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DIAGNOSIS OF POVERTY AND INEQUALITY

During 1996 the social situation continued to deteriorate. Although macroeconomic indicators evolved more favourably than in disastrous 1995, most people's standard of living worsened. Since 1982, when structural adjustment policies were introduced, mean income growth per capita has been less than the average population growth. The economic model and the growing external debt turned Mexico into a country of debtors with scant possibilities for productive work and for generating the income to cover costs. Employment is falling and the cost of living is increasing. In a recent survey, when people were asked «For you, economically, 1996 has been», 50% of individuals surveyed answered «worse than 1995», 26% «the same as 1995», and only 24% «better than 1995».¹

Two years into the administration of President Zedillo, Mexico is polarised with a level of super-rich individuals, a shrinking middle class, and a huge mass of impoverished workers. There is also polarisation between urban and rural areas, between men and women, and between Mestizos and Indians. Southern states (Chiapas, Oaxaca, Guerrero) report high indexes of poverty and marginisation, whereas in the centre and northern areas of the country economic solvency is greater. While the Zapatista National Liberation Army (EZLN) has been involved in talks with the government since 1995, another guerrilla movement, the Revolutionary People's Army (EPR) emerged in June 1996 in the State of Guerrero, reflecting the country's social and political fragility.

With the exception of 1989–1992, when there was a slight reduction, in the 15 years of structural adjustment poverty has increased almost constantly. In 1989, after seven years of austerity, Mexican leaders (and multi-lateral bank officers) promised they would finally share out the benefits of the adjustment, and would step up social spending. But, since 1989 poverty has been on the rise, and the few benefits were concentrated among the elite. The

crisis and a devaluation of over 150% in 1995–96 wiped out the expectations and hopes of the vast majority.

Calculations of poverty levels vary greatly depending on the definition of poverty used, the method of calculation and the source. Generally, official government figures minimise the incidence of poverty, but independent sources fail to update regularly, making comparisons over time difficult. In any case, they all indicate that poverty today is greater than it was five years ago.

According to the government, the total number of Mexicans living in extreme poverty rose from 15.4% in 1984 to 18.8% in 1989, and later dropped to 16.1% in 1992.² Figures are still not available for 1995, but poverty is believed to have risen to a level near 20%. Other studies estimate that half of the population lives in poverty conditions, with 20% in extreme poverty. According to the *El Financiero* newspaper, between December 1994 and August 1995, 2,193,000 persons moved into extreme poverty as a result of the crisis.³ A World Bank report⁴ reports that 85% of Mexicans earn less than US\$ 5 per day, and are thus considered poor.

INCOME DISTRIBUTION

The traditional way of measuring the population's well-being using per capita Gross Domestic Product (GDP) is inadequate because it does not weight the distribution of wealth. Taking this into account, the Mexican economist Julio Boltvinik combines the Gini coefficient (measurement of a country's level of inequity) with per capita GDP to calculate «an egalitarian per capita GDP». Thus, increased per capita GDP does not necessarily imply increases in the population's well-being, if inequality also rises. This is what has happened in Mexico.

1 *Reforma*, Mexico, December 6, 1996.

2 Joaquín Osorio Goicoechea, «La Pobreza y su combate: Prioridad de la política pública en un contexto de crisis crónica», in *¿Devaluación de la política social?*, Enrique Valencia Lomeli, ed. 1996, p. 132.

3 *El Financiero*, Mexico, August 31, 1995.

4 *Informe sobre la Reducción de la Pobreza* 1996.

TABLE 1.

Egalitarian GDP ⁵			
Year	Gini for monetary income	Per capita GDP (1980 pesos)	Egalitarian per capita income
1984	4,562	65.66	35.71
1989	4,889	59.50	30.41
1992	5,086	64.72	31.80
1994	5,137	65.08	31.65

While there was a slight increase in egalitarian GDP in 1992 as a result of the large increase in per capita GDP, the latter continued falling in 1994 (and fell further in 1995).

The growing concentration of income can also be seen upon comparing income of the 20% poorest homes and the 20% richest homes:

TABLE 2.

Current monetary income distribution ⁶			
Year	1989	1992	1994
poorest 20%	3.60%	3.27%	2.27%
richest 20%	54.89%	56.93%	57.54%

The Zedillo administration has not drawn up a National Plan for Eradication of Poverty. The Food, Health and Education Plan (PASE), which seeks to provide compensatory measures, has narrower scopes than the preceding National Solidarity Plan (Pronasol).

