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economy 1 (normass/deepe)

SAIGON, AUGUST 1--For ~~M~~ months, the matronly middle-class Vietnamese housewife had been eying a four-burner kerosene stove with oven. She wanted to buy it to replace her two-burner stove, and, she thought, with the new over, she could bake cakes for her three children. But, for months, the price was too ~~high~~ expensive--nearly \$300.

Then, came the rocket attacks into Saigon in June, followed by a ~~for~~ volley of official predictions of yet another Communist offensive into the capital. The Chinese businessman, in haste to liquidate his stocks, dropped the ~~priv~~ price of the stove for the housewife to \$150. Still, she did not buy.

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economy 2 (normass/deepe)

"I was torn in two directions," the frustrated housewife explained. "First, we don't know how long we will live--so why shouldn't I buy the stove and enjoy it. My children would love cakes from the oven. But, on the other ^{HAND} ~~side~~, because of the shelling and future fighting, I wouldn't have time to enjoy the stove. And if I had to evacuate my house, I'd only be able to carry money, but not the stove. I decided, even though ~~it~~ it was a bargain, ~~price~~, to save my money."

Psychologically, the decision of the unhappy ~~housewife~~ housewife reflects the high state of fear and ~~state~~ mental paralysis that has gripped Saigon in the wake of ~~predictions~~ official predictions of another Communist offensive.

And, economically, ~~her~~ ^{of} ~~decisi~~ the decision of the ~~house~~ housewife, and thousands others like her, has spun Vietnam into a surprising economic ~~phenomenon~~ ^{A GENERAL} phenomenon--a recession within a ~~general~~ ^{STATE OF INFLATION.} ~~inflationary pattern.~~

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economy 3 (normass/deepe)

The threat of a new Communist offensive has created a substantial lack of confidence among Saigon consumers, who prefer to save their money rather than purchase non-essentials. Businessmen, too, have been hit by the same fever--and are ~~wa~~ unwilling to invest either in businesses, real ~~estab~~ estate or stocks of ~~merchandise~~ merchandise. The American and Vietnamese governments' import programs--once an anti-inflationary weapon--has slumped badly in movements of goods internally, or in applications for future imports. The unwillingness of Saigon's mercantile set to run the risk of ~~imports~~ importing and holding stocks of goods has caused the Minister of Economy, Au Ngoe Ho, to warn them recently that the Vietnamese government might step into the import business.

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economy 4 (normass/deepe)

But, ^{Among} unlike the economic stagnation in ~~the~~ investor^s and consumer sectors demands for imported goods, foodstuffs from the provinces, cigarettes, locally-made soft drinks, haircuts and newspapers have been ~~hopst~~ hopping upwards in price. The Saigon retail price index of locally-produced goods and services rose three per cent in one week; four per cent in one month; 21 per cent since the beginning of 1968 and 28 per cent since July last year. ~~Myer~~ Much of this reflects increased transportation costs caused by insecurity of roads and waterways from the ricebowl area south of Saigon.

But, the recessionary trend in ^{Prices of} imported ~~prices~~ goods is considered surprising here in the face of substantial monetary new monetary ~~crea~~s creations, which portend ominous potential inflationary ~~pressures~~ pressures in the future. The Vietnamese government ^{is} creaking piastres off the printing presses at the rate of 40 billion piastres (\$400 million) this year—or nearly \$3.3 million a month, thus rapidly increasing the prospects of runaway inflation if the confidence of Saigon housewives and investors is restored so that they start spending their accumulations of savings.

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economy 5 (normass/deepe)

In a three-month period ending January of this year, the Vietnamese government's money supply grew at an annual rate of 99 per cent, compared to a 25 per cent rate in the previous ten months, informed sources report. Vietnamese government expenditures are estimated to reach 99 billion ₫ piastres this year, with revenues estimated at ~~56~~ 56 billion, leaving a heavy 43 billion piastre deficit.

The sub's substantial deficit spending and printing of ~~new~~ new money has ~~creat~~ created the impression that the Vietnamese piastre is worth less and less to the extent that another ~~deval~~ devaluation is widely rumored--even though the move is repeatedly denied by Prime Minister Tran Van Huong.

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economy 6 (normass/deepe)

One ~~general~~ Vietnamese economic ~~specialist's~~ specialist explained:

"The increase in money supply has caused the Vietnamese government to be concerned about inflation later this year. But, there's no indication ~~for~~ thus far that ~~the~~ there's any inflation caused by the increase in money supply. ~~Most of the price rises of locally produced goods is caused by the Communist offensives or blowing up bridges so produce can not get into the cities from the countryside.~~

"Right now, the economy is sluggish; investors are holding off; people are not spending on luxury goods. They are saving their money for a rainy day and we've had enough rainy days to know that is good consumer behavior."

He explained that at an earlier time in Vietnam ten billion piastres in new money supply could have been very inflationary, but now, when there's ^{is} little spending, forty billion piastres is ^{NOT Repeat NOT} ~~now~~ considered dangerous. He explained that the psychological fear of more Communist military attacks around Saigon had beneficially curtailed spending at a time when the Vietnamese government needed to print more money and to spend more money for the increase in its armed forces.

"In this sense, all these official predictions about another Communist offensive is one of our more helpful economic stabilization weapons," he quipped.

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