consequently, the money supply has decreased to 28% during 1967, compared with 37% during 1966 and 74% during 1965.

The export sector, on the contrary, sharply decreased. Export of rice was completely suspended, and simultaneously the value of 1967 rubber export has decreased by 50%, compared with 1966. In agriculture, the war has created many difficulties in the implementation of the Government's programs. In the past three years, more than a million people were forced to abandon their lands and seek refuge in resettlement centers and new life hamlets. Consequently, up to the end of 1967, there was a decrease of 300,000 ha. in the rice growing areas. In the period from 1964 to 1966, the rice production has decreased by 17%, and Vietnam has had to import more than 700,000 metric tons of rice in 1967.

However, despite the reduction in the size of cultivated areas, thanks to relentless efforts of the Government to induce the farmers into increasing their production by providing them with fertilizers, farm machinery, new seeds, ..., the 1967-68 crop is estimated to increase by 3% over the 1966-67 crop.

In order to provide farmers with operating funds, the Agricultural Development Bank has loaned more than 1.5 billion piasters to 100,000 farmers, up to the end of 1967.

In the field of land reform, progress was not satisfactory. Out of a total of over 1,000,000 hectares of various lands to be distributed, only 270,000 hectares have actually been distributed to the peasants, which is only 23%. Especially out of a total over 200,000 hectares of land bought from French, only 4,000 have been distributed, that is less than 2% of the total.

Industry and craft have obtained more encouraging results than Agriculture. The volume of manufactured goods has increased by 40% from 1964 to 1967. This is in part due to the considerably growing investments. In 1967, 43 enterprises with a total capital of 7, 1 billion piasters were granted investment privileges, compared with 24 firms with a total investment of 0.9 billion in 1966, an increase of more than 7 times in one year.
In the field of Public Works and Communications, the war has caused a great number of people to leave the countryside and to resettle in the cities, thus creating many unsolvable problems such as housing, roads, water, electricity and other public facilities. The supply of the Capital and the cities encountered many difficulties due to the sabotage of the roads. The air transport sector therefore had to develop rapidly.

In the context of the war, the economic development although heavily hindered had shown many signs of progress in the past years. Economic aid from more than 40 nations of the Free World has greatly helped us in building our Nation. From 1964 to 1967, total aid was estimated at 1,829 million US dollars, of which 1,778 were from the United States. This valuable aid coupled with the efforts of our people have brought to our real gross national product an increase of 11% from 1964 to 1966, and possibly an increase of 4% in 1967. The living standard of the Vietnamese people, in general, though not high, is comparable to that of other underdeveloped countries in South East-Asia.

The actual annual per capita income is estimated at 15,500 piasters (130 US Dollars).

In a society perturbed by war, the distribution of income is indeed not equitable. The majority of the people living on agriculture in the countryside, has suffered many prejudices on account of communist sabotage, while a minority pertaining to the service producing sector in cities and towns enjoyed prosperity. This has brought about a clear-cut disparity between the affluent life in the city and the austere life in the rural areas.

However, the war cannot last indefinitely. The Government not only is actively implementing a program to revive the agricultural sector but also is currently setting up long range development programs. In that connection, the Post-war Planning Group created in February of 1967 has recommended to the Government preliminary programs to develop the National Economy and to stabilize the Society in the postwar years.

Though the results obtained during last year have been encouraging, the Government foresees a difficult economic situation for 1968.
According to our preliminary estimates, the inflationary gap for 1968 will be about 27 billion piasters, increasing by 50%, compared with last year. Thus, after being temporarily curbed, the inflation will continue its growing trend this year.

In brief, the actual economy still faces many problems created by the war and the state of underdevelopment, but we will be able to overcome them if we understand the problem clearly and are determined to accept the required discipline to mobilize and fully use all the nation's potentialities. Only then, can we hope to stop the inflation which is ruining our nation's financial resources, and to soon bring our national economy out of its state of underdevelopment.

In order to cope with the economic problems listed above, the Government's program of action in 1968 will be aimed at regularizing the supply, controlling the inflation pressure to preserve the people's living standard, and concurrently realize the required investments to set up the foundation for the postwar economic development.

