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CIDE

NÚMERO 48

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**CONFRONTING POVERTY IN MEXICO: AN OVERVIEW OF
SOCIAL POLICY**

Introduction

All modern societies have some kind of social policy rooted in a vaguely defined idea of justice, fairness, equity and solidarity. Western people, although very individualistic in its views of human kind tend to justify social policy in terms of equal opportunity and some notion of social solidarity. Even societies extremely prone to market oriented structures and advocates of extreme individualistic views now tend to recognize that even in well developed and efficient market economies different initial endowments make exchange unfair.

We can recognize two streams that, although usually mixed, are analytically different in given stages of the policy process: the ends and principles invoked for social policy (justice, equity or solidarity) and the means to achieve them (direct money transfers, in-kind resources, general subsidies, etc.). However, notions of equity and fairness are vague and the means to achieve them are controversial, poorly understood (complex and multilevel by definition) and contradictory just to say the least.

Therefore, the swelling of the debate around these issues and the broad variety of goals that we demand from social programs are not surprising. Social policy, in Mexico, is asked to cope with poverty as well as to enhance political participation and the development of strong democratic institutions.

This paper is an introduction for those interested in general aspects of the Mexican social policy, it is descriptive by nature and its purpose is to give a brief view of how the problem of poverty is perceived and the strategies of the federal government to cope with it. It address three questions: 1) What do we know about the nature and extent of poverty in Mexico? 2) What has been the policy response of the Mexican government to the problem of poverty? and 3) What can we learn about social policy making in Mexico by evaluating the results of its anti-poverty policies?

Thus, the document first discusses some of the main definitions of poverty and gives broad measures of the problem. Then, I compare some of our social indicators with international standards and offer a brief description of the general strategies of the Federal Government to alleviate poverty. Particularly, in the second part, I focus on some of the main features of the National Solidarity Program (PRONASOL), launched in 1988 and the current discussion of social programs and the proposal of direct money transfers.

Finally, I discuss some general concepts of evaluation and argue that social programs such as PRONASOL have, despite the political debate, not only immediate effects on poverty but also medium and long-term institutional effects that have not been fully understood. At the core of the chapter I describe the findings of two studies to illustrate the extremes of the wide range of frameworks used to evaluate

social programs. The first one (Durango) is concerned with the institutional development of local organization and the second (Zacatecas) deals with resource allocation and the immediate effects of the program on poverty.

1. Poverty in Mexico.

Measures

It is estimated that in 1992 13.6 million people, that is 16.1% of the population lived in conditions of extreme poverty, while moderate poverty affected 23.6 million people, which represents 27.9% of the entire population.

The condition of poverty is very complex and it includes not only low income but also some other forms of deprivation. For example, for the poorest 10% of the population the life expectancy is nearly 20 years lower than that of the richest 10% share of the population¹.

Conceptually, most studies of poverty² in Mexico define two kinds of poverty: extreme and moderate.

- *Extreme poverty is defined in absolute terms:* Those people who lack the necessary income to acquire the minimum levels of nutrition, health, housing and education are in extreme poverty.
- *Moderate poverty is defined in relative terms:* The people who can attain the minimum levels of nutrition, health, housing and education but can't have access to other goods that are deemed necessary by the society are considered to be living in moderate poverty.

Operationally, there are two ways to identify poor people given a set of basic needs. The first is the "direct method" which seeks to determine the set of people whose current consumption basket doesn't fulfill a number of pre-defined basic needs through the assessment of consumption patterns. The second is the indirect method and it is based on the calculation of the cost of a basic consumption basket and to compare it with income, where every person whose income is below the cutoff line is said to be either moderately or extremely poor.

In Mexico, the indirect method has been the most widely used because of its convenience. Data on income can be obtained more easily than data on consumption, and the income of a person can be regarded as a social indicator of the degree of

¹The World Bank. *World Development Report, Poverty*. Oxford University Press 1990.

²Some of the studies that define both types of poverty are: The World Bank *World Development Report, Poverty*. Oxford University Press 1990; INEGI-ONU/CEPAL *Magnitud y evolución de la pobreza en México, 1984-1992*, México, 1993; Santiago Levy "La pobreza en México" in Félix Vélez (ed.) *La Pobreza en México: Causas y Políticas para Combatirla*, F.C.E.-ITAM, 1994; Consejo Consultivo del Programa Nacional de Solidaridad, *El combate a la pobreza: lineamientos programáticos*, El Nacional, México, 1990.

satisfaction of minimum necessities even if that person doesn't actually spend his or her money in the pattern that the society deems as most convenient. The costs of the different baskets of goods are called "poverty lines".

There has not been a systematic effort by the Mexican government to measure poverty, so there is no such thing as an "official poverty line". The usage of different definitions of "poverty" has led to different assessments of the problem. In some cases, to speak of a group of people or to determine eligibility for certain programs, the number of minimum wages earned has been used as a rough indicator of poverty.

POVERTY LINES IN DIFFERENT STUDIES ABOUT POVERTY IN MEXICO

Study	Poverty Lines ^{1/}		Number of People (Percentage of total population in 1989).	
	Extreme	Moderate	Extreme	Moderate
Psacharopoulos, <i>et.al.</i>	11.4	22.8	2.2	11.9
Santiago Levy	16.9	70.6	6.4	55.9
ECLA	18.8	36.2	7.6	26.3
Hernández- Laos.	47.2	79.6	37.6	61.0
PRONASOL*	N.A	N.A.	21.3	29.6

Source: Lustig, N. and A. Mitchell, "Poverty in Mexico: The effects of Adjusting Survey data for Under-Reporting", Estudios Económicos, núm 1, El Colegio de México, 1995, and own calculations from the data.

¹ The poverty lines measure per person monthly income in dollars of 1989.

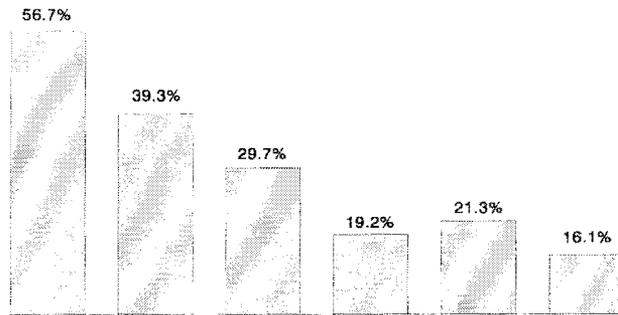
Statistical data and International comparisons

According to data from the National Institute of Geography and Statistics (INEGI) and the Economic Commission for Latin America (ECLA), in 1992 there were 37.2 million Mexicans living in conditions of poverty, 23.6 million in moderate poverty and 13.6 million in extreme poverty. Altogether this figure represents 44% of the entire population.

When focusing only on extreme poverty, the problem seems to be gradually decreasing in the long run, according to official figures³. The percentage of people living in extreme poverty has decreased from 57% in 1960 to 16% in 1992, and in absolute numbers too, going from 20 million people in 1960 to 13.6 million people in 1992.

³ Carlos Jarque, "Ingreso y Bienestar: Estabilización Macroeconómica, Pobreza y Bienestar en México" in Arturo Warman (ed.), *La Política Social en México, 1989-1994*. F.C.E., 1994, México.

