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DIRECTORATE OF  
INTELLIGENCE

# Intelligence Report

## *The Economic Situation in South Vietnam* (Weekly)

USAID review completed

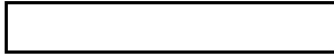
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CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence

The Economic Situation in South Vietnam

Summary

South Vietnam has had a national lottery system since 1951. In recent years revenues from the lottery have grown steadily and the lottery has become an important source of government revenue. During 1965-67, earnings from the lottery were equivalent to roughly half the amount of revenue provided by the income tax and more than five percent of total revenues from all domestic taxes. Since the Tet offensive in February 1968; all revenue from the lottery has been allocated to the National Office of Housing.

The Saigon retail price index rose one percent during the week ending 31 March. The price index for imported commodities was unchanged for the fourth consecutive week. Free market currency and gold prices were lower.

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

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National Lottery System

1. A recent USAID study of the national lottery system in South Vietnam shows that revenues from the lottery have grown steadily in recent years and the lottery has become an important source of government revenue. The national lottery system, which was established in 1951, is operated by the National Reconstruction Lottery Service, an autonomous agency within the Ministry of Finance. Every week five million tickets are sold at a price of 20 piasters each. Five top winners are chosen weekly and each receives 2 million piasters (\$16,950), tax-exempt. Although the chances of winning this amount are only one in a million, there are other prizes ranging from 200 to 200,000 piasters.

2. In recent years administration of the lottery has been improved in order to maximize government revenues from this source. Government agencies, rather than private dealers, now distribute the tickets and distribution is controlled by an inter-ministerial committee. The price of each ticket was raised from 10 to 20 piasters, and the number of weekly tickets increased from 3 to 5 million. As a result, net revenues from the lottery have increased as follows (in millions of piasters):

1965	390.6	1968	1,054.1
1966	579.4	1969	1,500.0 (est.)
1967	1,018.3		

Earnings from the lottery during 1965-67 were equivalent to roughly half the amount of revenue provided by the income tax and more than five percent of total revenues from all domestic taxes.

3. From the weekly sales, roughly 60 percent is paid out in prizes, 30 percent is retained by the government, and 10 percent is used for lottery operating expenses. Prior to 1966, the net revenue from the lottery went to the Lottery Reconstruction Service for extending home loans to, and building homes for, the needy. During 1966-67, the revenue

was allocated to the government's national budget. Following the Tet offensive in February 1968, the prime minister decreed that all revenue from the lottery would be deposited in the autonomous budget of the National Office of Housing.

Prices

4. The Saigon retail price index rose one percent during the week ending 31 March; prices of both food and nonfood items increased slightly. Rice prices were steady or lower as deliveries from the 1968-69 crop continued to arrive in Saigon. The price of most protein foods such as pork, beef, and chicken rose sharply as a result of increased demand prior to Easter and a Buddhist holiday. The price index for imported commodities was unchanged for the fourth consecutive week. Among imported commodities, the items showing the greatest price increases were iron and steel products and kerosene. Higher kerosene prices resulted from an increase in the cost of the metal containers for this fuel. Sugar prices registered the largest decline. (A table of weekly retail prices in Saigon is included in the Annex.)