In this program, the Ministry of Economy will allow to import all kinds of goods without restriction in order to meet the demand, increase its control to stop all profiteering, regularize the trade between the rural areas and the cities and update the distribution of the staple products. Besides, long-range industrial planning will be carried out along with the guidance of the existing investment projects; priority is for industries which support the agriculture or which utilize the resources available in the country. Priority will be given in the first six months of this year for the completion of the following urgent tasks:

- simplify regulations and procedures of the import operations and profession;

- complete the census system of staple products in stock and regulate to economic information;

- abolish the unnecessary economic control checkpoints so as to speed the flow of goods;
- perfect the Cooperatives laws, and reform the management of cooperatives;

- review the operation of the General Supply Office;

- establish the investment policy;

- coordinate the management of governmental and mixed companies;

- complete the sale to the private sector of the following governmental companies stocks, with priority given to their personnel:
  - Vietnam Sugar Company;
  - Vietnam Textile Company (SICOVINA);
  - Companies seized by the Government.

The Ministry of Agriculture will push ahead the food production with its program to increase the cultivated areas and the productivity, to provide agricultural inputs, to simplify investment and credit procedures, to assure the revenue for the farmers. As for the land reform program, the Ministry will continue to distribute all the lands which remain to be distributed, such as expropriated lands, lands acquired from the French owners, Government owned lands, and lands of the Lands Development Centers.

To begin the above program, priority will be given to the realization of the following tasks for the first six months of 1968:

- plant 40,000 hectares with "Miracle Rice", a new seed which has an average yield 3 times the yield of ordinary seeds;

- import 330,000 metric tons of fertilizers, and 60,000 metric tons of corn for animal husbandry;

- produce 11 million vaccines to prevent and cure animal diseases;

- reform the role of the Agricultural Development Bank to help the tenants increase their productivity;
- undertake immediately the tasks fixed by the National Seminar on Land Reform of January 18th, 1968; especially distribute all the remaining expropriated lands, to write up decrees for distribution of 30,000 hectares of expropriated lands, to distribute the lands being cultivated by the refugees, and to distribute 40% of the total lands bought from the French.

In 1968, the Ministry of Public Works will implement a program to modernize and repair roads and bridges, to reinforce the My Thuan ferry, to reequip the zones which lack public facilities, build low-cost houses, increase the water and electricity supply to the people in the cities, carry out the rural electrification program and particularly continue the work on the My-Thuan bridge project.

The following urgent tasks will be completed by the end of July 1968:

- modernize 20km. of roads in the Gia Dinh chief town;

- complete the construction of the Binh Dien bridge, and 4 other bridges on NR No. 1 near Cam Ranh;

- increase the power production in the Capital of Saigon and in Chuong Thien, Long Khanh, Phuoc Le, Binh Tuy provinces and supply power to the Bien Hoa industrial zone;

- install water-plants in Phuoc Le and Truc Giang provinces and water supply system in the 4th and 8th precincts of Saigon;

- equip the deep wells at Vung Tau and Bao Loc to increase the drinking water supply;

- repair and maintain the Long Xuyen airport;

- build a civilian sector for Pleiku airport and a warehouse for Tan son Nhut airport.

The Ministry of Communication and Transportation will implement the following program for 1968:
- carry out the training program for all the people to use highways and respect the traffic code;

- increase public transportation facilities;

- reinforce and modernize the civil aviation installation, meteorological centers, reorganize postal delivery system, telephone network.

The emergency program of the Ministry of Communication and Transportation for the first six months of 1968 is the following:

- satisfy 100% of the requirements for air transportation, with regard to existing flights;

- inaugurate the flight between Saigon and Ba Xuyen;

- establish 3 additional postal stations, 20km. of telephone cable, distribute 7,000 telephone numbers to the population.

In 1968, the Ministry of Finance will increase its efforts to fight inflation by fully collecting all the existing taxes, increasing the revenues of the administrative agencies, and concurrently will encourage the people to cut their spendings and increase their saving.

In the first six months of 1968, the Ministry of Finance will carry out the following urgent tasks:

- amend the laws pertaining to Customs, income tax, business license tax, and registration tax;

- determine the status of foreign FX, clubs and foreign contractors operating in Vietnam;

- control the real estate tax, income tax, traffic tax, and super-rent tax;

- put an end to the sale of smuggled goods and collect the major back taxes;

- improve accounting and financial management of the public and mixed companies;
- increase interest rate in order to encourage the savings deposited at the various banks and treasury branches;

- establish the procedure for selling to private interests the stocks of the public and mixed companies.

In the area of Culture and Education, the activities have not yet attained the desirable standard. The shortage of teachers of schools and equipment still creates difficulties, meanwhile the number of students increases constantly every year.