THE EVOLUTION OF EXTREME POVERTY ACCORDING TO SEDESOL
Proportion of total population



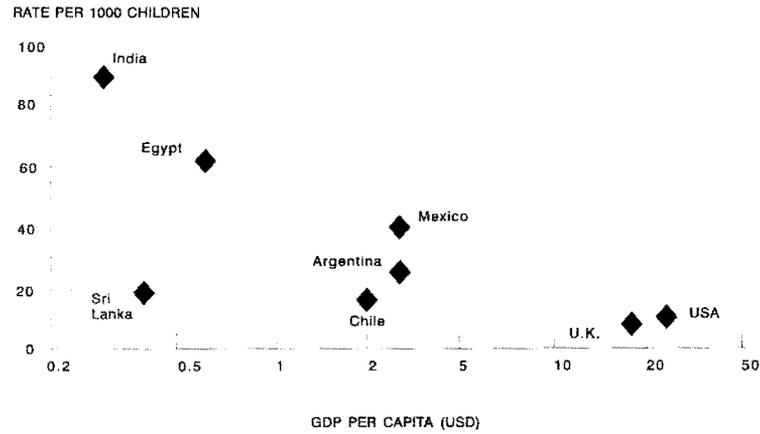
Source: Consejo Consultivo del Programa Nacional de Solidaridad: El combate a la pobreza; lineamientos programáticos; México, El Nacional, 1990.

Some studies have found that there is a positive correlation between the level of extreme poverty and the degree of bad conditions of health, nutrition, housing and education⁴. People who don't have access to some minimum levels of these basic goods probably will not have the adequate physical and mental conditions first to get adequate education and later on, find and handle a relatively well-paid job.

High infant mortality rate is an especially important problem related to low income. The main causes of infant death are gastrointestinal and respiratory diseases. However, many of these deaths are originally caused by a lack of prenatal care and deficient health care during the early years, with origins in the poor education, housing and nutrition of the mother. In a study made by the National Institute of Nutrition in Mexico, 16 states out of 32 have nutritional problems classified from moderate to severe.

⁴Levy Santiago, *art. cit.* in Félix Vélez, *op. cit.* pp. 15-112.

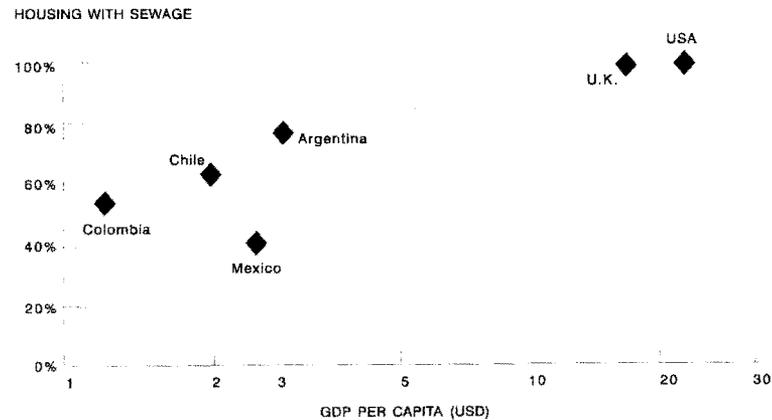
POORER COUNTRIES HAVE HIGHER INFANT MORTALITY RATES.
1990



Source: World Bank.

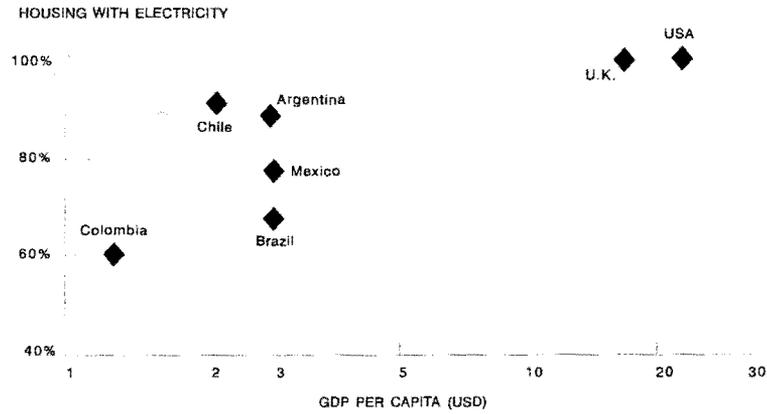
When considering basic housing conditions, like whether a housing unit has sewage, electricity or water, Mexico ranks below other countries with a similar level of economic development.

SEWERAGE VS. INCOME
(1985)



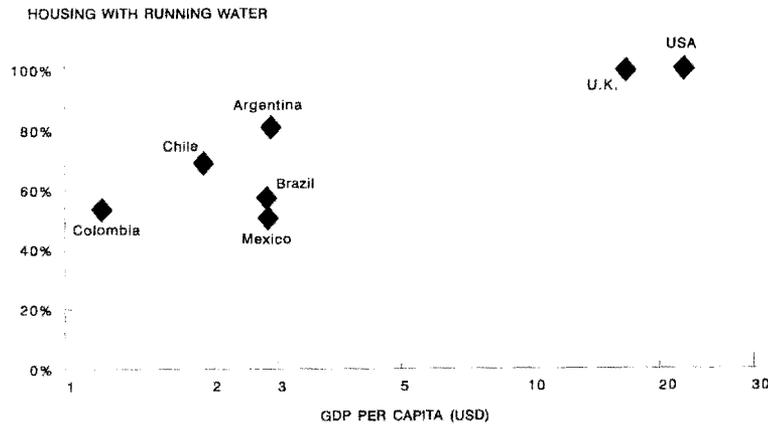
Source: International Data and Statistics, European Marketing Data and Statistics, Euromonitor, 1993

ELECTRICITY VS. INCOME (1985)



Source: International Marketing Data and Statistics, European Marketing Data and Statistics, Euromonitor, 1993.

WATER VS. INCOME (1985)

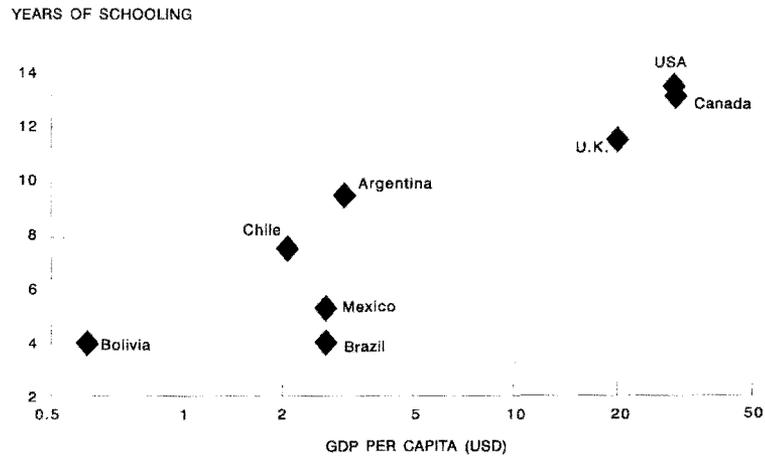


Source: International Marketing Data and Statistics, European Marketing Data and Statistics, Euromonitor, 1993.

In addition, the average educational level of the Mexican population is still very low compared to other countries, which ultimately hampers their ability to get into well-paying jobs. This could be part of the reason why almost 35% of Mexicans earn less than the minimum wage⁵.

⁵INEGI, 1990 Census (XI Censo General de Población y Vivienda).

WORLD'S EDUCATIONAL ATTAINMENT BY INCOME (1990)

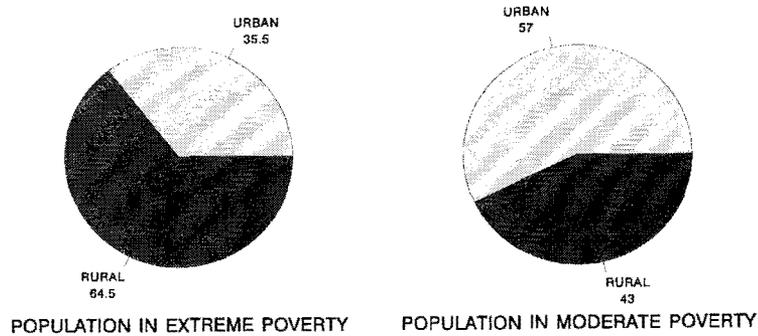


Source: World Bank.

