



Crisis, restructuring and urban poverty in Mexico

Agustín Escobar Latapí and Mercedes González de la Rocha

SUMMARY: *This paper describes the scale and nature of urban poverty in Mexico and how it changed during the 1980s and early 1990s. The authors draw on their own research in Guadalajara and on other studies in Mexico and in other Latin American countries to consider how men and women within households responded to rising prices, falling incomes and other economic and social problems. The paper also includes a review of how poverty and inequality have changed in Mexico, over the last few decades.*

Both authors work at CIESAS-Occidente (Centro de Investigaciones y Estudios Superiores en Antropología Social de Occidente) in Mexico. Among their recent publications in English are Social Responses to Mexico's Economic Crisis of the 1980s that they co-edited (Center for U.S.-Mexican Studies, University of California at San Diego, La Jolla). Mercedes de la Rocha has also recently published The Resources of Poverty: Women and Survival in a Mexican City, Basil Blackwell, Oxford.

Address: CIESAS Occidente, Calle de España No. 1359, Colonia Moderna, Guadalajara, Jalisco, CP 44190, Mexico.

I. INTRODUCTION

IN THIS PAPER, we seek to explore and explain not only the extent and level of poverty in Mexico during the period of crisis and restructuring of the 1980s, but also the social institutions and the actions of people who must struggle for survival daily. While the main changes in the Mexican political economy explain the changes in employment and wage levels, we believe the social meaning of poverty needs to be approached in terms of people's actions and opportunity structures. The two fundamental areas in this regard are work and the household, as both are spheres of significant, if limited, agency for the poor. Both are subject to greater structural imperatives, but both depend on the visions, organizational capacity and creativity of the people dealing with them. One of the toughest lessons the poor must learn in order to survive, and one which social scientists must appreciate in order to understand them, is that poverty does not turn neighbours into friends, relatives into contacts, or a very light purse into a meal. They must learn to deal with new social situations and to turn strangers into friends with hardly any significant resources to draw on. This requires an intentional, positive, creative approach in one's own actions which then needs to be understood as part of a strategy of survival. Failure to acquire the relevant know-how to do this results in the failure to constitute a family, to school one's children, or even to survive. In this paper we seek to articulate both the macro-social and the micro-social to better understand the nature of poverty within Mexican society in the early 1990s.

1. Benería, Lourdes (1992), "The Mexican debt crisis: restructuring the economy and the household", in Benería, Lourdes and Shelley Feldman (editors), *Unequal Burden: Economic Crises, Persistent Poverty, and Women's Work*, Westview Press, Boulder; Chant, Sylvia (1991), *Women and Survival in Mexican Cities: Perspectives on Gender, Labour Markets and Low Income Households*, Manchester University Press, Manchester; Selby, Henry, Arthur Murphy and Stephen Lorenzen (1990), *The Mexican Urban Household: Organizing for Self-Defense*, University of Texas Press, Austin; Murphy, Arthur (1991), "City in crisis: introduction and overview", *Urban Anthropology*, Special Issue, Vol.20, No.1, pages 1-13; Murphy, Arthur (1992), "Crisis and change in a regional city: the case of Oaxaca, Mexico", paper prepared for the conference "Socio-Demographic Effects of the 1980s Economic Crisis in Mexico", Institute of Latin American Studies, University of Texas at Austin, Austin, April 23-25.

2. See for instance: Ortega, Eugenio and Ernesto Tironi (1988), *Pobreza en Chile*, Centro de Estudios del Desarrollo, Santiago de Chile; Duarte, Isis (1988), "Crisis, familia y participación laboral de la mujer en la República Dominicana", paper presented at the 37th Annual Latin American Conference Demography of Inequality in Contemporary Latin America, University of Florida, Gainesville, Florida, February 22; Schkolnik, Mariana and Berta Teitelboim (1988), *Pobreza y Desempleo en Poblaciones: La Otra Cara del Modelo Neoliberal*, Programa Economía del Trabajo, Colección Temas Sociales, 2, Santiago; Singer, Paul (1985), *República da Renda: Pobres y Ricos o Regime Militar*, Jorge Zahar, Rio de Janeiro, second edition; McFarren, Wendy (1992), "The politics of Bolivia's economic crisis: survival strategies of displaced tin-mining households" and Safa, Helen and Peggy

The theses and findings in this paper were put forward initially on the basis of our work in Guadalajara, a city of 3.5 million inhabitants in 1990. We have subsequently discovered that most of these were applicable to other cities and countries in Latin America. Thus, although Guadalajara is a recurrent theme in this article, we also make generalizations where appropriate and provide information regarding other urban contexts.

The 1980s crisis provided a basis for evaluating the social mechanisms which urban popular sectors use on a daily basis in order to cope with low wages and very little state support. Restructuring took place not only in the files of economists and politicians but also, and most importantly, at the household level and in the work place, with decreasing real wages and increasing unemployment. Our analyses fill an existing gap in the field of longitudinal systematic analysis vis-à-vis economic and social change. Our studies produced substantial evidence to show the actual changes which took place at the level of the household and in the labour market. Other studies support our findings and provide an important analysis that points in the same direction.⁽¹⁾ We depend, therefore, on information from a few, highly relevant studies conducted in several Mexican cities. The changes described here are part of a general pattern that has been analyzed from different perspectives, by different scholars, in diverse urban contexts. It is interesting too that the Mexican case is not unique with regard to the impacts which the neoliberal economic model has had on the way in which people reacted to increasing poverty and the lack of subsidies, price rises and the difficulties of making ends meet in their already weak domestic economies. There are many studies conducted in other Latin American cities which shed light on the social responses which the economic crisis has produced in other cities of the region. The changes implemented at the household level in Guadalajara, can easily find support in the evidence provided by other Latin American scholars.⁽²⁾

Economic restructuring implied economic and social costs. The overall deterioration of economic conditions which characterized the 1980s, produced a series of changes that, at the level of households, had to be implemented in order to cushion the impact of the economic crisis. Households had to be restructured too, and most of the social responses to austerity and economic policies took place within the household. This is what Benería⁽³⁾ and González de la Rocha⁽⁴⁾ have independently called "the privatization of the crisis".

II. SOCIAL CHANGE AND POVERTY DURING IMPORT SUBSTITUTION INDUSTRIALIZATION

DURING IMPORT SUBSTITUTION industrialization, which is generally understood to comprise the four decades starting in 1940, Mexico's economy grew at an average of 6 per cent per year and succeeded in creating two new social classes: the urban middle-class and the new working-class.⁽⁵⁾ The latter was a part of "the urban popular sector", since its members changed

Antrobus (1992), "Women and the economic crisis in the Caribbean" in Benería, Lourdes and Shelley Feldman (editors), *Unequal Burden: Economic Crises, Persistent Poverty and Women's Work*, Westview Press, Boulder; Hardy, Clarissa (1989), *La Ciudad Escindida (los problemas nacionales y la Región Metropolitana)*, Sociedad Editora e Impresora Alborada, S.A., Santiago; and Fortuna and Prates (1989), "Informal sector versus informalized labor relations in Uruguay" in A. Portes, M. Castells and L. Benton (editors), *The Informal Economy: Studies in Advanced and Less Advanced Economies*, Johns Hopkins Press, Baltimore.

3. See Benería 1992 in note 1.

4. González de la Rocha, Mercedes (1991), "Family well-being, food consumption, and survival strategies during Mexico's economic crisis", in González de la Rocha, Mercedes and Agustín Escobar Latapí (editors), *Social Responses to Mexico's Economic Crisis of the 1980s*, Center for U.S.-Mexican Studies, University of California at San Diego, La Jolla.

5. Escobar, Agustín and Bryan Roberts (1991), "Urban stratification, the middle classes, and economic change in Mexico", in González de la Rocha, Mercedes and Agustín Escobar Latapí (editors), *Social Responses to Mexico's Economic Crisis of the 1980s*, Center for U.S.-Mexican Studies, University of California at San Diego, La Jolla.

