CASES IN VIETNAMESE ADMINISTRATION

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and the NIA Case Development Seminar

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Preface to the
Vietnam Studies Publications

In 1955 Michigan State University began a program of technical assistance to the Government of South Vietnam, supported by a contract with the predecessor agency of the United States Agency for International Development. Through this program Michigan State University provided technical advisors in the broad field of public administration, including police administration. In recent years, most of this advisory service has been devoted to strengthening the teaching, in-service training, and research programs of the National Institute of Administration, an agency in Saigon created by the Vietnamese Government to strengthen the public service generally.

Members of the Michigan State University group have included specialists in the field of public administration, police administration, economics, anthropology, psychology, sociology and other special fields. In the course of over seven years of technical cooperation in Vietnam, members of the Michigan State University group have contributed a large number of surveys and studies of various types, training documents, and reports containing recommendations on various administrative problems.

This document is one of many prepared in Vietnam as a part of the work of the Michigan State University group. It was written for a specific purpose and under particular circumstances and should be read with these qualifications in mind. It is being reproduced and made available at this time for the use of the Agency for International Development, and is not intended for general circulation. We suggest that this study be used with the understanding that additional materials are available from the earlier MSUG studies which appeared in mimeographed form, and that it fits into the broad context of a technical assistance program as part of the U. S. foreign aid program in Vietnam.
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Appendix: Suggested Questions for Classroom Use  

Acknowledgements

Most of these cases were gathered through the cooperative efforts of the Case Development Seminar established at the National Institute of Administration on January 22, 1958, with the support of Michigan State University funds. Members of this group who have faithfully contributed to this enterprise are Mr. Pham Dang Sum, Miss Phan thi Ngoc Quoi, Mrs. L. T. Bach Lan, Mr. Tran Qui Than, Mr. Pho Ba Long, Mr. Tran Ba Thach, Mr. Buu Khaí, Mrs. Phung Ngoc Cam, Mr. Bui van Hoat, Mrs. Nguyen Thai, Mrs. Nguyen thi Nghiem, Mr. Du Phuoc Long, Mr. Tran Ngoc Phat, and Mr. Bui Quang Khanh; and Professor Joseph J. Zasloff and Mr. Tham Huy Trinh of the Faculty of Law, University of Saigon. I am especially grateful to Mr. Pham Dang Sum, who translated the introduction and took editorial responsibility for the Vietnamese versions of many of the cases in this volume. Mr. Dang Duc Khoi translated the essay “The Teacher.”

Professor Zasloff, Smith-Mundt Professor of Political Science at the Faculty of Law, was the first professor in Saigon to introduce the case method of instruction systematically, using many of the cases in this volume. To him and his adventurous students I am grateful. I am also grateful to Professors Truong Ngoc Giau, Vu Uyen Van, Bui Quang An and Tran Van Dinh of the National Institute of Administration, who are now using or are planning to introduce the case method during 1959.
The development of these cases involved not only the weekly seminar meetings (62 of which were held by June 1, 1959, as we go to press), but many interviews with civil servants and members of the public. To those who freely gave their time and thought to supplying information and checking the facts relayed here, we are deeply grateful.

Mr. Nghiem Dang, Deputy Director of the NIA, not only made valuable suggestions for case topics, but also aided in arranging interviews and in many other ways. His consistent support of our work has been most encouraging.

Three of the cases presented herein are adapted from American sources and reprinted by gracious permission of the publishers: "Indonesian Assignment" from Harold Stein, Ed., Public Administration and Policy Development, Harcourt, Brace & Co. and the Inter-University Case Program, 1952.

"Student Strike at an Asian University," adapted with permission of George Mannello, the author, from Bulletin of the American Association of University Professors, June, 1957.

"A Class Criticizes the Case Method," taken from Kenneth Andrews, Method of Teaching Human Relations and Administration, copyright 1953 by the President and Fellows of Harvard University

J.D.M.
Introduction

The case method of instruction is admirably suited to demonstrating both the uniqueness of a nation's administrative experiences and the universality of the fundamental problems of government.

There have been serious studies of administrative activities in many times and places, but thus far, few universal principles of administration have been discovered beyond the most obvious rules of human relations. Managerial skill seems to require more than a knowledge of the few principles that can be taught with certainty. The administrator must understand the exceptions, the corollaries, and sometimes the inappropriateness of the folklore of administration as it has developed in his nation's traditions.

It is said that the life of the administrator is composed more of action than of reflection. But in most cases, such actions involve a special analytical process known as decision-making. The administrator has to apply rules of law or administrative regulations to special cases; he must allocate and assign resources for the accomplishment of given tasks, and prepare staff papers, recommendations, programs, orders, exemptions, and explanations. He must be capable of creating and adhering to a routine, yet be prepared on occasion to resolve complex personal tensions and conflicts within the administrative apparatus.

These processes have been examined thoughtfully and repeatedly in the hope of discovering "principles" or "elements" of administration. As a result of these labors, scholars and teachers have presented the administrator with all kinds of advice, ranging from Confucian concep-
tions of the role of the mandarin to Gulick's precise administrative rules and Simon's criticisms of them. Experience has not dealt kindly with the theoreticians of administration, however. The more firmly the rules are stated, and the more neatly they are arranged in Cartesian geometric patterns, the surer is their eventual collapse. A student of the history of administrative "sciences" is almost driven to an existentialist rejection of everything except concrete and present experience. In practice as well as philosophy, experience in administration is more durable than theories and principles. Axioms that do not seem to conform to the "common sense" of a situation tend to be ignored in practice, however sacrosanct their authority.

What can take the place of axioms, then, to serve as precepts for administrative decision-making? The administrator relies upon what he calls "judgment." But "judgment" is too obscure a concept to be cited to serious students as a standard for administration. It is often a product of fragmentary or incompletely examined personal experience. It carries a mystique of its own that is often incommunicable. It constantly threatens to deteriorate into individual caprice, and there is sometimes no way of preventing the degeneration of "judgment" into petty "despotism." The question remains, then: How can individual judgment be developed in such a way as to provide a responsible basis for decision-making?

The effort to rationalize and to standardize "judgment," to give it transferability and precision in content, is found wherever public administration has become a subject of academic study. The British approach, like that of the traditional Chinese, was to offer civil servants a literary, historical, and philosophical education designed to develop a class of well-rounded, well-informed and well-intentioned administrators. In contrast, the French and Germans have tended to train their civil servants by way of the law, so that they are capable of making fine distinctions in analysis. This teaches them to proceed logically to the resolution of problems of government and to regard administration as a politically neutral skill in interpreting laws and decrees. The current approach in the United States, on the other hand, has reflected the preoccupation of American social scientists with "behavior." It rests upon the observation of the bureaucracy at work, the examination of the decision-making process, and the definition of principles and hypotheses based on the pragmatic test of what "works" and what "doesn't" in the management of public affairs.

The case method of teaching is an expression of behaviorism in the social sciences and pragmatism in philosophy. It is almost universally used
in the study of management in the United States, although it is by no means the only method used in either the classrooms or the research bureaus of American schools of public administration.

Actually all of the major approaches described above are simultaneously used in most modern nations now. Civil servants everywhere are expected to have a good general education, some knowledge of law, and a capacity for practical judgment based on direct and indirect observation. Even the stoutest advocates of the case method concede that it is not a substitute for learning; it is only a means of tempering it with wisdom.

A case is essentially the history of a single administrative decision, action, or operation. It is usually not fictional, although in its presentation it often seeks to retain elements of immediacy and drama so that the reader may better identify himself with the individuals or organizations involved. Nor is it a complete record of events: it selects the relevant, and therefore gives a more streamlined, orderly presentation of facts than is generally available to an administrator in the midst of the fray. It is concerned more with performance than legality, action than background, decisions than routines.

The present series of cases has been developed under the auspices of the National Institute of Administration, and with the cooperation of Vietnamese Government agencies at all levels and of certain technicians at the United States Operations Mission. Wherever members of the Case Development Seminar have gone, the way has been paved for them by letters of introduction from the Presidency or from the ministries concerned. Province chiefs and civil servants at all levels, up to and including ministers of state, have submitted cheerfully and sometimes repeatedly to interviews, and they have generously opened their official files to our scrutiny. Often they have personally reviewed the final products, the cases presented in this volume, and they have as often made helpful suggestions in the interests of completeness and accuracy. Many have expressed enthusiasm over the project, and have volunteered additional case materials which are now being followed up.

It cannot be said that the Vietnamese Government official is indifferent to the need for greater analysis of the role of administration in building the Republic. The experiences of the Case Development Seminar suggest that the arrogant complacency of the mandarin and the haughty superiority of the colonial administrator are no longer—if they ever were—the prevailing attitudes of the higher civil servants in Vietnam. Officials, being human, are not always eager to review their errors in public; but they are often quite prepared to review the recent
past, to explain their part in it, and to admit the possibility that certain of their decisions would not be made the same way if a similar situation presented itself in the future. And what they have learned from their experiences can be in part transmitted to any reader who is willing to participate vicariously in the incidents recounted here.

And yet cases are not presented as either models of perfection or glaring examples of faults in administration. They simply describe what happened, usually from several points of view. Where possible, enough information is presented to enable students to play the roles performed by the original protagonists in the case, to recreate the different frames of mind then current, and to understand the points of view that are represented. Some of these cases can almost be dramatized in the classroom, with arguments rehearsed, alternative courses of action weighed, and decisions made once more and tested in the light of their probable results. Other cases may be used simply to provide background reading or to illustrate an assigned topic. Sometimes several entire class sessions can be devoted to student discussions and debates over the questions suggested at the end of this volume or others posed by the professor; sometimes the professor himself may prefer to discourse on a case to illuminate its meaning for his subject; again, sometimes written analyses and reports may be required to insure that each student can properly apply the principles that may be involved. The usefulness of the case approach to administration is limited only by the resourcefulness and originality of the professors and the students.

There are no "right answers" provided in these cases: in them, as in administration itself, the ultimate correctness of a decision must be ascertained in terms of its results, as weighed in the professional judgment of the participants and the observers of the event. The professor has no more information about a case than the students have. His claim to preside over the discussion is based upon his powers of analysis, his judgment, and his maturity and experience.