Extreme Poverty

Extreme poverty affects mainly rural areas and Indian ethnic minorities. These populations tend to be concentrated in the states with the lowest GDP per capita and are usually isolated from mainstream Mexico because they speak little or no Spanish. On the other hand, moderate poverty is basically concentrated in urban areas.

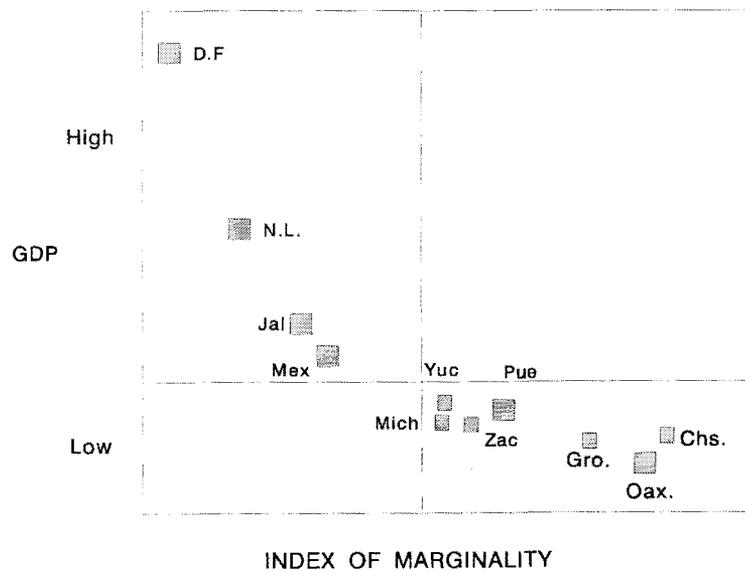
1992



Source: Informe Sobre la Magnitud y Evolución de la Pobreza en México 1984-1992. ONU-CEPAL-INEGI

When contrasting the level of each state's GDP with an index of marginality developed by the National Council of Population (CONAPO), which basically is a composite measure for social and economic deprivation, we can see that a low mark in the index of marginality is related with low levels of GDP, and therefore, the phenomenon of poverty is highly concentrated in some southern states: Oaxaca, Guerrero, Chiapas, Zacatecas, Michoacán, Puebla and Yucatan, which also have a high proportion of rural Indian population.

GDP vs. Marginality



Source: INEGI, CONAPO.

Similarly, in rural areas we can observe very low marks, often below the national average, for almost every social indicator.

Some studies⁶ have found that there has been a strong bias against economic development in rural areas in favor of urban areas, maybe as a consequence of the country's industrialization strategy. This bias includes the provision of proportionately less education and health services, less social investment funds, and less subsidies for transportation, food, etc. in rural areas.

In addition, well-paying jobs are scarce in rural areas. Most of the population in rural Mexico works in small-scale and unproductive, basically subsistence

⁶Pedro Aspe and Javier Beristáin, "Distribution of Education and Health Opportunities and Services" in Aspe & Sigmund, *The Political Economy of Income Distribution in Mexico*, Holmes, New York, 1984.

agricultural. According to the Income-Expenditure Survey (ENIGH)⁷ of 1991, the monthly average income of rural households represents only the 38.9% of that of urban households. Likewise, in those states with higher proportion of rural population we observe that of the population that earns less than the minimum wage⁸ is higher than the nation's average of 35%.

Strategies

Historically, the Mexican Government has concentrated its efforts to alleviate poverty in general social programs which seldom had a specific population target and which were aimed at improving the basic conditions of health, nutrition, housing and education of the population, especially that of workers. The main characteristics of these programs has been the usage of subsidized prices and generally indirect income transfers.

Some of the social programs draw on the Constitution of 1917 for their legal mandate. There we can find the basis of the agrarian and agricultural policies which have formed the center of most of the posrevolutionary government poverty-alleviation and job creation/protection strategies.

This constitution also grants the right to elementary education and bestows work-related rights. Later on, the legal basis for the creation of important health-care institutions like the Social Security Institute (IMSS, Instituto Mexicano del Seguro Social), or the Social Security Institute for Government Employees (ISSSTE, Instituto de Seguridad y Servicios Sociales para los Trabajadores al Servicio del Estado) was added. In addition, the organization which is currently in charge of providing housing units for workers (INFONAVIT, Instituto Nacional para el Fomento a la Vivienda del Trabajador) was created.

In the next table, we divide every social service institution according to the policy area that it has traditionally served, and in the next section we review some of the main characteristics of this approach to poverty alleviation.

⁷Encuesta Nacional Ingreso-Gasto de los Hogares performed by the National Institute of Geography and Statistics (INEGI).

⁸For example, the figures for three of the poorest states in Mexico are: Chiapas 63%, Oaxaca 57% and Guerrero 44% of their respective population earn less than the minimum wage.

MEXICAN SOCIAL POLICY
Areas and Public Institutions

HEALTH	HOUSING	NUTRITION	EDUCATION	JOBS
IMSS	INFONAVIT	SAGAR	SEP	STPS
ISSSTE	ISSSTE	DIF		SARH
DIF	DIF			PEMEX
SSA	SDN			Statization of private companies
SDN	SM			
SM				
PEMEX				

Institutions:

IMSS:	Mexican Social Security Institute
ISSSTE	Institute of Security and Social Services for State's Employees
DIF:	System of Integral Development of Family
SSA:	Secretary of Health
PEMEX:	Mexican Oil Company
INFONAVIT	National Institute for Worker's Housing
SAGAR:	Secretary of Agriculture,
SEP:	Secretary of Public Education
STPS:	Secretary of Labor and Social Prevision
SDN:	Secretary of Nacional Defense
SM:	Secretary of Marine

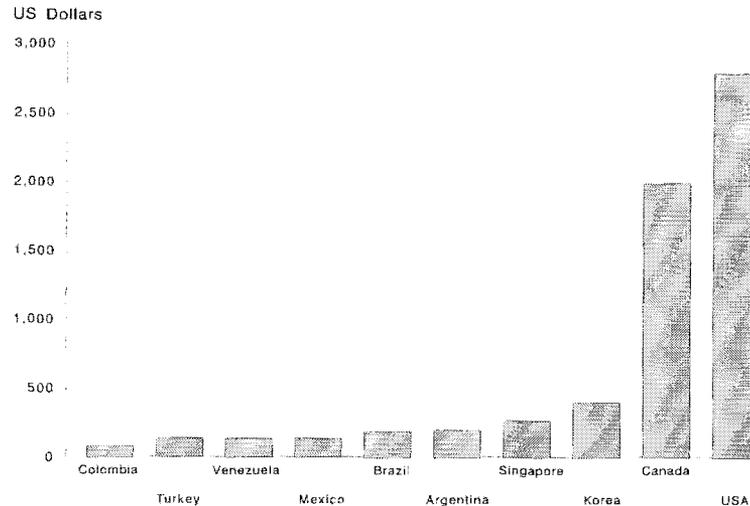
a) Health and Housing Policies

As we have seen, the National Health System comprises a number of institutions which are in charge of providing health services to the population. However, usually only people with a history of work, either in the private or the public sector are eligible to have access to public health care. This is the case for institutions like the IMSS for private sector workers who have paid their fees⁹, the ISSSTE for public sector workers, SDN and SM services for military personnel and PEMEX for employees of the state-owned oil company. The only institutions that provide some health care for people not covered by any other institution are the DIF and the SSA facilities which are basically designed for emergencies.

Currently, a big proportion of the Mexican population is not served by any kind of health care on a constant basis, particularly those persons living in rural areas who are often self-employed and can't get a job because of structural deficiencies such as a lack of education. In addition, those people covered receive poor services, as we can see by comparing per-capita expenditure on health care in different countries.

⁹ The worker and the boss pay the fee, and the higher the salary the lower the share of the employer.

PER CAPITA EXPENDITURE IN HEALTH CARE
(1990)



Source: Report about World Development, World Bank, 1993.

