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DIRECTORATE OF
INTELLIGENCE

Intelligence Report

The Economic Situation in South Vietnam (Weekly)

State Dept. review completed

USAID review completed

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CENTRAL INTELLIGENCE AGENCY
Directorate of IntelligenceThe Economic Situation in South VietnamSummary

Because of a shortage of skilled workers, South Vietnam is putting great stress on job training programs. A government committee has been set up to initiate new training programs and to draw up manpower policies for the postwar period. Employers of the foreign workers imported to meet the demand for skilled labor are required to establish training programs for their Vietnamese employees. About 40 percent of the Vietnamese employed by the US Government, which except for the Vietnamese Government is the largest single employer in South Vietnam, are unskilled laborers.

Retail prices in Saigon declined two percent during the week ending 7 April as prices of most protein foods fell sharply. The price index of imported commodities was unchanged. All free market currency and gold prices declined slightly for the second week.

ANNEX: Retail Prices in Saigon (Table)
Currency and Gold Prices (Graph)

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Manpower Training

1. South Vietnam currently has a shortage of skilled workers and must also plan for the time when demobilized military forces will have to be absorbed into the civilian labor force. As the first step toward establishing manpower policies for the present and the postwar period the Vietnamese Government has set up an Interministerial Manpower Coordinating Committee. According to Minister of Labor Hien, the committee initially will be concerned with training Vietnamese instructors who in turn will be able to train skilled and semiskilled workers.

2. Data on the skills classification of the Vietnamese labor force are not available, but there has been an embassy study on the occupational characteristics of Vietnamese employed in the US sector of the economy. With the exception of the Vietnamese Government, the US Government is the largest single employer in South Vietnam. US Government agencies and contractors employ about 145,000 Vietnamese, or an estimated eight percent of the civilian nonagricultural labor force. According to the embassy study, 80 percent of the Vietnamese employed in the US sector are in blue collar occupations and half of these are unskilled workers. Of the 20 percent in white collar occupations, three-fifths are clerical workers. Fewer than 50 workers are in high-level executive and managerial positions.

3. The shortage of skilled Vietnamese workers is best illustrated by the fact that there currently are about 20,000 Korean and Filipino workers employed by US civilian and military agencies and their contractors in white collar jobs and skilled and semiskilled occupations. The presence of foreign workers is an affront to Vietnamese pride, and the government strictly regulates their entry. Since August 1967 employers of Vietnamese and foreign workers have been obligated to establish training programs for their Vietnamese employees.

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Minister Hien has been especially energetic in promoting and praising the training programs of US contractors. When criticized for the large number of foreign workers in South Vietnam, he has been able to point to these programs as proof that Vietnamese workers are not being left completely out of the market for jobs with US contractors. There is a clear need for additional job training programs, however, according to US employers in South Vietnam. Among blue collar occupations they cited training for auto and heavy equipment mechanics as the first priority. More training programs also are needed for electricians, plumbers, and heavy equipment operators.

Prices

4. Retail prices in Saigon declined two percent during the week ending 7 April. Food prices fell three percent, while nonfood prices rose one percent. Prices of most protein foods fell sharply following the holiday weekend. Prices of all grades of rice were unchanged. Among nonfood items charcoal and firewood prices again increased, possibly reflecting the continuing military activity in the Cambodian border areas from which these products come. The USAID price index for selected imported goods continued to be stable. Higher prices for fertilizers, chemicals, and plastics were offset by lower prices for motorbikes, building materials, and sugar. (A table of weekly retail prices in Saigon is included in the Annex.)

Currency and Gold

5. All free market currency and gold prices declined slightly for the second week. During the week ending 7 April the prices of dollars and MPC (scrip) each declined one piaster to 190 and 150 piasters per dollar, respectively. The price of a dollar's worth of gold leaf also declined one piaster to 275 piasters, the lowest price since last fall. (A graph on monthly and weekly currency and gold prices is included in the Annex.)

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TABLE
Weekly Retail Prices in Saigon^a

	2 Jan 1968	6 Jan 1969	17 Mar 1969	24 Mar 1969	31 Mar 1969	7 Apr 1969
Index for All Items	<u>308</u>	<u>400</u>	<u>392</u>	<u>397</u>	<u>401</u>	<u>392</u>
Index for Food Items	<u>344</u>	<u>443</u>	<u>440</u>	<u>446</u>	<u>450</u>	<u>436</u>
Of Which: (In Piasters)						
Rice-Soc Nau (100 kg.)	2,500	3,100	3,100	3,050	3,000	3,000
Pork Bellies (1 kg.)	220	260	220	240	260	230
Fish-Ca Tre (1 kg.)	230	310	330	320	300	300
Nuoc Mam (jar)	150	220	220	220	220	220
Index for Nonfood Items	<u>241</u>	<u>319</u>	<u>303</u>	<u>305</u>	<u>308</u>	<u>310</u>
Of Which: (In Piasters)						
Firewood (cu. meter)	600	800	740	760	790	810
Cigarettes (pack)	14	22	22	22	22	22
White Calico (meter)	52	82	68	68	67	67
Kerosene (liter)	9	10	10	10	11	11

a. Data are from USAID sources. For indexes 1 Jan 1965 = 100.

