

Poverty and Local Development in Mexico: Seeking Solutions

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Abstract

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Nowadays, Mexico is involved in two important processes: in the economic sphere, the Mexican government is engaged in an ongoing process of integration into the international economy. On the political and social level, is building a solid democracy system. However, the two processes are complex and are often characterized by the forgetfulness of "local development". Moreover, the intensification of the basic needs of the people leads to a high level of poverty that is related to the lack of the capacity to generate jobs, marketable services and infrastructure that allow them to interact with other economic and labor sectors. A recent report of the Mexican Social Development Ministry mentioned that 54% of Mexicans live in poverty, (surviving with less than USA \$ 4 a day), while 32% do so with less than 2.5 dollars, and 24% with less than \$ 2 a day. Also, the main purpose of this paper is to analyze the situation of poverty and its effects on local development in Mexico. The central argument or hypothesis is that, the Mexican government at all levels (federal, state and municipal), with inappropriate strategies of combating poverty, tends to get lost in the complex system of the national economy; that mitigates the efforts of combatting poverty and social exclusion. Indeed, to achieve an efficient local development, it is necessary to take in account sociocultural, economic, technological, ecological and political actors. Furthermore, it is essential to generate thoughtful changes in the behavior of all these different actors.

Key words: Poverty, Local Development, Social Programs

Introducción

Despite the implementation of social policies, poverty in the World has been increasing. The results obtained by the implementation of social policies to combat poverty have had some effect in certain regions such as sub-Saharan Africa, South America and countries of the former Soviet Union.

In the case of Mexico, the new programs to combat poverty, born into a complex institutional context. Indeed, public opinion is convinced that programs to combat poverty applied from the beginning of the XXI century are always full of opaque dealings with political and electoral purposes. Therefore, we try in this paper, to present the relationship between local development and poverty reduction. Moreover, some efforts are made by the Mexican government to find solutions to the problem of poverty.

Since the 90s there was a major change in social policy to overcome poverty in Mexico. It was also designed a scheme of operations in two ways: on one hand, the implementation of actions aimed to confront security, welfare, health, education, job training and housing issues. In this aspect Mexican government sought to grant the poor and marginalized people the enjoyment of social rights enshrined in the Mexican Constitution. On the other hand, the implementation of measures targeting the extreme poverty aimed at developing capacities of individuals and families through concretes actions of giving food, health and education, construction of basic social infrastructure and creation of employment opportunities and income.

Local development as an alternative to fighting poverty

The notion of local development is full of ambiguities, inaccuracies and difficulties of definition. Often the question arises is: What is local Development? To avoid discussions looking to find an exact answer to that question, it is considered in the context of this paper is that the local interactions represents a system with some autonomy besides that it is "more real" than global. Moreover, the global is not the simple addition of local realities, but a specific dimension of the social.

The crises that have shaken the international system since World War I forced a search of new forms of mobilization of human potential. Gradually, it has been installing the conviction of the irreversibility of the process. It seems that it is useless to look back and try to reconstruct what these crises have led to humans Bings. It is necessary to imagine other forms of development that exceed qualitatively previous forms. That effort to raise alternative development has led to many proposals usually known as "human scale

development”, “Basic development”, “eco-development”, “self-sustaining development” and “self-centered development” (Arocena 2002).

Also, towards the end of the seventies many research start to talk about local development, with a focus driven by most industrialized countries in that decade. A generalized discourse focused on the concept of local initiative to mobilize the potential of people in poverty and social marginalization. Today, there has been considerable multiplication of local actions in areas such as the testing of new energy sources, renovation of traditional activities, new operating procedures of raw materials, the introduction of new technologies, opening new channels commercial revitalization of small business. Closely linked to the development of local initiatives, training and access to new skills have been important tools in the effort to mobilize human resources.

The question that deserves special attention today is undoubtedly the one that concerns the immediate relationship between local development and poverty reduction. One way to answer that question is to remember that guidelines for local development in the 70 and 80 had a boost mythical content allowing Third World societies through the mobilization of marginalized populations, which has had a effect on poverty reduction. The promotion of small business, training action for potential business creators, training policies for employment, initiatives of local institutions in socioeconomic, poles of retraining, are expressions of these efforts to mobilize local human resources and combat the gaps and needs of the people.