6. 66.8 per cent of the total population, or 32.2 million people lived, in 1970, in up to two-room dwellings. 15.1 million, or 46.9 per cent of them were urban residents. Although the proportion of the national population living in one-room dwellings decreased during the economic growth decades (1950-1970) it was still very high at the end of this period, and overcrowding was one of the main housing

firms, sectors and occupations frequently and its families had workers in different work positions and types of organization. Its members also intermarried within it, lived within it and shared many of its challenges for survival in new, under-equipped urban environments.⁽⁶⁾

It was nonetheless distinctive. By 1978, at least half of the new Mexican working-class engaged in manufacturing had reached, or surpassed, wage levels whereby one worker was able to support a family⁽⁷⁾ and had achieved basic social security provisions for health care and retirement.

The urban middle-class expanded even more rapidly, and benefited even more from that model of development. The number of white collar positions increased far more rapidly than the number of direct manufacturing positions. This occurred not only in public administration, social services, finance, commerce and other modern services, but also in the manufacturing sector whose modernization meant growth in the number of non-manual occupations and the emergence of many new specialized occupations. Household income and expenditure surveys reveal that, from 1950 to 1977, income percentiles 41 to 90 increased their share of national income from 36.7 to 52 per cent, a relative increase of 42 per cent. This was done at the expense of the poorest 10 per cent (which had 2.4 per cent of national income in 1950 and only 1.1 per cent in 1977), with the stagnation of participation by percentiles 21 through 40 and with a significant loss by the highest 10 per cent, whose share of the national income was cut from 49 to 36 per cent.⁽⁸⁾

The quality of life of the new middle-class is not entirely reflected in its share of national cash income. It benefited also from the generalized structure of subsidies in goods and services which, although apparently designed to alleviate the poverty of the urban poor, in fact served the middle-class to a large extent. These subsidies comprised basic foodstuffs, urban infrastructure, cheap urban transport, fuels and utilities, free public schooling, real zero-cost credit for house construction and privileged access to social security institutions where the connections and know-how of the new middle-class were particularly useful.

Thus, the urbanization, modernization and industrialization processes which Mexico underwent between 1940 and 1980 created substantial new classes and income groups which significantly increased the number of middle-income earners. It marginalized the poorest 10 per cent which mostly included rural labourers, whose real income stagnated and substantially reduced their share of GDP.⁽⁹⁾ It kept the relative gains of percentiles 11 through 40 at modest but perceptible levels, which nevertheless meant that their real cash incomes grew between 3 and 5 per cent per year. And, contrary to general perception, this shift in income distribution also substantially affected the income of the top 10 per cent who, thus came closer to the new urban middle-class which by 1980 was made up largely of professionals, managers and small entrepreneurs. Because of rapid economic growth, the changes in income distribution meant that the real income for all either increased or remained at the same level in spite of losses in participation rates. As a result of this,

problems in Mexico (Zepeda, Pedro and Alejandro Mohar (1993), *Vivienda para Pobladores de Bajos Ingresos: Políticas e Instituciones*, Consejo Consultivo del Programa Nacional de Solidaridad, El Nacional, Mexico City.)

7. Escobar and Roberts 1991, see reference 5 based on Boltvink, Julio (1987), "Ciudadanos de la pobreza y la marginación", *El Cotidiano* 19 (September-October); and Reyes Heróles G.G., Jesús (1985), "Política económica y bienestar social: elementos de una estrategia para redistribuir el ingreso en México" in *Igualdad, Desigualdad y Equidad en España y México*, Instituto de Cooperación Económica, Madrid.

8. Escobar and Roberts 1991, see reference 5, based on Reyes Heróles 1985, see note 7.

9. Tello, Carlos (1991), "Combating poverty in Mexico", in González de la Rocha, Mercedes and Agustín Escobar Latapí (editors), *Social Responses to Mexico's Economic Crisis of the 1980s*, Center for U.S.-Mexican Studies, University of California at San Diego, La Jolla.

10. Tuirán, Rodolfo (1993), "Estrategias familiares de vida en época de crisis: el caso de México", *Cambios en el Perfil de la Familia: La Experiencia Regional*, Naciones Unidas/ Comisión Económica para América Latina y el Caribe, Santiago de Chile.

11. We use the term "working poor" to refer to the poverty situation which characterizes the Mexican case (and indeed that of Latin America), where poverty is a condition of people who work, caused by very low wages and almost non-existent benefits, and not the result of lack of work (Portes, Alejandro and Michael Johns (1987), "The polarization of class and space in the contemporary Latin American

the percentage of poor households decreased substantially during the 1960s and 1970s, from 80.7 per cent in 1963 to 52.5 per cent in 1981.⁽¹⁰⁾

The relative success of Mexican development in these terms (in spite of a halving of participation by the poorest 10 per cent) should not obscure the fact that survival remained very difficult for the poor; that only half of those employed enjoyed job and social security; that their access to urban infrastructure remained deficient; and that the absence or lack of access to goods and services theoretically within their reach meant that their schooling, housing, malnutrition and mortality rates were still, in 1980, considerably higher than those of the middle-class. Thus, while the small rise in the share of GDP gained by percentiles 11 through 40 from 1950 to 1977 apparently entailed a doubling of their real incomes because of rapid growth, this added income was spent on a more monetized, urban economy and, therefore, had a less positive impact on their quality of life. For example, in traditional rural areas the acquisition of housing meant using natural resources and activating community mutual help mechanisms, whilst in the city it involved substantial expenses.

The poor coped with this adverse environment via their household organization. Most of the mechanisms or strategies were implemented at the household level, the household being the social unit where poverty is "solved". The poor cannot survive on an individual basis, since individual wages are usually so low. Analyses conducted in Mexico and elsewhere show the importance of the collective nature of survival strategies and the important role which the household has in the survival and reproduction of the working poor.⁽¹¹⁾ The crisis and restructuring of the 1980s and early 1990s substantially altered the trends of the previous 40 years but the household remained at the centre of the diverse actions the poor undertook to survive amidst increasing hardship.

III. CRISIS AND RESTRUCTURING IN LATIN AMERICA

ECONOMIC CRISIS AND restructuring during the 1980s occurred throughout most of Latin America. The economic crisis erupted in Mexico and most Latin American countries between the end of the 1970s and the beginning of the 1980s, with economic growth halting, reversing the trends of previous years. The impact of the economic crisis on the employment structure and on the price of consumer goods made the lives of the urban masses even more difficult. The urban poor were hit particularly by shrinking wages, growing unemployment, stagnation in the level of formal employment, and decreasing public funding for social expenditure and subsidies previously aimed at basic foodstuffs and urban services.

It is not our intention to analyze the phenomena which forced Latin American governments to adopt neo-liberal economic policies.⁽¹²⁾ The international capital crisis drove Mexico and most

city", mimeo). See also: González de la Rocha, Mercedes (1986), *Los Recursos de la Pobreza: Familias de bajos ingresos de Guadalajara*, El Colegio de Jalisco/CIESAS/SPP, Guadalajara; González de la Rocha, Mercedes (1994), *The Resources of Poverty: Women and Survival in a Mexican City*, Basil Blackwell, Oxford; Chant, Sylvia (1994), "Women and poverty in urban Latin America: Mexican and Costa Rican experiences", in Meer, Fatima (editor), *Poverty in the 1990s: The Responses of Urban Women*, UNESCO/The International Social Science Council; Morris, Lydia (1990), *The Workings of the Household*, Polity Press, Cambridge; and Selby, Murphy and Lorenzen 1990, see note 1.

12. See: Benería 1992 in note 1; Cordera, Rolando and Enrique González Tiburcio (1991), "Crisis and transition in the Mexican Economy", in González de la Rocha, Mercedes, and Agustín Escobar Latapí (editors), *Social Responses to Mexico's Economic Crisis of the 1980s*, Center for U.S.-Mexican Studies, University of California at San Diego, La Jolla; Safa and Antrobus 1992 and McFarren 1992 in note 2; and Pérez-Alemán, Paola (1992), "Economic crisis and women in Nicaragua", in Benería, Lourdes and Shelley Feldman (editors), *Unequal Burden: Economic Crises, Persistent Poverty and Women's Work*, Westview Press, Boulder.

13. Feldman, Shelley (1992), "Crisis, poverty, and gender inequality: current themes and issues", in Benería, Lourdes and Shelley Feldman (editors), *Unequal Burden: Economic Crises, Persistent Poverty, and Women's Work*, Westview Press, Boulder.

