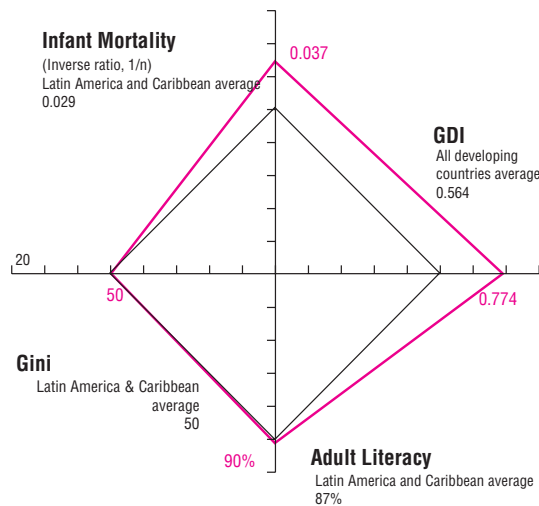


M E X I C O

R E P O R T



The Equity Diamond: National values in terracotta compared to regional ones in blue.
 Source: **Infant mortality:** UNICEF, *The State of the World's Children, 1998*; **Adult literacy:** UNICEF, *The State of the World's Children, 1998*; **GDI** (Gender Development index): UNDP, *Human Development Report 1998*; **GINI:** World Bank, *World Development indicators 1998*. (The regional average for this indicator was calculated by *Social Watch*).

In 1994, the number of Mexicans living in absolute poverty was 17 million. Four years into the Zedillo administration this figure was 26 million. From 1991 to 1994, the number of super-millionaires in Mexico rose from 2 to 24.

With over 40 million Mexicans living in relative poverty and a brutal process of income concentration, the federal government's «priority» focus on those in misery seems little more than a polit-

24 MILLIONAIRES, 40 MILLION POOR

ical ploy. The government continues to sign international agreements, but fails to make concrete commitments or set specific targets to implement them. Meanwhile, the major obstacles in the struggle against poverty are the interests and corruption of powerful groups on the one hand, and, on the other, economic policies dictated by international financial centres, excluding a major part of the population and followed by the Mexican government with no objection.

Constitutional rights to decent housing, health, employment and education continue to be restricted to those who have sufficient resources. Food is still not considered a constitutional right. Fulfilment of Social Summit agreements on eradication of poverty and compliance with human rights declarations are not taken into account in social policy.

ECONOMIC CONTEXT

The drop in oil prices in December 1997 brought considerable economic instability. As a consequence, the government cut public spending, with the most affected sectors being energy (Mexican Petroleum and the Federal Electricity Commission), education, eradication of poverty and health. These cuts are equal to 0.7% of the Gross Domestic Product. The Housing Programme underwent cuts amounting to 280 million Mexican pesos reducing by 54% the amount budgeted for housing by the Chamber of Deputies. The Programme to Overcome Poverty was reduced from 510 million to 310 million that is to say, by almost 40% of the amount approved by that same Chamber. Public spending for education dropped from 4.1% to 3.9% of GDP in 1994–1998; cuts of 961 million pesos meant that 500 schools could not be built, 15 million free text books could not be printed and scholarships could not be provided to those who most need them.

The Secretariat for Social Development cut its budget by 8.5%, while total scheduled spending was reduced by 3.5%. The peoples' food programmes also underwent a cut of 106 million pesos to the tortilla trust fund, reducing the number of beneficiary families, in addition to the fact that this basic food item has undergone an 18.8% price increase. **Contrasting with this, subsi-**

dies to banks represent 14.5% of the GDP.¹ Data provided by the Finance and Public Credit Secretariat show that scheduled spending per inhabitant for social development has fallen by 55% in the present decade, affecting the living condition of over 40% of the population.

Earlier in 1998, the government proposed converting its 1997 bailout (Fondo Bancario de Protección al Ahorro, Fobaproa) into public debt. Given accusations of money laundering and campaign finance corruption linked to bailout funds, it is more than unjust to impose repayment of that debt on the Mexican people. If the subsidy is not legally converted to public debt, however, foreign capital may be withdrawn and the Mexican economy could undergo a drop similar to that of 1995. Conversion would increase the public debt from 27.9% to 42.2% of GDP.² A public opinion survey³ by the Democratic Revolutionary Party on August 30th 1998 involving over 3 million citizens was disregarded by the country's three main parties, which have an alternative proposal to channel Fobaproa.

In June 1998, the dollar exchange rate was 9.10 pesos and the price of Mexican oil USD 8/barrel, when the average price officially foreseen had been USD 13. With public finance depending almost exclusively on income from oil, the third budgetary cut of the year was implemented in July.