However, these hypotheses are only one way to understand the changes that have been given to analyze the performance of local initiatives. Indeed, humanity can also move towards the concentration of the production in a few areas of the planet and in a few high-tech centers. In this case, local development serves as mere entertainment, as a toy to amuse unemployed people (Arocena 2002). Beyond speculation about the importance of local development as a tool to fighting poverty, it is indisputable the current revaluation of individual and collective initiative. Initiatives are multiplying in the form of small business development, boost to innovative projects, revitalization of local socio-economic fabric. In recent years, this phenomenon has reached a very important dimension with the introduction of techniques based on electronics and biotechnology, the revitalization of certain trades, developing new skills, innovation in marketing and service delivery.

Indeed, poverty and extreme poverty are associated with populations living in small towns, scattered and often isolated. These populations are closely related to the primary economic activity, with little possibility of entering in the global market despite having potential and competitiveness. One cause of this is the isolation and lack of transport and communication structure. Poverty and extreme poverty are associated with populations living in small towns, scattered and often isolated. These populations are closely related

to the primary economic activity, with little possibility of entering to the local market and much less to the international one, despite having competitiveness. One cause of this is the isolation and lack of transport and communications structure. Access to paved roads with continuous maintenance is limited, while small roads or gaps interconnect other locations, which are always inaccessible especially in bad weather. Indeed, the unequal distribution of wealth has concentrated the National Income on certain sectors such as those specifically dedicated to the export of goods and services, neglecting others like agriculture, small and medium business on which local development relies heavily (Mballa: 2013)

One way to fight poverty while promoting local development is undoubtedly endogenous harness the potential of local actors. Failure to establish a direct correlation between poverty and its effects on local development may be limited to "compensate" the exclusionary effects of general economic and social situation. Indeed, an analysis of the experiences of local development in Mexico leads to questioning of traditional conceptions and development programs that have been dominant in recent decades and have not achieved in practice the desired results. The unequal distribution of national income has been concentrated in certain sectors such as those specifically dedicated to the export of goods and services, neglecting others like agriculture, small and medium business that depends heavily on local development.

For these reasons, local development policy needs political support of the different actors as well as business will, to bet on "local" and its development, to raise the living standard of the population with scarce resources.

Poverty in Mexico: Some statistics

According to statistics from the Economic Commission for Latin America and the Caribbean (ECLAC), between 2006 and 2011 all Latin American countries, except Mexico, managed to reduce poverty by 6.9 percentage points on average. During the same period at the regional level, the indicator fell from 36.3% to 29.4%. However, the agency estimated that in Mexico the percentage of the population in poverty conditions jumped from 31.7% in 2006 (the year Felipe Calderón assumed office) to 35.3% in 2011. And last but not least, homelessness in Mexico increased from 8.7 to 13.3% in that period, which means an increase of 4.6 percentage points.

According to the "2012 Social Landscape of Latin America" presented by ECLAC on *November* in the Chilean capital, in 2006 poverty in Mexico was 4.6 points *lower* than the regional average and the same with homelessness. In 2011, both indicators *exceeded* the Latin American average: poverty by 5.9 points and homelessness by 1.9 points, which had never happened in the past. On the list of eighteen countries included in the 2012

Social Landscape ECLAC, Argentina has the lowest incidence of poverty, with 5.7% of the population, followed by Uruguay (6.7%), Chile (11.0%), Costa Rica (18.8%), Brazil (20.9%) and Panama (25.3%). Mexico is among the six poorest countries in the region, second only to the Dominican Republic (42.2%), Bolivia (42.4%), Paraguay (49.6%), Nicaragua (58.3%) and Honduras (67.4%).