14. Feldman 1992, see reference 13; Benería 1992, see note 1; and Cordera and González Tiburcio 1991, see note 12.

of Latin America towards a restructuring of their economies. Most countries took drastic steps to open up their economies and sought to resume growth on the basis of export industries (whether agricultural or manufacturing). Wages became crucial to the new scheme not because they influenced consumer behaviour, as occurred previously, but because they formed a more or less important proportion of the cost of exports. The drive to export became a drive to lower wages and make work more flexible. As Feldman points out, this transition goes from high levels of employment and rates of growth in national income and trade to "...increasing levels of unemployment, rising prices, declining wages, and reduced standards of living, particularly striking in selected countries and regions of the world".⁽¹³⁾ Debt servicing and policies aimed at lowering the prices of Latin American products have been based on deteriorating living conditions for a growing number of people. Structural adjustment policies reorganized production on a global scale, restructured local labour markets and reduced public sector employment, food subsidies and public expenditure.⁽¹⁴⁾ Poverty increased as a result of the crisis and neo-liberal economic policies. According to information provided by the UN Economic Commission for Latin America and the Caribbean (ECLAC), the economic crisis had a greater impact on urban populations than on rural ones. In 1990, 39 per cent of all urban populations in Latin America suffered from poverty (116 million people), compared to 35 per cent in 1980.⁽¹⁵⁾ According to Hernández-Laos,⁽¹⁶⁾ in 1981, 52.5 per cent of all Mexican households were considered poor, rising to 62.5 per cent in 1988, an increase of 4 million households (22 million people) in absolute numbers. Others support these conclusions: while the country's population expanded from 71.4 million in 1981 to 81.2 million in 1987, the country's poor population grew from 32.1 million to 41.3 million. In 1990, 41 million Mexicans were unable to satisfy their basic needs - ie. were poor - and 17 million lived in extreme poverty.⁽¹⁷⁾

Real wages dropped to levels lower than those of 20 to 30 years before the crisis. The 1980s was called the "lost decade" since most of what had been gained since the 1970s in terms of wage levels, subsidies and public expenditure, for example, was lost. In 1983, the average national minimum wage represented 72.5 per cent of its 1978 value and, in 1990, only 39.4 per cent.⁽¹⁸⁾ The cost of food, and of what has been called the "basic basket", rose systematically from 1980 to 1987 as inflation increased.⁽¹⁹⁾ The crisis of the 1980s forced many previously comfortable households into poverty, general income distribution became even more concentrated and the general trend in Latin America pointed to greater social polarization.⁽²⁰⁾

The increasing importance of the informal economy in terms of employment and production is a general phenomenon in Latin American cities. During the process of industrialization, informal employment did not decline or did so only slightly, Mexico was one of the few Latin American countries where it did. According to Castells and Portes, informal employment declined only from 46.5 per cent in 1950 to 42.2 per cent of the Latin

15. Comisión Económica para América Latina y el Caribe (CEPAL) (1992), "El Perfil de la Pobreza en América Latina a comienzos de los años 90", LC/L.716; and CEPAL (1991), "La equidad en el panorama social de América Latina durante los años ochenta", LC/G.1686.

16. Hernández Laos, Enrique (1992), *Crecimiento Económico y Pobreza en México; Una Agenda para la Investigación*, Universidad Autónoma de México, Centro de Investigaciones Interdisciplinarias en Humanidades, Mexico City.

17. See reference 9.

18. See reference 10.

19. Cordera and González Tiburcio 1991, see note 12.

20. González de la Rocha, Mercedes (1992), "Los matices de la diferencia: patrones de organización doméstica entre los sectores medios y los sectores populares urbanos", paper delivered at the Conference on Sociodemographic Effects of the 1980s Mexican Economic Crisis, University of Texas at Austin, April; González de la Rocha, Mercedes (1993), "Familia urbana y pobreza en América Latina", Document prepared for the Economic Commission for Latin America and the Caribbean (ECLAC) presented at the Reunión Regional Preparatoria del Año Internacional de la Familia, organised by ECLAC, United Nations, August 10-13, Cartagena de Indias, Colombia; see also Ortega and Tironi 1988 and Singer 1985 in note 2, and CEPAL 1991 and 1992 in note 15.

21. Castells, Manuel and Alejandro Portes (1989), "World underneath: the origins, dynamics, and effects of the informal economy", in Portes, Alejandro, Manuel Castells, and Lauren A. Benton (editors), *The Informal Economy; Studies in Advanced and Less Developed Countries*, The Johns Hopkins

American labour force in 1980. "In 1950, informal activities occupied 30 per cent of the urban economically active population... in 1980, with an industrial plant four times larger, informal employment still stood at 30 per cent. Contrary to the experience of the advanced countries, self-employment did not decline with industrialization but remained essentially constant during this thirty-year period".⁽²¹⁾

During the 1980s, the formal employment structure stagnated or declined in most countries. With the exception of in-bond export industries, new jobs were to be found or created only in small enterprises, in the informal sector or through self-employment. Information provided by ECLAC shows that in the seven countries that contain 80 per cent of Latin America's economically active population (Mexico included), the total number of employed persons grew faster than the total population, and faster than the population of working age, during the period 1980-1989. Employment in the informal sector and in small industries grew twice as rapidly as the population of working age and three times as rapidly as population growth.⁽²²⁾ There was a general increase in women's participation in the labour market and households were forced to restructure their division of labour and budgets to cope with the new conditions imposed by neo-liberal economic policies. The implications of restructuring for the organization and economy of urban households will be considered later in this paper, but we would like to suggest here that domestic economies today have to rely more on the informal economy than they previously did. This is a pattern which is common to most of Latin America, and even beyond the region.⁽²³⁾

Mexican cities are, therefore, by no means unique. They share with the rest of Latin American cities many features of urbanization and industrialization, employment structures and changes dictated by the dynamics of the economy and links with the international capital, goods and services markets. There are, however, other elements which Mexico shares with other countries from the region. There are cultural and ideological features related to gender with respect to division of labour, family values and norms, patriarchal power structures and subjectivity towards male and female roles in the family and society at large.⁽²⁴⁾ Most of the patterns observed are regularly found in other urban environments and, therefore, any knowledge derived from our analysis will shed some light on more general phenomena concerning urban labour markets and regarding urban survival in the midst of poverty in a restructuring society.

IV. THE 1980s IN MEXICO: FROM CRISIS AND ADJUSTMENT TO RESTRUCTURING

DISCUSSIONS ON THE nature and social impact of the Mexican crisis are sometimes blurred by differences in the time frames of reference of the various studies and analyses. Although the ten years starting in 1982 can be referred to as a single historical block, the social and economic changes they

University Press, Baltimore, page 16.

22. CEPAL (1992), *Hacia un Perfil de la Familia Actual en Latinoamérica y el Caribe*, Series A. No. 247, Table 4. See also Gonzáles de la Rocha 1993, see note 20.

23. Benería 1992 see note 1, Ortega and Tironi 1988, Schkolnik and Teitelboim 1988 and Fortuna and Prates see note 2.

24. Chant 1991, see note 1, and Brydon, Lynne and Sylvia Chant (1989), *Women in the Third World; Gender Issues in Rural and Urban Areas*, Edward Elgar, Aldershot.

25. Shaiken, Harley and Stephen Herzenberg (1987), *Automation and Global Production; Automobile Engine Production in Mexico*, the United States and Canada, Center for U.S. - Mexico Studies, UCSD, La Jolla; and Carrillo, Jorge (1990), "The restructuring of the car industry in Mexico: adjustment policy and labor implications" *Texas Papers on Mexico*, Austin, Texas.

brought must be understood in terms of three, fairly discrete sub-periods, each having a different impact on the nature and extent of poverty. The first sub-period, and the only one which can strictly be called "crisis and adjustment", starts with the Mexican debt crisis of 1982 and ends sometime in 1985. This period is marked by a general economic downturn, a drop in official and actual real wages, several drastic devaluations of the peso to one-eighth of its previous US dollar value, capital flight and fiscal austerity, all of which had an especially sharp effect on social expenditure. During this period, however, the general framework of Mexican economic policy did not change. Government-union relations remained mostly unaltered, import substitution industrialization remained as the basis for policy, and the state was still seen as being responsible for Mexican development via a "strategic" sector of public and private enterprises. The *maquiladora*, or in-bond manufacturing industry, although unusually prosperous due to much cheaper Mexican labour (through an undervaluation of the peso and a lowering of real wages), was viewed as a valuable source of foreign currency but remained marginal to the general thrust of Mexican economic development. During this first period, wage and income levels fell drastically.