Currency and Gold

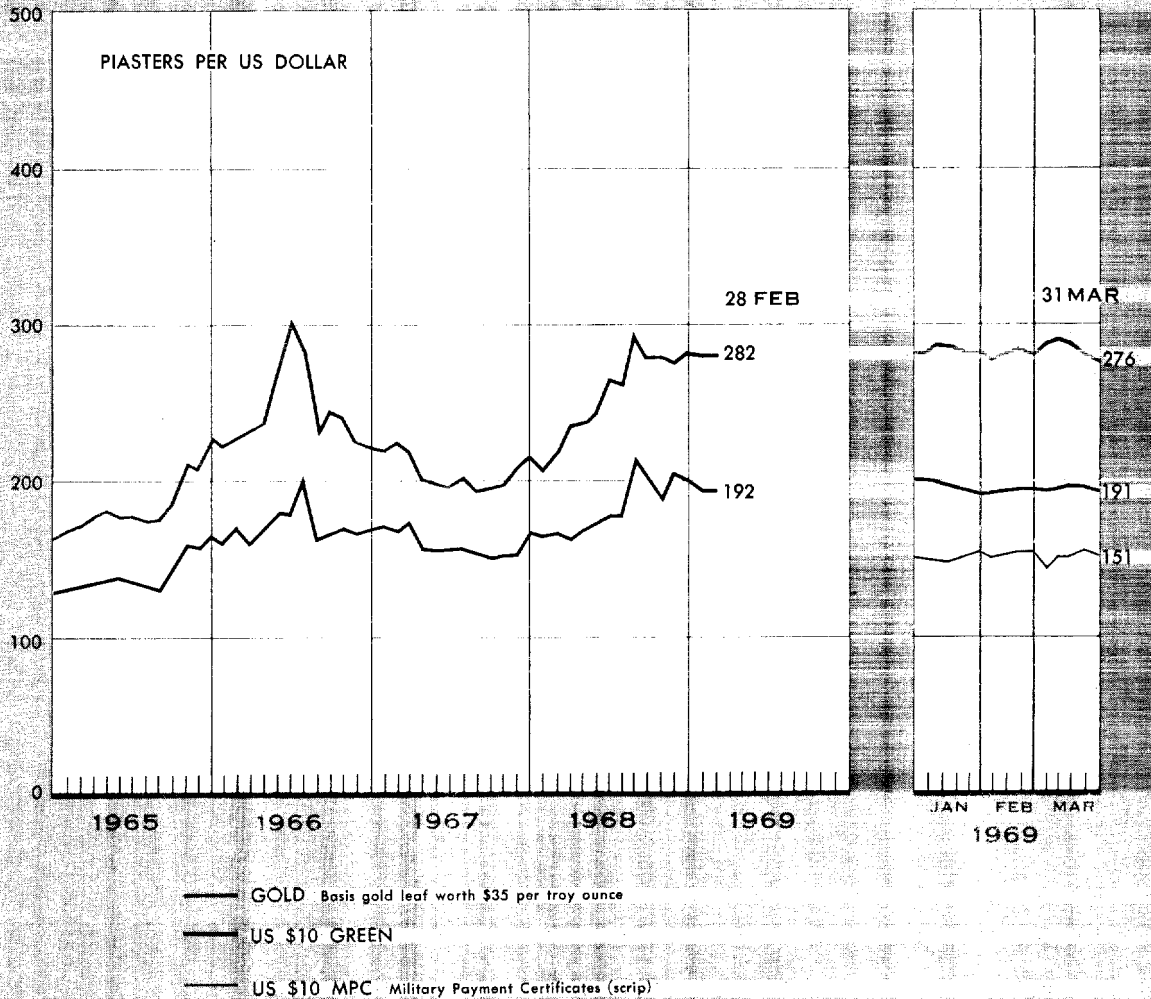
5. Free market currency and gold prices were lower during the week ending 31 March. The price of dollars declined three piasters to 191 piasters per dollar. For the third consecutive week, the price of gold declined; the price of a dollar's worth of gold leaf on 31 March was 276 piasters per dollar, or five piasters below the price of the previous week. The price of MPC (scrip) fell two piasters to 151 piasters per dollar. (A graph on monthly and weekly currency and gold prices is included in the Annex.)

TABLE  
Weekly Retail Prices in Saigon<sup>a/</sup>

	2 Jan 1968	6 Jan 1969	10 Mar, 1969	17 Mar 1969	24 Mar 1969	31 Mar 1969
Index for All Items	<u>308</u>	<u>400</u>	<u>392</u>	<u>392</u>	<u>397</u>	<u>401</u>
Index for Food Items	<u>344</u>	<u>443</u>	<u>439</u>	<u>440</u>	<u>446</u>	<u>450</u>
Of Which: (In Piasters)						
Rice-Soc Nau (100 kg.)	2,500	3,100	3,200	3,100	3,050	3,000
Pork Bellies (1 kg.)	220	260	230	220	240	260
Fish-Ca Tre (1 kg.)	230	310	310	330	320	300
Nuoc Mam (jar)	150	220	220	220	220	220
Index for Nonfood Items	<u>241</u>	<u>319</u>	<u>306</u>	<u>303</u>	<u>305</u>	<u>308</u>
Of Which: (In Piasters)						
Firewood (cu. meter)	600	800	740	740	760	780
Cigarettes (pack)	14	22	22	22	22	22
White Calico (meter)	52	82	70	68	68	68
Kerosene (liter)	9	10	10	10	10	11

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

### Saigon Free Market Gold and Currency Prices



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