ECLAC said that their poverty figures for Mexico are different from those of the National Council for Evaluation of Social Development Policy (CONEVAL) because the Mexican institution takes a multidimensional measurement, and the UN agency only measures household income. However, ECLAC and CONEVAL agree that poverty in Mexico has increased in recent years (Corda: 2012). Similarly, in Mexico, the Social Development Secretariat considers that 54% of Mexican live in poverty, indicating that they survive with less than 4 USD a day, while 32% do so with less than 2.5 USD and 24% less than 2 USD. From this perspective, the poorest states in the country are Chiapas, Guerrero, Oaxaca, Tabasco and Durango, and they concentrate high percentages of indigenous population (Aboumrad: 2013).

Mexico in search of solution to combat Poverty.

Mexico and all Latin American countries have tried to find a solution to the issue of the fight against poverty. The first efforts of the Mexican government to attend the needs of the most vulnerable populations were carried out during the early seventies. Also through various programs, the Mexican government has launched a series of instruments to find a solution on the issue of poverty. However, the evaluation of these programs usually isolated has revealed that its target has never been reached. This can be explained by the fact that Poverty in the late seventies was not a priority on the government agenda. The fight against poverty has become a priority and urgent on the government agenda in Mexico until the late eighties when the pauperization reached truly alarming levels; therefore, the government began to look for strategies to attend the social costs and negative effects on the quality of lifestyle of most of the Mexican population left by the adjustment and structural reforms implemented in the early eighties (Palacios, 2007:146).

It is important to note that these mechanisms to fight poverty respond to the recommendations of some international organizations. By the end of the eighties, the problem of poverty takes an unusual importance; Programs driven by the United Nations, the World Bank, the Inter-American Development Bank and the International Monetary Fund, among others focused on the issue of poverty. The rhetoric of these institutions suggests that poverty reduction is achieved around economic growth by economic liberalization of the market that would result in greater welfare of the population.

The National Solidarity Program (PRONASOL) -1989-, begins the time of specific programs to combat poverty and leads the way in the fight against poverty. That program was created rather, to offset the effects of structural adjustment that had been implemented since the mid-eighties and based on popular participation.

Social policy as an instrument of Poverty alleviation

Social policy is the main instrument to combat poverty in Mexico. However, not until the last decade of the last century that social policy in its aspect of fighting poverty, acquires own settings within public policies in Mexico, mainly through increasing the canalization of resources to specific social programs (Cabrera, 2007).

Added to this, the social policy aims to create conditions for people to be successfully incorporated into labor markets and begin to trigger virtuous circles of more training, higher incomes and poverty reduction. Mexico has been in recent decades a laboratory for experimentation of structural adjustment programs imposed by international organizations. However, history has shown that the result has been disastrous (Damian, 2004).

Since the forties, international institutions like the World Bank, the International Monetary Fund and other United Nations agencies, have been proposing social programs which basically set policies to combat poverty, with three essential elements: i) broad-based economic growth, ii) development of human capital and iii) networks of social protection for the poor people.

Another great debate within the field of combating poverty in Mexico is the implementation of policies that have an effect on the standard of living of Mexicans. In that sense, the programs to fight poverty from the perspective of targeting Mexico have gained strength with the support of the government.

From this perspective, the supports are aimed at the poor, and seek to share responsibilities on fighting against poverty. These targeted programs have gained legitimacy due to its focus on the poor and marginalized people. However, within the disadvantages of such programs it may be indicated that such programs become mechanisms of political manipulation of the poor, as a means to maintain political patronage or corrupt practices (Dresser, 1997).

Some local development programs and Poverty in Mexico.

a) PIDER and COPLAMAR

The Public Investment Program for Rural Development (PIDER) was in operation between 1973 and 1983. PIDER focus was to solve social and production issues in

specific regions through the coordination of investment in various sectors and levels of government in Mexico. Its main objective was to achieve a comprehensive rural development for the rational use of natural resources and to combat rural exodus. That program depended directly on the Presidency and was supported by international organizations like the World Bank and the Inter-American Development Bank.