During the second period, starting in 1986 and ending towards 1988, substantial restructuring began. Wages continued to fall, inflation remained high and peaked at 159 per cent in 1987, the government began to privatize many of its firms, and social expenditure kept falling. (By 1987, public sector investment in rural infrastructure amounted to one-seventh of its 1980 value). Mexico signed the GATT accord in 1986 and, by 1988, imports began to have an impact on the domestic market, whilst domestic industry was scarcely able to export. Hardest hit were clothes, shoes and textiles. The Mexican economy was seriously destabilised towards the end of 1987, with new devaluations and a new surge of capital flight. *Maquiladora* employment kept growing and automotive multinationals became the largest exporters after the state owned oil firm PEMEX. Growth was spurred during this second period not only by cheap Mexican labour but also by increased access to local markets which had previously been off-limits to export processing plants. The multinationals enjoyed a significant advantage over local firms since, historically, they had paid much lower wages. This, together with a reform of the role of the public sector in the Mexican economy, raised the question of the competitiveness of previously protected, better-paying Mexican industry. Both multinational and national firms began a drive to even out *maquiladora* and other wages. In comparable automotive plants owned by the same multinational, for example, new plants paid wages 60 per cent lower than those in older plants.⁽²⁵⁾ Concerted efforts were made either to keep strong unions away from new plants, or to make them agree to new, lower pay and higher productivity packages. Public sector and private firm employment remained stagnant or fell. It was estimated that, between 1980 and 1987, informal employment in Mexico grew by 80 per cent in absolute terms, going from 24 to 33 per cent of the eco-

nomically active population. Social expenditure remained at roughly half its 1980 level, although certain specific kinds of this expenditure were even lower. In part, this was due to lower public sector wages (in education and health services) but lack of investment in infrastructure, equipment and day-to-day materials also lowered the quality of the services. For example, doctors had to see more patients, surgical materials were often not available and school classes had to be held outdoors with virtually no teaching aids.

The third and final sub-period corresponds to the Mexican government which began in 1988. It was initially characterized by a renegotiation of the Mexican foreign debt under the Brady plan, which reduced both the total debt and its corresponding interest payments, and by the first of a series of "pacts" which reduced inflation and stabilized the Mexican economy. These pacts were far more successful in Mexico than throughout Central and South America, partly because the government controlled labour confederations agreed to forego real pay increases, and entrepreneurs were thus able to restrict price rises (which were nonetheless higher than pay rises). This success meant modest but sustained growth for four years. The drive to privatize public firms was stepped up and banks, which had been nationalized in 1982, were privatized once more. As firms are privatized, sometimes after declaring themselves bankrupt (and therefore ceasing to exist legally), the new owners are free to negotiate new pay and productivity packages, with **precarious** employment becoming the norm. Jobs are no longer secure, part-time employment becomes more common, out-contracting to smaller firms becomes general practice, and workers and employees are asked to perform more duties in order to remain in work. PEMEX, the state owned oil firm, gradually cut its payroll from 200,000 to 100,000, but retained former production and export levels. The pacts, resulting in lower inflation, lower capital costs and a renewal of modest but consistent economic growth, revitalised the consumption of long-term consumer goods and capital goods. In Monterrey and Mexico City, manufacturing employment began to grow and manufacturing income rose faster than prices for the first time in ten years.

This third and last stage of the Mexican process of restructuring is the most controversial in terms of its impact on income and poverty. ECLAC endorsed a report produced by the Mexican statistical institute (INEGI)⁽²⁶⁾ which asserted that poverty dropped in both relative and absolute terms from 1989 to 1992. This claim is based on a comparison of the corresponding national household income and expenditure surveys. According to this comparison, the percentage of households in extreme poverty⁽²⁷⁾ in Mexico dropped from 14.1 per cent in 1989 to 11.8 per cent in 1992, with absolute numbers also falling, from 14.9 million individuals to 13.6 million. "Intermediate" households, which correspond to international definitions of poor households, since their earnings are between one and two basic food baskets, remained proportionately stable in this period according to this report, since they increased from 27 per cent of the Mexican population in 1984 to 28 per cent in 1992 and,

26. ECLAC (1989), *The Dynamics of Social Deterioration in Latin America and the Caribbean in the 1980s*, San José, Costa Rica.

27. INEGI (Instituto Nacional de Estadística, Geografía e Informática) (1993), "Informe sobre la magnitud y evolución de la Pobreza en México, 1984-1992", ONU-CEPAL, INEGI.

28. Households in extreme poverty are those whose total income is below the basic food basket value, which means that the sum of all household wages is not enough to satisfy the members' food needs.

29. Gilbert reports that in 1988, while the minimum salary rose 11 per cent and prices rose 52 per cent, rents rose 84 per cent. In 1989, minimum salaries increased by 14 per cent, prices 20 per cent and rents 48 per cent. A general scarcity of rental housing, which drove rents up, affected the survey (particularly the 1992 survey) by placing poor homeowners in income brackets much higher than those corresponding to their cash income. (Gilbert, Alan (1991), "Self-help housing during recession: the Mexican experience", in González de la Rocha, Mercedes and Agustín Escobar Latapí (editors), *Social Responses to Mexico's Economic Crisis of the 1980s*, Center for U.S.-Mexican Studies, University of California at San Diego, La Jolla, page 237).

30. Cortés, Fernanco (1994), "Procesos sociales y demográficos en auxilio de la economía neoliberal; un análisis de la distribución del ingreso en México durante los ochenta", mimeo.

31. Cortés, Fernando (1994), "La evolución en la desigualdad del ingreso familiar durante la década de los ochenta", mimeo.

therefore, rose in absolute terms to 23.6 million individuals.

These results have been criticized by academic analysts of the same surveys. According to them, the total income of poor Mexican households is overestimated because a rent equivalent is added to household income when the household owns its dwelling. Rents rose far more rapidly than general prices in Mexico during the period concerned,⁽²⁸⁾ which led to extremely high "incomes" being allocated to home-owning families. A second source of bias in the 1992 survey seems to lie in the unwarranted change in the relative weight given to rural households in the national sample.⁽²⁹⁾

The reported increase in real incomes and relative well-being in Mexico over this last period could therefore be mistaken. The following is clear, however. The richest 10 per cent continued their process of concentration, earning 55 per cent more in real terms in 1992 than in 1977, and with their share of GNP rising from 36.7 to 47.4 per cent. The real income of the eighth and ninth deciles remained practically stagnant relative to 1977 while the fifth to seventh deciles (the lower middle-class) suffered a small decline in real income respective to 1977. The bottom 40 per cent showed a small gain over 1977 but **a loss in real income from 1989 to 1992**, ie. in this last period there is more inequality and more poverty reflected in household income.⁽³⁰⁾

V. SOLIDARIDAD: POVERTY ALLEVIATION, POLITICAL CONTROL AND TOKEN ACTION

THE BENEFITS DERIVED from the renegotiation of the external debt, the resources accrued from the privatization of banks, public services and industries, and the breathing space and increased tax collection derived from economic growth and lower domestic interest rates were partly channelled into social expenditure after 1988. This was devoted to traditional forms of expenditure (teachers' salaries improved in real terms but they are still lower in real terms than in 1981) but, mostly, to Mexico's new special social policy, the National Solidarity Programme. This programme is original in several respects. It avoids the government's social welfare apparatus,⁽³¹⁾ delivering targeted subsidies and public infrastructure directly to state and municipal governments which channel some of the specific programmes to the target populations direct, provided they organize in order to supply labour for infrastructure and to negotiate with *Solidaridad* officials and their local or state governments. It replaces general subsidies, such as low maize prices in urban areas, with programmes dependent on qualification for aid, such as an electronic card entitling poor families to free *tortillas*. In this respect, *Solidaridad* replicates a formerly successful programme of milk delivery to poor families. In the rural areas, it pays poor subsistence producers an interest-free loan provided that they work the land. Funds recovered from these loans are theoretically then used for public works in the localities where they are recovered, or for the creation of mutual funds. It also organizes a programme benefiting 8,000 small-scale (mostly

32. González Block shows how a previous effort aimed at the decentralization of the health service failed because of the weight of bureaucracy, inter-agency quarrelling, and other problems; see González Block, Miguel Angel (1991), "Economic crisis and the decentralization of health services in Mexico", in González de la Rocha, Mercedes and Agustín Escobar Latapí (editors), *Social Responses to Mexico's Economic Crisis of the 1980s*, Center for U.S.-Mexican Studies, University of California at San Diego, La Jolla.

