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Mit Economist Lance Taylor On Nicaragua's Anti-inflation Program

by Deborah Tyroler  
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In an interview published Sept. 4 in Barricada, Lance Taylor, professor of economics at the Massachusetts Institute of Technology, said Nicaragua has managed to successfully curbed hyperinflation, but must continue with care to prevent its reappearance. Taylor, a macroeconomic specialist, has worked in more than 25 Third World nations, most recently, Mexico and Egypt. Taylor maintains constant contact with economists in Brazil, Chile and Argentina, as a representative of the "neo-structuralist" school of economics. This school or theoretical tendency serves to recommend gradual stabilization policies in developing nations, as a result of taking into consideration not only market mechanisms, but also the country's social structure, fiscal and monetary constraints, and the export process. Nicaraguan inflation has been reduced from a 36,000% annual rate in 1988, to 5.2% for the month of August. Taylor said this drastic reduction was made possible because Nicaraguan government officials are capable of thinking about the problems they confront, and of changing policy and the nature of their analysis. Taylor said, "It is a great success, but inflation must be reduced from a 30% annual level, or over 2% per month. When inflation is greater than two or three percent per month, there is great social pressure." Taylor was contracted by the Nicaraguan government as an economic adviser. (Basic data from Notimex, 09/04/89)

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