Poverty and health: Two challenges for Mexican social policy[1]

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In the complex mosaic of Mexican social policy, programs specifically aimed at reducing poverty and promoting the population's health are currently key elements for projecting the nation's future development.

One school of thought in the study of poverty focuses on analyzing the paradox of contemporary Mexico's development in terms of alternatives for linking economic growth to an equitable distribution of income. Along these lines, we can state that the legacy of the 1980s came down hardest on the nation's lowest-income groups, due to the ravages of inflation and the paralysis of economic activity (Trejo and Jones, 1993, p. 180).

Thus, within the framework of far-reaching changes, since 1988 Mexico has been putting at risk not only

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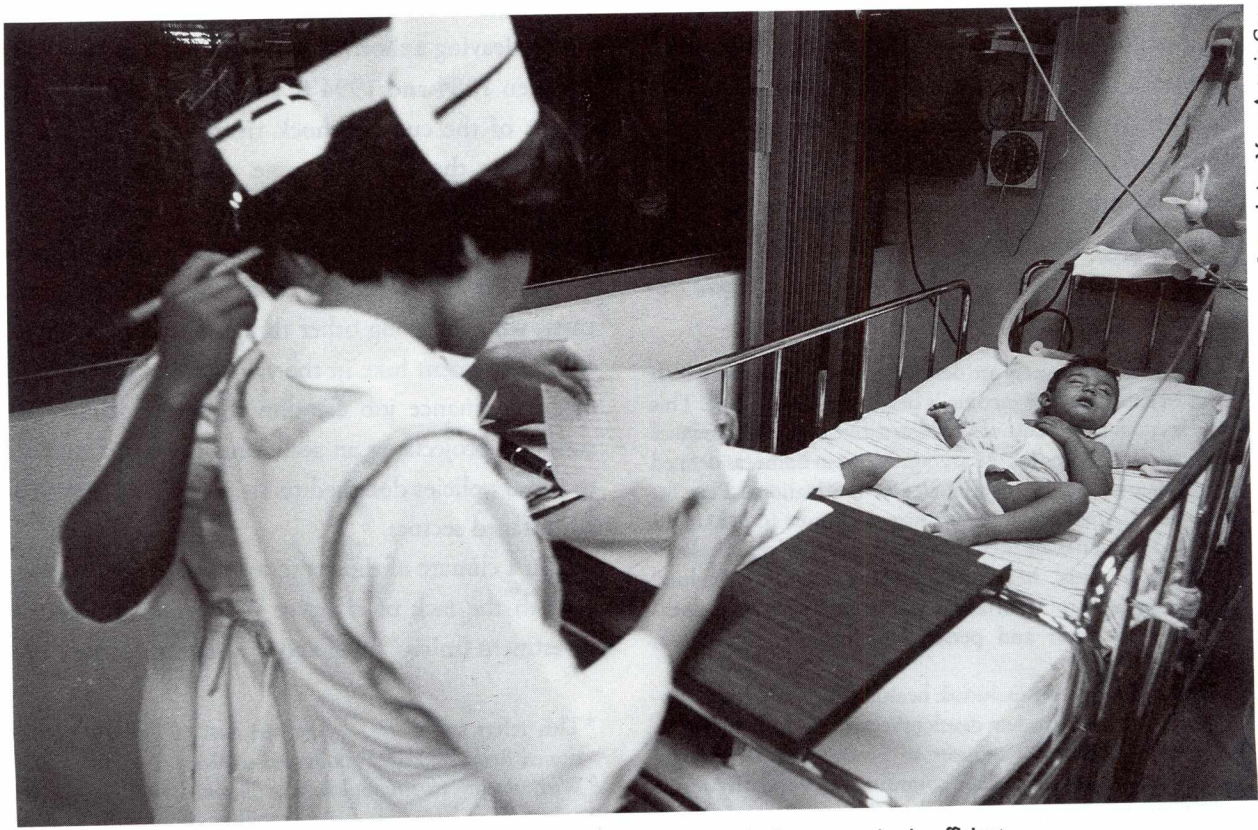
[1] This article is an advance segment of the essay currently in progress, "Social Policy in Mexico, the United States and Canada," of which the present writer is coauthor.



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Despite government programs aimed at promoting the population's health, medical care remains insufficient.

the living standards of its population —built up over the course of forty years— but the future of several generations as well. According to some calculations, the number of Mexicans currently living below the poverty line[2] is nearly two thirds of the total population, having risen from 64 percent in 1989 to 66 percent in 1992 (Boltvinik, 1995, p. 51).

During the presidential term of Carlos Salinas de Gortari (1988-94), the attempt was made to stabilize the economy and improve living standards on the basis of strengthening the economic system by raising productivity and efficiency and opening up trade (Salinas de Gortari, 1989).