In higher education, every university teacher has to look after two hundred students, compared to ten or twenty students in the other modern countries.

The governmental high schools can accommodate 145,000 students, a very small number among the present estimated two million elementary school boys and girls.

At the elementary level, only the supply of 30,000 more classrooms and 35,000 more teachers can fulfill the demand of nearly 3 million school age children.

While the nation needs a great number of technicians, the technical and vocational school only occupies a very modest position.

Another great weakness roots from the lack of organization and guidance in school children and students' activities.

In order to improve the above situation, the Ministry of Education in 1968 will concentrate its efforts in developing and building more schools, in training urgently more teachers in order to fulfill the requirement of the 1968-1969 school year. The 1968 program of the Ministry of Education also consists in transferring a great number of universities out of the Capital, in building an experimental farm for the agricultural educational branch, in creating 4 new technical schools to increase the present technical students from 11,000 to 15,000. Other teacher's schools as well as secondary and elementary schools and class-rooms will be built and completed.
As for the activities from now until the end of July 1968, the urgent following tasks will be carried out:

- A large site in Thu Duc will be purchased for the Construction of new buildings for the University of Saigon.

- Major repairs and up-graded maintenance will be effected in the University of Hue.

- New buildings will be completed at the University of Can Tho.

- An experimental farm for the agricultural educational branch will be built at the Thu Duc Campus.

- The noon-classes in the congested districts of the Capital such as Ban Co, Phan dinh Phung, Tran hung Dao, will be suppressed.

- 219 classrooms for the refugee children as well as a great number of classrooms now in different New Life Hamlets will be completed.

- A special training course for 500 junior high school teachers will be organized.

In the field of Youth, besides the school children and young students, the reminder is not without importance. These youngsters lead a very individual life, having no guidance, no constructive activities. That is the reason why the Directorate of Youth is greatly concerned about channelling the energies of young people into constructive nation building activities and instituting a program of developing competitive athletic leagues in order to turn out a young, strong, disciplined, and responsible generation. In addition, the Directorate of Youth will also train a great number of instructors in Physical Education and athletic competitions in order to support and coordinate the efforts of the School and Youth Activities office.

Especially from now until the end of July the Directorate of Youth will carry out the following tasks:
- building an international swimming pool in the capital.
- establishing a Youth Guidance Activities Center at Saigon and Hue.
- establishing a camping center at Vung Tau, Dalat, Hue.
- developing youth clubs throughout 14 provinces.
- building gymnasiums at 4 secondary schools in the Capital.

In the field of Social Welfare, the most important problem is that of Refugees. By the end of 1967, the number of the refugees exceeds 2 million. Out of this number, more than 1 million have been resettled, 800,000 are temporarily sheltered,

Besides the refugees, there are also the war victims and the victims of natural disasters who need the help of the Government.

In order to solve these problems, the Ministry of Refugees and Social Welfare will institute the following program for 1960:

As for the Refugee program, the Government will provide aid for the resettlement of 30,000 families who are now temporarily sheltered, will create new refugee hamlets and continue to develop the actual refugees' hamlets, will push on the special programs at the refugees' centers such as propaganda, information and recreation program, health and education program.

As for the social assistance, the Government will improve its assistance program for the war victims and the victims of natural disasters for the poor, the old and the disabled persons, will create and subsidize social agencies such as orphanages, kindergarten, homes for the aged, low-cost restaurants.

To improve the living standard and to eradicate the social plagues, the Government will start a campaign for community
health, will establish a community development program, build new low-cost housing for the poor people in those provinces most affected by the destruction of war. The government will also plan the building of low renting-rate apartments for the poor people working in the Capital.

Besides, the Ministry of Social Welfare will also strive to suppress the social plagues such as mendicity, juvenile delinquency, prostitution, particularly in the Capital. Especially from now until the end of July, the urgent following tasks will be carried out:

- 100 refugees' centers will be built.

- Public utilities will be provided for 350 existing centers and 100 new centers.

In the area of Health, in spite of the Government's efforts, the ratio is not yet 2 beds for every thousand inhabitants. The total number of doctors is 250, which means one doctor for 64,000 inhabitants. While there are still very few health technicians and the national demand is increasing constantly, the supply of trained personnel is slow and very insufficient.

