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Honduras: Austerity Measures Implemented In 1990 More Rigorous Than Required By International Lenders

by Barbara Khol

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On Jan. 8 in statements to reporters, Treasury Minister Benjamin Villanueva said an economic austerity program implemented by President Rafael Callejas' government a year ago was more rigorous than required by international lending organizations. For instance, he said, the World Bank proposed less drastic measures in terms of currency devaluation, raising prices on foodstuffs, fuels, and on increasing taxes. According to the minister, "the World Bank asked us to reduce tariffs by 70%, and we lowered them from 45 to 135% because we want a competitive economy. We wanted to reduce import taxes...to 20% by January 1992, while the World Bank asked for five years." Regarding fiscal cutbacks, Villanueva said the Callejas administration was committed to reducing the deficit quickly and by a substantial amount in order to regain access to new loans, and to restructure the foreign debt. (Basic data from AFP, 01/08/91)

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