

Julio Moguel

National Solidarity Program Fails to Help the Very Poor

It is well known that Mexico is passing through one of its worst crises in history, which is being faced by the government of President Carlos Salinas with several strategies. One of these is the National Solidarity Program (Pronasol), launched in an attempt to combat "extreme poverty". It consists in channeling resources to the most marginal zones of the country, in order to help them to prosper. Julio Moguel analyzes the Pronasol, its details, implications and possible results.

Many were surprised that the theme of combating "extreme poverty" was included in the economic program proposed by President Salinas de Gortari at the beginning of his government. Some thought it was a kind of formula to attack Cardenism, something within the framework of traditional concessions made in order to recuperate votes and consensus. Others described it above all as a legacy of old and well known "populist" moves, supposing that the Salinas government was not prepared to radicalize its reform proposals.

The setting up of the National Solidarity Program (known as Pronasol), headed by well known "populists", or by former left-wing militants,¹ increased the suspicion that the Salinas administration would try to govern with both hands – that is, with the directive force of the right hand, without hiding or forgetting to use the left hand. Other events also helped create the illusion of make-up: the imprisonment of Joaquín Hernández Galicia ("la Quina"), head of one of the most traditional and corrupt trade unions of the nation (the petrol industry workers), and of Eduardo Legorreta, well known leader of the Mexican finance world.

These events led observers to suppose that the regime would respond to old demands made by the masses, hitting at traditional powers in order to extend democracy and giving substantial resources to attack the extreme evils of poverty.

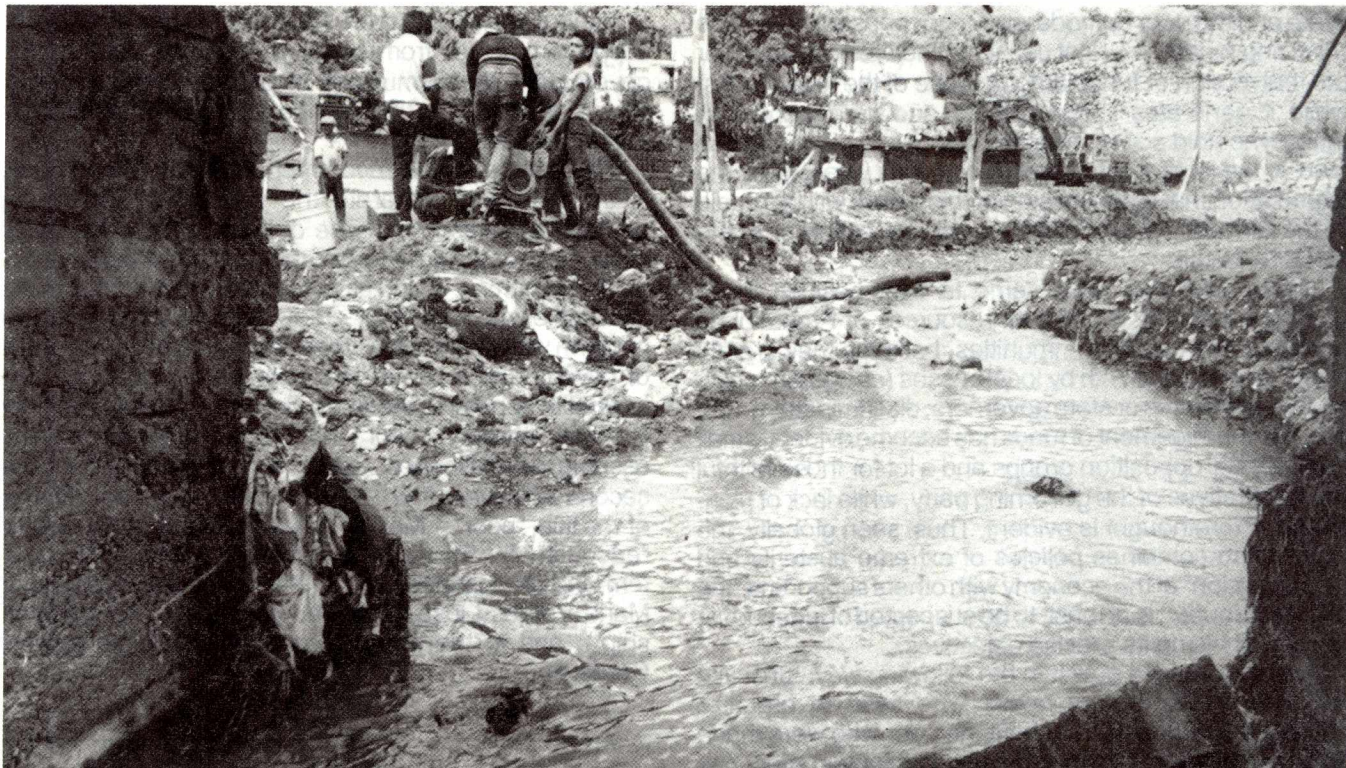
When the Program was presented, it was with an unusually realistic discourse, which led to the reaffirmation of the hypothesis that "now indeed" there would be a true interest on the part of official powers to abandon old demagogy and to make a frontal attack on some of the country's most serious problems caused by inequality and poverty. The Program opened its doors to indigenous communities, indigent zones, backward urban areas and to peasants with scarce productive potential (especially those who grow crops just once a year, during the rainy season). According to Carlos Rojas, executive director of Pronasol, "social backwardness was now unbearable for the country and threatened to become a question of national security".²