ACCESS TO BASIC SERVICES

Although access to basic services increased in recent decades, with the 1994 budget cuts it dropped in 1995 and then increased slightly in 1996. According to the UNDP *1996 Report on Human Development*, during the 1990–1995 period, 19.8 million Mexicans (approximately 22%) did not have access to health services, 15.3 million (17%) did not have access to drinking water, and another 45 million (50%) lacked access to sewage service. In the 1985–1995 period access to services is divided as follows:

TABLE 3.⁷

Service	Rural	Urban
Health	60%	80%
Drinking water	62%	91%
Sewage service	17%	70%

According to the Mexican government, sewage service coverage is higher than indicated by the UNDP:

TABLE 4.⁸

Service	1990	1991	1992	1993	1994	1995	1996
Drinking water	79.2	81.2	83.2	84.9	86.8	83.5	83.7
Sewage service	62.7	64.5	66.2	68.1	70.2	67.0	67.1

EDUCATION

According to official figures, the number of children from 6 to 14 years of age who do not attend school dropped from 2.5 million in 1990 to 2 million in 1995.⁹ For 1996, the government estimated that 98% of children will enrol in primary school (the same as 1990), and that 80% would finish, while of the 87% (compared to 83.3% in 1990) enrolling in secondary school, 77% would finish. Enrolment of women/girls has moved up to levels close to those for men at national level. According to the *1996 Report on Human Development*, the gross enrolment rate at all levels (6 to 23 years of age) dropped from 68% in 1980 to 62% in 1990, before rising to 65% in 1993 (66.2% for men and 64.3% for women).

At national level, Mexico reported average educational level as 6.7 years in 1996, compared to an average of 6.4 in 1990. This varies greatly according to region, sex and social class. For example, in the Federal District the 1995 average was 9 years (compared to 8.7 in 1990), while in Chiapas it was 4.2 years (and 3.9 in 1990).¹⁰

Despite the increase in women's school enrolment in recent years, adult illiteracy continues to be a problem, with substantial differences persisting between sectors, and with concentration above all among the poor, the indigenous population and women over 40 years of age.¹¹ Illiteracy among adults over 15 years of

⁵ Boltvinik, Julio, «Hacia una evaluación del desarrollo en el período 1984–1994», *Economía Informa*, No. 246, April 1996, p.5.

⁶ *Segundo Informe de Gobierno*, 1996, p. 165 (with own calculations).

⁷ Ibid.

⁸ Ibid.

⁹ *La Jornada*, October 29, 1996.

¹⁰ López, Guadalupe, *Educación y mujer*, mimeo, 1996.

¹¹ Ibid.

age dropped from 12.6% in 1990 (15.2% women and 9.8% men) to 11.15% in 1995 (13.6% women and 8.9% men). There are big differences between urban and rural zones. The states of Chiapas, Oaxaca and Guerrero have illiteracy indexes of 24.07%, 24.09% and 26.83%, respectively, while the Federal District has one of the lowest rates: 5.6% for women and 2.1% for men.

HEALTH

While health indicators have been improving, the inequality among regions and social classes is enormous. There has also been an increase in illnesses linked to poverty, especially among children. According to the UNDP, 19.8 million Mexicans do not have access to medical services. According to the government, the figure is only 10 million. In many places the quality of public services has dropped as a result of budget cuts in the 1980s and the move toward privatisation. This contributes to segregation between a segment of the population who can afford to pay for private services, another segment (workers) who depend on inadequate public services, and other poor and marginalised persons who do not have access to the system.

Mexican life expectancy at birth is relatively high, and has been on the rise, reaching 68 years for men and 74 years for women (mean of 71 years) in 1993, and increasing to 73.2 years in mid-1996. The average number of children per family has dropped: 3.5 children per woman in 1990 to 2.7 at mid-1996, while the population's growth rate dropped from 2.0% in 1990 to 1.8% in 1995.

According to the UNDP, maternal mortality in 1993 was 110 per 100,000 live births, although the government claims that the 1993 rate was less than half this (44.66 per 100,000), although it admits that it rose to 48.52 per 100,000 in 1994.

