

Austerity rules life of nation in wake of 'la crisis'

By Allen Pusey and Suzanne Bilello
Staff Writers of The News
First in a series

MEXICO CITY — Five years ago, Mexico was a nation bursting with the aspirations that characterized those blessed with untapped reserves of pride and petroleum. Mexico, it seemed, was rich.
But the dream ended Aug. 13, 1982. In Washington that day, Mexican Finance Minister Jesus Silva Herzog told U.S. officials that Mexico could not pay on its \$80 billion external debt. Mexico, quite suddenly, was broke.

MEXICO

Living in debt

Staff writers Allen Pusey, Suzanne Bilello, Maria Halkias, Jim Landers, David-McLemore and John Gonzalez researched and contributed to the articles in this series.

Two years later, the country is still grappling with the economic emergency that followed Silva Herzog's journey to Washington. The state of austerity declared for *la crisis* has become a way of life. And where Mexico once saw itself as a nation emerging from the cycle of poverty, it finds itself once again a nation of scarcity and diminished expectations.

From the back-road villages of Michoacan and Morelos to the factories of Monterrey and the slums of Mexico City, Mexicans say they are feeling the weight of Mexico's debt in varying ways and varying degrees: in meatless meals, toothpaste shortages, second-hand clothes, a lower-paying job, an extra job, or no job at all. For them, the crisis is borne in inconvenience, unrest and, worst of all, uncertainty about what the future may bring.

"The economy is choking us; and the economy is the debt," said Pedro Aguilar, a Mexico City jeweler.

"It's not that you won't be able to buy a car this year," said Mauro Lopez, 29, an executive in the northern industrial city of Monterrey, "but maybe not for the rest of your life."

Says Abel Beltran del Rio, head of the Mexico Project at the University of Pennsylvania's Wharton School of Finance and Commerce, "I think Mexico right now is undergoing the most severe economic and political crisis since the Please see 'LA CRISIS' on Page 26A.

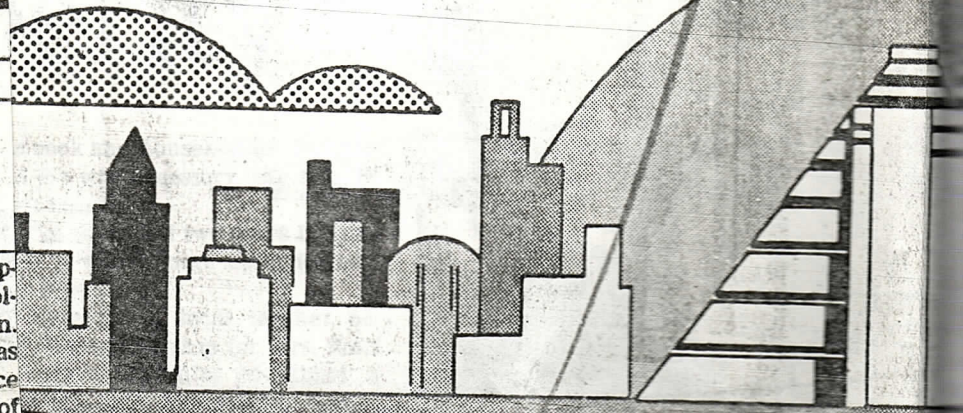
economic emergency are likely to endure in Mexico for decades.

Moreover, there are problems besides the debt with which the Mexican government must contend. A combination of drought and government cutbacks in agricul-

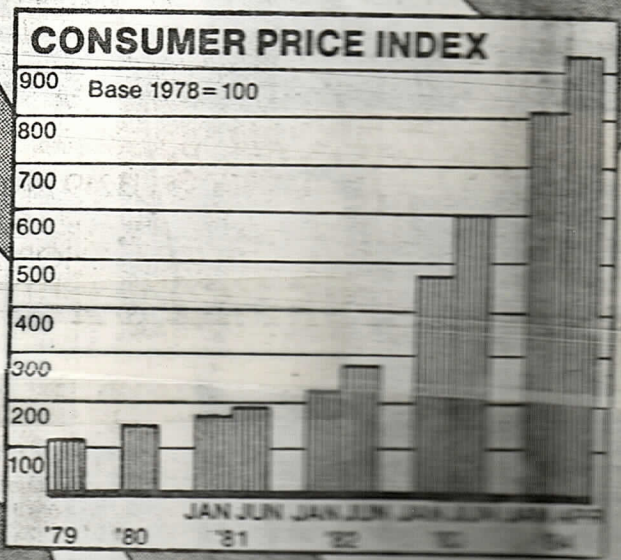
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