

TO: Milton Taylor  
FROM: Elsie Cunningham  
DATE: November 11, 1959  
SUBJECT: Mr. Huynh Xuan Tho #348

There has been no further word to indicate whether or not Mr. Huynh Xuan Tho will be granted permission to return home through Europe. Since he will be returning to the campus in less than two weeks, it would certainly be highly desirable, from the standpoint of completing his program, if we knew whether or not this has been requested, and if so, the chances of his receiving this permission.

During his stay in Canada he is attending the annual meeting of the Canadian Tax Association in Quebec. When we wrote asking for appointments in Ottawa, the invitation was extended to him to attend this meeting which is being held during his stay.

To: Elsie Cunningham  
Through: Ralph Smuckler *RS*  
From: Milt Taylor  
Date: November 16, 1959  
Subject: Mr. Huynh Xuan Tho - Ref. Your Memo 10/20

Your memo of Oct. 20 was waiting for me upon my return on Nov. 13 from a three-week trip. A letter from Mr. Tho written upon his arrival in Puerto Rico indicates enthusiasm for his experiences to date. My general impression is that his itinerary is being handled well and Mr. Tho is profiting from his experiences.

I also have the impression that some misunderstandings have crept in between you and me in recent memos. If this is so, it is unfortunate, and I assure you ~~it~~ has come about without intention on my part. You are still my favorite participants director.



November 16, 1959

Mr. David C. Cole  
Department of Economics  
Vanderbilt University  
Nashville 5, Tennessee

Dear Dave:

Things are somewhat clearer now re Xuan's return to Vietnam. It seems that it is definitely agreed on all sides that he will be allowed to return home to do his dissertation. However, I foresee several problems just on timing alone. On Friday I sent a note to Saigon definitely stating that Xuan could not leave until after January. After talking with him (he finally was able to reach East Lansing on Saturday afternoon - winter in Michigan has arrived with the attendant grounding of planes) I realized that he did not wish to start back immediately after the end of the semester as I had presumed but rather expected to spend a month to six weeks doing some research. In addition he also mentioned the possibility of being allowed to go to Puerto Rico and Korea. Given the circumstances I am somewhat loathe to take any or all of these ideas up with Stan if I can hold off until Smuckler comes back. Especially if it is definite that you will come here some time in January, the whole subject could be discussed then.

You might be interested to hear that Guy Fox is going back to Saigon - the Dorsey replacement (Lloyd Musdf becomes Chief Advisor) when Smuckler leaves and Guy will move into Musdf's slot. At the moment they are looking for Jerry Hickey's replacement.

Please find enclosed the necessary support letter for your visa. I have checked with Jim Miller and they do use this for the Vietnam visa as well as other en route stops. Needless to say any costs to you (such as registering the letter with the passport) will be reimbursed by the project.

Trust that by now the slipped disk or disc is unslipped.

Sincerely yours,

Elsie Cunningham

P.S. Tho will be here beginning next week - is the December date still okay with you???

Elsie Cunningham

November 20, 1959

Milton Taylor

Mr. Huynh Xuan Tho # 348

Mr. Tho recently requested our assistance in arranging a return trip through Europe. Accordingly, the Chief Advisor wrote a letter to the Secretary of State at the Presidency asking permission for the trip. This letter was sent on November 17, so it is too early for a reply. My own personal guess is that there has been sufficient precedent and Mr. Tho is important enough to expect that the request will be granted. But one never knows. I will advise as soon as I have information. I am very happy to hear about Mr. Tho's attendance at the meeting of the Canadian Tax Association. Congratulations for arranging this.



Elsie Cunningham

November 30, 1959

Milton Taylor

Mr. Huynh Xuan Tho # 348

Disappointing news. Mr. Thuan, Secretary of State at the Presidency, has not approved a trip through Europe for Mr. Tho. No reasons were offered. I assume that this closes the question. Please inform Mr. Tho. You should know also that I intend to write a personal note to Mr. Tho on this and other developments.



December 1, 1959

To: Lloyd D. Musolf  
From: Stanley T. Gabis  
Subject: Mr. Tho

I am attaching an interesting memo prepared by Jim Hendry as a result of the interview he had with Mr. Tho yesterday. Mr. Tho recently returned to campus after an extensive series of visits with tax people in the East, Canada and Puerto Rico.

I have had a chance to talk to him somewhat informally. He had Thanksgiving dinner at my house. He was very enthusiastic about his trip and apparently learned a great deal. He was very anxious to remain in East Lansing for about four weeks to pull together and digest what he has learned. However, he has just received certain information from Saigon which may mean an early return. Tho decided that he should continue immediately with his field work, and therefore will be moving out tomorrow. His schedule is:

Minneapolis	December 2 - 5
Madison	" 6 - 11
Nashville	" 12 - 15
Chicago	" 16 - 20

As Jim indicates, he wants very much to bring out tax specialists in several areas whose major qualification is that they have extensive practical experience. I think Jim raises a number of questions which deserve careful consideration, including the question of timing, political support, and the very practical nature of the work which is envisaged in contrast to the more academically oriented activities of Taylor and Cole. If it is decided that tax specialists are not to be an integral part of MSUG, but rather work out of USOM, I see no reason why we cannot use our good offices to help recruit these people. On the other hand, the kinds of person who may be satisfactory might turn out to be the sort of people who are employed by such consulting organizations as PAS, Griffenhagen, or J. L. Jacobs. These are only a few examples, and I am quite sure that a person like Herman Page, Director of PAS and the tax people at "1313" would certainly be able to provide other valuable leads. I am fairly certain that a reputable consulting organization would not consider sending technicians to Saigon unless there was a fair possibility that the work they would do would find some acceptance and support. The difficulties which Jim envisages might make it necessary to do this on a non-consulting basis which may make recruitment rather difficult.

