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Barbara Khol

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## **Uruguayan Government Proposes More Economic Austerity Aimed At Resumption Of I.m.f. Loan Disbursement**

*by Barbara Khol*

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On March 25, President Luis Lacalle's government requested that private sector employers limit wage hikes to 35% or less over the next 12 months. The request occurs in the context of a recent agreement with the International Monetary Fund (IMF) aimed at resumption of IMF loan disbursement. Under terms of an IMF loan agreement in January 1991, the government had committed to a maximum consumer price inflation rate of 50% for 1991. The price index rose 82% last year, and the Fund suspended disbursement. The revised agreement between Montevideo and the IMF reportedly includes consumer price inflation in 1992 of between 50% and 60%; restructuring of the social security system aimed at deficit financing; termination of automatic increases applied to wages and salaries, charges for public services and consumer goods and services prices. The social security system deficit in 1991 totaled US\$1.4 billion, compared to US\$450 million in 1989. On March 25, Uruguay's largest trade union confederation, the PIT-CNT, commenced a partial general strike to protest the government's economic policy and decisions to reform the social security system in compliance with IMF requests. Members of the national organization of retired workers joined the strike. About 600,000 retired persons receive pension payments from the system. The Uruguayan labor force numbers 1.25 million. (Basic data from Spanish news service EFE, Inter Press Service, 03/25/92)

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