33. Laurell, Asa Cristina (1994), "Pronasol o la pobreza de los programas contra la pobreza", *Nueva Sociedad*, No. 131, May-June; and Escobar, Agustín and Mercedes González de la Rocha (1991), "Introduction", González de la Rocha, Mercedes and Agustín Escobar Latapí (editors), *Social Responses to Mexico's Economic Crisis of the 1980s*, Center for U.S.-Mexican Studies, University of California at San Diego, La Jolla.

34. See Laurell 1994 in note 33; also Dresser, Denisse (1991), *Neopopulist Solutions to Neoliberal Problems: Mexico's National Solidarity Program*, Center for U.S.-Mexican Studies, University of California at San Diego, La Jolla.

35. State-by-state analyses of *Solidaridad* are only beginning to be published. One such study found that most of the funds were channelled to medium-income regions instead of the poorest, that the number of poor households only dropped by 1 per cent, and that the programme having the clearest impact on poverty alleviation was *children in solidarity*, because it was the only one effectively increasing household income - see Chávez Galindo, A.M. et al. (1994), *El Combate a la Pobreza en Morelos; Aciertos y Desaciertos de Solidaridad*, UNAM/CRIM, Cuernavaca. This and other studies have shown, on the other

rural) enterprises, ranging from handicraft workshops to fertilizer cooperatives. Primary school children and their teachers also manage part of this programme through a special project called Children in Solidarity, which allocates subsistence grants to the poorest primary school students.

Solidaridad remains the object of heated and continuing debate. It is relevant to this article because it has become the centrepiece of the government's alleged "struggle against poverty". Its success has made it a model for other programmes promoted by the World Bank to alleviate the effects of neo-liberal adjustment policies. Instead of comprehensive social policies, *Solidaridad* promotes selective programmes arguing, on the one hand, the lack of resources and, on the other, the importance of poor people's involvement in these particular programmes.⁽³²⁾ According to government reports, this programme absorbed only between 0.4 and 2 per cent of total federal expenditure.⁽³³⁾ However, it coordinated the channelling of resources from many government agencies and received credit for public works and programmes executed with federal and foreign resources.

Solidaridad claims to devote more resources to the poorest regions but there are two main criticisms aimed at it. The first is that it has been wielded as a political instrument designed to foster loyalty to the official party (PRI) in areas where the opposition rules local or state governments rather than in the poorest areas.⁽³⁴⁾ It seems to have been successful in recovering *municipios* won by the opposition. But the opposition has also learned from *Solidaridad*. According to officials of this programme, working in Baja California, a state governed by the opposition, the state government continually blocks their initiatives but is quick to imitate them as part of its own social welfare programme.

The above criticism is probably just but underestimates the differences evident in the management of *Solidaridad* funds in different states. In Michoacán, a state won by an opposition party considered "dangerous" by the government, the programme was used to favour the population in opposition parties or in potentially or actually violent *municipios*. By contrast, in Chiapas, where the government won the 1988 elections with an overwhelming majority, the fund was managed much as the state governor pleased, with his political clients and supporters receiving very favourable treatment, and with funds recovered from loans to *ejidatarios* being channelled to areas where he and his family owned land. This alienated many Indians and peasants.

The second criticism is that *Solidaridad* has often been based on token actions rather than on any genuine effort to reach and protect the bulk of the very poor. Every *municipio* has received some funds from the programme but the differences are sometimes large and for no apparent reason. Only 8,000 micro-enterprises receive help from *Solidaridad*, out of 2,800,000, or 1,800,000 effectively employing more than one person in *urban areas only*. The in-built bias towards organized groups means that political organizations enjoy privileged access to *Solidaridad*. But the very poor are not usually active in such organizations, except in desperate conditions.⁽³⁵⁾

hand, that the creation of local Solidarity committees often created citizen-based organizations which become politically active.

36. González de la Rocha, Mercedes and Agustín Escobar (1986), "Crisis y adaptación: hogares de Guadalajara", paper presented at *III Encuentro de Investigación Demográfica*, SOMEDE, Mexico City, November; and González de la Rocha, Mercedes (1988), "Economic crisis, domestic reorganization and women's work in Guadalajara, Mexico", *Bulletin of Latin American Research*, Vol.7, No.2, pages 207-223. As noted earlier, our work has been based in Guadalajara, where we began anthropological fieldwork in 1981. During 1982 and 1983 we carried out a survey of 1,300 operative level workers in 55 firms and another with exhaustive information from 100 households. Later, González de la Rocha transformed her initial household survey into a panel study, returning to those households in 1985 and 1987. Each time, the missing cases were replaced by households of similar occupational composition but slightly younger, to compensate for ageing. Escobar carried a non-random survey of small-scale workshop workers in 1985 in Guadalajara and another in nearby towns in 1987. By 1989, we realized that changes in the urban social structure were more profound and we commissioned a new, larger, household survey from the Mexican statistics institute (INEGI). We designed two schedules. The first was applied to 3,056 households and the second to 4,917 workers in those households. This survey included work and migration histories as well as information on household organization. Since the household schedule was rather brief, Mercedes designed and coordinated a further in-depth survey of 400 households, covering the whole occupational structure, in 1991. By 1992 we had access to the

VI. URBAN POOR HOUSEHOLDS OR THE SOCIAL ORGANIZATION OF POVERTY

AS AWARENESS OF the depth of the crisis spread through Mexico, poor urban households responded by increasing their number of earners.⁽³⁶⁾ The first panel survey, which began in 1982 and showed a systematic increase in the number of workers per household, was carried out by González de la Rocha in Guadalajara. This study stressed that households had had considerable success in cushioning the impact of lower wages and a stagnant formal economy by relying increasingly on mostly informal employment. For women, this meant domestic and other personal services; for men, it most often meant self-employment of various kinds. Thus, while the real income of male heads of households fell by 35 per cent from 1982 to 1985, real total household income dropped by only 11 per cent. The group showing the largest proportional increase in labour participation was that of women over 15 years old, followed closely by young men. These findings were met with disbelief and a sceptical appraisal of González de la Rocha's small panel of 100 households. However, later independent studies and various re-analyses of official information came to the same conclusion.⁽³⁷⁾

Survival is difficult in the context of the very low wages offered to urban workers by the Latin American labour markets. The organization of the household as a social group which is in charge of a series of tasks that allow access to the resources necessary to the members' survival implies mutual dependency by household members. The need to rely on the coordination of effort with other members of the household is twofold. On the one hand, it is a fundamental resource for making ends meet and for surviving and reproducing both physically and socially. On the other hand, it can be seen as a mechanism by which poverty reproduces itself from one generation to another. A child leaving school to take up a waged activity is part of a survival strategy to enlarge household income but, at the same time, it thwarts that child's possibilities for a better future. In other words, survival strategies in a worsening economic context tend to be - as Schmink argues⁽³⁸⁾ - short-term and, on many occasions they entail elements which deter social mobility. Paradoxically, survival actions sometimes lessen the chances of a better life for future generations. Necessity and economic pressures, not lack of foresight or shortage of "ambition", are the basis of this contradiction. Worsening economic conditions limit the capacity of urban working-class households to implement long-term social mobility strategies, since it forces them to mobilize their inner resources and make extensive use of their labour force for basic survival.

The crisis which all Latin American countries experienced during the so called "lost decade" was felt at all levels. The very rich were the only ones who benefited from the economic chaos and the restructuring of the economic model which took place in the late 1980s. Middle-income groups and the working-class suffered a decline in their salaries and wages. The middle-class was severely hit with decreased salaries and real cost increases

microdata from a government continuous survey of urban households (ENEU), and we were able to carry out some comparisons between various Mexican cities. Our analyses for Guadalajara are therefore based mostly on our own research, and comparable figures for other cities are mostly based on official figures. In most cases, however, the specific source is identified.