Another commitment was being made explicitly and emphatically: there would be no discriminatory treatment; rather, there would be dialogue "with social organizations and with municipal authorities, independently of whether or not they are identified with some political party".³

Land of Plenty?

In 1989, Pronasol had a budget of 1.7 billion pesos, and in 1990, 3.5 billion pesos. But very soon, Pronasol stopped being a specific program, with clearly limited plans and resources, and began to appear all over the place in the "Convenios Unicos de Desarrollo" (Unique Agreements for Development) (CUD), as the ready cash of the President, in the form of municipal resources or for political campaigns. In the first year of the Program, several non-

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An attempt to solve some drainage problems. Photo by Carlos Taboada/Imagenlatina

government social organizations were able to obtain access to Pronasol funding without having to negotiate with state governors and without having to pass through the red-tape filter of their respective state governments. With few very exceptions, this situation changed in 1990 in a significant way, as the greater part of the "packages" of solidarity investment were made part of the programs run by COPLADES* or by the CUD. Besides – although there were a few exceptions – those who now acted as spokespersons and bridges for the investments were not social organizations or producers. These were replaced by local governments, specifically, the Municipal Solidarity Councils. This change created enormous complications for those regional organizations not affiliated with officialdom, with respect to real participation in negotiations and subsequent access to funding. However, this did not mean the "institutionalization" of the management and programming of all the resources, as the Presidency of the Republic continued to use a good part of the funds according to its discretion, and following fundamentally political criteria.

The Problem of Salaries

But neither the impressive investments made by Pronasol in Chalco – one of the poorest municipalities of the country – nor the celebration of the "National Solidarity Week" (from August 2 to 8), could hide what cannot be hidden. The assessments began to be less optimistic. After a year and a half of Salinas government, the macro-economic indicators gave negative balances on all those factors directed to recuperate the standard of living and to fill the popular shopping baskets, thus making evident that Pronasol was a program with few capacities to compensate for the poverty levels. The minimum wage, as well

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as wages in the manufacturing industry, experienced a continuous decline. In 1989, the salary level of the manufacturing industry "was exactly half of that of the years 1980 and 1981, and only 43% of the level of 1976".⁴ In 1976, salaries represented 45% of the national income, but they fell to represent only 28% of the national income over the last two years. In contrast, the representation of capital in the GNP rose from 54.8% to 73% during the same period.⁵

In rural areas – Pronasol's "favored" area of influence – productive conditions did not improve, nor did the greater part of the rural population find ways to improve their standard of living or of lessening the weight of misery.

