

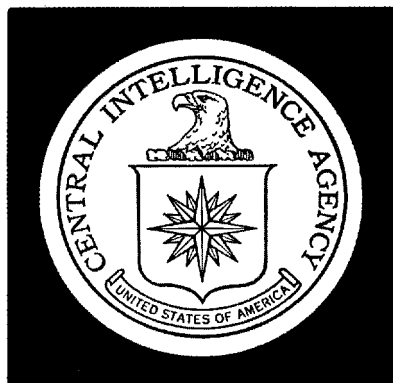
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DIRECTORATE OF
INTELLIGENCE

Intelligence Report

The Economic Situation in South Vietnam *(Weekly)*

Secret

123

20 January 1969

No. 0477/69

Secret

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CENTRAL INTELLIGENCE AGENCY
Directorate of IntelligenceThe Economic Situation in South VietnamSummary

A 1967 survey of hamlet residents in III and IV Corps indicates that the rural population has considerable contact with urban communities as a result of greater access to and ownership of various means of transportation and communication.

The rail line between Da Nang and Hue recently was opened for the first time in four years.

Retail prices in Saigon declined slightly during the week ending 6 January. The price index for imported goods also was down slightly. Free market dollar and gold prices were stable, while the price of scrip declined.

ANNEX: Weekly Retail Prices in Saigon
(table)
Monthly and Weekly Currency and
Gold Prices (graph)

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Hamlet Survey

1. A survey conducted by the Stanford Research Institute (SRI) among hamlet residents in 24 of the 27 provinces in southern South Vietnam indicates that there is considerable contact between rural people and urban communities and that the rural population, at least in the southern part of the country, is more mobile than many observers have believed. In late 1967 SRI conducted interviews in almost 900 households in 54 secure hamlets in III and IV Corps as part of a study on land tenure. Over half of the respondents said they had been to Saigon at one time or another, and 35 percent had visited the capital in 1967. Despite the war, passenger bus transportation has continued throughout a large part of III and IV Corps, and this probably is an important factor in explaining the amount of contact between Saigon and the countryside. It must be noted, however, that a large number of the hamlets surveyed were located near major transportation routes from the countryside to Saigon. Individual means of transport also have contributed to the mobility of rural residents. The survey showed that more than 40 percent of the rural population sample owned some form of transport. Of the households interviewed, 35 percent owned bicycles and 7 percent owned motorcycles or scooters. Only one percent of the sample owned automobiles. As expected, ownership of these vehicles was more prevalent among nonfarmers and farm owners than among tenant farmers or farm workers. Ownership of radios outranked that of bicycles--44 percent of those interviewed owned radios--while ownership of television sets was as rare as ownership of automobiles. As with vehicles, radio ownership was directly related to economic status.

Railroad Reconstruction

2. On 15 January a freight train completed the round trip between Da Nang and Hue for the first time in four years. With the opening of this 60-mile stretch of track, about half of Vietnam's 850 miles of railroads currently are open. A joint US/Vietnamese reconstruction effort has been

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under way for months, and plans call for completion of repairs on the entire 690-mile coastal line from Saigon to Dong Ha near the DMZ some time in 1970.

3. The volume of passengers and freight on the railroads has been extremely low in recent years because of the insecurity and damage to equipment caused by the war. In 1966 the volume of freight in ton/kilometers was only eight percent and passenger traffic was only two percent of the 1963 level. Both passenger and freight traffic increased somewhat during 1967 as security improved, but declined again in 1968 as a result of the enemy offensives.

Prices

4. Retail prices in Saigon declined two percent during the week ending 6 January. The index of food prices declined three percent as prices of most protein foods and vegetables fell due to decreased consumption following the Christmas and New Year holidays. Prices of all grades of rice were unchanged. The index of nonfood prices, however, continued to increase slightly for the eighth consecutive week as prices of charcoal, firewood, and white calico continued to rise. (A table of weekly retail prices in Saigon is included in the Annex.)

5. During the week ending 7 January the USAID price index for imported commodities declined slightly for the first time since early December 1968. Prices of almost half of the 31 products reported in the index were lower with sugar and several iron and steel products registering the largest reductions.

Currency and Gold

6. Free market dollar and gold prices were unchanged during the week ending 6 January at 200 and 284 piasters per dollar, respectively. The price of MPC (scrip) declined five piasters to 150 piasters per dollar, still 32 piasters above the official exchange rate. (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

	3 Jan 1967	2 Jan 1968	16 Dec 1968	23 Dec 1968	30 Dec 1968	6 Jan 1969
Index for All Items	<u>225</u>	<u>308</u>	<u>392</u>	<u>398</u>	<u>408</u>	<u>400</u>
Index for Food Items	<u>242</u>	<u>344</u>	<u>441</u>	<u>447</u>	<u>456</u>	<u>443</u>
Of Which: (In Piasters)						
Rice-Soc Nau (100 kg.)	1,700	2,500	3,000	3,000	3,100	3,100
Pork Bellies (1 kg.)	130	220	270	280	N.A.	N.A.
Fish-Ca Tre (1 kg.)	150	230	280	310	N.A.	N.A.
Nuoc Mam (jar)	90	150	220	220	N.A.	N.A.
Index for Nonfood Items	<u>195</u>	<u>241</u>	<u>302</u>	<u>307</u>	<u>316</u>	<u>319</u>
Of Which: (In Piasters)						
Firewood (cu. meter)	560	600	760	760	N.A.	N.A.
Cigarettes (pack)	14	14	22	22	N.A.	N.A.
White Calico (meter)	33	52	64	70	N.A.	N.A.
Kerosene (liter)	10.5	9	10	10	N.A.	N.A.

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