37. Selby, Murphy and Lorenzen 1990, see note 1; De Barbieri, Teresita (1993), "Crisis y relaciones de género en América Latina" *Demos: carta demográfica sobre México* 6, Mexico; and Cortés, Fernando and Rosa María Rubalcava (1991), *Autoexplotación Forzada o Equidad por Empobrecimiento*, El Colegio de México, Mexico City. A study by Cortés (see reference 30) showed that, from 1977 to 1984, poor urban households actually reduced their number of workers, while households in deciles VII to IX (which most closely represent the urban middle class) **gained** workers per household. However, it is likely that these trends correspond mostly to events taking place from 1977 to 1981, the last years of the Mexican Oil Boom. Other studies such as García, Brígida and Orlandina de Oliveira (1990), "Cambios en la presencia femenina en el mercado de trabajo: 1976 - 1987" El Colegio de México (mimeo) showed that, at that time, working class women were stable in their participation in the labour force, while middle class women rapidly increased their employment levels.

38. Schmink, Marianne (1984), "Household economic strategies: review and research agenda", *Latin American Research Review*, Vol. 19, No. 3, pages 87-101.

39. Escobar and de la Rocha 1991, see note 33.

40. De Lara Rangel, Salvador

in land taxes, electricity and water rates, fuel and the price of credit.⁽³⁹⁾ As other studies have demonstrated, the middle-income groups suffered a larger relative drop than lower-income groups,⁽⁴⁰⁾ and middle-income households became more similar to urban working-class households when total household and per capita incomes are taken into account.⁽⁴¹⁾ This should not obscure the fact that working-class households became even more vulnerable and, although their incomes fell proportionately less than middle-class incomes, their lives became harder and mere survival became their overwhelming objective.

Intensification was the clue to survival during the economic crisis and the years which followed. Work loads, participation in the labour market, household chores, and the use of networks had to be intensified to cope with the new economic situation. Internal confrontations and contradictions intensified too, as did under-nutrition, malnutrition and illnesses related to poverty.⁽⁴²⁾ Survival strategies guarded domestic total incomes against falling at the same rate as individual incomes, and so cushioned the impact which would have been greater without the protection afforded by the household. The main elements of household survival strategies were:

1. An increase in the number of workers per household. As we mentioned earlier, adult women were especially important in increasing the number of workers.⁽⁴³⁾ This was followed by young males (14 years old and younger), who left school and also turned to waged employment. Our study in Guadalajara showed that adult females increased their participation by 25.9 per cent, while the group of young males increased their participation by 25.3 per cent. These findings support the idea that work intensification strategies mostly fell to women and the young. As a result of the increasing number of women working, domestic economies saw a lot more female incomes and many household economies became "feminized". It could be said that this strategy was highly successful, since household incomes were protected from falling at the same rate as individual incomes. Information from other Latin American studies shows the same phenomenon occurring elsewhere. Total income in urban households in Venezuela fell 22 per cent from 1981 to 1986 compared to a drop of 34 per cent in individual wages. The same happened in urban households in Uruguay and Costa Rica, whose total incomes dropped by 14 per cent between 1981 and 1989, whilst individual incomes fell by 22 per cent.⁽⁴⁴⁾ Available information from urban Latin America shows that the importance of household income contributed by members who are not household heads increased during the 1980s.⁽⁴⁵⁾ This was not, however, the only change found during the longitudinal study in Guadalajara.

2. The increase in the number of household members (household size) was another important change in working-class households during the economic crisis. This was due not only to births but also to the addition of adults. Newcomers were, mostly, daughters and sons in law, since new couples stayed in the house of either spouse. Although this is not a completely

(1990), "El impacto económico de la crisis sobre la clase media" in Loaeza, Soledad y Claudio Stern (editors), *Las Clases Medias en la Coyuntura Actual*, Cuadernos del CES, El Colegio de México, México DF; and Jusidman, Clara (1987), "Evolución del consumo en el medio urbano", paper delivered at Seminario Científico de la II Asamblea General de Asociados de la Fundación Mexicana para la Salud, Mexico City.

41. Cortés and Rubalcava 1991 see note 37; González de la Rocha 1992, see note 20; and González de la Rocha, Mercedes (1994), "Reestructuración social en dos ciudades metropolitanas: un análisis de grupos domésticos en Guadalajara y Monterrey", paper delivered at the Panel *New Perspectives on Gender, Family and Work in Urban Mexico*, XVIII LASA International Congress, 10-12 March, Atlanta, Georgia.

42. Langer, Ana, Rafael Lozano and José Luis Bobadilla (1991), "Effects of Mexico's economic crisis on the health of women and children", in González de la Rocha, Mercedes and Agustín Escobar (editors), *Social Responses to Mexico's Economic Crisis of the 1980s*, Center for U.S.-Mexican Studies, University of California at San Diego, La Jolla.

43. Gonzáles de la Rocha 1988 (see note 36) and 1991 (see note 4).

44. CEPAL 1991, see note 15.

45. CEPAL 1991, see note 15.

46. Gonzáles de la Rocha 1988, see note 36.

47. Chant 1991 and Selby, Murphy and Lorenzen 1990, see note 1.

48. Chant 1994, see note 11; González de la Rocha 1988 (see note 36) and 1991 (see note 4); and Selby, Murphy and Lorenzen 1990, see note 1.

new phenomenon, the need to maintain income earners (from the point of view of the receiving household) and to save some money in housing expenses and, in general, in all shared expenses (from the point of view of the new couple) made this a more frequent phenomenon. Other relatives and non-relatives also came to the homes we studied, expanding the size of the households. Domestic work (chores) increased as a result of more household members and so did women's responsibilities. As a way of gaining flexibility, to increase the number of workers (both in the labour market and in the domestic area), and in order to save on housing, the extended household showed its capacity to face economic hardship.

3. The relative and absolute presence of extended households increased during the 1980s, not only in Guadalajara,⁽⁴⁶⁾ but also in many other Mexican cities.⁽⁴⁷⁾ Larger, extended households appeared in greater numbers, since extension and the availability of workers proved to be essential assets for the household economy. Many references to the advantages of extended households during economic hardship can be found in the literature, with a special emphasis on the flexibility which this type of household structure provides.⁽⁴⁸⁾ When sons and daughters were married, it became more important to keep them at home, with their spouses, instead of losing an economically active member.

4. The intensification strategy did not fully prevent the modification of consumption patterns. Working-class households were able to protect their food consumption from falling salaries by reducing their consumption of other goods and services - thus freeing up a greater proportion of their income for food - and by intensifying the households' burden of work, both paid and unpaid. Consumption of certain goods and services declined since people had to withdraw from the market, especially the acquisition of clothes, and services such as household maintenance (plumbing repairs, bricklaying and carpentry). Although food consumption levels fell during the crisis, they did not reach the severity of the decline in individual real wages. Compared to the situation that prevailed in 1982, economic conditions forced households to devote a higher percentage of their total spending to food and housing. This did not mean, of course, that the population consumed more food, but simply that prices rose so much in that period that it was necessary to allot a greater proportion of income to the purchase of food products. On the contrary, income directed to health and education decreased during the decade and did not recover. Although one of the main goals of the changes implemented was the protection of food consumption (diet) there were modifications in the patterns and levels of consumption prior to the 1982 economic crisis. According to national statistics, per capita beef consumption fell by nearly five kilos from 1982 to 1985. Milk consumption also decreased and egg intake rose as a substitute for meat and dairy products.⁽⁴⁹⁾ There was a substitution of expensive proteins for cheap ones such as eggs instead of meat, and increases in the consumption of beans and lentils. The slight increase in the consumption of *tortillas*, eggs and sugar can be interpreted as a dietary strategy to offset the decreased con-

49. Cordera and González Tiburcio 1991, see note 12.

50. Cornelius, Wayne (1991), "Los migrantes de la crisis: the changing profile of Mexican migration to the United States", in González de la Rocha, Mercedes and Agustín Escobar Latapí (editors), *Social Responses to Mexico's Economic Crisis of the 1980s*, University of California at San Diego, La Jolla; González de la Rocha, Mercedes and Agustín Escobar (1991), "The impact of IRCA on the migration patterns of a community in Los Altos, Jalisco, Mexico", in Díaz-Briquets, Sergio and Sidney Weintraub (editors), *The Effects of Receiving Country Policies on Migration Flows*, Westview Press, Boulder.