The violently rapid liquidation of state owned companies, the step "from a policy of indiscriminate subsidies to one of selective subsidies", and the elimination of guaranteed prices – among other factors – has put numberless groups of rural producers in a critical situation.⁶ Changes in the credit system have been made according to the logic which makes a clear separation between the productive and the non-profitable. Thus, FIRA** now specializes in those "profitable producers", Banrural attends those "potentially profitable", and Pronasol attends to the miserable. This perverts the relation between the

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State and the poor or moderately poor peasants, because receiving funds for a "lost cause" stimulates corruption or the malversion of funds among those of the lower ranks, while it generates irresponsibility and carelessness in those who hold power. Besides, the use of resources "on loan" in the form of gifts, reproduces other vices, given the expectation that a concession of this nature will be repaid in the form of certain fidelity in political action or in the electoral booth.

Other problems have come to light besides those mentioned above. Significant resources of Pronasol do not reach the needy communities, because they are "filtered" or tampered with by local bosses (*caciques*), political intermediaries or state governors; discrimination in the use and management of funds has become evident: small amounts for opposition groups and a lot for those faithful representatives of the governing party, while lack of planning and forethought is evident. Thus, seen globally, the logic which combines policies of extreme austerity and "liberalization" of the economy with others supporting "the poorest groups", is at least, to be suspected of ingenuousness or of hiding its precise objectives.

Armando Bartra puts it in the following way: "Just like the wife of the factory owner who used to organize charitable breakfasts to benefit the poor who were made so by her husband, the current Mexican government has created an assistance program to help the population which it empoverishes more every day with its economic policies.... Aspe (the Federal Treasurer) makes them and Rojas redeems them. Only that the man in the Treasury is quicker and more efficient than the man in Pronasol. Or could it be that one hand should not know what the other is doing?"⁷

Various indicators, then, have led diverse analysts to suppose that, far from being a "populist" face of the government, the formulation of programs like Pronasol fitted perfectly with the neoliberal logic of the Salinas administration.

This pattern, widely recommended by the World Bank, is the following: separate the policies of increasing productivity rates from those of helping the poor; avoid all kind of confusion or distortion in the management of public resources, giving alms to misery and capital to the "profitable and productive" areas. But the pattern does not conform with making this clear separation between areas of poverty and those of real potential productivity. The scalpel is applied to the finest tissues, to divide the poor from the "extremely poor". The first will gradually have to assume the challenges – and costs – of development; the second will have to find a way to become deservers, firstly, of the title, "poor".⁸ Mexico only has to make this pattern "adequate" for "its realities", namely, to its corporate system and its dominant party (that which Peruvian writer Mario Vargas Llosa described as the "perfect dictatorship"), and to the necessities of the struggle against Cardenism.

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Neighbors get together to improve their habitat. Photo by Carlos Taboada/Imagenlatina

Solidarity – with whom?

Some Pronasol funds have found their way to areas where the PRI's opposition dominates. However, while it is true that independent social groups and democratic municipal governments like that of Juchitán (in the state of Oaxaca), have received benefits from the program, no-one has failed to notice that the greater part of the Program's funds have been channeled through the traditional corporate mechanisms – that is, those social organizations controlled by the government. This has meant that the proposed objectives, in a great measure, have not been achieved. In the state of Durango in 1989, the National Confederation of Popular Organizations (CNOP) (one of the three pillars of the PRI), received 75% of the Pronasol budget in that state, in spite of its limited capacity (due to the crisis and to the lack of real links with organized social sectors) to put the projects into effect. In the same year, the Central Nacional Campesina (CNC, the PRI's organized rural sector) received around 60% of the Pronasol's funding in Oaxaca.