Two essays have been included to illustrate the philosophy and use of the case method. One of these, "The Teachers," is in the form of a mythical Socratic dialogue explaining the dialectics of the case method and discussing its limitations and special virtues. The other, "A Class Criticizes the Case Method," describes an actual—and typical—incident in which a group of students express their frustration at being exposed to the case method after a lifetime of instruction by more traditional processes. Their increased appreciation of the subtleties and advantages of the method may be inferred from the professor's handling of the
situation. Both of these should be carefully read by students who feel confused or discouraged after their first exposure to a case.

There are many possible ways of classifying the cases in the present series. They are arranged in this volume roughly in order of increasing complexity, although an effort has been made to group them according to subject matter as well. Only two cases (“Employee Suggestion Plan at STANVAC” and “The ‘Monkey-Baby’ Story”) concern private enterprises primarily, although several others involve cooperatives or competition with or among private enterprises (“Reorganizing the Fishing Cooperative on Phu Quoc Island”; “Activating the Nuoc Mam Producers’ Cooperative”; “Exporting Fish from the Ca Mau Cooperative”; “Competition at the Cai Rang Cooperative Rice Mill”; and “Planning the Municipal Market at Dalat”). If the cases were classified according to governmental activities, a different arrangement would be indicated, somewhat as follows:

**Agriculture and Fisheries:** “Intervention of a District Chief”; “Technician’s Dilemma: The Kenaf Fiber Case”; “Competition at the Cai Rang Cooperative Rice Mill”; “The Cai San Tractor Loans”; “10,000 Dike Builders: Community Project at Ha Lien”; “Resettling the Highland Tribes at Binh Tuy”; “Reorganizing the Fishing Cooperative at Phu Quoc Island”; “Activating the Nuoc Mam Producers’ Cooperative”; “Exporting Fish from the Ca Mau Cooperative.”

**Education:** “The Classroom-Laboratory Controversy”; “the Elementary School at Vinh Xuong”; “Developing In-Service Training Programs in Long Ah and Ba Xuyen Provinces.”


**Local Government:** “Intervention of a District Chief”; “The Cai San Tractor Loans”; “Boundary and Land Questions at Tan Mai Village”; “10,000 Dike Builders: Community Project at Ha Lien”; “Resettling the Highland Tribes at Binh Tuy”; “Planning the Municipal Market at
may be used repeatedly to illustrate different aspects of administration. Indeed, the more complex cases become more meaningful with repeated use, as the student becomes more familiar with the facts and their interrelationships.

Professors and students will perhaps find the questions appended at the end of this volume useful in preparing for classroom discussions, provided they realize that these questions are by no means exhaustive and that many other (and perhaps more important) questions are also posed by the cases. If the reader is sometimes confused by the sequence of events or the relationships presented in a case, he may find it convenient to prepare chronological tables or organization charts. Occasional outside reading or research may also be indicated to clarify obscure points.

A final methodological question remains to be discussed before the cases can be left to speak for themselves. What do administrative cases of this type "prove"? Can the amassing of case upon case provide data from which a science of administration (in the sense of hypotheses, verifications, and laws) be developed? It must be conceded at once that neither these cases nor any similar collection can be demonstrably regarded as "typical." They do not represent in any statistical sense a "random sample": on the contrary, they contain a "built-in bias" because they were selected and developed largely as a result of accidents of opportunity, time, and interest. This may tend to produce a cumulative impression of Vietnamese administration more sanguine than many of its close observers would be prepared to accept. Important factors of Vietnamese administration may have been entirely overlooked in these samples; certainly a number of less successful examples of management have been omitted as being relatively fruitless for classroom use. Some of the cases may seem to be little more than administrative vignettes, others perhaps more detailed than appears necessary (depending upon the use to which they are put). No general theory of Vietnamese administration preceded or governed the selection and preparation of these cases, which are among the first descriptive studies ever made of administration in this region. Moreover, important political problems involving the uses and abuses of power and the competition for position have been deliberately passed over in selecting and developing these cases. In any event, even apart from these defects, it cannot be assumed that the mere accumulation of cases, however numerous and well presented, will eventually produce the logic and order of science. Man has no basis—given the existence of free will—for assuming the universe of social behavior to be that orderly (except in a global statistical sense of little practical use to the administrator facing a unique situation). At any rate, no such science has
developed in countries where the case method has been in use for decades, and it is probable that a science could be developed out of examples of this kind only in the most impressionistic sense.

Nevertheless, our collective knowledge of practical administration and theoretical social science is advanced by the study of such experiences, and individual judgment can be immeasurably enhanced by it. It may also be predicted that as the techniques of case gathering and the acceptability of the case method itself become more widespread, other subtler and more sensitive areas of Vietnamese Government will be successfully invaded by the case method, and more knowledge about the mysteries of political science can be placed at the disposal of the public servant.

In short, the case method by itself can accomplish little. Only its imaginative, persistent development and practice can bring it to its full usefulness in the study and teaching of public administration.
PART I

VIETNAMESE ADMINISTRATIVE CASES
In the southern part of Central Vietnam an immense area of uncultivated land stretches out along National Route No. 1. Sea water has periodically invaded these parts for many generations, sometimes rendering them untillable during the rainy season, while during the dry season they constitute a useless desert. To protect its people against these extremes of nature, the government has built many dikes against the sea and dams to divert fresh water to the farmlands.

Tu Bong, located in Van Ninh District, Khanh Hoa Province, is 70 kilometers from Nha Trang on National Route No. 1. Although rarely invaded by the sea, it is often threatened by drought. Its farming families live comfortably on an average of 3 to 5 hectares each of fertile rice fields. In good seasons a rice surplus can be produced for sale, but because of the long dry season the harvest has been more often bad than good. The drought sometimes lasts for months, during which time the River So, which flows through Tu Bong, is completely dry. A generation ago local citizens, under the direction of a Committee for Crop Protection, built a dam there to keep fresh water from flowing to the sea, and dug canals to conduct fresh water to their lands. Because the dam was improvised with meager finances and inadequate technical knowledge, it frequently needed repairs, and during the war it finally collapsed. In 1955, when peace returned, the people returned to their villages and requested the government to build a new concrete dam. Because of other national priorities this request had to be denied.
In June 1955, Mr. Tran Ngoc Nghi, newly appointed chief of the district, forwarded a request for assistance in building this dam to the province chief and to the chief of the newly established Rural Engineering Department of that sector. The latter, Mr. Nguyen Cong Huan, an agricultural engineer, was known to be very enthusiastic about community work projects. He had had an opportunity to study agricultural community projects in other parts of the world. As head of the Rural Engineering Service in Khanh Hoa and Binh Thuan, he had developed many well-known agricultural projects, including the Ha Lien Dike and the Hoa Huynh and Ham Rong Dams. Each of the projects he supervised required him to visit the area personally and prepare plans himself for submission to the Department of Agriculture in Saigon.

PLANNING THE DAP SO DAM CONSTRUCTION

After a preliminary visit, Mr. Huan prepared a general plan designed to provide Van Long Hamlet and its neighbors (District of Van Ninh, Province of Khanh Hoa) with a complete system of irrigation. It included (a) a large dam (the Dap So Dam) at the mouth of the River So; (b) an aqueduct which would distribute the water to the canals; and (c) four canals through which the water would flow to the rice fields. The Dap So Dam would prevent river water from flowing unused to the sea by storing it in a deep reservoir, which in turn would irrigate nearby rice lands during the dry season. It was to be erected of stones on the site of the old dam, 10 meters below the mouth of the river, and was to be 40 meters long and 1 meter wide. The foundation was to rest on numerous bamboo pilings 3 meters long and 10 centimeters in diameter, brought in from Phu Yen, 75 kilometers from Ninh Hoa and 30 kilometers from the location of the dam. The stone aqueduct, 10 meters long, was to be divided into two channels. One of these was to be 2 meters wide and 1.20 meters high, the other 1 meter wide and 1.30 meters high. This system would benefit 14 hamlets, irrigating a total of 2,150 hectares of rice fields. The four canals would total 21 kilometers in length, including Canal So, Canal Long Hoa, Canal Nhan Tho, and Canal Tien Ninh. The first three of these were already in existence and required only to be enlarged and deepened. The fourth, 5 kilometers in length, was still to be excavated.

The total construction costs by private firms would be at least 1,750,000 piasters for materials and labor. But in view of Khanh Hoa's

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1Mr. Huan was a descendant of Nguyen-Cong-Tru, a famous pioneer who lived during the dynasties of Minh-Mang and Thieu-Trī (19th Century).
2See "10,000 Dike-Builders at Ha-Lien," elsewhere in this volume.
3The official rate of exchange equates 35 piasters to the dollar. The "free-market" rate is about 72 to the dollar.
enthusiastic public response to the proposal, Mr. Nguyen Cong Huan decided to assign only the technical phases of the project to private contractors under government financing, including the building of the dam and the water pipe, leaving the remainder of the construction to be performed by volunteer youth organizations in the district as a community project. All operations would take place under government direction, with the district chief designated to evaluate the work and authorize payment. The Department of Rural Engineering would render technical advice to the district chief, who was to be responsible for general supervision of the project. Local rice growers would be responsible for maintenance and repairs.

In proposing his project to the Department of Agriculture, Mr. Huan asked for 750,000 piasters from American aid funds for the following purposes:

1. Construction of the dam 591,125 piasters
2. Construction of the pipe 85,094 "
3. Construction of stone locks at the opening of each canal 46,800 "
4. Emergency funds 26,981 "

Total 750,000

In the meantime, the province chief named the following committee to direct the work: the district chief as representative of the local government; representatives from the General Directorate of Budget and Foreign Aid and the Department of Rural Engineering for the sector; and representatives of the rice growers.

After receiving the approval of the province chief the project was transmitted to the Directorate of Budget and Foreign Aid in Saigon on May 2, 1957, which approved it in October 1957. To express their satisfaction, the inhabitants of the region on their own initiative built a 5-kilometer road through the rice fields to facilitate the transportation of materials from the national road to the site. This task required 7,000 men working for 20 days under the district chief's guidance.

