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## **Costa Rica: On Impact Of Economic Austerity Policies**

*by Barbara Khol*

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According to a recent report by the Economic Policy and Planning Ministry (MIDEPLAN), the fiscal deficit in 1989 was equivalent to 4.9% of GDP, compared to 5.5% in 1990. Meanwhile, the trade deficit increased from the equivalent of 6.5% of GDP in 1989 to 11.5% in 1990. Costa Rican imports in 1990 surpassed exports by \$571.5 million. Average real purchasing power dropped 2.5% last year. Approximately 37% of Costa Rican workers earn less than the minimum wage established by law. Over 10,000 persons lost their jobs in 1990, while consumer price level inflation hit 27.25%, the highest rate since 1982. The MIDEPLAN report indicated that an average five-member Costa Rican household earning the minimum wage would have to dedicate 89.7% of its income to subsistence foodstuffs. Paying for subsistence-level electricity, water, transportation, clothing, and housing expenses would put the household in debt by 77% of the minimum wage. Government economic planners say the positive effects of austerity policies will be observable in early 1992. (Basic data from ACAN-EFE, 05/23/91)

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