Instituting the National Solidarity Program (PRONASOL), the government sought to introduce new elements of social policy aimed at solving the most serious problems facing the poorest population sectors. Thus, its immediate objective was not to provide solutions from the top down, but "to provide the means whereby... the poorest part of the population may attain well-being in an individual way" (Trejo and Jones, 1993, pp. 184-185).

Assigning resources in a differentiated manner, Pronasol's 14 programs[3] came under three main headings which, taken together, sought to assist in the basic capacities of the programs' recipients: social welfare, support to production and regional development. At the same time, from the beginning they were related to one of the reforms viewed as a *sine qua non* for the consolidation of the neo-liberal state: "slimming down" the government.

Some of Pronasol's objectives established an important precedent, taking into account that the program promoted modifications in the paternalist structure of the Mexican state. It did so by supporting direct participation by the beneficiaries of social policy in the solution of their own problems, through actions for recognizing and promoting community efforts or giving a push to the basic physical and social infrastructure (schools, clinics, etc.). Its real long-term effects are still difficult to measure, given the new outbreak of the national economy's recessive crisis, marked by the December 1994 peso devaluation and the limitation of social spending for the same year, which was set at 10.676 billion new pesos (Velasco and Garfias, 1995, 1A).

With 13 million out of a total population of 82 million estimated to be living in "extreme poverty,"[4] while in November 1994 it was calculated that in Mexico 53.3 percent of the economically active population (EAP) survived through the "informal economy" —leaving a shortfall of more than 3 million jobs between 1984 and 1994 (Candia, 1995, p. 9)— the effects of the current shock treatment will tend to exacerbate the unjust income distribution pattern. Already in May 1995 the unemployment rate was estimated to be, at a minimum, equivalent to 5.3 percent of the EAP.[5] This was far above the official forecasts, which, among other things, specifically allude to the 5 percent hike in the value-added tax (IVA) in order to finance job creation through social infrastructure projects, as an additional means of support to social policies designed to assist society's most disadvantaged sectors.

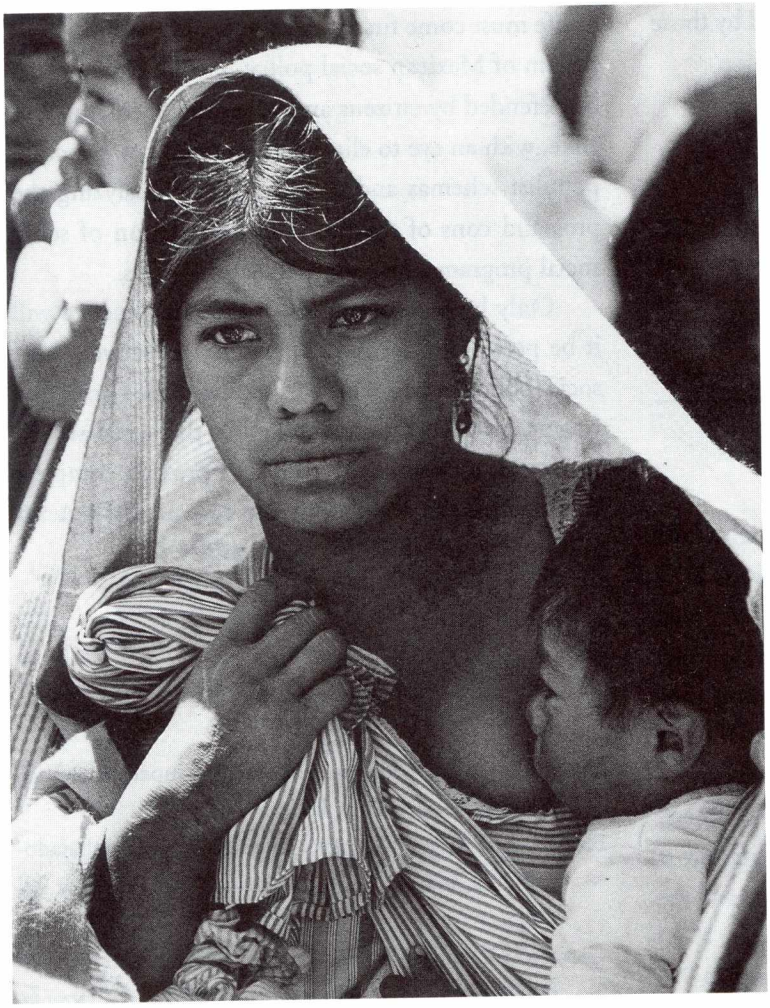
In a climate of threats to jobs and wages, together with the lack of effective support to productive investment (micro, small and medium industries) and

[2] Those living in poverty are defined as "the population which lives in homes where income is below the poverty line. This line is equal to the cost of the Normative Basket of Essential Goods and Services for the average Mexican home, as defined in studies by the General Office of the National Plan for Depressed Areas and Disadvantaged Groups (COPLAMAR) in 1982. The basket includes goods and services... related to food, housing, health and hygiene, education, culture and recreation, transportation and communications, clothing and footwear and personal appearance" (Boltvinik, 1995, p. 51).

