9-12-1989

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Highlights Of Inter-american Development Bank Report On Economic & Social Progress, 1988

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Category/Department: General
Published: Tuesday, September 12, 1989

According to results of the Inter-American Development Bank's annual report titled "Economic and Social Progress in Latin America" released on Sept. 8-10, in 1988 per capita income for the Latin American and Caribbean region as a whole declined 1.5%. Regional GDP growth was 0.6% last year, down from 3% in 1987, while demographic growth is over 2% per annum. In 1988, per capita income fell in 12 of 25 Latin American nations, including Argentina, Brazil and Mexico. The IDB said the 1988 decline was the greatest for Panama, at 18.8%, followed by Nicaragua and Peru, 11.1% each. In one country, Bolivia, per capita income appeared static in 1988. The other 12 countries showed increases, with the best record in Chile. Between 1980 and 1988, per capita GDP fell by 7% ($176), after rising almost 40% (more than $700), between 1970 and 1980. The IDB report did not include dollar figures on per capita income. World Bank statistics for 1987 show Argentine per capita GDP at $2,370; Brazil, $2,020; Chile, $1,310; and, Mexico, $1,820. In statements to reporters on Sept. 10, IDB president Enrique Iglesias said, "Once more it was a very bad year for Latin America. The overall growth was a very disappointing figure." Iglesias said the 1989 total income figure would be worse, only a little over zero overall, meaning a 2% per capita decline. According to the bank president, the major negative development for Latin America last year was rising inflation. "The overall upsurge of inflation in 1988 reached 100%, weighted by population," he said. The International Monetary Fund has reported that prices in Brazil, which accounts for one-third of the area's production, rose at an annual rate of 854% in April compared with a year earlier. The IDB report said Latin American economies were negatively impacted by a 3 percentage-point increase in international interest rates between first quarter 1988 and first quarter 1989, adding $10 billion in debt service. Interest payments on the debt, according to IDB statistics, have averaged $20 billion per year since 1982. Regional foreign debt principal at year-end 1988 was $426 billion, down from $441 billion in 1987. Some of the debt reduction was attributed to debt-equity swaps by Chile, Brazil and Mexico. Regional exports last year totaled a record $102.6 billion, up 14% from 1987, surpassing the previous record $100.7 billion in 1981. Brazil, Argentina and Chile accounted for most of the export increase. Imports totaled $78.2 billion, the highest since 1982, but still nearly $25 billion lower than their peak in 1981. Chile's economic progress, said the report, has been the most dramatic. In 1980 the Chilean foreign debt totaled $21 billion and export revenues came to $3.5 billion. By 1988 the Chilean debt was $17 billion, and exports, $8 billion. The IDB, owned by 44 governments, is a major source of loans to Latin American and the Caribbean. (Basic data from Xinhua, 09/09/89; AP, 09/10/89; New York Times, 09/11/89)

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