The greatest achievement of PIDER was the implementation of effective forms of coordination between the Federal government and the different States in Mexico. The PIDER had to coordinate with the local governments of the various states through their regional promoters called Socioeconomic Development Committees (COPRADES), which from 1981 would become the Planning Committees for Local Development (COPLADES). At the same time PIDER assumed the coordination with various institutions such as the Ministry of Agriculture and Water Resources, Human Settlements and Public Works of the Agrarian Reform, with the Federal Electricity Commission and the National Rural Credit Bank. PIDER also managed to achieve considerable progress in the field of regional planning and coordination by encouraging the decentralization of public administration in the implementation processes of local development, the fight against poverty and social marginalization.

For its part, the General Coordination of the National Plan for Depressed Zones and Marginal Groups (COPLAMAR) was established in January 1977 in order to carry out actions that would enable to achieve a fairer share of the national wealth (Del Val, 1997). Its objectives were: (Cordera and Lomeli, 2005): a) increase the productive potential of marginalized groups to generate goods, food and services; b) promote the creation of jobs and diversification in marginalized areas by channeling public and private resources; c) achieve a fair remuneration for the work and the products generated by marginalized groups and promote an equitable distribution of resources (food, health, education and housing) that benefit the poor people and d) promote respect for the forms of organization of marginalized rural groups.

One of the great achievements of COPLAMAR was to gather information on the satisfaction of basic needs in terms of housing, nutrition, health and education, building the basic needs basket of the poor people. During this program several concrete actions were carried out in the field of health, education, food supply, drinking water supply, road construction, employment generation, rural electrification, agro-industrial development and support services to the rural economy. The basis of the success of that program was to make agreements with public institutions, contracting them to do the works programmed. Despite the success of this program, one of its limitations was the strong centralization of decisions (Robles: 2007).

b) SAM and PRONASOL

The Mexican Food System (SAM) was established in March 1980, before the Mexican agricultural crisis raised in the second half of the decade of the seventies. The SAM originated as a strategy to achieve self-sufficiency in basic grains for the farmers. The main features of this program were to increase credit, improved seeds, fertilizers, machinery and equipment, technical assistance and coverage in the control of pests and diseases.

However, despite the positive results of the SAM, the program had little redistributive impact, and in turn, the dismantling of programs and poor environmental protection originated severe environmental degradation. Meanwhile, the implementation of the Nutrition and Health as an extension of SAM was the most important in the fight against extreme poverty and had as its main feature, improved nutrition and health status of marginalized families of Mexico.

In 1988, the Mexican government launched the National Solidarity Program (PRONASOL) with the aim of reducing poverty in rural, indigenous areas and the population living in of the arid areas, through the implementation of actions in six basic components, such as food, health, education, housing, employment and production projects.

The PRONASOL arose in the context of the economic crisis and the structural adjustment process in the eighties, characterized by the consolidation of public finances, macroeconomic stabilization, structural changes in the economy and growing social demand exceeded the capacity response of institutions (Palacios, 2007).

All the programs carried out by the PRONASOL are classified into three areas: i) the social solidarity, aimed at improving the living standards of the neediest populations to meet their basic needs services, ii) production solidarity, creating employment and training opportunities relying on farming and forestry and iii) regional development solidarity, aimed at building basic infrastructure of regional impact, as well as the implementation of programs in specific regions of the country, promoting Township and strengthening the decentralization of local governments.

One of the most important features of this program was the creation of a “community work method” and was the central component of the so-called “solidarity committees”, that gave rise to a new type of institutionalized social organization, which was a requirement to channel demands and lending to the poor people (Palacios, 2007).

c) Recent Programs: *PROGRESA* and *OPORTUNIDADES*

In the late 1990s, the World Bank took a turn in its proposals in the fight against poverty and implemented the *Conditional Cash Transfers (CCT)* programs of which *PROGRESA* and *OPORTUNIDADES* were representative in Mexico. These are two programs with the same goal but with different content because the assumptions and directions of these programs changed their orientation. The guidelines for these programs in Mexico are located in the document *Project of Decentralization and Regional Development 1991, Assessment Report*, particularly those relating to the recognition of the Mexican poorest states: Chiapas, Guerrero, Hidalgo and Oaxaca.