PROPOSALS FROM THE COMMITTEE FOR CROP PROTECTION

In early November 1957, Van Ninh District Chief Nghi was officially informed that the construction of the dam would begin in a month. District Chief Nghi came from a family of agriculturists, and was young and popular among the farmers. He had served as district chief since June 1955, after working in a number of administrative positions at the province headquarters. As soon as he received the completed dossier,
he called in representatives of youth organizations, rice growers, senior citizens, and hamlet officials to advise them on the project.

As Mr. Nghi summarized the events that followed, "I wanted everyone to understand the usefulness and importance of the work we were about to tackle. I explained to the local representatives that since everyone would benefit from the project, I hoped everyone would work enthusiastically for it. I explained that the dam would keep the water from flowing to the sea, the canals would conduct the water into rice fields regularly, and that from now on we would no longer have to be afraid of drought or of bad harvests. More than 2,000 hectares of rice fields would be protected and the double harvest would eliminate a hunger that has haunted 10,000 of our people for generations. Moreover, 200 additional hectares of land would be irrigated once Tien Ninh canal was completed. I asked them to express their opinions freely, explaining that although I was responsible for the project I would welcome ideas from any group and especially those of the agriculturists because they were the ones who would take the direct responsibility for maintaining and repairing the dam and canals."

A long-standing committee called *Huong Yen* or Committee for Crop Protection, composed of planters and experienced proprietors, met frequently to discuss local problems. Its members were elected to coordinate all services relating to agriculture, participating in the selection of irrigation pump operators, guards, canal workers, and others. When the Dap So Dam project was brought before it, the committee made two suggestions. The first dealt with the location of the dam, which they proposed moving 15 meters below the old site because the current was weaker there and because this would make it possible to enlarge the capacity of the reservoir above the dam. The new location of the dam would not change its physical aspect, and therefore the cost in materials and labor would remain the same. The second suggestion dealt with the wooden pilings to be used below the dam foundations. According to the plan drawn by Mr. Huan, bamboo pilings 5 inches in diameter and 3 yards long would be brought from Phu Yen and pounded into the earth to provide a solid foundation. This was a common method, used in many villages. But local experience had revealed that the bottom of the River So was stony in places. Under these conditions bamboo pilings would split if hammered to a depth greater than one yard. Moreover, in some places the river bottom was soft, and longer pilings might be necessary. The committee accordingly proposed to use lengths of *Danh Moc* wood, which was found wild in the forests near the proposed canals. This

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*A general term meaning De luxe timber.*
wood was very flexible, capable of withstanding the effects of long submersion, and not susceptible to splitting even under continued pounding. It could be cut in pieces of 4 or 5 yards, driven into the earth until it would not go farther, and cut off so that the rest could be used again. In this way less labor and materials would be necessary, yet the dam would be better built.

"I gave special consideration to this committee's proposals," recalled Mr. Nghi. "To my mind they were based on experience and were realistic; they would help us build a solid dam and a good system of irrigation. As the administrative head of the district, I thought it was my duty to achieve the assigned goal, which to the agricultural technicians was but one of many problems in the district. They would leave when the work was done, whereas I would live with the project. I felt I should do my best to devise ways of building a solid dam which would last as long as possible with a minimum of maintenance. The technician had many projects to design, and he had no opportunity to study the special characteristics of the regional soil and the local climate. In short, the committee seemed right; but I decided to check, anyway. I went to the River So to measure the strength of flow of water at different locations, and examine the nature of the soil at the bottom of the river. I consulted some of the older members of the committee in private. After this I decided that the use of pilings made of danh moc would save 10,000 piasters for other public uses.

THE DISTRICT CHIEF'S ALTERNATIVES

"My problem now was how to realize these suggestions. In my mind several possibilities appeared: to take the responsibility on myself to change the original plans; to discuss my opinion with the chief of the Rural Engineering Department for the sector, or with his representative; or to present my idea to the province chief and let him take the responsibility. It would not have been wise for me, I thought, to adopt the first alternative, though I could do so both as the government's representative and as the chairman of the committee responsible for the construction. I felt that the location of the dam was a technical problem, beyond my responsibilities and competence. As far as the pilings were concerned, however, this did not seem very important technically, but it would involve the financial aspects of the project. The funds reserved for buying bamboos would quite properly be used for cutting danh moc pilings. Even so, if I acted on my own responsibility my motives might be distrusted."
"The second alternative, to discuss the change with the chief of the Rural Engineering Service, would protect me from all responsibility. Everything would be fine if he would accept the proposals of the Committee for Crop Protection. On the other hand, if for fear of losing face he declined the suggestion, what could I do? This seemed to me the probable outcome, and it would still leave me having to decide whether to accept technical theories or real experience.

"The third alternative was to present all the suggestions to the province chief and wait for his decision. This would relieve me of all responsibility. It seemed to me that this was the best solution.

"I therefore went to the province chief. As it happened, that same day the province chief had learned that the Hoi Xuong Dam, built a few months earlier also under the supervision of engineer Huan in the Rural Engineering Service, had collapsed under the pressure of strong currents. Perhaps he was discouraged by that news; anyway, he told me to follow the proposals given by the Committee for Crop Protection if I could assure him that they would result in a better and more permanent dam.

"Although I could now start the project in accordance with the suggestion of the Committee for Crop Protection, as duly authorized by the province chief, I still thought it was wise to inform the local representative for the chief of the Rural Engineering Service of the changes. The latter, whose wife was a local inhabitant, gave his enthusiastic approval, but advised me to tell Mr. Huan. So when I saw him, I told him about the change in the position of the dam, which was a technical question on which it would be wise to consult him. I did not mention my meeting with the province chief. Mr. Huan, after a careful study, agreed to move the dam 15 yards below the location proposed in his plan. I thought it unnecessary to tell him about the change in the materials used for pilings, since his representative was informed of this. Moreover, these pilings would be covered by cement, and therefore would be inconspicuous. I was afraid that if I mentioned this change as well, Mr. Huan might resent the fact that two important parts of his plan were changed.

"The project finally began on December 6, 1957 and required two months. As everyone understood its usefulness they all contributed enthusiastically to it. Now and then Mr. Huan inspected the dam, but I do not know whether he was aware of the use of danh moc pilings or not; he never mentioned this to me. Our relations remained excellent. I myself am very happy that the project could be carried out according to the committee's idea. The Committee for Crop Protection worked hard, and encouraged the young participants to do likewise. They also helped the
contractors recruit numerous local workers who were loyal and efficient. Thanks to this, the dam and canals were carefully and quickly built; moreover, although the project was estimated at 750,000 piasters, only 723,000 were spent. The money we saved by using the *dahn moc* pilings could be used to make the reservoir deeper. In this way a larger volume can now be stored, and the flow of the stream, thus weakened, does little to ruin the dam. Thanks to the deepening of the reservoirs and thanks to the young people's efforts, the water level in the canal was raised from 70 centimeters to 1.30 meters in height, almost double the original plan.

"In the Ninh Hoa District everyone is proud of the Dap So Dam: while the provincial dams need to be repaired many times, Dap So Dam has not used a penny for repairs. Formerly the canals required about 80,000 piasters for repairs each year, but this is not necessary for the Dap So system. Even if the dry season lasts for months we have enough water for our fields. When the Dap So Dam was inaugurated on February 17, 1958, I felt an inner joy. I do not know whether another district chief would have acted as I did, but I feel grateful that God gave me the vision to find a way of making this decision for the benefit of our farmers."
National independence found Vietnamese budgetary and accounting procedures obsolescent, confusing, and inadequate to the needs of a modern state. During 1954, according to a Vietnamese Government study, nearly a tenth of all the statements prepared in departmental accounting offices had to be returned because of procedural errors arising from the complex and archaic methods in use. It was also difficult to control the regularity and continuity of expenditures. At the end of February 1957, for example, a single account had over 500 million piasters left unspent, with no one aware of its existence. All calculations had to be performed by hand, which made it impossible to prepare monthly budget statements or maintain current accounting. The national budget could not, in short, be reliably used as an instrument for programing the government's activities in conformity with the national needs.

The General Directorate of Budget and Foreign Aid was established on April, 24, 1957 by incorporating the Administration of Foreign Aid with the Budget Directorate and the Directorate of Obligations Control, all formerly of the Department of Finance. The new agency was placed in the Office of the President, and Mr. Vu Van Thai, former Administrator of Foreign Aid, was made its general director. Mr. Thai
was a French-trained engineer with a reputation as a dynamic and progressive administrator who was willing to make hard decisions and take the responsibility for their consequences. He was young, but he enjoyed the confidence of the President.

As a result of his experience as Administrator of Foreign Aid, he had already learned of the difficulties involved in the use of slow and inaccurate hand accounting methods which did not afford an adequate basis for managerial control. He had already begun to introduce mechanical accounting there, but the results were not as satisfactory as had been expected because the hand accounting method was still in use in most phases of the work and in other governmental agencies.

In June 1957 he decided to expand the accounting procedures of the Administration of Foreign Aid and introduce mechanized accounting throughout the entire national budget. This decision may be considered one of the most important in the history of Vietnamese budgeting. It involved changes both in procedure and basic accounting methods, and it aroused controversies which are still warmly debated.

The International Business Machines Company (IBM), which had subsidiaries both in France and Vietnam, was prepared to provide the necessary equipment and servicing. The Vietnamese branch had already been performing accounting services for large business and governmental operations in Vietnam, renting data processing equipment to any private or public users whose operations justified their use. After a study of the available equipment, Mr. Vu Van Thai decided to rent from the Saigon office of the company 4 perforators, 3 verifiers, 2 selectors, 1 reading machine, 2 tabulators, 2 adders, and the necessary copying machines, in addition to those already in use at the former Administration of Foreign Aid.

The use of the proposed accounting equipment would involve the preparation of “punch cards,” perforated in such a way as to permit sorting and classifying the information they contained. Additions and subtractions could be made instantaneously within any given classification. Accounts could thus be rendered current within a week after the end of each month; agencies could be given statements showing the balance of all appropriations, allotments, obligations, and expenditures, both for the total year to date, and for the previous month. For the first time, it would be possible for those concerned with budget planning to know accurately how much had been actually spent as well as how much had been appropriated in the previous year. Similarly, actual revenue collections for the previous fiscal year, by each source, could now be prepared. All this
information could be made available accurately and within weeks rather than months or even years, as before.

