

IMF Rejected Saigon Request

By Hobart Rowen
Washington Post Staff Writer

Shortly before Saigon fell on April 30, its government made a desperate attempt to withdraw \$40 million in South Vietnamese deposits from the International Monetary Fund. The request was not approved by the IMF.

An IMF spokesman confirmed yesterday that the Saigon government had requested a "drawing," but he refused further comment, saying that the IMF does not discuss details of drawings that have not been made.

Although the Saigon government presumed it was entitled, unconditionally, to borrow about \$20 million

against its quota or deposits in the IMF, there were technical problems in approving the transfer.

More importantly, as the political situation deteriorated in Saigon, and the government changed hands rapidly, there was doubt about the legitimacy of the request and a fear that the Communist successor—the Provisional Revolutionary Government—might accuse the IMF of helping to dissipate the nation's monetary reserves.

On April 23, two days after President Nguyen Van Thieu resigned and was succeeded by Tran Van Huong, the Saigon government cabled the IMF (it was not

clear if the cable had been formulated while Thieu was in power) and requested two things:

First, a borrowing of hard currency against its "tranche," or total quota in the fund. Normally, it would be entitled to an unconditional loan against the 25 per cent of the tranche that is supposed to be deposited in gold.

Second, it wanted to cash in its holdings of Special Drawing Rights, which amounted to about \$20 million, taking currency instead of SDRs, which are a kind of bookkeeping credit.

If both requests had been granted, the IMF would

See IMF, A15, Col. 3

IMF, From A1

have transferred \$40 million in cash, probably in dollars, to the South Vietnamese authorities.

The IMF executive board met April 25 to discuss the request. Several sources indicated that a majority felt the request should be honored after a confirmation of the fiscal "quality" of the Central Bank, the agent making the request.

A cable to South Vietnam's minister of finance on April 25 asking for confirmation of the Central Bank's request went unanswered. Gen. Duong Van Minh has assumed the presidency from Nguyen Van Thieu's successor and it is assumed, the minister of finance probably did not want to pursue the request, not wishing to antagonize Hanoi.

A minority of the IMF executive board favored turning down (or at least delaying action on) the request because it feared Thieu or his associates would abscond with the money. The basic aim of the governments the minority represented, mostly in the Pacific region, was to assure future good relations with North Viet-

inghter and the F-15 Eagle, scheduled to replace the Phantom as the Air Force's front-line fighter plane.

At the beginning of the strike, company spokesmen said a prolonged walkout could cripple production. But, using nonunion personnel, McDonnell delivered 10 F-15s and

drawing against its tranche or quota, it receives another currency—say, dollars. For the dollars, it is supposed to deposit an equivalent amount of its own currency to balance IMF books. But since there was no real rate for the piaster, there was (and is) no way to figure out what a loan would equal. Saigon could have asked to withdraw from the fund and have its gold deposits returned, but did not.

On the SDRs, the usual procedure is to arrange to have another government put up the currencies desired by the borrowing government. This usually takes two or three days. "But the problem," one source explained, "was that there was no public order in Saigon, and no one knew to whom the money would be transferred."

Assistant treasury Secretary Charles Cooper told The Washington Post yesterday that the United States had supported the view that the request was legitimate, and that it should be honored. But the United States

did not believe that some unauthorized person might abscond with the money. "The money is supposed to be on call, and the government wanted to use it," he said.

The present situation is that if the request to cash in the SDR is confirmed by the PRG, the request will be honored and taken as a sign that the Communists intend to stay in the IMF and cooperate with the organization. Other options would be a withdrawal from the IMF, accompanied by a request for withdrawal of the gold,

or a policy of doing nothing to pursue the request.

A similar uncertainty relates to Cambodia's intentions vis-a-vis international financial institutions. There is hope for a smooth relationship, because one of the Cambodian alternate executive directors at the World Bank is a Khmer, representing Cambodia, Malaysia, Indonesia and Korea.

The World Bank, IMF's counterpart international organization, has no loans in South Vietnam, Cambodia or Laos.