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John Neagle

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Mexico: Summary Of Economic Conditions, Debt Crisis Years

by John Neagle
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Since 1982, the Mexican government spent $56 billion more on debt repayments than it received in new financial aid, a resource drain equivalent to 6% of GDP per year. In that period, capital flight totaled an estimated $40 billion to $50 billion. In the past seven years, the government has cut budgets, reduced tariffs and eliminated import licenses, sold off or closed hundreds of state companies, cut subsidies on foodstuffs and gasoline, removed barriers to foreign investment, and opened financial markets. According to an unidentified recent university study cited by the New York Times, in 1982, a worker earning the minimum wage (approximately $3.60 per day) had to work about 45 minutes to purchase a pound of chicken. Today, a minimum wage earner has to work nearly 3-1/2 hours to make the same purchase. In 1982, a pound of potatoes could be purchased with earnings from about 20 minutes of work, and now requires just over 1-1/2 hours of labor. According to government statistics, per capita milk consumption has plummeted. Many families are now using soda pop as a substitute for milk because it costs half the price and does not require refrigeration. Since 1982, sales of soda pop have increased to 300% those of milk. A recent UN study indicates that more than half of all Mexicans at least 42.5 million people survive on less than minimum international nutritional standards. Malnutrition, according to Mexican officials, is especially severe in rural areas. A recent government study stated that only 20% of children under four years of age in rural Mexico "is of normal weight and stature." After many years of steadily increasing enrollments, the total number of children registered in elementary schools has declined since 1985, in the context of a population which increases by more than 1.5 million per year. According to government estimates, half of all children are now dropping out of elementary school. A recent UN study found that between 1982 and 1988, more than 5 million children dropped out of elementary school. A recent government survey of 5 million young adults who entered the labor market in the last five years concluded that only 1.7 million have found formal employment. According to government statistics, public investment dropped from 11% of GDP in 1980 to 3%. Additional efforts to economize in an attempt to satisfy creditors, the government has reduced spending on the maintenance of existing roads, telephone lines, hospitals, sewer systems and other essential public services. Mexico's population has increased from 67 million in 1980 to an estimated 85 million today. (Basic data from New York Times, 07/25/89)

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