The story with the housing policy is similar to that of health care. There are basically two institutions which build affordable housing for workers: INFONAVIT and ISSSTE. The former builds houses for workers who have contributed to the fund themselves and their employers. There is usually a long waiting list for housing units and the eligibility criteria narrows the target to low income workers. The ISSSTE works on similar basis but its target is low-income public-sector workers. The SDN and the SM also contribute marginally with housing for the military personnel. Again, these programs have left aside most people living in extreme poverty, who usually live in rural locations and have no job.

b) Agricultural Policy

One of the main elements of the social policy of the early post-revolutionary administrations, and one which actually remained alive until recently (1991)¹⁰, was the redistribution of land from landlords to poor peasants grouped in semi-communal organization called *ejidos*. The agrarian reform was supposed to provide land to all rural peasants willing to work in that land in association with other peasants. The ejidatarios were not able to sell or lease the land, and if they left it idle for more than one year, the government was supposed to give the land to other peasants willing to work. This program acquired such importance that it actually took a whole Secretary of State devoted to it (Secretaría de la Reforma Agraria).

¹⁰Luis Téllez Kuenzler, "La modernización del sector agropecuario y forestal", in *Una Visión de la Modernización de México*, Fondo de la Cultura Económica, México, 1994.

Given the importance of rural poverty, and the practical difficulties of reaching the most deprived populations living in rural areas, agricultural policy, together with land reform (agrarian policy), became the main tools for poverty alleviation. The usage of subsidized prices for some crops like maize, wheat and beans has been of key importance. At some point, a wide variety of crops had "guaranteed prices", usually above the international price, and enforced through a strict policy of permits, and a state monopoly, called CONASUPO (National Popular Subsistence Company), that tried to control a great deal of the Mexican agricultural trade.

During the economic crisis of the 80's, many of these guaranteed prices fell dramatically in real terms. The overall effect of the agricultural pricing policies was erratic prices, whose rise and fall depended on government budget constraints, which actually benefited in greater proportion those more efficient producers and less the inframarginal and subsistence producer, whose products often never even reached the market.

Likewise, the policy of subsidized agricultural prices helped to support employment in rural areas and prevented, to a certain point, rural migration to cities, by keeping many rural peasants working in some lands which under international standards would not be competitive.

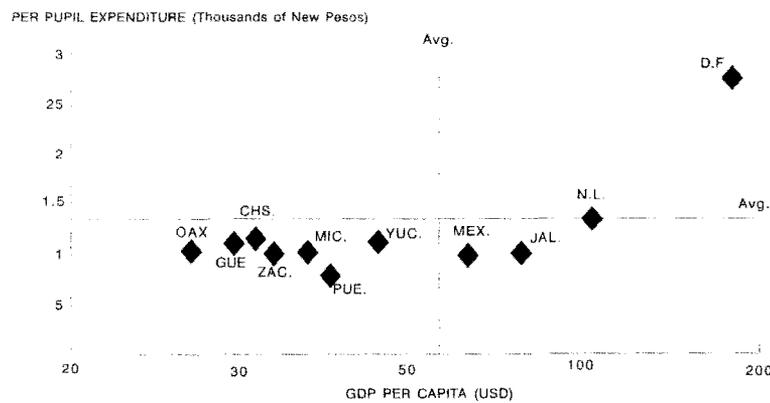
On the consumption side, the same company, CONASUPO, displayed a large chain of stores scattered throughout the nation which sold basic products at subsidized prices to consumers in both rural and urban areas. The obvious problem with this strategy was that the biggest benefits were reaped by the population who did not need the subsidy, sometimes because it was not possible to establish stores in really isolated rural places. Only in recent years, the government started to distribute coupons to eligible families which were later changed for tortillas. This was the Tortibono program which later changed its name under the National Program of Solidarity to "Tortilla Solidaridad".

The main goal of this policy was to improve the national nutrition levels by boosting production and making it available to the needy. In this area, it should also be mentioned the DIF (System of Integral Development of Family) effort, it distributes breakfasts to school children in order to improve nutritional levels. However, given that people in extreme poverty tend to live isolated it is not easy to help them with general policies. On the other hand, people in extreme poverty tend to drop out of school early to find a job and earn money for the family. Thus, it is unlikely that the breakfast program reached the most needy, so we can suspect that its impact on extreme poverty has been limited at most.

c) Education and Job-Promotion Policies

In the area of education, expenditure has grown, and more and more people are getting educated. However, expenditure has grown unequally within the nation, leaving almost unattended wide sectors of the rural population.

PER PUPIL EXPENDITURE BY STATE
CYCLE 1991-1992



Source: Secretaría de Educación Pública

After the 60's, the government pursued a policy of job promotion which consisted in preventing private companies from bankruptcy by buying them. Thus, the government started to build a big state production sector particularly during the seventies (PEMEX and statization of companies in table 1)¹¹. In addition, the government has protected jobs with tough worker lay-off regulations. Moreover, as mentioned before, the artificial impulse given to the agricultural sector by government policies helped the creation of jobs in this sector.

¹¹To give a sense of this policy, by 1982 the government owned more than 1100 companies compared to around 200 owned in the early seventies.

2. New Approach to Poverty Alleviation ?

At the end of the 80's the Mexican government started a new social policy with specific targets. The distinction between extreme and moderate poverty acquired practical importance.

Government analysts believe that moderate poverty can be reduced through economic growth and social programs. They argued that a specific population target is not necessary because these elements will create appropriate conditions for the people to develop by themselves, and will increase the value of the assets that they already possess, like education, infrastructure, legal framework, etc.

In sum, the effort to combat moderate poverty is centered in promoting a more equal economic development in traditionally disadvantaged areas, like the rural sector, where its impact was more likely to be significant.

On the other hand, analysts believe that direct assistance is necessary to reduce extreme poverty. In this area, any strategy for poverty alleviation has to consider direct transfers because general subsidy programs often do not reach efficiently the most needy. Therefore, in-kind hand-outs probably would be better suited to prevent biases in favor of relatively well-off populations, and the occurrence of perverse phenomena within the family such as unequal distribution of food among members where usually small children receive the least food¹².

Thus, a strategy for the alleviation of extreme poverty had to include several different programs working together to address at the same time issues of nutrition, education, housing and health care. With this in mind, the Salinas administration launched the National Solidarity Program (PRONASOL) to coordinate and supervise poverty alleviation efforts undertaken by the government at the federal, state and local levels. PRONASOL embraced a wide variety of projects designed to improve the income-generating capacity of the rural and urban poor as well as their access to basic services.

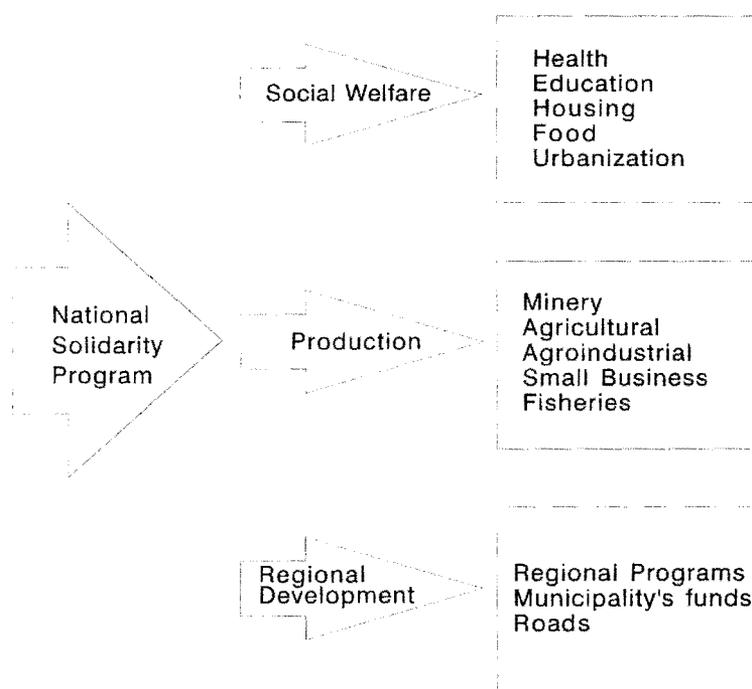
Nevertheless, the multidimensional and heterogeneous character of the program made its evaluation a very complex task and so far it has been the target of political debate rather than analysis. As Nora Lustig pointed out " ...This should come as no surprise. PRONASOL is designed as much to legitimate the regime and produce a new generation of grassroots leaders as to reduce poverty"¹³.