Even more serious, however, is the fall of the peso as a consequence of the world economic crisis. The peso is at its lowest level in history: in September 1998 the exchange rate was 10.22 pesos to the dollar and the price of a barrel of oil was USD 8.30. This has caused severe financial problems reflected both in the increase of interest rates and the drop in purchasing power.

EMPLOYMENT

A plan to generate 1.2 million new jobs by 1998 failed because of budgetary cuts and the international economic crisis. Newcomers to the labour market did not find work, and many of the employed lost their jobs. In this respect, the INEGI (National Institute for Statistics, Geography and Computerized Information) published unemployment figures for urban zones which reached 3.9% of the economically active population (EAP), meaning that 254 thousand unemployed people subsist in the country's three main urban zones.⁴

Unemployment is concentrated in the youngest groups of the EAP, where first quarter 1998 figures show 7.6% unemployment for ages 12–19, and 6.8% for ages 20–24. For the adult population in urban zones, the figures 3.0% for ages 25–34; 1.6% for ages

35–44; and 1.8% for ages 45 and above. These official figures show a slowing down in unemployment rates in the first quarter of 1998: the overall unemployment rate dropped from 7.06% to 6.11% of the EAP, while the rate for part-time employment dropped from 6.0% to 5.21%.

In the agricultural sector, unemployment is a result of increased corn imports. In 1998, 300 thousand permanent jobs were not created and 8 billion pesos were spent on corn imports that could have been used to support Mexican producers and invested in drought prevention programmes.⁵

SALARIES

Oaxaca, as representative of one of the poorest states of Mexico, together with Chiapas and Tlaxcala, has a Mean Monthly Income of USD 59 (at 1997 rates) and the highest percentage of the population earning under 1,500 pesos a month, that is to say 89%, is to be found in these states. It is clear that not only is poverty highly regionalized, but that after long years of making this situation known, no government programme and, still less, no trans-governmental programme, has been efficient regarding salaries.

Two-thirds of the labour force subsists on incomes less than three times the minimum wage and its loss in purchasing power is 70% over the past ten years. The average income of families in extreme poverty in 1997 was 9 pesos per family per day (roughly USD1/day) (Secretariat for Social Development, 1997).

According to the Workers' Congress and Authentic Employment Front analysts, salaries dropped 35% in 1995–1996, and recovered by only 3% in 1997. No recovery was expected during 1998 due to the severe financial crisis. Furthermore, the Senate Commission for the Distribution and Management of Consumer Goods and Basic Services reported that the average general minimum wage lost 26% of its purchasing power in the last six years. The price of the basic family basket increased in this period from 688.50 pesos to 3,315 pesos, or 381.5%.

AGRICULTURE

In 1998, the agricultural sector suffered from decapitalisation, loss of profitability, and severe drought. Most affected were northern and central regions where rainfall dropped by 90% relative to 1997. Drought programmes are to provide 2,657 million pesos, but this will cover only the loss of 2 million tons of corn, not losses to livestock and forestry sectors. The drop in international grain

1 At the end of 1997, the GDP was 3 billion, 187 thousand, 447 million pesos, which up to April 1998 had risen by 6%, with a forecast of 4.7% at the end of the year. According to INEGI, the monthly per capita GDP was US\$ 4.217 in 1997.

2 Newspaper *El Financiero*, 3 May, 1998.

3 However, peoples' consultations have not been legalized in Mexico. The National Action Party has proposed a bylaw to this effect.

4 National Employment Survey, INEGI, 16 April 1998.

5 CIOAC, 27 May 1998.

prices and the drop in production due to the drought resulted in a 6% reduction in the gross domestic agricultural and livestock product in the first quarter of 1998 (National Agricultural and Stock-raising Council). If this situation continues, the annual average will be 4.5%, the lowest drop in 50 years.

INDUSTRY

Mexico's industrial production apparatus is vulnerable and deteriorated; it suffers failures in production chains and depends on imports of intermediary goods. Since 1996, imports of intermediary goods increased by up to 80% and the degree of dependence on imports rose by 21.2% compared with the 1982–1986 period. Internal production capacity dropped eight percentage points in aggregate supply in the last 18 years. (National Chamber of Processing Industries)

SOCIAL JUSTICE

Wealth is distributed inequitably among sectors, regions, social classes, sexes and ages. 77% of absolute poverty is found in central and southern states. No northern municipalities are considered underprivileged. According to a study made by the National Action Party, there are almost 16 million people in a situation of poverty and underprivilege. This figure coincides with that of the National Population Council. **And, while in 1994, the number of Mexicans in extreme poverty was 17 million, by the fourth year of the Zedillo administration this figure had risen to 26 million** (figure provided by Esteban Moctezuma, Secretary for Social Development), **the number of super-millionaires in Mexico, rose from 2 to 24 between 1991 and 1994.**⁶ The level of shareholders' equity held by enterprises of the 100 richest men in the country totals over 600 billion pesos, more than the foreign debt of approximately 259 billion pesos at the end of 1997.

