

CONFERENCE ON VIETNAM FINANCIAL ADMINISTRATION

Meeting of June 24, 1958

PRESENT: Cliffe, Cole, Con, Dao, Landers, Ngoc, Phuong, Taylor, Thuan, Tu, Vinh

The first meeting of the Financial Seminar was opened with introductory remarks by Messrs. Cliffe and Cole, reviewing the purpose and objectives of the seminar. Following this, Messrs. Vinh, Thuan, and Phuong presented discussions of their training programs, the major problems which they had been considering, and their plans for future work with the seminar. Their main comments were drawn from their reports to ICA, which are being duplicated separately.

Mr. Vinh felt that his program at the Harvard Law School International Tax Program had been very useful, and suited to his needs and interests. Particularly, the opportunities to compare different national tax systems, and a more thorough understanding of international tax implications had interested him. He completed two studies during the Harvard program, one on the current payment of income tax and the second on the valuation of taxable goods under the Canadian sales tax. In connection with the seminar, Mr. Vinh plans to report on the problem of income tax withholding at the session on July 8. He also hopes to study the Michigan Business Activities Tax and questions of tax incentives for investment in Vietnam. Finally, he will be taking a course in statistics.

In connection with the study of the Business Activities Tax, Mr. Taylor will provide assistance and guidance, and Mr. Vinh will be introduced to the appropriate state offices, and especially to Mr. Papkie who is completing a thesis on the Michigan Business Activities tax. Mr. Taylor will also work with Mr. Vinh on the problem of investment incentives.

Mr. Thuan, whose training program is described in his report to ICA, has concluded from his experience in the United States that needed innovations in Vietnam include greater power for the Bureau of the Budget, more extensive O & M work, more budget examiners and improved auditing practices. His seminar paper will cover this latter problem. During the remainder of his time in the United States, Mr. Thuan hopes to study the advantages and disadvantages of centralized vs. de-centralized accounting, and of performance budgeting. Mr. Landers indicated strong reservations concerning the usefulness of performance budgeting, and will direct Mr. Thuan to literature on this subject, as well as acquainting him with current practices which are used to measure performance and improve efficiency while avoiding the disadvantages of performance budgeting. Also, Mr. Landers will contact the State Accounting Office concerning the observation and training of Messrs. Thuan, Phuong and Dao in that office.

Mr. Phuong summarized his report to ICA, and concluded that before much progress can be made in the use of modern machinery for accounting and records, it is necessary to improve the organization and operating methods of govern-

mental offices. He hopes to concentrate his attention during the remainder of his stay on organization and methods and the development of better management. Also, he is interested in the problem of performance budgeting. Mr. Phuong will present a paper to the seminar on a proposal for management development in Vietnam.

Mr. Landers suggested that Mr. Phuong should be introduced to the systems specialist in the Accounting Office of the State Government, and he will see that this is done. Also, Mr. Phuong will work with Mr. Adamson since he is particularly interested in the management and control of state enterprises.

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Meeting of June 25, 1958

PRESENT: Cliffe, Cole, Con, Dao, Landers, Ngoc, Phuong, Taylor, Thuan, Thu, Vinh.

At this meeting reports were given by Messrs, Ngoc, Dao, and Con on their experiences so far in the United States and their plans for the remainder of their stay. The reports by Mr. Ngoc and Mr. Con are available in mimeograph form.

Mr. Ngoc has been in Washington for the past six months where he attended a three-month course in Governmental Accounting at George Washington University and visited various governmental offices. Mr. Ngoc has been particularly interested in the differences in the accounting systems of Vietnam and the U. S. He noted especially the tendency towards decentralization in this country as opposed to the centralized accounting system in Vietnam. He hopes to continue his study of accounting systems and accounting methods, and observe this in various governmental offices. Mr. Ngoc is particularly interested in the future role of the treasury in Vietnam and will present a paper to the seminar on the changing responsibilities of the treasury. They gave some preliminary discussions of this problem during the meeting. During the seminar, Mr. Ngoc will attend several courses in accounting and auditing and also a course in money and banking at the university. Definite plans for his program beyond this seminar will be formulated at a later date.

Mr. Dao has been attending courses at Michigan State during the past three months. He has had courses in Political Science, State and Local Taxation, and Governmental Accounting. Mr. Dao was particularly interested in the system of grants-in-aide to local governments and he hopes to give consideration to possible changes in local revenues in Vietnam. He has mentioned particularly, the business license and the land tax. In addition, along with his government accounting courses, Mr. Dao noted the use of double entry bookkeeping in this country and suggested that it is a good system, but would be hard to apply in Vietnam. He was also interested in the possibilities simplifying payment procedures. Finally, Mr. Dao noted the use of numerous funds in this country which is contrary to the French practice of a single fund. Mr. Landers commented that he felt the single fund system was preferable.

In connection with his experiences so far, Mr. Dao had several recommendations. He felt that participants should receive more English training before coming to this country, that they should, if possible, have available in Vietnam, several months prior to their departure, the texts which they will be using for their courses in this country. It was noted that in many cases this may prove difficult, but where possible, the attempt should be made to carry out his suggestion. Finally, Mr. Dao recommended that the participants should be enrolled in only one or two classes during their first term in the U.S.

Mr. Dao hopes during the remainder of his stay to spend some time in the State Budget Office and to visit various levels of local government within the State. Mr. Landers and Mr. Taylor suggested that he should also visit those state agencies which are concerned with the supervision of regulation of financial activities of local government. These would include the offices of the Superintendent of Public Instruction, the Highway Department, and the County Auditing Division of the Auditor General's Office within the State Government. Also, Mr. Landers recommended the Indiana State Tax Commission, and possibly visits to Wisconsin and New Jersey.

Mr. Dao will present a paper to the seminar on provincial budgetary problems in Vietnam.

Mr. Con has been enrolled in several courses during the past quarter, as described in his paper. He wishes to spend some time in the State Government offices, and Mr. Landers recommended that he should visit the Office Services Section in the Administrative Division. Mr. Peck will be contacted in this connection. It was also suggested that Mr. Con should familiarize himself with the operation of the Records Center in that Division and, to the extent possible, should be acquainted with the personnel procedures and practices in the State Government.

Mr. Con will present a paper to the seminar on some aspects of administrative practices and problems.