¹²However, a number of papers on poverty alleviation argue against direct income hand-outs on the grounds that they constitute an externality that prevents poor people from investing and consuming the right things. Santiago Levy, *art. cit.*

¹³Nora Lustig, "Solidarity as a Strategy of Poverty Alleviation", in Wayne A. Cornelius, *et al.* (Eds.) *Transforming State-Society Relations in Mexico*, Center for U.S.- Mexican Studies, University of California, San Diego, 1994.

Coping with extreme poverty

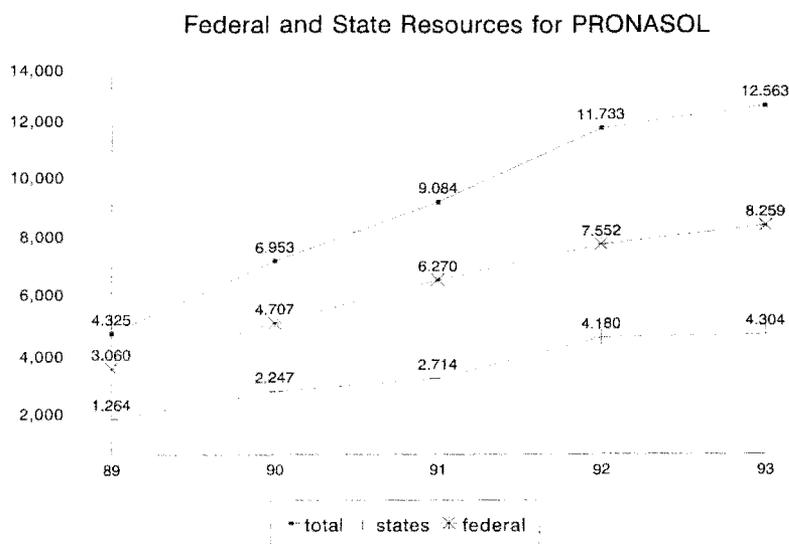
The National Solidarity Program can be seen as “an umbrella organization” that coordinates health, education, infrastructure and productive projects. The largest share of the spending is targeted to investment projects, in other words transference of non-resaleable assets. These projects are designed to improve the infrastructure of poor communities in order to provide them with basic services such as schools, hospitals, water supply systems, sewerage systems, electrification, roads and food distribution stores. In addition, a small share of PRONASOL's budget is allocated to direct income transfers (e.g. scholarships for poor students).



Developed in December 1988 in the Underministry of Regional Development of the former Ministry of Planning and Budgeting (SPP), PRONASOL was administrated by SPP's field officers in the states. From its creation through 1992 programs were adapted, invented, or simply relabeled on the run. An administrative reorganization in 1992 shift PRONASOL to the new Ministry of Social Development (SEDESOL), formerly the Ministry of Ecology and Urban Development.

The ancestor of the program was “Regional Development” and although PRONASOL encompassed regional development it is different in many important ways. The former focused mainly on the state level through the Planning Committees for State Development (COPLADE). Despite the COPLADE remained as the formal coordination mechanism, PRONASOL had more options to work around the state governments and deliver services directly to communities.

The Regional Development program required the states and local governments to make their planning proposal within the framework of a National Planning System. PRONASOL avoided comprehensive national planning in favor of a system of demand-driven policies that filled virtually all policy space. Moreover PRONASOL had a more aggressive matching-fund mechanism that mobilized resources from the state, local governments and communities¹⁴.



Source: Own calculations with data from the INEGI

PRONASOL was a complex program, and it is thus difficult to generalize, but roughly, according to allocation of funds, it had three levels:

- 1) Solidarity programs that focus on specific clientele but do not involve grassroots committees or participation by municipalities¹⁵.
- 2) Solidarity programs that focus on specific clientele and are demand-driven, grassroots oriented:

Fondos Municipales de Solidaridad (which includes World Bank funding and offers a variety of social, production, and infrastructure projects).

Urbanización (like *Fondos Municipales* in some respects, but limited to Small-scale urban infrastructure and available to wealthier states that do not qualify for *Fondos Municipales*).

¹⁴There are no figures about how much communities contribute to the overall spending since most of their contribution is work.

¹⁵ For example: "Empresas en Solidaridad" is administered by a deconcentrated entity within SEDESOL or other programs as migrant workers are funneled through SEDESOL field officers.

Fondos de Solidaridad para la Producción (aimed at high-risk, dryland farmers).

Escuela Digna and Niños en Solidaridad (based in the schools and aimed at poor neighborhoods).

Regularización de la Tenencia (which legalizes *de facto* land occupation in urban areas).

Mujeres en Solidaridad (which operate on a much smaller scale than most of the above. It was designed mainly to cover specific women demands).

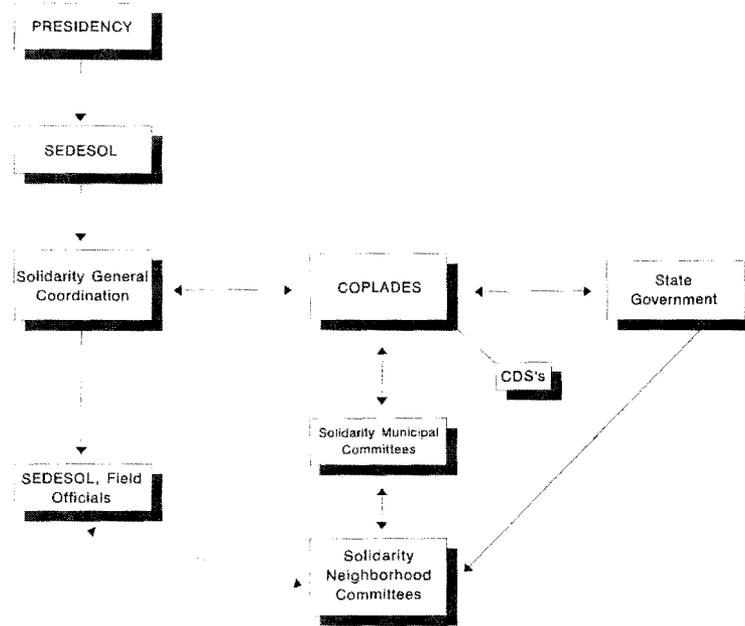
- 3) Solidarity programs that reach far beyond neighborhoods or single clienteles, such as Running Water and Sewerage (*Agua Potable y Alcantarillado*) which is national in scope.

The common feature of all these different subprograms (all belong to PRONASOL) is the basic structure of coordination. It used the existing federal and state government planning system.

The basic path of a program begins at the community (Neighborhood Committees) and their proposal go to the Municipal Committee of Solidarity which in turn sends the proposal to the COPLADES (Committees for Regional Development). Every year this Committee signs an agreement with local and federal governments (CDS, Social Development Agreement). Through the CDS's the authorities specify the amount of resources and the projects to be approved. Then the federal government gives the funding to the states and they pass it on to the local governments.