[3] The list of programs included: health, education, food, supplies, basic services, urban development, housing, land tenure, women in solidarity, support to production, to regional development and to Indian communities, solidarity funds and programs for agricultural day laborers (Parcero, 1992, p. 99).

[4] This refers to incomes below the cost of the above-mentioned Basic Basket of goods and services.

[5] With regard to unemployment alone, 750,000 jobs are estimated to have been lost in the first ten months of 1995 (Vidal, 1995, p. 10A).



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The National Solidarity Program was instituted to alleviate problems facing Mexico's poor.

the deterioration of agriculture, no increase in social spending will be enough to solve existing problems.

We will now take a brief look at institutional policies in Mexico which promote the population's health, starting from the premise that the grave problems of poverty confronting the nation bring with them high risks of malnutrition, poor health conditions and high levels of infant morbidity, among other dangers.

Despite the fact that health is a constitutional right for all Mexicans, in practice health-care services are insufficient and substandard in terms of the protection they provide. Rosalba Carrasco and Francisco Hernández (1994) divide Mexico's health system into three groups: open institutions serving the population at large, social security institutions and private medical facilities.

The first group is almost entirely dependent on the Secretariat of Health (SSA); it operates through direct government financing and has the basic objective of serving the most disadvantaged. It is estimated that this group has the capacity to serve 34 percent of the nation's population (*Este País*, 1995, p. 18).

On the other hand, Mexico's main social security agencies, the Mexican Social Security Institute (IMSS) and the Institute for Social Security and Services for Government Employees (ISSSTE), are facing serious conflicts given that the impossibility of incorporating the bulk of the population through promotion of sustained economic development ran parallel to the centralized, bureaucratic growth of these agencies' own structures.

Since its creation in 1943, IMSS took shape as the primary and most important public entity charged with organizing and administering the funds derived from the social-security contributions made by wage-earners, employers and the government. Enrollment in the system was made mandatory, as a mechanism for regulating relations between labor and capital, while contributions were set on the basis of workers' wages and employers' incomes.

ISSSTE was founded later with the objective of serving public employees. Its bipartite financial structure —based on contributions from the government and from employees— contrasts with the unique tripartite structure the Federal Labor Law sanctioned for IMSS.

Recent statistics state that IMSS and ISSSTE, together with other federal and state agencies, cover 55 percent of the nation's total population. And while between 9 and 12 percent of Mexicans lack health-care services, private medicine covers up to a quarter of the population enjoying social security

benefits and three fifths of those not covered by those benefits (*Este País*, 1995, p. 18).

DISTRIBUTION OF IMSS FEES

	Employer	Worker	Government
Gross contribution	70%	25%	5%
Net contribution	38.5%	32%	29.5%

Source: IMSS, *Diagnóstico*, 1995.

Nevertheless, given current economic straits —in which a 20 percent fall in the population's buying power is projected for 1995 and it is estimated that 7 million people will be enrolled in the National Health System— preventive health-promotion programs[6] and those for ongoing supply of medicines should be reinforced in Mexico in order to prevent the exacerbation of the link between poverty and illness.

Mexico invests a lower percentage of its Gross Domestic Product (GDP) in health than Canada and the United States. World Bank figures state that in 1990 Mexico invested only 4.82 percent, compared to 9.1 percent in Canada and 12.7 percent in the United States (*Este País*, 1995, p. 28).

Among other factors, it is clear that in Mexico, the great diversity of programs involving social security has worked to the detriment of substantial investment of public resources in health, given that the system is able to offer only one doctor for each 2,400 patients (Danell, 1995, p. 8).

If in Mexico the globalization process obliges us to regenerate and rescue our productive base, as a precondition for meeting the parameters of international competitiveness, then the promotion of our population's well-being must take priority over the political tug of war between the public and private spheres.

Concern for improving the population's quality of life must come first and foremost in the imminent reform of Mexican social policy. This objective must be defended by citizens and government institutions alike, with an eye to eliminating prejudices, rejecting populist schemas and conscientiously analyzing the pros and cons of the possible privatization of some social programs, or even a rise in their fees.

Only by overcoming this debate in practice will it be possible to guarantee both the effectiveness of social policy in Mexico and support to this policy by wage-earners and those enrolled in the social security system, as well as the ability to provide complete coverage for the population and the quality benefits and services to which Mexicans aspire. VM

[6] The basic vaccination scheme is currently estimated to cover more than 92 percent of children under the age of five (*Este País*, 1995, p.18).

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