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Response To Minimum Wage Increase; Prices On Some Food Staples Soars

by Steven Ranieri

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According to the Nov. 26 issue of El Financiero, in the previous two weeks the "second inflationary bubble" of the year led to price hikes of between 15% and 67% on food staples. The cause of the "bubble," the announced 18% minimum wage hike under the renewed Economic Growth and Stability Pact (PECE), had not yet been implemented. Many business owners have publicly asserted they will not accept the new minimum. According to a study by El Financiero, in 1990 prices on certain foodstuffs have soared. Two examples are beans and rice: in January, the two staples cost between 900 and 910 pesos/kg., and currently priced at 4,000 to 6,000 pesos for an aggregate increase of between 340% and 560%. The study showed a 50% average price increase for meat, 91% for milk, 75% for eggs, 33% for tortillas, 54% for sugar, and 20% for poultry. The minimum wage currently covers less than a third of the cost of the government's "basic food basket." (Source: El Financiero, La Jornada, 11/26/90)

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