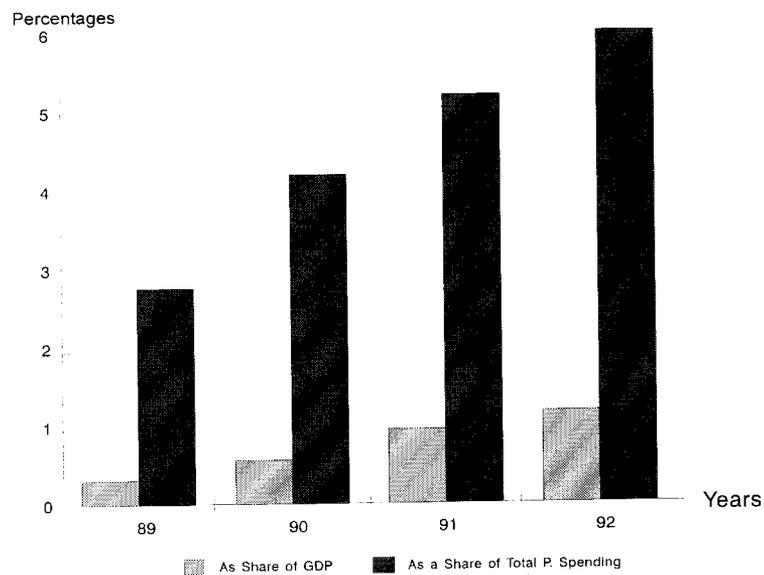
All states have a COPLADE and they are run by representatives of local, state and federal governments. Although most PRONASOL programs were run through this process of coordination, in some cases the federal government gave the funding directly to the municipalities or to the neighborhood communities.

PRONASOL: BASIC ORGANIZATIONAL STRUCTURE



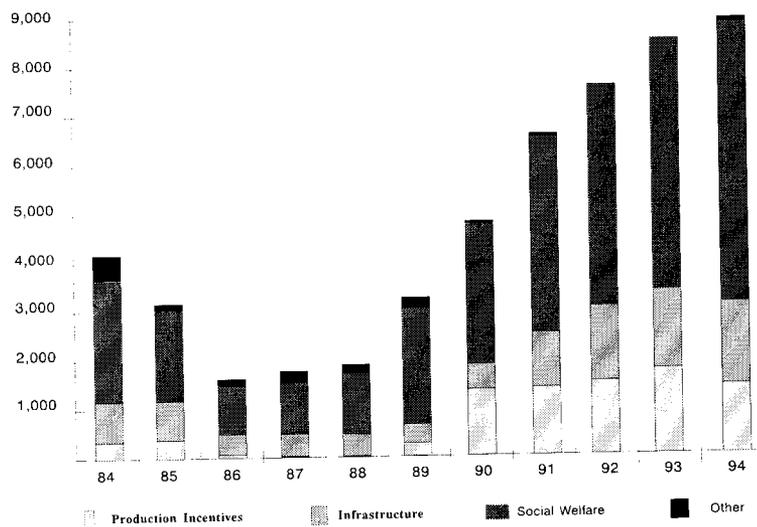
Compared to its predecessor Regional Development, by 1994 PRONASOL had almost doubled the expenditures of 1984 and public spending as a share of GDP has more than tripled since 1989.

Public Spending on PRONASOL (federal)



Source: Informe de Gobierno, varios.

PRONASOL's budget (real pesos, 1993)



Source: Informe de Gobierno, varios.

Although PRONASOL increased the well-being of many Mexicans in one way or another, questions regarding its efficiency and effectiveness reaching the poorest sectors of the population remain unanswered. Moreover, the political debate about the “real” purpose of PRONASOL made almost impossible to evaluate it in isolation of the government’s aggressive economic restructuring program and the reform of sociopolitical institutions and processes:

The question from the governing elite's perspective is, how can necessary economic changes be promoted without producing an uncontrollable political backlash? From a different vantage point opposition parties ask, How can the forces set loose in the reform process be harnessed to effect a transition to genuinely competitive democracy?¹⁶...

According to its detractors, the key rationales of PRONASOL were partisan-political¹⁷. The program then, was a Machiavellian scheme to reestablish personalistic, authoritarian presidentialism as the guiding principle of the political system. The main argument was that PRONASOL reinforced some basic flaws in the country’s political system: It was run out of the president’s private pocket, its beneficiaries were selected on personal and political grounds, and, most fundamentally, it was immune from any democratic means of control or accountability.

On the other hand, PRONASOL’s advocates proclaimed that it was an improved vehicle for social policy. The program, they claim, not only improved the well-being of the poor but gave them a chance to break the vicious circle of poverty in which they were stuck. According to advocates¹⁸ PRONASOL:

- Introduced a leading-edge style of politics within the context of a changing relationship between the state, society, and the economy.
- was a unifying element and a federalist exercise in decentralization.
- was rooted in cultural traditions.
- PRONASOL gave a new dimension to public investment and social spending.
- Promoted the development of democratic social and political practices.
- Opened up a possibility for building a social state with full respect for the freedom of citizens.

¹⁶John Bailey, “centralism and Political Change in Mexico: The Case of National Solidarity”, in Wayne A. Cornelius..., *op. cit.* pp. 97-119.

¹⁷Denise Dresser, *art. cit.*

¹⁸Enrique González Tiburcio, “Social Reform in Mexico: Six Theses on the National Solidarity Program”, in Cornelius... *op. cit.* pp. 63-78.

Despite the political debate there is no doubt that when a hospital is built, when a rural community has electricity or a new road the people who benefit from those assets are better off. However, did the program really reach those sectors living in extreme poverty? Was PRONASOL used as an instrument of political control and therefore the rationales for funding allocation were not based on necessity but on political grounds?

The main problem of social programs such as PRONASOL is the mixture of goals we assign to them. The goal of this program, for example, according to government officials and its advocates, was to alleviate extreme poverty and enhance community participation. On the other hand, its detractors argued that it served to centralize power and control elections through clientelism. They argued that although it helped some poor people, its contribution to the reduction of poverty was no more than marginal.

Trapped in the middle of the debate, what seems clear is the need for analytical frameworks (and case studies) that allow us to understand at the microlevel the complexities of resource allocation and institutional enhancement.

Current proposals

After 1994 the federal government decided to transfer¹⁹ more than half of PRONASOL (now called "Ramo 26") resources to the states (50% in 1995 and 65% in 1996). SEDESOL, the ministry in charge of PRONASOL, now has less than two percent of the federal budget to fight against poverty. In addition, given the economic crisis at the end of 1994 the federal government decreased its expending. The budget for social development in 1995 decreased 12.7% and the programs against extreme poverty 16%.

The facts are that by 1996 most of the 200 thousand solidarity committees had disappeared and the resources for programs designed to cope with extreme poverty had a substantial decreased.

At the same time the federal government launched a pilot program called "basic basket" (Canasta básica para el bienestar de la familia) in Campeche. It was designed to aid the population in extreme poverty and it attempts to link education, health, nutrition and income. The Federal government was going to give a direct money transfer (70 pesos or 9 dollars a month) through a card given to the mothers. They were eligible for the transfer only if their children were sent on a regular basis to school and health checks.

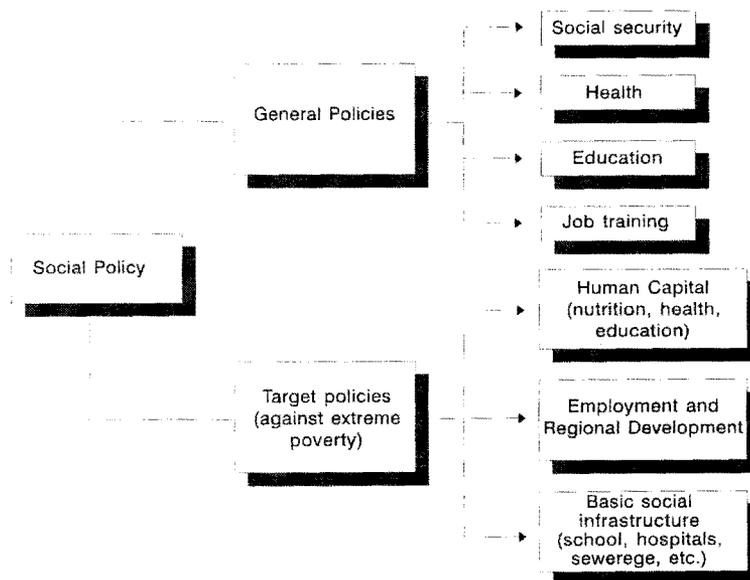
The low performance of the program shown by two evaluations made by a government agency (SECODAM) and a University (ITAM) respectively, were not

¹⁹ The transfer is based on a formula that accounts for the poverty contribution by state and region and the marginality index calculated by CONAPO.

surprising. About 40% of the sample used for the evaluation was not in conditions of extreme poverty and 56% of people that did not benefited from the program should have. On the other hand, most of the families with benefits did not comply with the regular health checks for the children and a great percentage of the transfer was spend in such goods as cigarettes, alcohol, etc.²⁰

Despite the obvious pitfalls of the program, the federal government is still discussing the possibility of a policy with similar characteristics called program for education, health and nutrition (PASE, programa de alimentación, salud y educación). However, is fair to notice that the resources allocated in this kind of programs are a very small fraction of the total budget for social development (less than 1% of the GDP). Moreover, after the outcomes of these evaluations, the federal government is making adjustment to the policy in order to implement the program and cope with its pitfalls.