The intentions of the federal government, to direct these funds to organized communities which have certain capacity to promote their projects, have fairly frequently come into conflict with the well-established interests of local bosses and power structures, members of local groups which still dominate in a major part of Mexico's



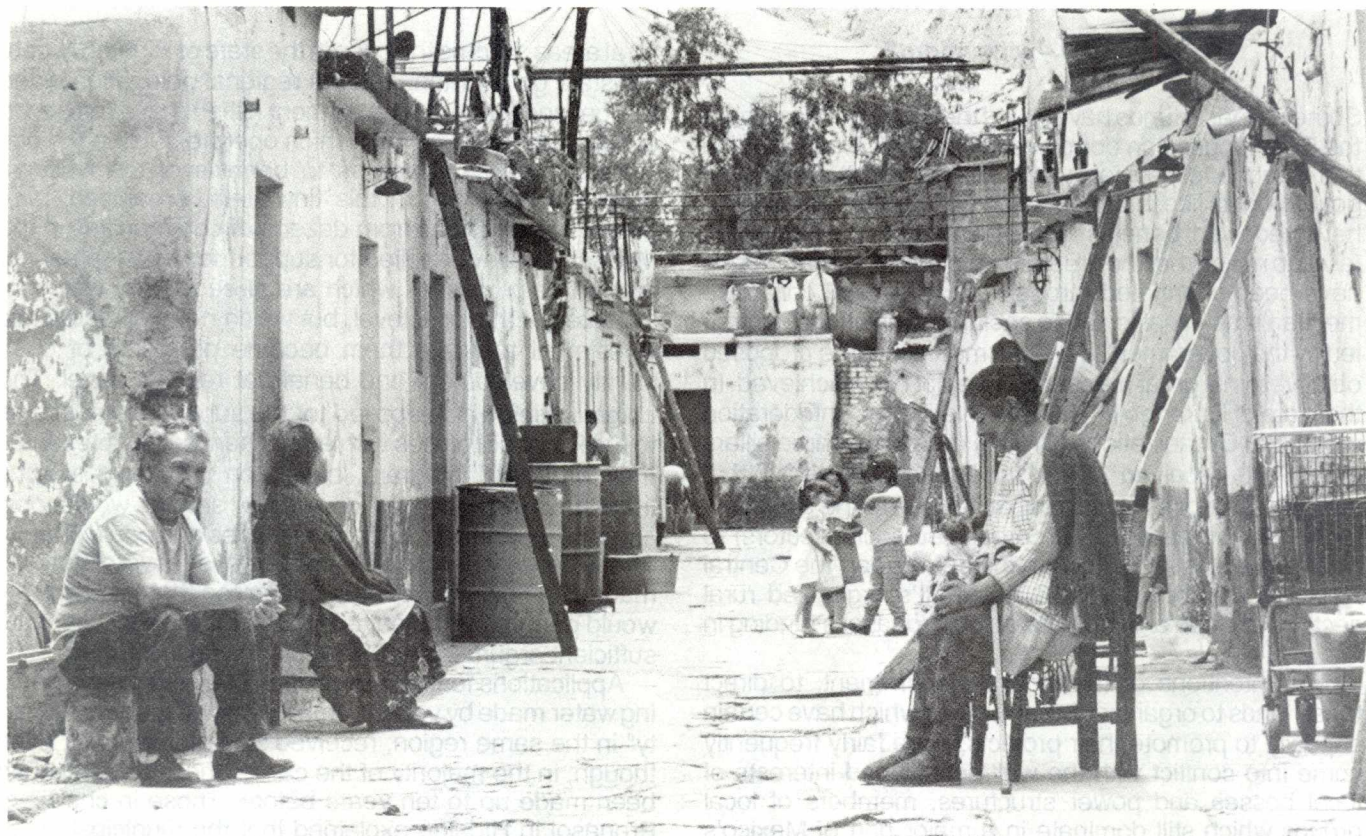
Children lack adequate recreation areas. Photo by Marco Antonio Cruz/Imagenlatina

rural areas. Such is the case in the state of Hidalgo, where the state government and the regional delegation of the Budget and Planning Department (SPP), have refused to allow those social groups which operate outside the official party, to have access to benefits of the National Solidarity Program. In this tiny state, organized *campesinos* and Indians from dozens of communities in the Mezquital Valley⁹ applied for support for development of productive processes which are already fairly well consolidated at the local level, but which need an economic investment to make them become programs of community development and benefit at regional level. The communities which applied for the support did not come to the Pronasol offices with empty hands: they presented their proposed program, based on their own existing infra-structure, such as corn mills, sewing workshops, crafts co-operatives, collective stables and poultry farms. The wide experience accumulated over several years in managing finances and the guarantee that this capacity would permit an efficient use of the investment, were not sufficient arguments to "unblock" the flow of funds.