It is estimated that 9 million couples (63%) use some contraceptive method. This figure rises to 70% in the urban environment and drops to 44% in the rural environment. There are problems with application of contraceptive methods without the informed consent of women or under pressure from health-care personnel. Moreover, an examination to ensure non-pregnancy continues to be a requirement to apply for work in many places (including government jobs), which is a violation of the rights of women.¹²

In most cases abortion is illegal in Mexico, which has consequences on women's health, since some 500,000 women have abortions under risky conditions every year, and abortion is the fourth cause of maternal mortality.

Infant mortality increased between 1986 and 1990, prior to a steady decline until 1995. Nevertheless, the infant mortality rate for avitaminosis and other nutritional deficiencies in 1994 (50.06 per 100,000 live births) is greater than in 1986 (48.66) according

to the government. Infant mortality in Chiapas and Oaxaca is 2.5 greater than in the Federal District.

FOOD-NUTRITION

With the implementation of policies including trade liberalisation, subsidy reduction or elimination, and lack of access to credit over the last fifteen years, Mexico has been losing its food security. The country increasingly depends on basic food imports to meet the population's demand. Over the last five years imports of the ten main basic grains increased 23.5%, as 2.7 million hectares ceased to be cultivated. It is estimated that for 1996 the country will import some 14 to 15 million tons of basic cereals with a value of approximately 3 billion dollars, which represents 1.5 times the federal budget for the agricultural, stock-raising, forestry and fishing sector.¹³

The economic crisis and the dramatic drop in salaries has resulted in a 29% drop in consumption of basic foods over the past six years.¹⁴ The government calculates that some 24 million Mexicans, i.e., 26.3% of the total population, suffer serious problems of malnutrition. Illnesses related to malnutrition continue to be among the 10 chief causes of mortality at the national level. In the indigenous communities, the government calculates that between 70 and 80% of children under five years of age suffer from malnutrition, while in the non-indigenous population it ranges between 30 and 50%.¹⁵

The Mexican government's social programs have adopted a system of directed subsidies, unlike the previous system of generalised subsidies. Nevertheless, the government has proven to be incapable of directing the subsidies without eliminating many needy people from the programs. The government recently had to cancel a pilot program that consisted of replacing the milk and tortilla subsidy with a money subsidy by means of a magnetic-band card, because it generated a reduction in consumption and nutrition of the beneficiaries, since the acute economic crisis led them to spend the money on other basic necessities.

INTERNATIONAL CO-OPERATION AND AID

Despite various attempts at restructuring, or perhaps because of them, Mexico's total external debt continues to grow. Table 5 shows the evolution of debt for the last seven years.

Although it is true that 1996 shows some recovery in relation to the previous year, if we compare it to years prior to 1995 the debt's growth trend is maintained, reaching 165 billion dollars in 1996.

A distinction should be made between public debt and private

¹² *Tribunal para la defensa de los derechos reproductivos*, Red por la Salud de las Mujeres del Distrito Federal, May 1996.

¹³ Foro Nacional por la Soberanía Alimentaria, minutes, August 1996.

¹⁴ *La Jornada*, May 6, 1996.

¹⁵ Aponte, David, «SRE: graves índices de desnutrición en México», *La Jornada*, November 2, 1996, p. 14.

bank debt. While the latter has had zero growth, in a three year trend, public debt is growing rapidly. This is natural, since the banks have managed to transfer part of their debt to *their* internal debtors. This would also explain the upsurge of the *Barzonistas* and other debtor movements (farm, housing, medium-sized company

and other debtors). Public debt trends reflect the pressures on public utility rates, including those for transportation, water and energy, which are beginning to be felt and will continue to grow.

The figures reveal all their drama when we look at per capita debt (growing at a yearly average of 6.8%). They are even worse

TABLE 5.

Mexican External Debt ¹⁶ (millions of dollars, millions of persons, and percentages)							
Years	1990	1991	1992	1993	1994	1995	1996
Total debt	104,329	116,069	117,882	131,858	147,299	170,211	165,000
Total debt growth	7.9485	11.7321	0.9376	12.068	7.9184	19.815	-3.0615
Total debt/total population	1,211	1,332.217	1,337.1	1,481.6	1,581.1	1,870.5	1,793.48
Annual Relative Growth	5.86	10.00	0.36	10.80	6.71	18.30	-4.11
Total debt/insured employment	12,723	13,248	13,220	14,964	16,170	19,792	
Growth related to previous year	0.04	4.11	-0.19	13.33	7.91	22.39	
Total debt/E.A.P.	3,431.9	3,736.18	3,654.1	3,912.7	4,136.5	4,781.2	4,546.46
Growth related to previous year	5.10	8.86	-2.19	7.07	5.72	16.58	-4.93
Private debt	20,051	29,622	35,950	48,324	53,000	52,000	52,000
Growth private debt	41.92	48.73	20.54	34.42	9.67	-1.88	0
Amount public external	84,278	86,747	81,712	83,534	69,296	118,221	113,000
Growth public external	2.13	2.82	-6.80	2.22	8.89	32.39	-4.41
Total service	18,213	18,124	19,963	18,904	20,806	22,789	14,932