The Education, Health and Nutrition Program (*PROGRESA*) was a Federal executive program inserted into the side of the development of human capital in the context of a comprehensive social policy, inter-sectorial actions for education, health and nutrition of those families living in extreme poverty, in order to promote and strengthen their capacities and potential, raise their standard of living and promote their inclusion in national development. The operation of *PROGRESA* was based on three fields of action: i) education: in order to secure the attendance of children at schools, providing scholarships in order that they remain in school, ii) health: the program focuses on care for children under five, pregnant and lactating women, to reduce illness and death of family members and iii) power supply: is monetarily support to beneficiary families in order to contribute to the improvement in quality and nutritional status.

PROGRESA uses geographic targeting, monetary resources and grants to poor families and certain services assuming that since poverty is inherited, and breaks the vicious circle of poverty. Its main objectives are summarized as: 1) improve the nutrition, health and education, particularly of children and their mothers; 2) support the family economy "trying that the home has sufficient resources for children to complete their basic education ", 3) to share responsibility and involve all family members in social welfare activities and 4) promote community participation and support the actions undertaken, for the benefit all families on education and health services.

From 2002 *PROGRESA* becomes the Human Development Program (*OPORTUNIDADES*), continuing the strategy employed, preserving its main features and integrating new shares in order to increase the access of families living in poverty. *OPORTUNIDADES* focuses on a cash transfer and food supplements to attend children at school and the supervision of their health levels. By 2007 *OPORTUNIDADES* benefited 5 million families in 2,444 towns and municipalities and 92.961 where (approximately 30% of the beneficiary families) were in the States of Veracruz, Chiapas and Oaxaca (SEDESOL, 2008). *OPORTUNIDADES* contributes to achieve four objectives outlined in the National Social Development Programme: i) reducing extreme poverty, ii) generating equal opportunities for poor and vulnerable groups, iii) supporting

the development of skills of people in a position to poverty and iv) strengthening the family business by encouraging participation and community development (SEDESOL, 2003).

From the perspective of the National Education, the program is consistent with the objectives of: i) advance towards equity in education, ii) to provide a quality education appropriate to the needs of all Mexicans; iii) promote social participation in education. Under the National Health Program, OPORTUNIDADES contributes to the following objectives: i) reducing inequality in health; ii) improving the health of Mexicans and iii) ensuring fairness in health financing. The OPORTUNIDADES program represents a change of policy vision in overcoming poverty that began in the first instance and continued the PRONASOL and PROGRESA programs by owning efforts, on five guiding principles such as equity, comprehensiveness, transparency, social cohesion and responsibility.

OPORTUNIDADES with the expansion of the geographical coverage extends to semi-urban localities, educational supports helping young people to complete their high school education and also provides support in the transition to the productive stage. Finally, OPORTUNIDADES program uses a formal methodology applied for the selection of poverty lines with the purpose of identifying the target population. As can be easily inferred by the above, PROGRESA and OPORTUNIDADES fall just inside the second part of the scheme proposed by the World Bank of increasing the capacities of the poor and marginalized, contributing to local development.

Conclusions

Then we reiterate that the truth, in our view, is that transfers based programs do not affect the transformation of the structures the causes of poverty. Poverty programs still appear unrelated to other areas of economic policy. These programs seem to treat the poor people as a group of persons out of production, distribution, exchange and consumption. That is why the development and implementation of programs to combat poverty within this system cannot end it, though perhaps alleviate or significantly decrease. Poverty is functional to the system, so therefore could not and cannot be canceled by these types of programs.

Political manipulation of social programs, rather than the exception, it seems to be the rule in Mexico's recent history. As shown throughout this paper, an approach to explore ways of political use of social programs is to understand the construction and functions of intermediaries between the government and its beneficiaries. Social programs, without transparency or control mechanisms by the society, have historically been used for electoral purposes in Mexico.

A number of mechanisms to limit the power of intermediaries that are generated between the resources allocated to promote local development and combat poverty have been launched. However, given the limitations of government capacity is not possible to break the vicious circle of intermediaries for other purposes guiding resources to combat poverty and social backwardness.

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