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Nicaragua: Government Prepares Second Phase Of Economic Recovery Program

by Deborah Tyroler

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During a Sept. 3 press conference, Presidency Minister Antonio Lacayo said now that inflation was virtually under control, the government is nearly prepared to launch the next phase of its economic recovery program. The second phase, according to Lacayo, consists of providing special credit lines for selected activities in agriculture, fisheries and manufacturing. Six months ago, the government implemented the first phase, comprised of a 400% currency devaluation, massive layoffs of public employees, and elimination of price controls and producer subsidies. Consumer price inflation in 1990 totaled 1,500%. The monthly rate in May this year was -6%; in June, -7%; July, 0.88%; and, in August, -1.72%. Central Bank reserves increased from 128 million cordobas oro (\$25.6 million) in February to 205 million cordobas (\$41 million) by the end of August. Lacayo acknowledged the high social costs of economic reforms. Government statistics indicate that nearly 600,000 people are unemployed. (Basic data from AFP, 09/04/91)

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