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John Neagle

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Peru: More Austerity Measures

by John Neagle

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In a televised speech on Jan. 31, Peru's Economy Minister Carlos Rivas Davila announced a four-month anti-inflation plan. The Peruvian inti has been devalued by 24%, from 700 to 920 intis per US dollar. For the fourth time since September, the government will implement substantial price increases for fuels and basic foodstuffs. "The measures are designed to discipline the economy and reduce inflation," according to Davila. "We are sure, with the rules of the game known, that public expectations, speculation and hoarding will diminish substantively." Peru's economic crisis has been described as worst of the century, excepting years characterized by war or natural disaster. In 1988, gross domestic product reportedly declined by 8.4%. According to a report by a private research group called Apoyo, inflation in January reached 51.9%, while the 12-month total was 2,944%. (Basic data from Xinhua, 02/02/89)

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