51. González de la Rocha, Mercedes, Agustín Escobar and María de la O Martínez (1990), "Estrategias versus conflicto; reflexiones para el estudio del grupo doméstico en época de crisis", in Guillermo de la Peña et al. (compilers), *Crisis, Conflicto y Sobrevivencia; Estudios sobre la Sociedad Urbana en México*, Universidad de Guadalajara/CIESAS, Guadalajara; and Kaztman, Rubén (1992), "¿Por qué los hombres son tan irresponsables?", *Revista de la CEPAL*, Comisión Económica para América Latina y el Caribe, 46, pages 87-95.

52. ECLAC 1989, see reference 26.

53. In the 1960s, women who worked part time said the main reason for not working longer hours was they did not need more income; see Secretaría de Industria y Comercio (1967), *Censo Industrial 1966*, Dirección General de Estadística, Mexico. This reason is no longer valid in Mexico.

sumption of other foods and to provide cheaper energy, based on sugar and carbohydrates.

5. Migration to the United States increased and became more heterogeneous since it now included, besides those who formed part of the traditional flows (males of rural origin), urban residents - men and women - from working and middle-class backgrounds. Analyses have concluded that international migration grew both as a result of the deterioration of material conditions in Mexico, and as an outcome of IRCA.⁽⁵⁰⁾

The crisis and the years which followed the adjustment period had, no doubt, a strong impact on the population in spite of the measures taken by people at the household level. The burden, however, has not been homogeneous. There are members who are more vulnerable than others, such as women and children, since their positions in the household are subordinate. The distribution of food is, perhaps, one of the clearest examples of household dynamics vis-à-vis power relations. Since food is distributed according to the status of household members, the most prestigious items (such as meat and poultry) are devoted to men, especially working age men, while women and children have soups, beans and *tortillas*, and, if they are lucky, any left-over meat.

The intensification of work and the increasing interdependence of household members did not take place easily. Negotiations took place and conflict occurred as contradictions arose. The new division of labour forced by the crisis did not produce changes in the norms and values which permeate Mexican society. The increasing feminization of domestic economies clashes with male (and society's) ideas of women's place and women's roles.⁽⁵¹⁾

VII. WORK, INFORMALITY AND POVERTY IN THE 1990s

AS ALREADY STATED, the incidence of informality increased very rapidly during the 1980s. The total number of person-hours devoted to informal work aimed at earning a living probably increased beyond even the 80 per cent reported by ECLAC.⁽⁵²⁾ This is due to the long hours worked in informal employment in the late 1980s and 1990s. While married women tended to work only part-time, if at all in the 1960s and 1970s, and did so especially if they worked informally, during the late 1980s and 1990s self-employed women worked even longer hours than self-employed men. This is linked to commercial business hours in Mexico and also to the fact that women with informal businesses stayed open longer, even if the additional business is only very small.⁽⁵³⁾

The main macro-economic reason for the increase in informal employment in Mexico is the stagnation in formal employment. Most sources agree that formal manufacturing and modern services reduced their employment levels during the 1980s. Only food, chemicals and "other" manufacturing increased their absolute employment levels, but none did so relative to population growth, much less relative to growth in the economically active

54. Rendón, Teresa and Carlos Salas (1993), "El empleo en México en los ochenta: tendencias y cambios" *Comercio Exterior* Vol.43, No.8, pages 717-730.

55. Garza, Gustavo (1992), "Crisis del sector servicios de la Ciudad de México", paper presented at the Conference on the Socio-demographic Effects of the 1980s Economic Crisis in Mexico, Austin, Texas, The University of Texas at Austin, Population Research Center/The Mexican Center, April. There is little inter-source consistency concerning informal service and female employment during the ten years. However, if modern formal employment is seen as consisting only of firm and public employment (as it often is), then modern services also got rid of substantial numbers of workers.

56. From 1987 to 1993, the participation of women rose from 34.5 to 38.7 per cent in Mexico City, from 33.2 to 40.0 per cent in Guadalajara, and from 26.6 to 39.1 per cent in Monterrey - INEGI (1994), *Banco de Datos del INEGI*, on line service, June-August.

57. García, Brígida and Orlandina de Oliveira (1990), "Cambios en la presencia femenina en el mercado de trabajo: 1976 - 1987", mimeo, El Colegio de México, Mexico; and García, Brígida and Orlandina de Oliveira (1994), *Trabajo y Vida Familiar en México*, El Colegio de Mexico, Mexico.

58. Escobar's data from the 1990 CIESAS-INEGI survey.

59. This is true provided that 1) informal income opportunities exist and are within access and 2) that the market for them does not collapse as formal employment declines.

60. Escobar's data, from a survey of 5,000 Guadalajara workers carried out in 1990.

population.⁽⁵⁴⁾ Textiles and basic metal industries reduced their employment levels by 24 and 32 per cent respectively. Similar trends were apparent in the Mexico City services sector.⁽⁵⁵⁾ In-bond manufacturing increased its payroll by 380,000, from 120,000 in 1980 to 500,000 by the end of the decade but this spectacular change was very minor from a national point of view.

However, to understand who works and where they work in Mexico in 1990 one must understand the main reason in terms of people's rationales and actions. This is the flight of skilled workers from waged labour and domestic work organization. Those working informally belong to two groups: those who have no option and therefore have to work informally, and those who have left formal employment.

Both groups have grown during the last 12 years. The first, which consists mainly of women and youths, has grown because the fall in real household incomes as a result of falling real wages for the male head or other main household worker has forced them to seek employment, and their inappropriate age, marital status or school credentials has pushed them towards informal employment. In fact, the participation of women is still rising, and this rise is occurring mostly in informal occupations.⁽⁵⁶⁾ This is partly due to the characteristics of the women entering the labour market: most have little schooling, are over 30, with children, and married or separated.⁽⁵⁷⁾ In fact, 67 per cent of the women working on their own account in Guadalajara in 1990 had not been active in 1982, and the average length of schooling received by these women is less than six years.⁽⁵⁸⁾

The second group is in self-employment because its relative attraction increases as formal wages decline.⁽⁵⁹⁾ In a small shoe factory in Guadalajara, a competent, loyal worker who is married and has children came to his employer to say that he was very sorry but he would have to quit and begin some sort of independent work because, for the first time, he couldn't support his family on his decreasing wages. He probably expected his employer to raise his wages but the employer replied he would be sorry to lose him but given the high level of competition in the industry he could not do so. Those skilled but with family responsibilities had to leave dependable employment in order to stop the erosion of their incomes.

The two groups are clearly distinguishable in terms of their earnings and their working hours as self-employed, informal workers. Skilled, experienced married men earn an average of three minimum wages working a 40 to 45 hour week. Unskilled, married mothers and young men and women earn 1.6 minimum wages working about 6 more hours, on average, than the legal working week.⁽⁶⁰⁾ The first group consists most often of mechanics, fitters, joiners, cobblers, and servicemen of various kinds. The second group most often works in stalls, corner or pavement shops or perform personal services.⁽⁶¹⁾

This rise in informality has also entailed a rise in the proportion and number of unpaid family workers. Among employed women in Guadalajara in 1978, only 2.7 per cent consisted of unpaid family workers. In 1987, the proportion had grown to 8 per cent and, since women's participation rates had increased

61. There are significant differences according to gender and occupational category in the relative attraction of dependent wage employment versus self-employment. In general, men leaving a dependent occupation will earn more as independent workers. Women, on the contrary, will lose a significant part of their income, particularly if they leave professional or managerial occupations - see Escobar, Agustín (1993), "Autoempleo e informalidad en Guadalajara; 1975-1982-1990", CIESAS Occidente, mimeo). The date at which dependent employment is abandoned is also significant. Those leaving before the outbreak of the crisis earn significantly more than others remaining in a dependent occupation; those leaving after 1982, when competition in the informal market for goods and services was becoming greater, tend to earn less than immobile dependent workers.