Source: Debt Sheet produced by Red Mexicana de Cabildeo/IDEA/IAPS, Dec. 1996

when we look at them in relation to workers registered with Social Security (average annual growth 7.9%).

Upon comparison with the figures for debt service payments, annual budget allocations for health and education are falling in relative terms. The figures reaffirm in fact that we are dealing with a structural phenomenon that translates into declining per capita levels of production and services, and that debt servicing is only possible at the expense of a constant drop in the living standard of the majority of the population.

Palliative measures have involved relatively low amounts in the form of social investment swaps, totalling some 250 million dollars (we are talking about figures 1000 times less than the values of debt!) allocated to social development projects. Finally, in relation to the 20/20 proposals agreed to in Copenhagen, follow-up has been practically nil in the government sphere.

STRUCTURAL ADJUSTMENT AND SOCIAL PUBLIC SPENDING

The government is committed to continuing on the structural adjustment path that began fifteen years ago. Although President Zedillo publicly acknowledges that the population has suffered

greatly during this period, he insists that this is the result of «authoritarian and state» policies of prior decades, and not of the adjustment policies. Nevertheless, even those who have promoted economic liberalisation policies as the only sure way now confess their concern because the policies supposed benefits are only reaching a minority fraction of the population, as James Jones, current United States Ambassador to Mexico, has affirmed.¹⁷

The government's response to the population's growing poverty and marginalisation is not to evaluate the development model, but instead to keep it intact while it implements compensatory programmes aimed at the most vulnerable sectors. Although some of these programs have increased access to basic services, poor families are still without work, without income, and without access to credit, so that the prospects for surmounting poverty are still very scant. Moreover, the amounts allocated to curbing poverty are not very relevant when compared to the amounts allocated for debt payment or for bailing out the financial sector. The budget for all social programmes represents barely one-seventh the money allocated to save the private banks from bankruptcy (the latter figure exceeds 12% of the Gross Domestic Product).

As we can see, public spending rose from 1990 to 1994 (following major cuts in the 1980s). Nevertheless, the recent crisis

¹⁶ The 1996 figures are preliminary estimates obtained based on journalistic data and figures from IDEA/Observatorio Social. The estimates are based on the debt balance at September 1996, and although the figures have been decreased by advance payments, the burden has been greater.

¹⁷ *The New York Times*, December 4, 1996.

TABLE 6.¹⁸

Budgeted Expense (% Total GDP)	1990	1991	1992	1993	1994	1995	1996
Social development		6.0	7.0	7.8	8.5	9.1	8.5
Health & Social Service		2.9	3.3	3.4	3.7	3.8	3.5
Education	2.5	2.9	3.2	3.6	3.9	3.8	
Urb. develop., ecol., drink. water		0.2	0.3	0.4	0.4	0.6	0.4
(Billions of pesos at 1993 prices)							
Social development		68.54	83.62	96.39	107.0	118.7	104.5

led to drastic cuts, which were evident between 1994 and 1995. Moreover, GDP dropped 6.9% during 1995, which means that the government spent a lesser percentage of a lesser amount. The same thing has happened with poverty programme spending.

TABLE 7.

EMPLOYMENT, INCOME AND WAGES

Poverty Programs ¹⁹								
Year	1990	1991	1992	1993	1994	1995	1996	
Nominal spending		3,277	5,186	6,992	8,258	9,269	10,003	11,444
Real spending (1994 Pesos)	5,451	7,032	8,208	8,834	9,269	7,409	6,615	

In a country like Mexico, where 67% of the economically active population works in the informal sector and there is no unemployment insurance, the figures on open unemployment do not give a full idea of what is really happening in the job market, because those defined as «unemployed» tend to be middle class.²⁰

Until the 1995 crisis the levels of open unemployment in Mexico had been relative low. During the 1990–1994 period, open (urban) unemployment rates ranged from 2.3 to 3.9%. With the crisis, however, these figures doubled until reaching historic levels of 7.4% in the third quarter of 1995. Some 2 million people lost their jobs in 1995. Since then the open unemployment rate began to fall, but in the third quarter of 1996 it still was at a level of 5.8%.