The introduction of mechanized accounting could also be the occasion for other innovations in budget procedure. First, uniform budgetary accounts could be introduced for all government agencies, following a logical and consistent structure. Second, by recording transactions promptly, completely, and accurately, overexpenditures of funds could be mechanically controlled. At any desired time, special tabulations could be run off showing the total appropriation for the year, the total released by allotment, the total obligations entered against the allotment, the unobligated balance, and the total liquidated obligations (i.e., completed transactions). Third, a new system of classifying the government's financial operations could be devised, showing how much had been spent during the last fiscal year, how much was currently being spent, and what expenditures were planned in the next fiscal year, according to each of the following categories:

1.) Functional use (for example, for health, education, welfare, agriculture, security, general government, defense, etc.).

2.) Economic character (for example, for capital investment uses, current operations, debt service, direct transfers to the private economy, etc.).

3.) Administrative organization responsible and accountable for the funds, in whose name the budget account had been set up (for example, the Education Department, NIA, etc.).

4.) Object of expenditure (for example, employee compensation, goods and services such as rent, telephone and postage, water and electricity, transportation, etc.).

These considerations convinced Mr. Thai of the value of introducing the new accounting procedures.

Mr. Thai was aware that the introduction of mechanized accounting machines to Vietnam, an unindustrialized country where the population was not accustomed to large installations of mechanized equipment, would encounter many obstacles. There was a shortage of technicians and accountants; except for Vu Van Thai himself and Le Van Kim, an engineer who had been a former technician in the French subsidiary of International Business Machines, there were no specialists available to the government except six newly trained machine operators at the former Administration of Foreign Aid. Moreover, the cost of machine rentals, electricity, the purchase of special forms, and the salaries of the 26
employees required to operate the equipment would cost nearly 400,000 piasters a month. It would also be necessary to deposit 1,570,769 piasters with the IBM Company and spend an additional 165,000 piasters per year for the training of additional technicians.

Resistance to the proposal was almost immediate. A high-ranking government official stated that it would be impractical and foolish to use mechanized accounting machines because they were too expensive in comparison with the volume of work involved. He compared the introduction of mechanical equipment in the Vietnamese budget to installing air-conditioners and telephones in a noodle cart. Moreover, some employees within the Directorate itself and accountants in various other departments objected to the change. The natural reaction against such a fundamental change was complicated in this case by fear on the part of government employees that their jobs might be forfeited to the new accounting machines. Others, who were not expecting unemployment, nevertheless resented the necessity for learning a new and possibly difficult technique. Mr. Vu Van Thai was aware of this resistance to the proposal, but was firm in his decision to proceed.

As a means of softening the effects of the innovation, one of Mr. Thai's assistants suggested that the equipment be introduced gradually. He argued that this would afford additional time for training technicians and would avoid or minimize fear of the new equipment. He suggested two possible means of introducing the techniques on a gradual basis. One was to use Saigon as a pilot center, by introducing mechanized accounting to the municipal budget for a two-year period during which the procedures would be perfected. It could later be determined whether or not it would be advisable to introduce these methods to the national budget. The second proposal was to introduce the machines in certain departments or activities of the government only, retaining traditional methods in the other functions or agencies during the trial period.

After considering these suggestions, Mr. Thai rejected them as too indecisive and tentative. He was in favor of a dramatic, almost revolutionary change. "I decided to introduce electronic accounting machines by a sudden process," Mr. Thai was quoted as having said, "because I wanted to create among bookkeepers and accountants a powerful psychological impetus to recognize the need for a complete change in working methods if they wished to remain in the government service. National administration must be reformed by decisive steps which give government employees an incentive to improve themselves as rapidly as possible.

1Noodle vendors in Vietnam use a portable stand resembling the popcorn wagons in use in the United States before the war.
Otherwise, the new method, by a slow and gradual process, would succumb to routines and to the power of inertia. Little by little old habits and customs would invade the new techniques and absorb them into the context of tradition, thus killing the reform and reducing our zeal. We must expect complaints and criticism, but the old method of national accounting is like the rotted fabric of an old dress: even mended it cannot render service much longer. We will have to make a new dress if we are not to expose our backs to the sun."

Having made this decision, Mr. Thai asked Mr. Kim to set up a training program for the new IBM technicians. Due to the highly technical nature of the work, only 6 employees could be trained each time for a period of 6 months. By March 1958, 18 technicians were qualified. A group of students from the National Institute of Administration was sent to the General Directorate of Budget and Foreign Aid for a month's apprenticeship, during which they classified the accounts in the 1957 budget under a new code system patterned after a standard system recommended by the United Nations. Although this arduous task required overtime work at night and during holidays, morale among the students remained high because they thought of themselves as pioneers contributing to a new and worthwhile government project.

A small brochure explaining the new method of budget execution and procedure was distributed to various government agencies so that they could prepare their own technicians for their part in the new system.

In spite of these efforts, the program continued to encounter criticisms. Many of these resulted from the alleged increase in the number of copies of forms required to accommodate the accounting procedures. Because of the coding needs of the keypunch equipment, some forms had to be prepared in 4 or 6 copies instead of 3. In addition to this problem, some discrepancies arose in the application of code numbers to similar items used in different departments. Uniform practices in coding among the different departments did not appear overnight. For example: Books purchased for the primary schools to be distributed as prizes were first classified as "gifts" in one agency and as "magazines for schools and government offices" in another. Per diem expenses were classified as "special expense" in one department, but listed under a different code in the General Directorate of Budget and Foreign Aid. Another problem arose out of the decision to prepare payrolls mechanically in the General Directorate rather than in individual departments. At first this resulted in a delay in the payment of civil servants, some departments receiving checks as late as the 20th rather than the 5th of the month. A final complaint centered around the charge that the concentration of accounting
functions in the General Directorate of Budget and Foreign Aid gave its director too much controlling power over the departments' activities.

These criticisms were taken in their stride by the members of the General Directorate. They explained that experience would eliminate coding errors; that the delay in payment of government employees had been only temporary; that the concentration of functions enabled the Directorate to render greater service to the departments who were interested in improving their managerial controls over expenditures; and that the Directorate was responsible to the President as well and could now offer him services necessary for intelligent budget planning for future years.

At the end of a year's operation, the General Directorate was able to point to time savings in accounting reports; readily available data on salaries and on the budget situation; and new personnel statistics resulting from mechanized processing of civil service census data. Government accountants had made a laudable effort to keep up with the new situation. Some of them had been promoted to a better position thanks to their initiative and suggestions made toward improving the new method. Mr. Thai pointed out that none of these advantages could have been demonstrated by a piecemeal introduction of the new system.

At the end of 1958, plans were under consideration for the installation of an enlarged electronic data processing center to service not only budgetary but also other government statistical functions. This would have required the outlay of many millions of piasters, and Mr. Thai began to consider how to apply the lessons from his previous experience to introducing this equally revolutionary managerial device.
For ten days Mr. Hoang Nguyen, Director of the Press Service at the Department of Information and Youth, had been waiting for the assignment that he received on the morning of February 24, 1959. A growing pile of newspaper clippings lay on his desk requesting departmental action in a matter under his jurisdiction; his recent social life had been filled with conversations about the irresponsibility of the press, mingled with speculations and doubts about the "story of the week"; and finally, ten days after the story had broken, the Secretary asked him to find an end for what he playfully called "this monkey business."

THE FACTS

The story originally appeared on the first page of the February 14th issue of Saigon Mol, the most popular, but not necessarily the most distinguished, of the Saigon daily newspapers. The story, in the sensational language of a reporter signing himself "Le Huong," told of an 11-year old girl from Tan Thuan Tay Village (Cao Lanh District, Kien Phong Province) who had been stolen by an "evil monkey" while walking with her parents through the woods. For nine years she had lived in a cave, tended and fed by the monkey. She had given birth to a child "with a human face and a monkey body" after three years. Although she had

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1Its 1959 claimed circulation of 55,000 was more than double that of the next three most popular newspapers, Dan Chung (24,000), Tieng Chuong (24,000), and Cach Mang Quoc Gia (22,000).
attempted to escape several times, not until she was twenty had she succeeded in eluding the vigilance of her captor by swimming to an old woman’s boat slowly moving downstream. By this time, the story continued, she had forgotten how to talk, but she managed to make herself understood, and eventually returned to her parents, to whom she related the story. Her neighbors were so inquisitive that after a short time she had run away again, leaving behind many credulous witnesses.

For four days this story ran serially in Saigon Mot. Readers began a lively debate over its authenticity, some comparing it to the ancient legends of To-Vu, the shepherd who had married a gorilla, and of Mac Dinh Chi, whose mother had lived with a monkey.

Rival newspapers soon attacked this “unbelievable” story and demanded an investigation. The second largest newspaper, Tieng Chuong, criticized the Saigon Mot for having published an unscientific story, and presented interviews with physicians and university professors denying the physiological possibility of sexual cohabitation between the different species. This, it continued, was an insult to mankind, an assault on the doctrine of personalism, and an offense against morality and religion. On February 26, 1959, Dan Chung wrote: “Saigon Mot has published certain stories tending to sensuality and obscenity which can only injure the morality of the younger generation. They are a reproach to Mrs. But Tra, who is the editor of Saigon Mot and the President of the Vietnamese Women’s Association, and who either purposely or innocently is suggesting to the youth of our land an immoral view of love.” Tieng Chuong, resuming the attack, concluded that the story was an example of irresponsible journalism designed to increase circulation, resembling earlier stories from the same source and other sales-stimulating “gimmicks.”

Gladly entering into the fray, Saigon Mot defended itself by quoting “Le Huong” as confirming the story and asserting that many witnesses at Cao Lanh had seen and talked to the girl. On February 19, Saigon Mot offered to publish complete verification and pictures “in a few days.” A number of “scientific works” were also cited (including Hilaire Cuny, L’hybridation homme-singe est-elle possible? relating a similar phenomenon described as having occurred in 1897), supposedly based on Darwin’s theory of evolution. Further “evidence” included a description of a “monkey man of Saigon” with a human face but hairy limbs.

