

1993's achievements made us assured when coming to 1994 with the gradual disappearance of our worry about high inflation rate. Although in the first five months, the inflation rate reached 5%, just because of sharp increase in commodity and service price on the Tết occasion (early February, 1994), but in the remaining months, it slowly went up. The socio-economic living was stable.

The price of gold this year fluctuated but the difference was not big, highest increase happened in March, 1994: VNĐ 15,000 per one tenth of tael, in 1993 that figure was VNĐ 41,000. Gold price tended to go down. At the highest price (VNĐ 5,310,000 a tael), the price of gold increased by 4.1% but in the last week of December (VNĐ 5,190,000 a tael) it was only up by 1.8% compared with early January, 1994.

This year the government kept on intervening positively in foreign currency market so as to curb the boost of foreign currency. The price of US dollar only increased by 1.8% in a year, the highest increases were in two months, March (VNĐ 50/\$US) and November (VNĐ 31/\$US) whereas the 1994's inflation rate is over 10%. There were many opinions analysing and fearing such curbing policy would not be appropriate to the rule of money circulation. In October, the government took strict measures of controlling foreign currency with the aim that all over the country, only Vietnamese Đồng is permitted in payment. This resulted in the increase of VNĐ against \$US in the black market and over \$US 14 million in cash was collected from exchange operations.

The low increase of gold and US dollar have forced those who have savings not to keep gold and US dollar as means to secure the value of their own money. On the contrary, with the interest rate higher than inflation rate, 5.1% for 3 month-term deposit, 21% for the bond of investment and development bank with one year term, the State and private banks have collected great volume of cash from issuance of bonds. After 7 day long issuance of bonds of investment and development, VNĐ 150 billion and US\$ one million were attracted. In the first 9 months this year the Ministry of Finance issued bonds valued at VNĐ 2,860 billion. This resulted in reduction of cash in the market, stipulated saving, lowered price increasing pressure at the year end. Many people have sold gold, US dollar to buy bonds, hoping to get more profits than to safekeep gold and dollar. The pilot issuance of personal cheque in Hà Nội also attracts considerable funds into banks.

Thus it can be said that thanks to the government's positive financial



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measures, the value of Vietnamese đồng has been stabilized step by step. The people began to believe and save for more income. Gold and US dollar return to their functions, do not compete, usurp and drive away Vietnamese đồng from the people's savings.

There were still fevers of sugar, rice and cement as in last year, but this year they occurred two months earlier (cement: early April, sugar: June, rice in the North: October). The cause was that domestic production did not meet the demand, imports landed late, calamities damaged some areas in both the South and the North. It is remarkable that state-owned enterprises continually lifted prices of retail and wholesale and the import tax rate went up. Nevertheless, fevers gradually cooled down, did not leave any dangerous complication to socio-economic living. Such seasonal fevers could still happen next year but with the government's active intervention as in the past years, they would not cause unrest in economic living because they still lie in the people's capability of standing and overcoming.

Goods are more and more diversified, new items take shape and compete and therefore bring advantages to the consumers. Domestic items of food and foodstuff, household plastic, some industrial goods make shares in the market and win the consumers' trust. However foreign imports (especially contraband) flood the market, causing worry to the government and domestic manufacturer and there should be more positive and resolute measures.

On the whole prices did not have booms, the increase rate inched up besides the price of some items escalated at the fever time but went down afterwards (the prices of rice and pork were stable, milk price increased by 12%, MSG seasoning up by 11%, cement up by 8.5%, steel rod up by 10%). Sugar

price had the highest increase rate (21%) as the flood overflowed the Mekong Delta, damaging sugar cane output and the import tax rate of raw sugar increased. The government should have macro regulation to prevent sugar price from booming. The next item having high increase rate was petroleum (12%) through 4 times of price lifting of the state petroleum companies. Recently there were opinions about transport charge collected in the price of petroleum in effect since Jan. 1, 1995, the charge of VNĐ 300 is rather high and this could have strong effect on prices of many other goods, particularly on the Tết occasion.

The people's living standard is improved in general, rates of spending and accumulating went up (national GDP up by 8.8%), total retail goods exchanging rate up by 70%. In HCMC alone, GDP per capita was about \$US 810, equal to 280% of average national rate. HCMC residents' spending rate increased by 10% against 1993 and thus the city's trade turnover went up by 30%. Prices of commodities and services slowly rose and comparatively stable, inflation rate is 0.75% on monthly average, 9.15% throughout the year 1994.

Might speedy inflation rate, price boom, gold and US dollar fever be our memories in future? At the angle of economic living, are there still anybody anxious about maintaining the value of Vietnamese đồng they earn and save little by little? Thus the restoration of Vietnamese đồng is our happiness, an optimistic sign to come to the new year, also to the new development stage of the country. It is hoped that everybody will increase their own savings. And certainly those savings will bring in more and more profits and they are not their anxiety as in far remote years ♣