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On June 12, the Nicaraguan government announced a 102% currency devaluation, and 110% price hike for gasoline. The exchange rate went from 9,500 cordobas per US dollar on June 9 to 20,000 per dollar on Monday. Bus fares in Managua went up from 500 to 750 cordobas overnight. The following day in a nationally-televised speech, President Daniel Ortega announced a 50% pay hike for the nation's 43,000 public school teachers and health workers to partially compensate for inflation. Teachers also will receive a 14% increase that Ortega promised May 20 after several schools were shut down by wildcat strikes. Next, the president said an additional 87,000 government employees will receive 36% pay raises, retroactive to June 1. Ortega asserted that businesspersons were fueling cost of living increases by speculating in dollars. He said, "Over these last few weeks a great deal of money has been moving in the speculative markets. And over the last few days there has been a massive withdrawal of savings in order to speculate." The president said that Nicaragua will have to import basic foods in June and July, and will further restrict investment financing. He added that there would be no further currency devaluations this month. On Tuesday, taxicab drivers in Managua, Leon, Granada and Masaya stopped work to protest the fuel price increase. Without calling their action a strike, the drivers formed a panel that started negotiations with government officials over a list of demands. Cab drivers doubled their fares, but found few customers. The new exchange rate is more than 20 times the rate at the beginning of the year. (Basic data from AP, AFP, 06/13/89)

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