A philosophical morality of Catholic origin espoused as an official doctrine by President Ngo Dinh Diem. Its principal tenet related to the value of the human person.

On June 16, 1956, that a woman in Nha Trang had given birth to a boy with a dog face, which, on investigation by other papers, proved false. On April 10, 1958, that the legs of a certain Miss Gan, who had been murdered by her employer, had been found on Cape St. Jacques. Miss Gan was found to be still living, and never to have visited Cape St. Jacques.

Including pictorial supplements and other devices which had succeeded in increasing sales from a reported 20,000 per day at the beginning of 1958 to a maximum of 80,000.
disrespect to the honor of womanhood was involved, Saigon Mol con-
cluded, since the girl was the innocent victim and "it was only the un-
known monkey whose honor was involved."

Saigon Mol's success in keeping the story in the newspapers by
these devices occasioned even more vigorous criticism from the other
newspapers. While Saigon Mol was printing pictures of monkeys and
extracts from books and articles about them, its principal rivals were
publishing cartoons of a fat and blowsy Editor But Tra at the Saigon
Mol office surrounded by laughing monkeys. Dan Chung showed a
picture of the "monkey man of Saigon" and confirmed that he was a
human being (citing the fact that many foreigners were hairier than he).
The managing editor of Saigon Mol, son of Mrs. But Tra, was quoted
in rival newspapers as stating that it was foolish to write only about
politics and art in the press, since the readers preferred more "extra-
ordinary subjects." He was said to have likened his readers to the
Long Tong fish, which is baited with dung. Serious newspapers, which
had heretofore remained aloof from the charges against Saigon Mol now
appealed to the government, and especially the Department of Informa-
tion and Youth, to investigate and report the facts. "Because of its obliga-
tions toward education and the dignity of womanhood," Tin Mol wrote,
"the government should require Saigon Mol to produce whatever docu-
ments it has." Ngon Luan pointed to the greater resources at the disposal
of the government, urging it to investigate and verify this story. In Its
issue of February 28, 1959, Cach Mang Quoc Gia, a semi-official journal,6
accused Saigon Mol of "obscurantism," "diverting the Vietnamese peo-
ple from their revolutionary struggle against Communism," and "dis-
honoring the Vietnamese press."

It was time for action.

THE OFFICIAL DECISION

Mr. Hoang Nguyen, on whose desk the problem rested, was a former
journalist himself. He had a reputation for fairness toward the press,
although his responsibilities as censor had compelled him to take drastic
action several times in the past. After discussing the matter with the
Secretary, he felt that the "monkey baby story" had no place on the
front pages of the Saigon newspapers. Both feared that the Communist
press north of the 17th parallel would exploit it to the detriment of the
government and people of South Vietnam. "As soon as the original story
was published," he stated, "I telephoned Mrs. But Tra to ask whether

6Journal of the National Revolutionary Movement, political movement officially headed by
President Ngo Dinh Diem.
or not the story was true. She replied that her reporter had sworn that he had interviewed several witnesses at Cao Lanh. I reported this at once to the Secretary. I also wired the local Information Service for a report and asked Mrs. But Tra to exercise discretion.

"In spite of the clamor in the press, I felt that the episode should be treated fairly and objectively. The investigation didn't produce any results, but since Mrs. But Tra had insisted that the story was true, what basis did I have for intervening? To be sure, the Directorate of Press Service has the authority to suspend a newspaper, but this applies only when pro-communist stories or news detrimental to the Republic are published, or when the newspaper fails to print the names of the editor-in-chief, the managing editor, and the printer.

"The fact is," Mr. Nguyen continued, "that Saigon Mol did not violate the regulations. Consider the charges that the Cao Lanh girl story was unscientific, anti-personalist, legendary, or even indecent: these are no grounds for suspension. Scientific circles do not state definitely that such an event is impossible. Since the monkey, not the girl, was at fault, the story contains no immorality which can be considered an offense against the human personality. It sounds apocryphal, but the editor and reporter have pledged its truth. And worse stories have been told before. Perhaps Saigon Mol did exaggerate it; I think the other newspapers probably objected to it because of the competition. My own guess is that there would have been no such ferment of criticism if the story had appeared in a newspaper of 2,000 or so circulation. Anyway, the caricatures and attacks on Mrs. But Tra from the other newspapers have not exactly improved the spiritual condition of the Vietnamese press.

"Nevertheless, I could not continue to remain indifferent to the public clamor. I had to find a solution which would end the controversy and yet not violate the freedom of the press. I considered sending a note to all editors asking them to stop publishing such recriminations, but I thought if I did the newspapers would accuse me of acting arbitrarily and interfering with their freedom. Moreover, this would not resolve the underlying problem of stopping the reporting of false stories and public insults.

"Another possibility would have been to send a warning to the Saigon Mol or even suspend it temporarily to calm the public agitation. This would certainly end the "monkey baby" controversy. But I felt that I had no basis for such a severe disciplinary measure. To take such a step would mean that the Press Service had been influenced to act against one particular newspaper by its competitors.
"It seemed to me that the best solution was to refer the matter to the Press Self-Disciplinary Committee, which had been set up in 1958 at the suggestion of the Department of Information and Youth for just such purposes. It included all the Vietnamese-language newspapers. Its function was to keep track of news and articles published by its members and to act to protect the interests of the press. It met at the invitation of its president, who was changed annually on a rotating basis, or at the request of any member. It aimed at solving the problems of the press by self-discipline, thus reducing the need for external interference. Any action it took would be acceptable to us. And no one would argue that the Secretary of Information was imposing his will upon the press.

"I discussed this proposal with the Secretary, who agreed. Then I mentioned the idea to the editors, trying to avoid the impression that this was an order. They liked the idea, and decided to go ahead with it."

THE DECISION OF THE DISCIPLINARY COMMITTEE

On February 25 the newspapers represented on the Disciplinary Committee received an invitation sent out by Cach Mang Quoc Gia to meet on February 26 for the purpose of "discussing the story concerning the alleged cohabitation between a monkey and a human being, published by Saigon Moi."

At the meeting February 26 all Saigon newspapers were represented, as well as the Press Directorate. The Cach Mang Quoc Gia reporter presented the charges against Saigon Moi, summarizing the criticisms already published by the other newspapers. Mrs. But Tra defended her position, arguing that if any "fault" were involved it was merely an "error of judgment" in accepting the reporter's statement that he could present proof. She stated that she was continuing to investigate the facts.

The Cach Mang Quoc Gia representative then proposed a threefold disciplinary measure: (1) to require a public retraction and apology from Mrs. But Tra; (2) to suspend Saigon Moi from the Disciplinary Committee; and (3) to request further administrative action from the authorities. The committee rejected the third proposal after a brief discussion. Mrs. But Tra declined to print a public retraction and apology on the ground that she had no apology to make to her readers, especially since the matter was still under investigation. This left only the second measure, and all papers agreed to suspend Saigon Moi from the Disciplinary Committee. A three-month suspension was proposed, but this was rejected as offering the offender an extended period of freedom from the discipline of the committee. A symbolic 15-day suspension was
then agreed. All newspapers, including *Saigon Mol*, were required to publish the following notice on February 18th:

**Decision of the Press Self-Disciplinary Committee:**

*Whereas*, a series of articles about cohabitation between a girl from Cao-Lanh and a monkey was published by the *Saigon Mol*, containing a number of errors injurious to the reputation of the national press,

*Whereas*, the said *Saigon Mol* has admitted to error and agreed to discontinue said reports,

*And whereas*, the Press Self-Disciplinary Committee must carry out a mini­mum of disciplinary measures to prevent recurrence of such actions,

*Therefore be it resolved*: that the *Saigon Mol* be suspended from the said committee for 15 days beginning February 26, 1959; and that this decision be published in all Saigon newspapers.

Done in Saigon, February 26, 1959

*The Self-Disciplinary Committee of the Press*

Members of the Committee agreed that they would publish no more articles or cartoons about the episode, and Mrs. But Tra agreed that even if her investigations revealed evidence supporting the account she would not publish it.

All newspapers represented on the committee duly printed the decision on February 28. In addition to the decision, however, *Saigon Mol* also published the following report of a resolution which Mrs. But Tra had submitted to the committee but which it had rejected:

In its effort to cooperate with other newspapers interested in raising the standards of journalism, *Saigon Mol* presented the following resolution to the Press Self-Disciplinary Committee:

1) That newspaper managers and editors refrain from public displays of hate and vituperation;

2) That the members collaborate professionally on matters useful to the sciences, to society, and to culture;

3) That the committee recognize the rights of professional competition while rejecting illegitimate commercial tricks;

4) That the press as a whole recognize its function as a fourth estate, requiring no interference from the authorities in its internal professional affairs.

We hope that this constructive proposal will be approved by the entire committee.

"The Management of *Saigon Mol*"

**AFTERMATH**

Mrs. But Tra interpreted the action of the committee as the direct result of commercial rivalry. "I voluntarily admitted my mistake in order to end the conflict, because the eleven other newspapers were against me."
As I pointed out to the committee (whose president is the son of the editor of *Dan Chung*) the Saigon papers carried a story several months ago about a monkey-like boy in Central Vietnam who lived on fruits and climbed trees. The newspapers—including *Dan Chung* and *Tieng Chuong*—published a photograph of the boy and asked if he were the fruit of a union between a woman and a monkey. One man offered to pay 100,000 piasters for the boy, but his parents refused. They printed that, too. I asked the committee why it had ignored this episode and punished me, but they paid no attention to my question. I think that the published decision of the committee deliberately used the phrase “cohabitation between a girl and a monkey” instead of “monkey rapes woman” as we published it, in an effort to make our report seem scandalous. I had asked the privilege of approving the wording of this decision before it was published, but was refused.

The statement about readers being like the Tong Long fish reportedly made by my son was a pure figment of the imagination. My son has enough intelligence not to say such a thing even if he thinks it.

“I still think the story was true. The only reason we have not been able to produce the girl is that the rival newspapers have warned her away. Every means of discrediting me has been used. Instead of encouraging me as the first Vietnamese woman editor, they are vilifying me.”

