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**Vietnamese Gold Drains Laos Wealth**

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VIENTIANE, Laos, May 24—

In the last 10 days before the fall of Saigon, it is estimated, nearly a quarter of the wealth of Laos left the country to buy gold from the fleeing South Vietnamese.

This flight of funds, disclosed by banking sources, helped trigger demonstrations and political turmoil over the faltering economy.

As described by the bankers and financial officials, the situation began to develop nearly two weeks before the fall of the Government of Nguyen Van Thieu in Saigon when people, in desperate need of dollars with which to flee abroad—dollars being much more easily transported than gold—flooded the Saigon market with bullion.

In Laos, Vietnamese and Chinese merchants and money changers, seeing the price of gold in Saigon plummet from \$5,500 a kilogram (2.2 pounds) to \$2,500, discerned an oppor-

tunity to begin hoarding in preparation for a more leisurely flight in the future.

As a result the small dollar market in Vientiane was strained to the hilt. In 10 days, the bankers estimate, \$8-million to \$9-million may have fled the country.

Virtually overnight the price of the Laotian kip plummeted in relation to the dollar from 1,500 or 1,600 to 3,000 (the official rate is 1,200). Considering that the value of the gold was up by 60 to 70 per cent, the profits were huge.

With tremendous inflationary pressure on the kip, dollars that should have gone for foreign-exchange transactions were suddenly unavailable and in most cases the gold was not even returning to Laos more than temporarily.

Much of this foreign exchange did not return to Laos, further complicating an economic crisis for Laos and her chief commercial centers, especially Vientiane.

A foreign-exchange operation is to expire in June. Should its renewal be delayed, Laos may be forced to curtail nearly all of her imports, particularly petroleum.

In an interview yesterday Premier Souvanna Phouma said that Laos would begin actively seeking world markets for her exports, particularly lumber and tin. But even an aggressive export program is not given much of a chance to improve the foreign-exchange situation substantially.

In Vientiane itself inflation and the continued economic and political uncertainty have brought increased economic hardships. Many persons on fixed or nearly fixed incomes go without one or two meals a day. "When you take all of this into consideration," said a senior Government official in the Finance Ministry last week, "it makes all the more sickening these parasites who use our money to buy their gold."