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Hondurans Expect Inflationary Spiral

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In statements to reporters on Sept. 2, Orlando Iriarte, leader of the opposition alliance of labor unions and professional organizations known as the "Plataforma de Lucha," said that the government's economic austerity measures are likely to provoke "social convulsions." Many Hondurans expect that September will be a particularly difficult month, result of substantial increases in the cost of living. The government plans price hikes between 20% and 100% for water, electricity and telephone services. Fuel prices are also targeted for an increase. On Sept. 2, lumber prices jumped 200%, one of the nation's principal export products. The Treasury Ministry recently announced a 15% to 30% "selective consumption tax," on about 200 products, ranging from underwear, cigarettes, beer, and foodstuffs to automobiles. Government officials say the objective of the sales tax is to discourage imports, thereby saving the government about $75 million. According to official statistics, 68% of 43 million Hondurans are below the poverty line. Consumer price inflation is running about 40% per annum, a record high for Honduras. President Rafael Callejas remarked recently on Hondurans' "stoicism," which he hopes will continue until his government's policies show positive effects, expected in about two years. (Basic data from ACAN-EFE, 09/02/90)

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