The current strategy of the federal government is to keep general policies (policies of universal access granted by the constitution) and target policies. This last ones constitute what we call the antipoverty package.



This “antipoverty package” has three programs (as shown above). The PASE belongs to the first one and is supposed to start in 1997. Its budget for 1997 is 1350 millions of pesos and will be administered by the ministry Social Development (SEDESOL), the ministry of Health (SSA) and the ministry of Education (SEP).

²⁰Julio Moguel “Tarjeta Inteligente: Política de Pobres”, *Enfoque* N°148, in *Reforma*, Nov. 3rd. 1996, pp. 13-14.

The ministry of Social Development will transfer a subsidy for nutrition to 400 thousand families in 1997. It has a total of 520 millions or 108 monthly pesos for each family. The ministry of health has 380 millions for about 5 millions of medical checks and 300 thousand food packages for pregnant women. The ministry of Education has 450 millions in order to deliver 600 thousand scholarships²¹.

The second program, Employment and Regional Development, is directed to the regions with the biggest marginality indexes. Its aim is to promote better employment and income opportunities. This program, although is mainly directed by the federal government, state and local governments are asked to coordinate the efforts.

The last program has been fully decentralized and now is the responsibility of states and local governments to create infrastructure such as hospitals, schools, etc.

Although these are the main directives of current Mexican social policy, we can find many other programs with the same goals and functions. The discussion is how to suppress them in order to have a more coherent strategy and at the same time reduce some general policies (such as subsidies to the tortilla, milk, etc.) and focus the attention on the population living in extreme poverty.

²¹Secretaría de Desarrollo Social, *Avances para el inicio en 1997 del programa de Alimentación, Salud y Educación*, draft, December 1996.

3. Evaluation and Social Policy: two examples. What can we learn?

Evaluation generally refers to the action of asserting or refuting the value of something. In public policy, evaluation is understood as the action of estimating the worth of particular programs their impacts, benefits, costs, etc. In this sense, evaluation has been used as a tool of measurement and comparison among competing policy alternatives.

On the other hand, evaluation *ex post* has been used as a device to correct the gap between the goals of a policy and its outcomes or simply to discredit or finish a policy that is not achieving what it was designed for. In this chapter we are concern with this *ex post* approach and attempt to illustrate the extremes of the wide range of evaluations that can be made depending on the questions we want to answered and the implicit theory we use to frame our work.

For instance if we focus on processes we will ask what kind of patterns can be identified? this might improve our understanding of how local institutions²² affect the achievements of social policy in a non economic sense. If we focus on economic outcomes we have to ask how the program coped with poverty? and if it target the most needy? Then we will need quantitative data in order to show how resources were allocated. Thus, quantitative data might give us a good description of resource allocation and processes evaluations might explain why the resources were allocated in a particular way.

These two extremes are illustrated in the following two cases. The first one focused on PRONASOL's influence on some institutional patterns (Durango), the second (Zacatecas) on how the program coped with poverty and if it target the most needy. It would have been desirable that in the Durango case we could have had more quantitative data on resource allocation (not to mention a more extensive institutional analysis of other organizations) and on the other hand, in Zacatecas we need more details of who received the resources and what was the impact of those resources on the organizational structures of the communities.

²² By institutions, in this case, we refer to local organizations such as the Committee for Popular Defense (CDP) in Durango and its internal organization.

*Durango*²³

The CDP — the Committee for Popular Defense— has been one of the most important urban popular movements in Mexico, its activities are centered in the capital city of Durango in the state of Durango. The state produces less than 1.5% of Mexico's GDP and receives less than 1% of total federal spending. Its population represents 1.67% of the country's population.

The origins of the CDP can be traced since the creation of a movement known as "política popular" in which membership was dedicated to Marxist revolutionary tenets; but "upon deciding that armed revolution was not a realistic strategy, they set out to develop popular movements in the provinces"²⁴. "Política Popular" was created in Mexico City and its members were mainly students at the National University (UNAM). In 1970 small committees were sent to different states. The students sent to Durango tried to organize rural areas but failed. Then, they moved their base of operations to the state capital in 1972 and began establishing "colonias populares" (popular neighborhoods) located in the limits of the city. Their first actions were invasions of land (1973) which violently ended in eviction by state police. A second attempt was called off due to threats from the state police and federal soldiers. Nonetheless in September of 1973 the CDP secured an agreement with federal authorities (through the INDECO) whereby it would receive twenty hectares, which it would pay for over five years. With this land the first "colonia popular" was founded. During the seventies many others colonias followed and the CDP became increasingly skillful in its negotiations with the federal government.

By the end of the eighties the CDP had constructed a huge network of grass-roots supporters and had broadened its range of demands to include many public services and wider political participation. Its relations with the state government had worsened to the point that no agreements were possible.

In 1988, CDP leadership decided to support the leftist party coalition for presidential elections (FDN). After the 1988 elections the leftist coalition collapsed and emerged as the PRD who decided to engage in a strategy of confrontation. At the same time PRONASOL was launched by the federal government. The CDP had to decide between two alternatives. If they used PRONASOL resources the PRD would not keep the links with them and if they continued supporting the PRD they would be unable to use PRONASOL resources.

In this context the CDP decided to take advantage of Solidarity even if it meant (and it did) the split from the PRD. In 1989 they signed their first agreement

²³ The case is taken from Paul Haber, "Political Change in Durango: The Role of National Solidarity" in Wayne A. Cornelius, *et. al. (ed.)*, *op. cit.* pp. 255-279.

²⁴ *Ibid.* p.257.

with the federal government (despite the objections of the governor and local party officials). During all the administration of Salinas de Gortari the CDP adopted a policy of negotiation and used Solidarity resources to strengthened its network of grass-root support. Demands were at least partially met with PRONASOL resources. The strategy of the CDP leadership not only allowed them to broaden its grass-roots support and meet long-standing social demands with PRONASOL resources but allowed them to win some municipal elections in 1990.

In Durango the program strengthened a local organization and opened a Different set of "choice opportunities" to long-standing problems. In other words PRONASOL was the institutional space that helped to engage decision makers (CDP leaders) with long-standing problems (demands) and solutions (resource allocation in exchange for compliance with rules).

