

goods. A revolution is not made by proclaiming the distribution of misery in an arrested economy. . . .

In the first place, to have a growth economy, we need to increase demand and the people's consumption capacity, because the increased production of the factories and of idle lands depends on the consumer's purchasing power. Therefore I am announcing to the country this government's decision to dictate a general increase in wages and salaries, whose first stage will go into effect this month. This increase will not be a passing illusion, but rather the first increase that will allow us to surpass the growth in prices such that if inflation for this year were, for example, to be 50%, the wage increase would surpass that figure. . . .

To achieve a historic leap forward, we need to increase the people's consumption capacity; but a policy of growth also has to achieve two objectives: to increase production and to prevent salary increases from being translated into price increases.

We already know by experience that if prices rise significantly, fewer products are sold, and as a result the economy is paralyzed. We also know that without an increase in the population's wages, there is neither consumption capacity nor production increase. Then it is appropriate to ask: How does one increase salaries and prevent prices from rising proportionately? To achieve this, we should reduce the other components of the price of a product. Thus, the government has decided to reduce the general sales tax from 11% to 6%; in addition, a new 5% reduction in the interest rates to lower the cost of production; a 10% reduction in electricity rates for industry; a 20% reduction in electricity rates for agriculture; and a 10% reduction in the cost of diesel oil to lower the cost of transportation.

Naturally, these measures will not automatically control the pressure for price increases. To this end, the state will maintain its goal of regulating prices in those cases in which, despite these measures, the cost of production proves greater than the sales price. . . .

In all the districts and provinces . . . I always hear the same cry for work. Peru does not want a hand-out; it wants work, to earn a living with dignity. As the head of a popular and nationalist government, I must present possibilities for creating that work and satisfying the needs of the people.

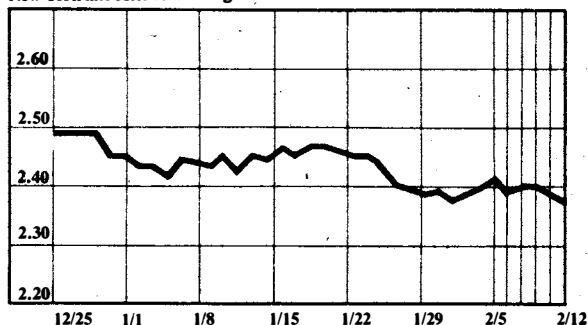
Hundreds of thousands of Peruvians need work, and to create this work cannot be solely the responsibility of the state. . . . We are going to launch a campaign for great infrastructural projects to create work, but the primary source of employment . . . must come from the unused capacity of our industry and the expansion of agricultural production. That expansion and that production cannot be imposed by the state, because for this it would have to appropriate all property and all small and large businesses in Peru.

We require the participation of national businessmen and of patriotic industrialists who have confidence in Peru, to uphold the efforts of the government. . . .

Currency Rates

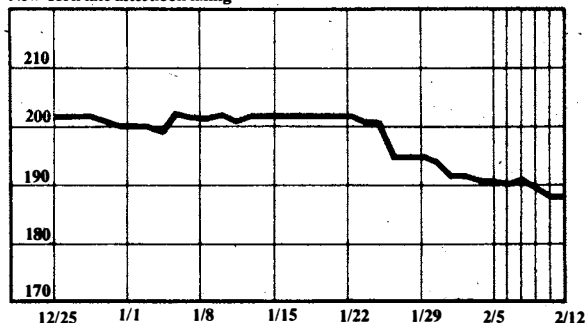
The dollar in deutschemarks

New York late afternoon fixing



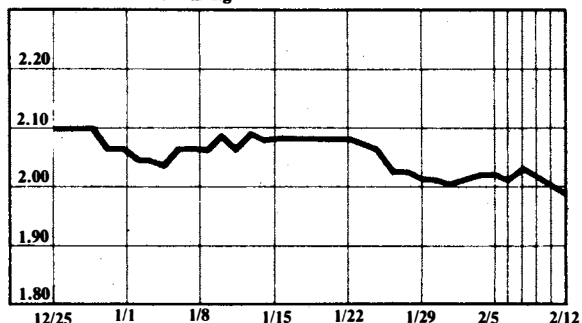
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