Scheduled allocations to public works have been dramatically cut by 67–99% in smaller municipalities and increased by up to 136% in larger ones.

From 1984 to 1994, the richest 20% of the population increased its share of total current income from 49.5% to 55%, while the share of the poorest 20% decreased from 4.8% to 4.3%, according to National Surveys on Household Income and Expenditure (Encuestas Nacionales de Ingresos y Gastos de los Hogares – ENIGH). Middle-income people who saw a relative improvement over several decades now find their share decreasing.

Progresá, the Programme for Education, Health and Food, will provide care to 2 million families in 1998, but this «poverty eradication» programme is precarious and a tool for political games. Families in this programme receive 10 pesos a day (roughly US\$1/

1998 pesos). Since they are the neediest in communities that are themselves underprivileged, problems will arise at community level. Progresá, introduced in 1997 and representing 7.9% of GDP, replaces Pronasol, the National Solidarity Programme launched in 1994, which represented 9.1% of GDP. Progresá has been criticised as a palliative rather than a real solution.

Distribution of Income by Households Selected Years				
Percentages of the Total Current Income Total per Decile				
Deciles	1984	1989	1992	1994
I	1.72	1.58	1.55	1.59
II	3.11	2.81	2.73	2.76
III	4.21	3.74	3.70	3.57
IV	5.32	4.73	4.70	4.64
V	6.40	5.90	5.74	5.87
VI	7.86	7.29	7.11	7.06
VII	9.72	8.98	8.92	8.74
VIII	12.16	11.42	11.37	11.34
IX	16.73	15.62	16.02	16.11
X	32.77	37.93	38.16	38.42
Gini	0.4292	0.4694	0.4749	0.4770

Source: INEGI. Encuesta Nacional de Ingresos y Gastos de los Hogares. 1984, 1989, 1992 and 1994.

EDUCATION

The National Institute for Adult Education reports that 36.2 million people in Mexico over 14 years of age have no basic education (either primary or secondary), 13.3% of Mexicans of employment age have no schooling, 24.5% did not finish elementary studies, and 20.8% have only primary education.⁷

According to official figures, 93.6% of the children between 6 and 14 years of age are enrolled in basic education. The dropout level has descended from 28 to 15 out of every 100 children enrolled. These official figures cover the national level and are not broken down by urban and rural areas, disregarding the high dropout rate of girls in rural areas. In 1997 these figures were the following: the number of people over 12 years of age who had not

⁶ MEJÍA, Rocío and MONROY, Mario. In: *Los saldos del ajuste estructural*. Mexico: SIPRO, June 1998.

⁷ *Los Trabajadores del México de hoy frente al Nuevo Milenio*. Frente Auténtico del Trabajo. First edition, February, 1998.

been to school was 7,819,769, of which 40.4% were male and 59.6% female. Of this latter figure, 22.8% had not been to school because their family had prevented them from doing so.⁸

PUBLIC SERVICES

In urban zones, 98.3% of families in absolute poverty have access to electricity; in rural zones only 68.8% of these families have access; for sanitation facilities, the figures are 50.7% and 6.4% respectively.

The middle class has also received a severe blow, due to considerable increases in utility rates. **Telephone rates have increased by 33.07%, while drugs have risen by 42.08%.** *Teléfonos de México* is the sole company offering telephone service; it increases rates freely and autonomously without regulation.

HOUSING

As Mexico transitions to a market economy without sufficient preparation and with 40 million poor, social housing is at a critical stage. Although it is a constitutional right, housing has become a merchandise subject to market rules. In 1995, the Sectoral Housing Programme foresaw a demand for 3,468,205 dwellings by 1998. By official figures, the housing deficit for 1995–2000 is 8,068,205 dwellings. Added to this should be the 11,336,410 dwellings needed for the approximately 45 million people (four per household) who presently live in substandard homes.⁹

In 1990, the total number of inhabited dwellings was 16,035,233, of which 60% were built with bricks, concrete and similar materials and had public utilities and drinking water, while the rest were built using metal sheeting, wood, asbestos, cardboard and other similar materials and did not have public services.¹⁰ According to UNDP figures, in 1996 there were approximately 15.3 million Mexicans who lacked drinking water and 50% of the population was without access to sanitation.

Based on systematic monitoring, the Habitat Coalition found that in 1997 over 15 thousand tenant evictions had been recorded, affecting approximately 64 thousand people. The Federal District is where most of the tenant evictions take place, amounting to 27% of the national total.