*Saigon Mot* lost the extra circulation stimulated by the “monkey baby story,” and it suffered some loss of prestige; but at the same time, as one editor said, it was relieved of the necessity of publishing further evidence to support the original story.
New Leadership at the Vietnam Press

On the afternoon of May 5, 1957, Mr. N.T. received an executive order from President Ngo Dinh Diem appointing him Acting Director General of the Vietnam Press. The President himself had left Vietnam for a two-week visit to the United States and Mr. N.T. knew he was going to have to rely upon his own resources in resolving the difficulties that confronted him in his new post.

In spite of his youth, Mr. N.T. had both experience and professional qualifications for the appointment. He had university training in law, letters, and political science, both in Vietnam and abroad, and had served in the Office of the President in 1954 and later in the Department of Information. In early 1956, Mr. N.T. founded the English language Times of Vietnam, becoming its first editor and publisher.

Mr. N.T. realized that the Vietnam Press would present problems of personnel and organization more severe than any he had previously experienced. Its former director, C.V.C., had been elected to the National Assembly in February, 1957, and felt himself unable to fulfill his dual role any longer. His responsibilities at the Vietnam Press had become increasingly burdensome, and he feared that conditions were deteriorating because of his necessary absences. Mr. N.T. later stated, "I had wanted time to work out a new reorganization plan for the Vietnam Press before actually starting work and had hoped that Mr. C.V.C. could
continue to serve for a little longer so I could make my plans for the future. However, as things stood I had to start managing the agency right away (May 6, 1957). The routine work of publishing two bulletins a day in Vietnamese, French, and English had to be continued (each of these was about 100 pages long), and I knew I would also have to find ways to improve this routine.

The Vietnam Press Agency, originally related to the Agence France Presse, had been operating as the official government news agency since 1951. During the six years there had been seven Directors General. "When I took over in May 1957, problems were legion," Mr. N.T. recalled. "In retrospect now one can logically analyze and identify them in orderly fashion, counting them out one by one. But in May 1957 I was confronted by all of them at the same time, in a very confused and disorderly way.

"I must say in all fairness to my predecessors, that they have in varying degrees worked to improve the agency and raise it from the status of a foreign-controlled to a truly national organization. But because of the frequent changes in leadership, no previous Director General had time to implement his views and reorganize the agency.

"We didn't even have adequate quarters. We were housed in two small buildings a block apart (124 and 136 De Lattre de Tassigny), which meant time wasted in communications and loss of control of the staff members' time when they passed from one office to another. Our equipment was inadequate, and we had no reference service. Personnel files were practically nonexistent and no records were available showing the organization of the agency, or even the assignment of responsibilities among employees. Apparently each Director General carried such information in his mind, leaving nothing after his departure.

"Then—and even more serious from my point of view—I confronted a disorganized and splintered group of staff members. Some of the inefficiencies caused by our physical situation were exaggerated by personnel difficulties. Sometimes the chaotic conditions obstructed our work, perhaps even deliberately so. I started out with the intention of keeping the old working system going, so I could observe it for a while and not risk a decline in our rate of production.

"I soon began to observe that some elements were afraid of losing their jobs when C.V.C. left. Some staff members, even those in key positions, had been appointed as a result of outside pressures. In some cases they were conspicuously incompetent. When I came in, they seemed to lose their bearings. They became irresponsible in their attitudes
and some of them seemed to think the best way to consolidate and protect their position was to attack me.

"The employees seemed at odds with each other, constantly accusing their fellows of various errors and faults. I tried not to take sides but felt myself submerged in a sea of controversy just the same. Some even tried to sabotage my work, cleverly and subtly. Once they published a decree from the Vice President, leaving half a page blank, hoping to annoy the authorities so that I would be blamed for insolence or incompetence. In a news summary published May 23, 1957, they omitted some important news and just reported my appointment as Director General, hoping that whoever read that issue would think that I considered myself more important than any other news of the day. The same bulletin reported a joint declaration after the Presidential trip in the United States with an intentional typing error that could not have been more embarrassing. The stencil (which was later corrected before release) read, '... et le Vietnam contribue à la défaite commune du monde libre (... and Vietnam contributes to the common defeat of the free world)’ instead of ‘... à la défense commune du monde libre (to the common defense of the free world).’ In another instance I had already encountered this same kind of sabotage. On a stencil (also corrected before release) of the news bulletin of May 19, 1957, a typist had made the following error: ‘President Ngo Dinh Diem’s departure for Saigon via Hanoi is planned for Tuesday . . .’ instead of ‘... Saigon via Hawaii . . .’

"Facing sabotage of this kind I found it was necessary to act. I realized that perhaps some mistakes of that kind might have been unintentional; even so, in the working conditions of Vietnam Press they could not be tolerated. Employees who were either too absent-minded or bent on sabotaging the work had to go.

"The sabotage was also carried on by rumors designed to sow doubt and distrust in the minds of my staff. It was rumored, for example, that I would be removed from office because I didn’t get along with the chairman of my board of directors, and that the National Revolutionary Movement was proposing someone to replace me. In fact, the Secretary of State for Information, who was chairman of the board of directors of Vietnam Press and with whom I had had the opportunity to work a while at the Department of Information, had always been clear-sighted and fair. He continued to lend me the necessary support whenever needed.

"A number of specific actions were undertaken by opposing elements among the personnel to make my situation at Vietnam Press unbearable. These moves seemed desperate and excessive; but they reflected the

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1Hanoi is the capital of Communist Vietnam.
psychology of those who tried to counter any new leadership at the Viet-
nam Press. One evening, for instance, some of the malcontents visited
staff members' homes and forced them to sign a petition against me
which was later sent to the Presidency, the National Assembly, and a
few other places. In another instance, Mr. X, one of the senior staff
members, gave one of the typists who was about to resign a document
on the organization of a technical agency taken from a semiofficial maga-
zine. It was typed with no indication of the author's name or the name
of the magazine, and when the typist gave it to one of my reporters,
he published it in the documentary section of the bulletin, thinking it had
been received from one of the ministries. A few days later, the editor
of the semiofficial magazine sent me a letter saying that he intended to
sue for plagiarism. By a strange coincidence, Mr. X and the editor of
the semiofficial magazine have business relations and are even related
to each other.

"At times the sabotage was not active, but passive. For instance,
Mr. X, who was in charge of accounting and financial matters, neglected
to prepare an application for our regular government subsidy in spite of
the fact that I asked him to do so, knowing that funds for only a few
months' operation were left. His purpose in this seemed clear: to create
discontent and possibly revolt among the employees whose salaries
would not be paid on time."

Mr. N.T. had brought with him five new employees upon whose
loyalty he was sure he could depend in confronting his complex new
assignment. These five employees replaced some who had resigned
because of sickness or for personal reasons. One was appointed to the
key position of Chief of the French Section. Others were deployed to
increase the staff of the Director General's Office or to start new activities
such as those of the Document Section. One old-line employee recalled
that all six of Mr. N.T.'s predecessors had done likewise: "Every new
Director General has always introduced some new reforms and eliminated
outworn customs. It seems to be a tradition in Vietnam to have a turn-
over in personnel every time there is a change in administration. This does
not always please the incumbents, even though they expect it. When
Mr. N.T. brought in the new employees, some of the oldtimers were
afraid they would be laid off. This didn't happen, as it turned out.
They simply had not understood that it was Mr. N.T.'s intention to expand
the work force rather than to replace current personnel."

Mr. N.T. had also observed that difficulties attended his effort to
introduce new staff members. "The malcontents annoyed the employees
whom I recruited, in the hope of discouraging them from continuing with
me. In this they were partly successful, because some of the young and capable ones could not endure their petty-minded truculence and quit after a few weeks or months.

"The malcontents even sent an anonymous letter to the employees which was later published by a rather irresponsible opposition newspaper (see Appendix I), and submitted a motion to the National Assembly, the Presidency, and some other places requesting the government to appoint a new Director General to replace me. Mr. X. and Mr. Z., plus a few others whom I still retain at the agency, were the ringleaders of this opposition and they hoped to discredit my leadership and create the impression that the entire staff was against me.

"Part of the personnel problem was created by an inadequate organization. There was no personnel system. Recruitment depended upon personal contacts. Salaries were inappropriate to abilities and responsibilities, and created jealousy and unhealthy competition. In order to protect themselves from criticism, employees influenced each other to conceal mistakes and protect themselves against their supervisor. In spite of the obvious need for reorganization, many opposed any changes that they felt would injure their personal interests.

"Because of the inadequate supervision, the capricious salary schedule, the absence of sanctions, and irrelevant assignment of work and responsibilities, even the good staff members were for the most part passive workers, indifferent to constructive changes requiring training and efforts beyond the existing routines.

"Nevertheless, I was patient about these shortcomings; until after the return of the President from his visit to the United States. I then sent a confidential report to him informing him just what the conditions were at the Vietnam Press and proposing a reorganization. As a result of this report, I was granted an interview with the President, who gave me the necessary authorization to proceed with the reorganization.

"Soon after this interview, I sent a memorandum to all Vietnam Press employees (see Appendix II) explaining my proposal to change the working conditions and asking for constructive opinions from the employees.

"The response to this memorandum convinced me that the majority did not accept the opinions expressed in the anonymous letter which had been previously sent in the name of all the employees at Vietnam Press. They all signed a motion (see Appendix III) supporting my proposed changes.
"I also decided to invoke the ultimate disciplinary sanction as an example to the others. Mr. C, the typist who had made the errors on the President's state visit, was reprimanded for his action, but he was foolish enough to urge other typists to sign a motion refusing to take a typing exam I had ordered. On May 19, 1957, I terminated his employment as of May 25. I also appointed a new accountant to replace Mr. X. He was Mr. D., an older employee who had seniority, a professional knowledge of accounting (he had previously been an accountant at the Vietnam Press), and the esteem of the employees. Mr. X. presented his resignation on grounds of ill health.

He was able to find another position without much difficulty. "I left the Vietnam Press many years ago and have no desire to go back," he said. "I quit because of sickness, that's all. Anyway, I had great esteem and loyalty for Mr. C.V.C. and I stayed as long as he did. When he resigned, I resigned as well. And in the meantime, I have found private employment which suits me better because it is less exacting."

