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On July 17, in its annual report on the Guatemalan economy, the UN Economic Commission on Latin (ECLA) recommended that the Guatemalan government implement practices permitting workers to participate in the benefits of economic recovery. The report said that the 3.5% increase in GDP last year was largely the result of growth in construction, commerce and services. Meanwhile, per capita GDP in 1988 was 20% less than in 1980. Guatemalan economic growth, said the report, was fueled by increased foreign loans (40%), and public sector spending (60%). Inflation last year year 11%. Open unemployment declined to an estimated 9.6% of the economically active population. Underemployment continued at 48%. The fiscal deficit was equivalent to 6.8% of GDP. Foreign reserves fell in 1988, marking the eighth consecutive year of current account deficit. The report said that the cost of economic adjustment has fallen on wage earners and peasants, resulting in a further deterioration of income distribution. Combined with serious deficiencies in health and education services and high underemployment, the worsening income distribution leads to the conclusion that welfare conditions for the majority of Guatemalans continue in decline. ECLA also recommended a "long-term development strategy, approved and supported by the country's principal economic and social actors." (Basic data from Notimex, 07/17/89)

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