The medical supply is barely sufficient, thanks to the generous aid of our allied countries, but our means of evacuation of the wounded war victims are not adequate. The general level of Public Health is not very optimistic because of the lack of technicians in this area, lack of security in the rural regions and also because of the rather new aspects of this branch.

In order to cope with the above situation, the government plan for 1968 is:

- Hospital improvement program by repairing and providing more construction commodities and facilities in the too small and too old hospitals, by building a new medical training center with 600 beds at the site of the former Nguyen van Hoc Hospital, by completing the construction of a 500-bed-hospital at Danang.
- Expansion of preventive medicine by establishing an National Institute for Public Health, by concentrating special efforts on different projects for controlling communicable diseases.

As for the rural medicine, the Ministry will practice the "oil spread" policy by increasing "mobile health teams" first in the secure regions, then in the less secure ones, then right in the embattled areas.

These teams will also be backed by new waves of district trainees, by the improved system of medical supply, by the construction of new commodities at different districts and hamlets.

From the various projects of the 1968 program, the following tasks will be carried out and fulfilled in six months:

- Construction and putting in operation 4 "T.B." (Tuberculosis) hospitals at Saigon and Khanh Hoa.

- Reorganization of 22 hospitals in the Capital and provinces.

- Expansion of the immunization campaigns against the communicable and infectious diseases.

- Establishing the National Institute for Public Health.

The war veterans, including the discharged soldiers, the war invalids, their dependents such as wives, children, parents, constitute a real problem to the Government. Most of them are not well-to-do or highly educated and have no special profession to earn their own living. From 1961 until now the number of dead soldiers exceeds 60,000. As a result, 25,000 widows and more than 100,000 orphans are in need.

In addition, more than 30,000 soldiers have been discharged, among them 18,000 are receiving disabled's allowance, 10,000 are receiving retirement pension or discharge pay from 1964 to 1967.
Although the Government has from 1964 to 1967 thrice increased the retirement pension and compensation benefits, the amount of the allowance cannot keep up with the present cost of living.

In order to improve the above situation, the Ministry will focus its attention on:

- promptly providing retirement pension and compensation benefits.
- educating the orphans of our dead soldiers.
- expanding the vocational training and rehabilitation program.
- establishing two orthopedic centers in Danang, Qui Nhon, renovating the Cantho center, and creating a Physical Rehabilitation Center, a Blind Rehabilitation Center in Saigon.

Besides, the Ministry for Veterans Affairs will plan to build the Wards of the Nation School at Danang, to expand the Vocational Training Program at the Wards of the Nation School in Saigon, to create more classrooms at different schools in Hue, Can Tho and Da Nang. In the goal of vocational training for war veterans, the Ministry will renovate the Vocational Training Center at Cat Lai with 500 trainees in each session. The Ministry will at the same time improve the job placement service and coordinate with our allied organizations in order to establish other Vocational Training classes outside the above mentioned centers.

Especially in the first six months, the following tasks will be carried out:

- Study the various measures aiming at increasing the amount of retirement pension and compensation benefits in accordance with the present cost of living, and thus raising the living standard of the war veterans.
- Begin to pay the retirement pension to the Regional Forces
and other compensation benefits to the Popular Forces
and the Revolutionary Development Cadres.

- Expand the vocational training classes for the
discharged veterans.

- Improve their production agencies and establish an
Institute for the Wards of the Nation.

The last important problem is Labor. The rapid expansion
of the labor unions has caused some draw backs in their
organization and management. Since there is not yet a
sincere cooperation between the employers and employees,
the labor conflicts are not always easily settled in the
spirit of the respect of Law.

The war not only causes the lack of skilled labor but it
also brings about an increased number of foreign workers.
To cope with this situation, the Government program will
aim at training more labor union cadres, at training the
workers in their profession to improve their skill, at
increasing the control of factories on matters of hygiene,
health, work safety, and at completing and making public
the labor laws.

Especially during the first 6 months of 1968, the following
urgent tasks will be performed:

- follow up the establishment of a health record program
and the physical examination before recruitment and
periodically thereafter for every worker.

- study the creation of Health and Work Safety Committees
in the factories employing 50 or more workers.

- complete the election of over 3,000 workers' delegates,
organize seminars and training courses on industrial
management relations, assisting employers and employees, help
the employers and employees write up industrial contracts.

- create 2 more placement offices in Da Nang and Bien Hoa
and some mobile placement services, organize 14 vocational
training courses in Saigon and in 10 other provinces,