"I tried to avoid firing Mr. Z by assigning him to the Research and Documents Section," said Mr. N.T., "but he still tried to force other staff members to oppose my administration. As a kindly gesture toward him I asked him to resign to avoid being discharged. But he refused to resign. Nevertheless he remained at home on grounds of illness until I was finally forced to terminate his employment. He received all the allowances due him under the labor law, and then protested his discharge by writing letters to everyone he could think of. I could see nothing unfair about his treatment, as I had tried to leave a door opened to him until the last, but somehow Mr. Z thought it better to continue to oppose me as an employee than to obey me."

Mr. Z retained bitter memories of his relationships with the Vietnam Press. "I do not hesitate to express my opinion about what happened to me at the Vietnam Press. During the last five or six months of Mr. C.V.C.'s tenure, I was the chief editor. Most of the power of the Director General had been delegated to me. Mr. C.V.C. had some ideas of reorganizing the agency, but I explained to him that I was familiar with the existing work procedures and the staff, and he agreed to let me carry on without making any changes, so long as I reported to him. When he wanted anything done, he just told me. His intentions were always good. He organized weekly meetings for the staff and encouraged them to exchange their ideas and experiences. His tenure was the golden age of the Vietnam Press because the employees developed a team spirit and could work freely as professional men."
"For my own part, I believe in letting the reporters write as freely as possible, rather than requiring a certain quantity of work each day. Some days they would write nothing, other days a great deal. The quality of the articles we published was high. Since the readership of the Vietnam Press represented a mixed audience, the bulletins of the Press had to appeal to many types of users and we needed to encourage each employee to express himself in an unstandardized form. I think the diplomatic corps and the government officials were very pleased with my work, I, in turn, was gratified by the quality of our work and by Mr. C.V.C.'s confidence in me.

"When Mr. N.T. took over, however, he brought in many new employees and laid off many others. Of course, I was his main victim. He practically doubled the number of personnel of the Vietnam Press, without any improvement in quality of work. There was an increase in quantity, but it seemed to me that the important question was whether the news was essential, and not how thick the news bulletin was. But Mr. N.T. was smart in consolidating his power with the authorities. He also had more resources than the other Directors General, because he knew how to ask for them and because he was good in planning ahead. He seemed to want to change everything, establishing a new personnel system, reorganizing the system of receiving and distributing news, revising news commentaries, etc. But to me, the center of gravity of the Vietnam Press is the editorial staff. With Mr. N.T., each employee had to be on time: he even installed a time clock to insure this. In my opinion, that injured the self-respect of the staff and impaired their news-gathering opportunities. Mr. N.T. controlled them too closely and emphasized mere mechanical production too much. Every day, they had a certain 'piece-work' objective, and could pay little attention to the quality of their work. I used to follow their work schedule and reprimand those who were neglecting their responsibilities. I got results as good as his. My approach was psychological, and Mr. N.T.'s mechanical.

"So far as the mistakes in news reporting were concerned, it was I who discovered them. Laying off Mr. C was fair enough, I suppose, but I think he should have been given an opportunity to make up his mistakes.

"Then there was the question of the anonymous letter. I admit that it was exaggerated and in some cases entirely wrong. It had no value. Mr. N.T. thought I was its author, but I wasn't. I am not afraid to acknowledge my ideas.

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8The total number of employees at Vietnam Press when Mr. N.T. took over was 99 (May 31, 1957). On June, the total was 104. On July 31, 100, and on Aug., 4, after Mr. Z's departure, 99 once more.
"Finally, Mr. N.T. ended my employment with no reason or explanation. A person having status and responsibility like mine cannot easily find another suitable appointment. I became very depressed, and spent a lot of time thinking over what had happened. I guess my mistake was that I was too rigid.

"I know that Mr. N.T. took away my rice bowl, but I am not angry about that. I admire his talent for organization. I suppose he felt it entirely legitimate to lay me off because I disagreed with him, and if he wanted to apply his program, I had to be eliminated. So far as I know, Mr. N.T. didn’t have any other victims after I left, but if I were still working at the Vietnam Press and had all the resources Mr. N.T. commands, I could have done as much as he has. Although he was always formal and polite, he tried to understand the difficulties of others, and he was a hard worker. I think he was trying to impose his authority as quickly as he could, and at the same time to impose admiration for his new program. Perhaps after a while he will find other ways of gaining the respect and affection of his staff."

As to the "psychological approach" of Mr. Z and his own "mechanical approach," Mr. N.T. stated: "It is very easy to coin words, but much more difficult to act consistently with them. But I see no contradiction whatever between the two approaches, if one assumes that they exist anywhere in clearcut form. In the management of any organization the two approaches have to be combined. At Vietnam Press in May 1957, the main trouble seemed to be that everything was approached in the "psychological" way and nothing was "mechanical." For instance, employees could produce as much as they saw fit; there was absolutely no objective control. As a result many times reporters stayed home for days and did not deliver either news or interviews or documents (news can vary from day to day, but interviews, features, and documents can be prepared any time). Moreover, employees who were protected by Mr. Z were left alone and reported as doing well, whereas others who did relatively more were often reprimanded by Mr. Z. In a word, the psychological approach of Mr. Z offered a basis for personal favoritism.

"On the other hand the mechanical approach undoubtedly has its own pitfalls, too. Nevertheless it forces the employees to produce at least a minimum which can be relied on and then of course checked qualitatively."

Mr. N.T. felt that subsequent events vindicated his decisions and that the course of action he followed had brought improvements to the management of the Vietnam Press Agency. It wasn’t yet a "golden age,"
he admitted. "Much has still to be done before Vietnam Press can fulfill its important functions as a national news agency. Improvements are slow in coming because they depend on improvement of personnel. No machines can ever replace the human brain in writing news stories."

On November 18, 1957, Mr. N.T's provisional appointment was terminated and he became Director General of the Vietnam Press, an indication of approval by the President of the Republic.

APPENDIX I

An anonymous letter distributed to employees of the Vietnam Press. It was mentioned but not quoted in That Luan and Tu Do.

"Vietnam Press: S.O.S.

A Report on the Present Situation at the Vietnam Press Since the Appointment of Mr. N.T. as Director General.

The employees of the Vietnam Press have been living in a state of depression and concern because of their lack of confidence in the actions and attitudes of the new Director General.

All of us feel that the present order is too rigid. It is intolerable, a thousand times worse than in Le Doan Mau's time, a million times worse than under the French regime. A few of the employees have been so discouraged and angry that they have attacked the government and the republican regime. The Director General is anti-personalist. Whenever we write, translate or type an article on personalism, we simply laugh ironically and shrug our shoulders. Yet we are told that the Director General is a trusted favorite of the President, and that even if he attacks the integrity or dignity of his staff, we cannot complain.

As proof of this condition, the following circumstances can be reported:

First, employees are required to punch a time clock.
Second, in addition to a heavy schedule, employees are required to take turns remaining in their offices at unreasonable extra hours, such as noon to 1:30 p.m., or 6 to 9 p.m.
Third, employees are not permitted to rotate their work to have weekends and holidays off.
Fourth, employees must submit daily reports of their work hour by hour.
Fifth, they must also submit weekly reports of their daily work.
Sixth, all employees were required to submit to examinations, though most of them have worked in the agency for many years without fault.
Seventh, the Director General brought in about fifteen new employees from his circle of friends at salaries upward of 15,000 piasters without submitting to examinations. These were arrogant to the older employees, whom they despised. One girl, for example, notorious lover of an American, opened her purse on arrival at the office and 'ordered' another staff member to pay the cyclo driver who had brought her.
Eighth, it is well known that the translation examination had been shown to one employee in advance. A very poor clerk-typist whose brother knew the right people was given special protection.
Ninth, the test results were not published, and many employees complained that grading was unfair. Many good typists with years of experience would be unemployed if the test results were followed.

There were and will be many other such painful episodes if the authorities do not interfere. Continuance of the present situation can only be destructive of government policy.

Approved by all Vietnam Press personnel.

*A philosophical moralism of Roman Catholic origin espoused by President Ngo Dinh Diem and other high officials in the government, based on respect for the human "person."

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APPENDIX II

Memorandum to all Vietnam Press personnel from the Director General.

July 9, 1957

With the intention of improving working conditions and the standing of the personnel; of assigning work justly in accordance with ability and output; of organizing the administrative services at the agency more systematically; and of improving the format and style of the daily news bulletins: I sincerely request each of you to present your ideas to me frankly and fully. I hope all of you, according to your responsibilities and technical qualifications, will enthusiastically express your constructive suggestions on these objectives.

Your responses should be placed in a sealed envelope and sent directly to me by July 30, 1957. All responses will be considered confidential and will be retained in my office. If they are brought up for discussion I will not disclose the author's name.

If it is inconvenient for you to express your ideas in a letter, you are invited to see me personally at my office.

Attached to this memorandum is a recent anonymous letter alleging that it was approved by all Vietnam Press employees. In order to clarify the matter and help the responsible authorities take action against dissident elements, please indicate whether the ideas expressed in this letter are those of all employees, or only of a few malcontents. After you have read this letter, please sign your name on the enclosed form under the column “agree” or “disagree” according to whether ideas conform to yours or not.

I think these problems can be resolved by frank and open discussion. Only such a democratic procedure will clarify the situation and make the employees' wishes known.

I hope each of us will have enough self-respect to express his opinions openly.

Director General
N.T.,

APPENDIX III

Decisions taken by Personnel of the Vietnam Press.

We, the staff members of the Vietnam Press, recognize the fact that some elements in this office have engaged in unconstructive activities, spread false rumors which are detrimental to the reputation of the agency, and placed obstacles in the path of reform and reorganization of the agency. Moreover, they have abused our very names by publishing harmful statements attributed to us, using opposition papers for the purpose.

We feel that we must rectify these falsehoods in order to protect the reputation of the agency and ourselves.

Realizing the need for reorganization and recognizing the progress already made, we are agreed:

1. To respond enthusiastically to the proposed reorganization and reform in working procedures, to improve production in quality and quantity, and to accept personal responsibility as is suitable to each of us;

2. To cooperate fully in the healthy effort to eliminate colonialist and royalist vestiges of special privilege, personal preference, a disorderly spirit, lack of discipline, and irresponsibility.