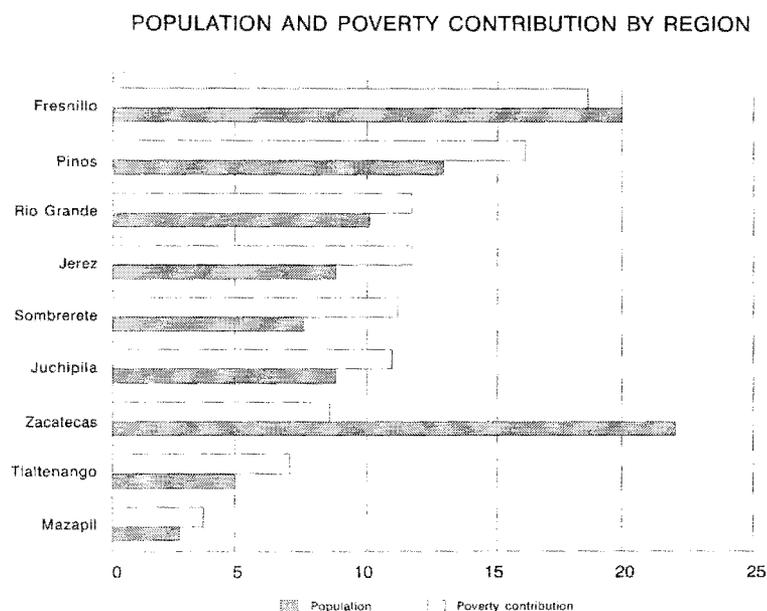
*Zacatecas*²⁵

Although the contribution of Zacatecas to overall poverty in Mexico is relatively low²⁶ its contribution to GDP is one of the lowest. This is not surprising, Zacatecas is predominantly rural. Moreover, about 45% of its agricultural production is of low return crops such as corn (15%) and beans (30%).

The COPLADE divided the state in nine regions: Mazapil, Tlaltenango, Zacatecas, Juchipila, Sombrerete, Jerez, Rio Grande, Pinos and Fresnillo-Calera and their relative contribution to poverty is:

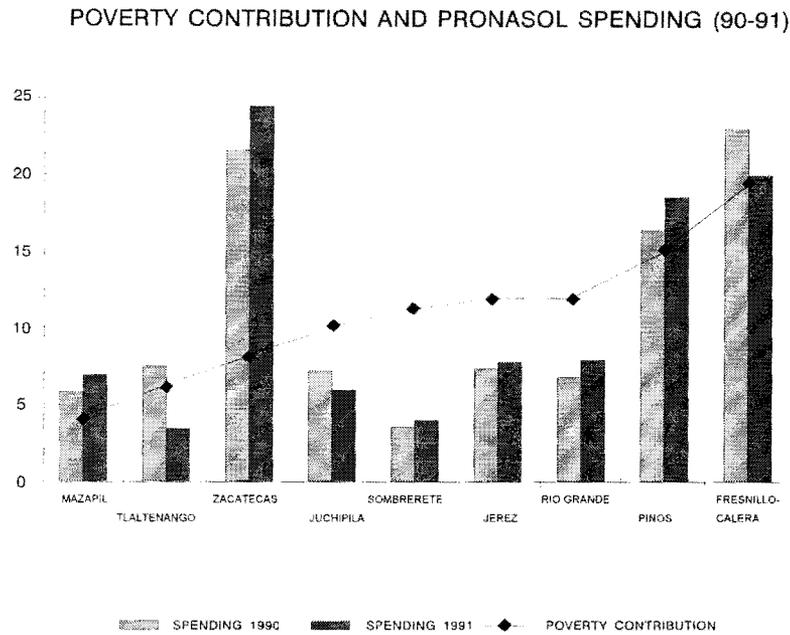
²⁵The case is based on Adalberto García Rocha and José Luis Reyna (Coord.), *Solidaridad en Zacatecas*, El Colegio de México, México D.F., 1993.

²⁶The estimates of poverty used the index proposed by Foster, Greer and Thorbecke in "Notes and Comments: A Class of Decomposable Poverty Measures", *Econometrica*, Vol. 52, num. 3, 1984.



During 1990 and 1991 PRONASOL made direct transfers through non redeemable credits and by investing in the community the money earned by redeemable credits given to that community. It also made direct transfers through Niños en Solidaridad. According to SEDESOL these two programs alone helped to reduce poverty in Zacatecas by 8%.

From 1989 to 1992 Zacatecas received on average about 4% of the total funding of the Program. This figure goes along with the state total contribution to poverty (3.3%). However, resource allocation within the state not always followed the relation between needs and spending:



As shown, the regions on both extremes of poverty contribution had a proportional spending according to their needs²⁷. However, Zacatecas had a clearly unfair allocation of resources. In the rest of the state spending was well below than what it should had been due to their poverty contribution. The first question, looking at these figures, is why resources not always target the most needy?. We can argue that it might be due to the organizational capacity within regions. Since PRONASOL was mostly demand-driven, regions such as Zacatecas could coordinate better their demands or put more pressure on authorities. However, with the data available there is no way to explain on safe ground why resources were not allocated in a more “rational” way.

²⁷ Needs measured in terms of poverty contribution.

Conclusion

No doubt Mexico has a serious problem of poverty both in terms of severity and scope. Social policy, aim to cope with poverty, has been directed mainly into four areas: Education, Employment, Health and Agriculture. It was until recently that it began to allocate important amount of resources in order to reduce extreme poverty and served special needs of certain communities usually left out of the benefits of such policies.

The outcomes of programs such as PRONASOL's are an empirical question that remains unanswered. We have used the findings of two cases, the first one describes how the resources were allocated given the needs of the communities (Zacatecas), the second outlines the political dynamics of resource allocation (Durango). However, up to know there is a lack of coherent frameworks that could link the amelioration of poverty with its institutional consequences. The problem is not a lack of evaluations and case studies²⁸, the question is how to frame all the data, all the analysis in order to improve our understanding of poverty and enhance our knowledge of the tradeoffs we make given different alternatives of policy formulation.

The literature about social policy in Mexico has focused in terms of its outcomes and efficiency or as part of a "broader" approach of the political system. The former view seldom goes beyond long descriptions of accomplishments or failures and when a theoretical framework has been used the results have had "limited success" at most. On the other hand, when efforts to explain a particular policy have been grounded on the "broader" approach of the political system²⁹ the results have served to confirm or deny preconceptions of the particular program and indeed, PRONASOL is a master piece example of this tendency

It seems that functionalist theories of political control can not explain individual outcomes. They have tended to overlook the process of policy formation within the framework of the program and how local conditions shaped the policy results as well as the institutional setting in which those policies are implemented. On the other hand, theories as of temporal sorting (as the garbage can model in its simple version) tend to overlook general tendencies of the phenomenon being studied.

²⁸ Sofía Jaso y Mauricio Merino, made an excellent synthesis of many studies that have evaluated the outcomes of PRONASOL in *Solidaridad: Los matices de una política pública*, draft, 1994.

²⁹ See for example, John Bailey, "Centralism and Political Change in Mexico: The Case of National Solidarity" or Denise Dresser, "Bringing the Poor Back In: National Solidarity as a Strategy of Regime Legitimation", both in Wayne A. Cornelius, *et. al., op. cit.*

As shown by the diversity of programs within PRONASOL social policy covers a huge range of demands. Those demands are, in part, the outcomes of hardship, marginality and poverty in a narrow economic sense. However, they are also shaped by the perceptions and values of actors as well as the way those actors are linked to institutions and the rules governing those institutions. The range of demands can go from advocating a new social order (as the armed movement in Chiapas) to specific issues of local concern (e.g. a hospital for a community).

Thus, we argue that social demands are driven by “objective” circumstances of need and hardship as well as the institutional environment of the given polity. Nonetheless, the direction of those demands can be regarded as the consequence of institutional design rather than “objective” circumstances. In other words, social policies concerned with alleviating poverty must be consistent with the needs, interests, and values of both the poor and non-poor in order to attract sustained political support. This means that anti-poverty policies such as PRONASOL take a variety of programmatic forms that redistribute resources toward the poor in a way that also serves the political interests of the party in power. In particular, while there have been increased allocations to the poor, there are also deviations from an allocation based strictly on need.

Antipoverty policy, then, cannot be evaluated strictly as a rational response to the existence and nature of poverty. The policy response to poverty is mediated by political structures and processes. An evaluation should take into account not only the anti-poverty "efficiency" of the policies but also the collateral political goals served by it.

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