Applications for the introduction of electricity and drinking water made by various small towns of "extreme poverty" in the same region, received similar treatment, even though, in the majority of the cases, these requests had been made up to ten years before. Those in charge of Pronasol in Hidalgo explained that the municipal presidents were responsible for choosing those communities which would receive benefits. The political nature of this choice was plain: to give just one example, in the municipality of Cardonal, in spite of the existence of a fairly large number of communities without electricity, the only town to receive the service was the home town of the local municipal president.

The communities which applied for Pronasol support did not arrive with empty hands, their proposals were based on an existing infra-structure

Another example of "discrimination" in the management and use of Pronasol funding occurred with the Coordinadora Nacional de Organizaciones Cafetaleras (National Coordinator of Coffee Producing Organizations) (CNOCA).¹⁰ This case is particularly meaningful, given the importance of this organization in the areas which were to receive funds from the Program – in Guerrero, Oaxaca and Chiapas. In the study mentioned above, Luis Hernández points out: "The CNOCA has been extremely cautious in its relations with the state. Although many of its organizations have benefited from concertation agreements, others have been discriminated against for political reasons. In reality, the CNOCA as such has no single concertation agreement."



Will government funds reach these people? Photo by Marco Antonio Cruz/Imagenlatina

Although the presence of Pronasol has been advantageous in many cases, in others it has had negative consequences for producers' organizations. The programs of social concertation have many closed doors.

But Pronasol is not only perverse when seen in relation with certain social organizations and the few municipalities governed by opposition parties. It is worth while mentioning here what appears to be a relatively new element in the Program, such as the Municipal Solidarity Funds. Recently, the official in charge of the program informed that there exist some 1,400 actions of this nature, "in more than 50% of the municipalities of the country". There also exist Solidarity Production Funds, which "go directly to local councils and which are attending the necessities of peasants who live in zones of extreme poverty". And finally, there is the Solidarity Program for a Quality School, in which the local councils also participate.

To sum up: the local councils acquire a peculiar central role in the national program designed to attack and to remedy in some way, the problems generated by extreme poverty. The council serves as a reception center and as a nucleus of planning and support; a bridge in the relationship between the federation and some of the most dispossessed social groups; a key structure in political concertation and negotiation.

Conditioned Resources

A close-up view of the situation enables us to see the problems and obstacles more clearly. Recent negotiations between the Mexican government and the World Bank led to the approval of substantial funding to abat

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extreme poverty in the states of Oaxaca, Chiapas, Guerrero and Hidalgo. But there was a condition: the funding had to be channeled through local councils, with the obligation to create Municipal Solidarity Councils which in turn, would promote and take charge of the formation of Municipal Solidarity Committees. The first problem: the corresponding Councils should be made up by the local municipal president, a representative of the state governor and a representative of the municipal delegates or commisaries; the Council Treasurer is also a member, but without a vote in decision making processes. The local authorities are obliged to accept this composition of the Council, which once formed, has the legal capacity to create the Committees which will administrate and carry out investments and programs.

The second problem: investments made by the Municipal Fund should not be greater than 50 million pesos per project – this practically prevents any programming or development of community projects which want to go further than simple remedies or secondary repairs. The reasons for this must be very diverse and complex, but

they also have something to do with a certain perversity of our modernizing impulse, which does not expect any productivity from the poor, and which deals with the poor in terms of "comprehension, support and patience".