Since 1994 the political situation in the State of Chiapas has led to over 16 thousand people being displaced by armed conflict. Polhó is the municipality that has given refuge to the greatest number of population, with figures estimated at between 6 and 10 thousand displaced persons, and Chenalhó is the Chiapas municipality having evicted most population, with 38 out of 52 hamlets. In the

state of Guerrero, following the incursions of the Federal Army in the Municipality of Charco in June 1998, about 1,300 people had to abandon the locality for fear of reprisals.

HEALTH

Health is a basic constitutional right, but statistics show no reduction in the infant mortality rate, which is 26 per 1,000 live births in rural areas. As the economic situation worsens, access to medical services decreases in poor and isolated rural areas. Coverage has not kept up with the population and its needs. The most qualified doctors are concentrated in areas where salaries and working conditions are best: in urban zones.

An important issue for rural health services is the resistance of Western medicine to accept traditional medicine as an alternative. The imbalance in institutional health coverage figures is extreme. Military and oil–industry health service systems have one doctor per 220 to 280 employees. Systems for civil wage earners in the private and public sectors (IMSS and ISSSTE) have one doctor per 600–700 employees. The population in general has one doctor per 2,715 people, and the National Indigenous Institute (INI) reports only one doctor per 20,847 indigenous people.

Women, children and indigenous people are those most affected by the lack of medical services. A recent study shows that 55% of maternal deaths occur in localities of under 2,500 people. While at national level the maternal mortality rate is approximately 40 per 100 thousand live births, in Chiapas it is 117. Reproduction continues to be a risk to women; this risk is directly related to geographic situation and socio–economic status.

Malnutrition is another symptom of inequity in Mexico. According to the National Nutrition Commission, in 1997 **approximately 4 million families** (nearly 20 million Mexicans), **suffered from nutritional deficiencies.** According to Ibero–American University researchers, malnutrition affects about 40% of the population (about 38 million people).

Researchers from the National Autonomous University's School of Medicine estimate that one–third of infant mortality is due to biological disorders that result from malnutrition. At national level, 10.5 deaths per 100 thousand are due to malnutrition. Women in rural areas are particularly affected by malnutrition, as they tend to give priority to food for their children and husbands. It is estimated that 29% of women between 12 and 49 years of age are underweight. In this same line of gender desegregation, the most frequent causes of death in women are cervical–uterine cancer and maternity–related diseases.

Despite efforts by the federal government and official claims that the six–year health plan has achieved coverage for 93 million Mexicans, respiratory and diarrhea related diseases increased by

⁸ *Anuario Estadístico del INEGI 1990–95.*

⁹ Chamber of Deputies Housing Commission.

¹⁰ INEGI, *Statistical Yearbook*, 1995.

¹¹ *Boletín de Epidemiología del Sistema Nacional de Vigilancia Epidemiológica*, Mexico, August 1998.

about 10% from 1997 to 1998.¹¹

GENDER

The National Women's Plan, in operation since 1996, lacks resources for implementation and there is no assurance of continuity at the end of the six-year period. The plan was to integrate women's concerns into public policies for health, employment, education, housing, land tenure, positions in decision-making, industry, and violence, among others. The National Women's Plan took up the Beijing commitments, but no exhaustive survey has been made to monitor implementation of those agreements.

In 1997 women represented 35% of the economically active population (EAP). A recent study by the Autonomous University of Mexico shows that in many cases women are hired with salaries up to 40% lower than those of men, **are disadvantaged with regard to benefits, and are obliged to present a certificate showing they are not pregnant for almost 70% of jobs.**

A law approved in 1997 recognises children and women as the

most frequent victims of intra-family violence. This law included conjugal rape—an enormous achievement after the Supreme Court had qualified it as «undue exercise of a right.»

The installation of the Commissions for Equity and Gender in the Chamber of Deputies, the Senate and the Legislative Assembly is a step forward. The struggle now centres on raising the status of these from «Special» to permanent commissions. Women from civil organisations, parliamentarians and activists from grass-roots organisations are involved in this struggle.

- Casa y Ciudad, Centro de Derechos Humanos Agustín Pro Juárez, Convergencia de Organismos Civiles por la Democracia, Coalición Habitat, Comisión Mexicana de Apoyo a la niñez, DECA, Equipo Pueblo, Foro de Apoyo Mutuo, Frente por el Derecho a la Alimentación, Liga Mexicana de Derechos Humanos, Milenio Feminista, Promoción de Servicios de Salud y Educación Popular, Red Mexicana de Acción contra el Libre Comercio, Red Mexicana para el Cabildeo.