

Many delegates at sessions of the National Assembly have mentioned the fact that 30% of the public fund allocated to capital construction was wasted. The public opinion has put many interpretations and warnings on this problem, but only a few of public works saw this percentage reduced.

What does this percentage mean to the public treasury? According to an expert from the Institute of Finance Science, in 1994, expenditures of the public treasury on the capital construction were realized up to 85%, the rest which was equivalent to VND1.000 billion would be realized in 1995. That is, the realized amount is VND6,666 billion (about US\$60 million).

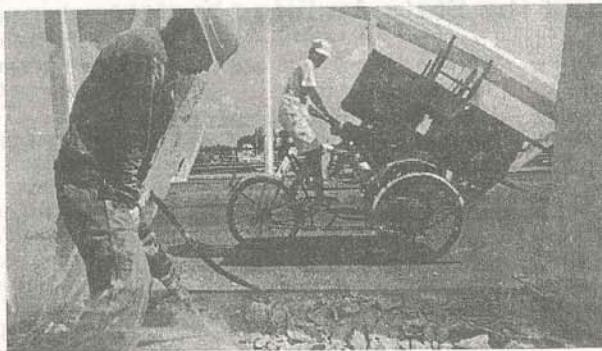
According to the Report 1994 of the Ministry of Finance, the budget income from tax and fee represented 23.6% of GDP, and accounted for 92.15% of the total income of the budget. Vietnam's GDP in 1994 was about US\$20 billion. The capital construction occupied 11.83% of the national budget, 30% of this percentage, a sum of US\$181.8 million, was wasted. This wastage will be bigger if we spend more money on the capital construction.

There are ten leading companies in Vietnam totalling after-tax profit of US\$45 million, however the wastage in capital construction is equivalent to after-tax profit of 40 companies of this kind. Total output of these 10 companies is estimated at US\$ 60.8 million, so this wastage is equivalent to the total output of 30 companies of this kind.

As we know, all comparisons are odious, but we can't help comparing before such a big wastage. If this wastage is divided among the people, each person will receive a sum of VNB28,000 per year. But it turned out that everybody had paid a poll tax of VNB28,000 to a group of

ON THE WASTAGE IN CAPITAL CONSTRUCTION

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competent persons. They knew how to turn their ranks to their own advantage by using meticulous and cynical manipulations. This sum of money, if not retrieved, will become private possession legally and these persons become rich overnight.

Suffering a natural disaster, many large sums of money could be lost. This wastage isn't a natural disaster, but it should be seen as a dangerous enemy of progress. If the said sum of US\$ 180 million had been written down as "fee" for these venal persons, it couldn't have done much damage to our country. But when it was appropriated illegally, the rules were deformed; many social evils (corruption, bribery, graft, red tape, etc.) would be

widespread as Lenin put it: "The best policy couldn't be realized if there is the existence of corruption and bribery".

This sum of US\$180 million, after being well laundered, was spent extravagantly and produced scenes of social inequality. A high-rank official of a State - run bank revealed that one could make some billion đồngs from soft loans given by the Government to projects of capital construction, he added, in the submitting-everything-for-approval mechanism, the more we set up "doors", the more we lose.

In the present mechanism, procedures for receiving fund from the treasury for capital construction are too complicated although a lot of improve-

ments have been made. Regardless these difficulties, investors from all industries and localities have tried their best to secure fund from the treasury, because it's very happy to spend the public money. When the evaluation of investment projects is carried out, the doors of authorized organizations become very busy: people come and go; parties and banquets are thrown; money is handed under the table; the sum of money varies with the importance of project, the locality, the industry, the regulation and with the boldness of persons who want to squeeze money out of the treasury.

In order to innovate the mechanism for investing in capital construction with fund from the public treasury, the following problems should be taken into consideration:

- Allowing commercial banks to submit tenders for supplying loans to capital construction projects.

- Inviting constructors to submit tenders for realizing capital construction works. Constructors should secure loans from banks and will receive money from the Government when works are finished and accepted. Constructors have to bear loss caused by price escalation or the Government's refusal of the works when they didn't reach the standard stated in the contract. Subsidy in capital construction should be abolished.

- Allowing commercial banks to submit tenders for mobilizing capital from the public or foreign sources in order to reduce public expenditures and put an end to giving subsidy in interest rate.

The said measures should be taken to force users of public treasury to bear full responsibility for spending public money, because money will be spent according to its source: "Easy come, easy go" as the saying goes ■