There are no democratic means of control over the spending of the funds or over the structures which carry out these duties which could assure their efficiency or the correct use of the investments. The Committees are responsible to the Councils, which in turn are responsible to the state and federal authorities. These are the traditional structures of control and state planning; thus, these same structures have the last word on the use of Solidarity funds, and the influence and power of local bosses (*caciques*) and governors is reaffirmed by the fact that most funds are channeled through organisms such as the COPLADES* or the CUD. In this system, Pronasol resources can reach and be useful to the very poor only with difficulty. The resources are lost in the never-ending network of traditional power structures, and are used to serve established interests and to strengthen the state's corporative structures. ■

*COPLADES: Comité de Planeación y Desarrollo (Planning and Development Committee).

**FIRA: Fondo de Garantía y Fomento para la Agricultura, Ganadería y Avicultura (Agriculture, Cattle and Poultry Raising Fund).

NOTES

1) The Pronasol Consulting Council was basically made up by former personalities of the Mexican political left. Carlos Tello, member of the political bureaucracy which participated directly and actively in the decision making and carrying out of the Bank nationalization in 1982, was named its President. The Program's executive direction was placed in the hands of Engineer Carlos Rojas (subsecretary of the Budget and Planning Department - SPP), who was an important figure in other years as an active researcher and militant of some popular movements.

2) *unomásuno*, July 20, 1990. Half way through 1990, Pronasol made known a study entitled "Guidelines to combating Poverty", where the great national dilemmas were acknowledged "with realism". It is worth our while to mention some of these here.

Millions of tons of corn produced in Mexico in 1981: 14.6; in 1987: 11.6.
Basic foods imported from 1960-1969: 689,000 tons; from 1981 to 1989-90: 60 million tons.

Percentage of the public investment destined to rural areas, in 1980: 19; in 1990: 5.

Percentage of the population which eats less than the minimal recommended nutritional level: 40.

Of every 2 million births: number of children who die during the first few years of life due to nutritional problems: 100,000.

Percentage of inhabitants of rural areas who registered some degree of malnutrition in 1985: 90.

Number of Mexicans who have no access to institutional health care: 14 millions; Number of Mexicans older than 15 who have not finished primary school: 25 millions; Percentage of government spending on education in relation to G.N.P. in 1981: 5.5; in 1987: 3.6.

Estimated national housing deficit 1988: 6-7 million homes.

Number of Mexicans whose basic necessities are not satisfied: 41 millions; Number of Mexicans who live in conditions of extreme poverty: 17 millions.

See: José Woldenberg: "Poverty (no comment)", in *La Jornada* September 1, 1990.

3) *unomásuno*, July 20, 1990.

4) Antonio Rojas Nieto: "Salario y modernización salvaje" (Salary and savage modernization), *Hojas*, #3, September 1990.

5) *Idem*.

6) In the modernizing perspective (of Salinas de Gortari), the agrarian problem has got nothing to do with the polarization generated by the policies of reprivatization and of exportation of agricultural products - policies dominant since the 40's - but only with inefficient subsidies of paternalist populism, which lived its very brief spring during the 70's According to the 1989-94 National Development Plan, "reversing the deterioration" in the rural sector is a "long term" matter. "In the short term, the strategy should be to support price stability and protect the well being of the low-income population". Armando Bartra: *Modernidad, miseria extrema y productores organizados*. (Modernity, extreme misery and organized producers) *El Cotidiano* # 36, July-August 1990.

7) *Idem*.

8) The World Bank recommendation operates in various Latin American countries which have assumed the logic of development promoted by the so-called neoliberalism. Thus "pronasoles" exist under diverse names and in diverse manners (for example, the "Social Investment Funds").

9) These are communities where Cardenism has a significant influence, although this is expressed not so much through organized groups, but rather through voting patterns.

10) The CNOC is an independent organization which has been able to advance very rapidly towards a propitious terrain, with precise ideas on how to confront programs of the State coffee company Inmecafé, and on how to generate - alternative - social spaces for productive initiatives. An important paper on this theme is the analysis of Luis Hernández: *Nadando con los tiburones: la experiencia de la Coordinadora Nacional de Organizaciones Cafetaleras*. Swimming with the sharks: the experience of the National Coordinator of Coffee Producing Organizations). Mimeograph document.

11) *Idem*.



And there are people even poorer. Photo by Marco Antonio Cruz/Imagenlatina