3. To support the struggles against division, to promote cooperation, and to adopt a mutually helpful spirit toward our common work in order that the Vietnam Press may continue to progress.

Copies to Secretary of Information and Youth, Chairman, Board of Directors; Special Secretariat at the Presidency; Office of the Advisor at the Presidency; National Assembly Secretariat.
Reorganizing the Fishing Cooperative on Phu Quoc Island

Phu Quoc is a triangular island in the Gulf of Siam near the Vietnamese mainland. It covers an area of 660 square kilometers, being 40 by 27 kilometers in over-all dimensions. It is about 10 kilometers from the continent and may be approached by air, ferry, and motor boat.¹

Prior to 1945, Phu Quoc was an important trading center. Its sea products, its forestry, and its agriculture had attracted many venturesome entrepreneurs; but the political changes following 1945 scattered its commercial population and ruined its communications network. This in turn discouraged further enterprise and reduced the island’s business prospects. What trade existed was oriented toward Cambodia, which was the nearest market that had remained at peace.

After Vietnam achieved independence, Phu Quoc was designated a district in the Province of Kien Giang. With the coming of peace, the population began to return, and was augmented by a considerable number of refugees as well. At present the population is over 10,000, about half of whom live by fishing. There are enough varieties of fish to permit a year-round livelihood for all, anchovies, tuna, megalapipis, and cordyla spis being the principal catch. Anchovies are used in the making of nuoc mam, a rich and savory sauce the production of which provides an important economic resource to the island. Each year the island sells about 1,000 tons of anchovies and more than 3 million liters of nuoc mam (which is considered among the best produced in Vietnam) for 44 million piasters. The other fish are consumed locally or processed and sold to the mainland. The

¹It takes 4 hours by motor boat from Phu Quoc to Ha Tien and Cambodia, 8 hours by motor boat or ferry boat to Rach Gia, and 36 hours by ferry or 1 hour and 15 minutes by airplane to Saigon.
population is prosperous but hardworking. Even the nonfishing population earns more than twice the average daily wage of unskilled workers in Saigon.

**FORMATION OF THE FISHING COOPERATIVE**

Near the end of May 1955, Mr. Pham Ngoc Dong, Director of the Ocean Fishing Service in South Vietnam, and Mr. Nguyen van Tich, Head of its Socio-Economic Bureau, flew to Phu Quoc to make an economic survey of the island with special emphasis on the prospects for increasing the output of fish. They interviewed representatives of every administrative and economic level, from the wealthy *ham ho* to the independent fishermen. The fishermen spoke of the difficulties in their livelihood because of the lack of facilities, and asked for financial help in purchasing additional equipment.

At this time the Directorate of Fisheries had an unused fund of 5,500,000 piasters which had been originally given by American aid to provide for the settlement of refugee fishermen in Phu Quoc. Later the government decided against settling these refugees in Phu Quoc, and accordingly the funds became available to the Directorate of Fisheries for other uses.

In October 1955, it decided to lend enough money to the Phu Quoc fishermen to enable them to form a cooperative. The purpose of the cooperative was to coordinate the interests of the government and its own members in buying and selling products and lending and borrowing funds, and to perform other functions which would increase productivity.

The Phu Quoc Fishing Cooperative was formed on October 23, 1955. Its 100 members participated in a ceremony with representatives from the Directorate of Fisheries to inaugurate the first fishing cooperative in free Vietnam. The new cooperative raised a capital of 55,000 piasters by selling stocks at 100 piasters a share.

At a general meeting of all members, a managing board of seven members was elected. This board was to function without pay, and most of them were members of the rich *ham ho*. Mr. H.T.T., the treasurer, and Mr. P.K., the chairman of the cooperative, were among the richest and most influential men on the island. Prior to the formation of the cooperative, the latter used to lend large sums, amounting to

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*Ham ho* is a Vietnamese word for producers of nuoc mam, of whom about 42 were members of the cooperative.

*In the prewar years, a cooperative for fishing and nuoc mam had been formed under French direction for the purpose of controlling Phu Quoc's nuoc mam production.*

*Full names are being kept confidential.*
several hundred thousand piasters, every year to the fishermen, ac-
cepting as payment the fresh catches which in turn they used in the
production of nuoc mam.

Officials from the Directorate of Fisheries considered that the
board contained too many *ham ho*, whose interests were frequently con-
trary to those of the fishermen they were to represent. On the other hand,
those who had been elected to the board owned a majority of the co-
operative shares. It could also be said that the fishermen themselves
had neither the time nor the administrative experience to manage the
cooperative. In any case, because the government wished to avoid
creating or encouraging a class conflict, the Directorate officials hoped
that these two interests could be harmonized within the cooperative
itself. The *ham ho* members of the management board were very en-
thusiastic about the formation of the cooperative, and the fishermen them-
selves raised no objection.

Theoretically, the cooperative was governed under Ordinance No.
24 of August 27, 1943, which provided that cooperative members could
borrow sums amounting to ten times the face value of their shareholdings
in the cooperative. The Directorate of Fisheries decided, however, to
permit the lending of larger sums in order to encourage the cooperative's
growth. This money was to be made available slowly, in accordance
with the needs of the cooperative and its members.

At the beginning of 1956, the Cooperative borrowed 2,184,448
piasters at 5 percent interest for loans and operating expenses. These funds
were used as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans to members</td>
<td>1,300,000 plasters</td>
</tr>
<tr>
<td>Building of offices and storage facilities</td>
<td>170,000</td>
</tr>
<tr>
<td>Purchase of truck</td>
<td>60,000</td>
</tr>
<tr>
<td>Purchase of motorboat and sailboat</td>
<td>300,000</td>
</tr>
<tr>
<td>Expenses of board, salaries of cooperative</td>
<td>104,448</td>
</tr>
<tr>
<td>personnel, and office supplies</td>
<td></td>
</tr>
<tr>
<td>Reserve</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,184,448</strong> plasters</td>
</tr>
</tbody>
</table>

Applications for loans came from every sector of the membership:
*ham ho*, net fishermen, and squid fishermen.5 Because the loan funds
were limited, the board gave priority to net fishermen on the grounds
that the *ham ho* already had large amounts of capital, and the squid
fishermen, who worked only two months a year, needed little capital.
Borrowers were also classified into two kinds. Those who used an ordinary
net could borrow sums up to 10,000 piasters for 18 months at 10 percent
interest. Those who used special silk nets, which were more costly, could
borrow up to 30,000 piasters payable in 3 years at 8 percent interest.

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5Squid fishermen work at night with a lamp covered with a large piece of aluminum. The
light draws the squid up, and the fishermen catch them one by one with a small net.
Repayment was to take place each time the borrowers sold their fish and at an amount equal to 10 percent of the total sale. The cooperative was to pay 5 percent interest to the National Agricultural Credit Office and retain the difference for its own operations.

Many of the major expenses the cooperative incurred during the early months of operation, such as the acquisition of the motorboat, sailboat, and the truck, were the result of a decision by the board, which acted without reference to the Directorate of Fisheries in spite of statutory requirements. The costs of the equipment were high, and neither the motor boat nor the truck were in good condition. The motor boat was bought from the treasurer's son-in-law. A wooden landing stage had been built by Mr. H.T.T., who had advanced 4,000 piasters from his own money and ordered the landing stage built without consulting the board, later claiming reimbursement on the ground that the construction was necessary to the cooperative. The landing stage was located in front of the cooperative office to facilitate the landing of boats and goods, but as members pointed out, Mr. H.T.T. used it himself most of the time as he lived only 100 meters from the office. The board nevertheless had acceded to his request.

PROBLEMS IN COOPERATIVE MANAGEMENT

In spite of substantial operating expenses, the early cooperative activities were generally ineffective.

The new transportation facilities led the board to lower the nuoc mam transportation fees by 50 percent. Mr. Tich stated that this reduction benefitted only the ham ho members, since they alone used the cooperative transportation facilities. In fact, the remaining members sustained a cut in cooperative dividends because of the reduced revenues.

The cooperative was unable to collect its loans in full, especially those made for short terms. Only 3 or 4 of the 19 borrowers repaid the principal in full. The Head of the Socio-Economic Bureau at the Directorate of Fisheries stated that the composition of the board was responsible for the poor collection record, explaining that prior to the organization of the cooperative the ham ho themselves had been the principal money lenders. They therefore continued to receive each catch themselves as reimbursement for their own loans, leaving nothing for the cooperative.

The managing board did not organize the market as was originally planned. One objective of the fishing cooperative had been to increase
the price of fish by eliminating the middlemen. The board was to supervise the methods of buying and selling to protect its members from being forced to sell at too low a price. But the *ham ho* elements dominating the board were interested in keeping prices down, as a result of which the cooperative did not improve marketing operations.

The efforts of the cooperative in transporting fish and nuoc mam were not successful because the sailboat was too slow and no engine could be bought to supplement its speed. The motor boat used gasoline, which was more expensive than the diesel oil used in other vessels. The boat hull needed repairing. The truck was too old to operate efficiently. It was also charged that the cooperative personnel were overpaid.

Nevertheless, at the beginning of 1958, the cooperative had increased to 400 members. Some had been forced by the local government to join, and others had joined in order to borrow money. Few had volunteered for other reasons. The cooperative funds were short 400,000 piasters because of uncollected loans and other losses. The cash assets of the cooperative decreased to 10,000 piasters.

**THE DECISION TO REORGANIZE**

When informed about this situation the Directorate of Fisheries ordered a temporary stop in all cooperative activities and sent specialists to study the problem. After an investigation, two alternatives were considered:

1. To dissolve the cooperative, ask the local government to assist in collecting the loans, and refund the share values to stockholders.

2. To reorganize the cooperative and to continue its activities under more strict government control, after supplying the training and advice.

The first solution was immediately ruled out. Government policy was to encourage the formation of cooperatives throughout Vietnam in every branch of industry, and to dissolve a cooperative would contravene this policy and subject the government to severe criticism. Accordingly, the Directorate of Fisheries asked the local government to use its offices to secure immediate repayment of outstanding loans so that the cooperative could be reorganized on a sound financial basis.

Local action to collect debts was limited to warnings. It would have been theoretically possible to keep a few recalcitrants in custody, but