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Peruvian Congresspersons Blast New Government's Economic Program

by Barbara Khol

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On Aug. 27 in testimony before the national legislature, Prime Minister and Finance Minister Juan Hurtado Miller said that President Alberto Fujimori's government plans to immediately begin debt negotiations with the Paris Club, the International Monetary Fund, and the Inter-American Development Bank. At present, Peru's foreign debt totals about \$20 billion, which Hurtado described as "unpayable." The minister said the government's economic team plans to negotiate a substantial debt reduction with foreign commercial banks. Of the total commercial bank debt, 80% is owed by the public sector. Hurtado suggested reforms to streamline and simplify the nation's taxation system that would permit collecting the equivalent of 18% of GDP in taxes by 1994. Next, the minister asserted that "we must do what is necessary" to convince Peruvians to deposit \$1.2 billion currently stashed in "mattresses" in the nation's formal banking system. Hurtado recommended the immediate suspension of bank nationalization legislation implemented by the previous administration, and with it, the elaboration of "modern" banking regulations. President Fujimori is requesting special authority from the legislature for a 180-day period to implement the program. On Aug. 28, an overwhelming majority of congresspersons spoke out against the plan, asserting that it places disproportionate burdens on export producers and the nation's poor. According to Sen. Luis Alberto Sanchez of the Popular American Revolutionary Alliance (APRA), "When adjustment reaches the strangulation point, then it is a crime, an assassination." Senator and economist Manuel Moreyra of the Democratic Front (FREDEMO) asserted that the program will exacerbate economic recession, and was undoubtedly devised by the International Monetary Fund with the objective of generating hard currency to make foreign debt service payments. Sen. Ricardo Vega Llona of the Liberty Movement, a spokesperson for private business, said the program is "even more anti-exporter than the plan developed under former president Alan Garcia." Congresspersons representing leftist and centrist parties blasted the government's austerity program introduced Aug. 8-9, adding that the plans for the recent future constitute more of the same, and would exacerbate the economic crisis. According to Pedro Machuca, chief of Labor Ministry's consultation and conciliation division, some 80 public employees are dismissed on a daily basis. Layoffs and dismissals in the private sector have been "massive," result of plummeting sales in all areas, excepting foodstuffs. According to a report by EFE, domestic demand has dropped 60% since the first week in August. Electricity rates were raised by a factor of 35, causing an immediate negative impact on 11,000 enterprises in the five to nine employee category. Public administration employees, and employees of the Social Security Institute could not cash paychecks Aug. 27 since the Banco de la Nacion claimed insufficient funds. Congressional debate on Fujimori's economic program could continue for another two weeks. (Basic data from Notimex, 08/27/90, 08/28/90; EFE, 08/28/90)

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