STG/ap

cc: Cole, Cunningham & Hendry

MICHIGAN STATE UNIVERSITY EAST LANSING

VIETNAM PROJECT - OFFICE OF COORDINATOR

December 1, 1959

To: Stanley T. Gabis  
From: James B. Hendry *JBH*  
Subject: Mr. Tho's Visit

In an interview with Mr. Tho this morning I tried to draw him out on various topics relating to his visit to the U. S., with results which I have enumerated below.

1. He gives an impression that he has greatly enjoyed his trip to the U. S., and has found it interesting and valuable to him in connection with his position as Director of Taxation. He seems very enthusiastic about the things he has seen, and very anxious to return to Vietnam to put some of these new ideas into practice.
2. He appears very willing to accept American procedures in many different areas, and while he emphasizes adaptation rather than wholesale adoption, on a number of specific issues he seems won over to an American approach. For example, he was very impressed with the job of reassessment which had been done in Puerto Rico, and is anxious to undertake an extensive reassessment program in Vietnam. However, he was also impressed with the large number of people who had been employed in reassessment in Puerto Rico, and the cost of such a program, and quite naturally has doubts that Vietnam would be willing to underwrite as ambitious a plan. He is very anxious to institute a withholding system, although he foresees some opposition to this from civil servants. He seemed to have accepted the idea that a uniform set of tax rates should be applied to all types of income, in contrast to the present Vietnamese procedure of taxing different types of income at different rates, and he also seems to feel that the Vietnamese tax payer can be made to fill out his own tax return in place of current practice in which the Tax Direction computes tax liability. Once again, he is impressed with the need for a large increase in Direction of Taxation personnel to effectively administer changes of this kind. He has discussed tax proposals to encourage corporate reinvestment of retained earnings with academic personnel in various parts of the United States and with staff members of the United Nations. He indicates that he anticipates a gradual, but substantial, increase in the role played by direct taxation in Vietnam, with a corresponding proportionate decline in the importance of indirect taxation. Although he feels that there may be certain types of tax practices which are not suitable in Vietnam, questioning him on a number of specific points failed to bring out any instance which he felt U. S. practices were not appropriate.



3. Mr. Tho seemed confident that he could convince the Minister of Finance, the Presidency, and the National Assembly of the value of the changes which he would recommend on the basis of his trip to the United States. He plans to draw up a complete program of tax reform which will involve the reorganization of most of the existing tax forms, and will supplement this with recommended administrative innovations. He regards these as changes in form, rather than substantive changes, and therefore readily acceptable at the Ministerial level and higher. His confidence that his suggestions will be accepted is encouraging, but I must admit that I entertain certain doubts that acceptance will be as rapid or as complete as he envisions it will be.

4. He is looking forward to the arrival of three tax experts from the U. S. to help him train his staff and establish the procedures which will accompany the changes he has in mind. He does not see any reason to doubt that the recommendation of these advisors in the area of administration will be appropriate, and, provided that the advisors selected are thoroughly familiar with their fields, he sees no problem in using them effectively. All of this assumes that the tax program as drawn up by him will be approved. As I understand him, he considers it his responsibility to draw up the program and outline the general changes he wants, guided by some extent by whatever Taylor and Cole have brought out in their studies and by his own observations in the U. S. The new tax advisors will be technicians who will help him implement what he considers to be essentially his own program. He emphasized several times that program responsibility was his. I questioned him about the timing of arrival, and he feels that he can use the new advisors as early in 1960 as they could be brought out, even though the program will not be approved at the highest levels by that time. The Direction of Taxation, according to his view, has full authority to implement any procedures it may wish to employ, without prior clearance from above. Since he has little doubt his program will be accepted, he wants training and preparation by these experts to start well in advance of final approval. This is an attitude of extreme faith on his part, but conditions in Vietnam may now be such that he is justified in his optimism.

4. In view of the above, it may be desirable to begin the recruiting process as soon as possible, if MSU decides it is willing to undertake responsibility for recruiting non-academic personnel. While I am skeptical about how effective tax experts can be recruited before final approval of a program, I may be overly pessimistic. However, the men selected for this job should be informed on this aspect of tax reform in Vietnam so that they may be prepared for the possibility that an indefinite period of waiting and frustration may await them once they arrive in Saigon. Also, they should be prepared for the fact that Mr. Tho expects them to act as his personal advisors, in which case they would take their directions from him, although obviously they will be expected to offer advice in areas where he has little knowledge or experience. Finally, it is my opinion they should be prepared to spend up to two years or more in Vietnam until the job is really completed. As I understand it, present plans call for a stay of six months to one year, a term I consider too short a time for an effective job.



5. Since the type of person Mr. Tho wants is a non-academic with much field experience, the recruiting might best be done by an organization such as the Public Administration Service who maintains close contact with people who are, and have been, doing this type of tax work. The records of persons they recommend could be sent to Saigon for review, which would accomplish as much as any interviewing done by personnel brought back to the United States for that purpose alone. In short, unless there are particular persons to be recommended, the recruiting process should be left in the hands of the Coordinator's Office, subject to review by people in Saigon who may be interested in the qualifications of individuals being considered for particular jobs.

JBH/ap