Over the last three decades women's participation in the job market has grown constantly, although today it is estimated that women still represent less than 30% of the EAP.

Underemployment and job quality are what most impact on the low-income population. Measuring income and weekly hours worked, in 1993 there was an overall underemployment rate of 36.1%.²¹ There are also significant variations according to region. While in more urban zones underemployment is less than 20%, in the least developed areas it affects more than half of workers.²²

Between 1977 and 1995, the purchasing power of the minimum wage had an accumulated drop of 80%, and today it is at its lowest level in history.²³ In 1995 alone, the minimum wage lost 20.3% of its purchasing power. At the same time, the percentage of workers who earn less than the minimum wage grew from 6.7% in December 1994 to 12.5% in June 1994. It is estimated that 23% of women earn less than the minimum wage, while 11% of men are in this situation. Those earning the equivalent of between one and two minimum salaries grew from 32.9% to 35.9% in this period.²⁴

In the meantime, inflation continues at levels that far exceed those recorded by Mexico's main trading partners. The inflation rate was 50.37% in 1995, and 23.74% during the first 11 months of 1996. The cost of basic goods regularly increases more than average inflation, thus hurting low-income families more.

CITIZEN PARTICIPATION

In the light of the economic disaster that has worsened in recent years, numerous groups of workers, small and medium business people, farmers, bank debtor groups, NGOs and researchers have presented multiple alternatives to put the defence of the productive apparatus and of employment at the centre of national priorities.

In this sense, this year we held a National Day Condemning the Government's Economic Policy, which evidenced that a growing number of Mexicans feel that the current economic policy has not only failed to alleviate poverty, but that it has worsened it.

Recently, a group of organisations of civil society and the World Bank invited the Mexican government to participate in the Structural Adjustment Participatory Review Initiative (SAPRI), to be carried out in 1997 in eight or ten countries world-wide to evaluate the impact of adjustment and derive lessons from it. The government declined the invitation and said that «in no way» would it participate. Nevertheless, Mexican citizens' organisations have in any case decided to move ahead on this initiative.

Moreover, citizens' organisations continue collaborating through thematic networks on social development initiatives. In preparation for the World Food Summit in Rome, in November, in

¹⁸ Segundo Informe de Gobierno 1996.

¹⁹ Ibid.

²⁰ Román Morales, Ignacio, «Crisis estructural y coyuntura del empleo en México», Jornada de Caridad.

²¹ Román Morales, 1996

²² Ibid.

²³ El financiero, February 18, 1996.

²⁴ Román Morales, 1996.

Mexico a National Forum for Food Sovereignty was organised, as well as a National Anti-Hunger and Pro-Food Sovereignty Campaign. Various very active networks focusing on gender have monitored and followed up on the Beijing commitments and have es-

tablished good contacts with the National Women's Program.

- Equipo PUEBLO is a Mexican nongovernmental development organization founded in 1977.
- We would like to thank the following persons and organisa-

The economic policies implemented in Mexico as of 1982 have undermined the economy's production capacity, have hindered balanced social development and have deteriorated the living standard of Mexicans. There has been consolidation of a dual economy, with a dynamic external sector and a stagnant or recessive domestic market. In the meantime, wealth becomes more and more concentrated. There is more poverty in Mexico today than there was five years ago.

All too frequently, international analysts talk about a firm recovery of the Mexican economy, because they follow only those indicators of interest to international investors: influx of foreign capital, currency stability, and evolution of the Stock Market index. As we have demonstrated, the everyday reality of the population contradicts these figures. We are thus faced with a paradox, where even if a country is incapable of creating employment, or of feeding its population, it can be said that its evolution is positive.

We believe that true social development can only be achieved through a strategy that guarantees minimum levels of well-being for the entire population by means of *its incorporation in productive activity*. Social development programs cannot be limited to compensatory measures, but instead must be based on a sound economic policy and on the population's productive capacity. This and this alone is the spirit of the commitments adopted by governments at the World Summit on Social Development, which in Mexico have gone unattended.

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