

PERISCOPE

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VIETNAM INFLATION

SAIGON--While the world watches the political, religious and military problems of President Ngo Dinh Diem's regime, there's another acute, but little noticed, headache facing him...inflation.

~~Ex~~ Reflecting the political ~~instability~~ instability of the government, wealthy businessmen in Viet Nam are hoarding consumer items, instead of saving the local currency called piastre, which they fear will devalue, or instead of blackmarketing the piastre for hard currency, which is risky.

In Saigon's twin city of Cholon, wealthy Chinese businessmen are known to be hoarding sugar, though the government announced price increases were related to jump in world market sugar prices.

More significantly, rice is being stockpiled as an investment. Rice prices have jumped from 870 piastres per 100 kilos, last year's price during rice shortage caused by floods, to 1000 piastre per 100 kilos this year, when Viet Nam ~~exported~~ exported rice. Civil servants and state employees are pleading with government for wage boosts to meet ~~the~~ rising Saigon prices, but the government is already operating in the red to meet war expenses incurred in fight against Communist Viet Cong guerrillas.

(Source is Chartered Bank in Saigon; there are no accurate economic statistics along this line available.)

cc: de Borchgrave
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