62. Since 1988, analysts have announced a "second wave" of *maquiladora* expansion, consisting of more skilled, more complex labour and production processes, which would also be more closely related to Mexican industry - see Shaiken, Harley (1994), "Advanced manufacturing and Mexico: a new international division of labour?" *Latin American Research Review* Vol.29, No.2, pages 39-72. There is such a tendency, but it has not yet significantly affected the skill contents of that kind of work, although it has produced a significant shift in some of the sociodemographic characteristics of the labour force. The proportion of men, for example, rose from 10 to 35 per cent from 1978 to 1988 - see Brannon, J. and G.W. Lucker (1989), "Impact of Mexico's economic crisis on the labor force of the *Maquiladora* industry", *Journal of Borderlands Studies* Vol.4, No.1.

63. INEGI 1994 (June) in note 56.

64. INEGI 1994 (June) in note 56.

approximately 50 per cent, this meant that the total number of women working free for their families' shops, food stalls or workshops rose by roughly 350 per cent.

Who was left to work formally for a wage in manual work? Basically, manufacturing turned to younger, unmarried men and women with secondary (nine years) schooling, who were not skilled but were willing to work for lower wages than the previous skilled workers. This type of labour is well suited to the *maquiladora* or in-bond industry, which still demands mostly semi-skilled and schooled young women for assembly work.⁽⁶²⁾ This change also affected domestic industry, although in a slightly different way. In the strategic sector, restructuring of employment from 1982 to 1989 often resulted in clashes with unions. But opposition from organized labour was less visible than in other countries, partly because union leadership was closely associated with the government. In the competitive sector, restructuring of employment was quieter but no less effective. From 1982 to 1989, it was based on workers "voluntarily" leaving firms when their wages dropped to a certain level; but after 1989 the trend changed somewhat. The reason for this is that, when the economy began to recover at the end of 1988, domestic industry and services needed skilled workers which they could not attract at prevailing wage levels. From that year until 1992, the real income of manufacturing employees and workers rose, and actual manufacturing wages (and particularly salaries) evolved independently of official minimum wages, which had for many years provided a standard for manufacturing. During the first quarter of 1987, 48.1 per cent of the urban economically active population earned less than two minimum wages. By the third quarter of 1993, this group formed 32.5 per cent, and the group earning more than two minimum wages had grown from 15.6 per cent to 49.5 per cent.⁽⁶³⁾ In spite of these changes there remained a sizeable proportion of the urban labour force earning less than one minimum wage. This last group comprised 29.4 per cent of all urban workers in 1987, and 9 per cent in 1993.⁽⁶⁴⁾ The turnaround in wage levels seems to have retained or attracted workers back who had left formal employment. But it was short-lived. Starting sometime in 1992, yet another period of inflation-fighting⁽⁶⁵⁾ meant that there was a serious economic slowdown. In Monterrey, where the mini-boom had revived the household appliance and long-term consumer goods industries, 10 per cent of the total manufacturing labour force of 310,000 was laid off in less than 20 months.

The first source of increased informal work, therefore, is from people moving to self-employment. The second source is from what has come to be known as the rise in unprotected labour. Escobar established that, since 1982, formal firms could directly employ unprotected labour through a variety of mechanisms (mostly casual work). At present, formal firms and government agencies are providing increasingly fewer benefits and less job security. Whether this becomes "informal" or not may not be too important. What is important is that, by diminishing wages and security and increasing labour turnover among firms, types of employment, industries and sectors, the Mexican ur-

65. This last period of monetary restriction was intended to level Mexican and U.S. inflation levels as the prospect of NAFTA neared.

66. Escobar Agustin (1988), "The rise and fall of an urban labour market: economic crisis and the fate of small workshops in Guadalajara, Mexico", *Bulletin of Latin American Research*, Vol.7, No.2, pages 183-206.

67. Christopher Woodruff, personal communication.

68. ENEU 1994, see note 36.

69. Roberts, Bryan (1992), "Enterprise and labor markets: The border and the metropolitan areas", *Working Paper No. 32*, Russell Sage Foundation, New York, December.

ban working-classes are becoming more and more homogeneous. Households, which are forced to have more workers and tend to have them in diverse conditions of work and formality, operate as the basic force counteracting the lower wages and the segmenting influences of the labour market.

The third kind of informal work of relevance here is small-scale production of mass consumer goods. Up to 1988, the main effect of the crisis and falling wages was to force workshops to lower production costs so that goods remained within the reach of workers.⁽⁶⁶⁾ Since their own wages were falling even faster than formal wages, due to the rise in the supply of labour produced by falling formal sector wages, workshops were able to produce cheaper goods by substituting raw materials of lower quality or cost and by a more intense use of labour. They nevertheless faced more difficult financial conditions, and often fell under the control of *maquileros*, agents selling raw materials or buying production. Other changes were:

- increased informality of employment and production, as workshops tried to avoid taxes;
- increased reliance on family as workforce, which also helped lower production overheads and possible legal problems; and
- a centrifugal tendency towards "outwork", where some networks and workshops who organized out-working left major urban areas for their surrounding towns, in order to lower taxes and obtain access to cheaper labour pools.

To summarize then, during this period informal workshops met new economic conditions by "productive involution".

After 1988, however, when GATT began to have an impact on the domestic production of consumer goods, small workshops faced a more difficult situation which forced them to find new market niches and change production processes. It may, in fact, be leading to the disappearance of a large part of informal production. Chinese imports, particularly, are sold at prices that the workshops cannot hope to compete with. This part of Mexican history is still being written. What can be said is that, so far, Mexican small-scale production has not successfully replicated the pattern of Taiwanese or Thai informal production, which is vital for the exporting industries in those countries. Some regions or industries do possess a more intricate matrix linking small and large producers and exporters. In Leon, workshops employing one or two workers often have clients in ten different states.⁽⁶⁷⁾ In the shoe and garment industries, respectively 33 and 22 per cent of the establishments classed as "micro-enterprises" perform partial production tasks for larger firms.⁽⁶⁸⁾ But this is an exception rather than the rule. In a recent survey of micro-enterprises along the US-Mexican border, Roberts found that the economic networks of those on the Mexican side were mostly local and that they extended neither towards the interior nor to the southern United States.⁽⁶⁹⁾ The positive side of this unfortunate situation is that Mexican exports are mostly produced by labour protected by at least a minimum amount of social and job security.

Options for individuals may differ today from what they were in 1987. Informal self-employment is less attractive and therefore a less significant option. Another economic slowdown combined with significant imports, reduced general purchasing power and a saturated market for many informal goods and services may mean that the kind of informal self and dependent informal employment that we are likely to see in the future will be more marginal in its nature, less closely linked to the growth poles of the Mexican economy.

The above has two important consequences for poverty. One is that manual formal employment, because of the fall in wages, is at least as closely associated with poverty as informal work. The other is that poverty will consist both of the "marginal" and the "subordinate" kinds, and that households may combine both types, depending on the occupations and forms of work of their able members. The debate on the subordinate or marginal nature of informality is therefore probably less significant today, since both types exist, but the issue underlying it is as crucial as ever. Mexico seems to be losing its ability to articulate its social capacity to labour and this ability is not being replaced by some "global" rationality articulating national societies.

One or both of the following must take place to stop the tendency to marginalize informality and to prevent deepening poverty. First, the incomes of those working formally must recover so that they form a significant market. Secondly, those working informally must improve their capacity to produce and deliver significant goods and services, so that their incomes can also improve.

VIII. CONCLUDING REMARKS

THE ECONOMIC CRISIS in Mexico followed by the adjustment and restructuring processes have had a major impact on the population's welfare and on the social organization, division of labour and coping strategies of the poor. The household has also undergone a restructuring process, which has had, as a main ingredient, a high degree of flexibility and intensification of work, both remunerative and domestic. Without these mechanisms and strategies implemented at the household level, households would have found it extraordinarily difficult to survive during this period. To avoid a drastic reduction in food consumption, households have sent more members out to work. More youths, women and children have entered the workforce to earn the income needed for the survival of the household. Home-making duties have increased because many goods and services that were previously purchased in the marketplace must now be generated within the household (for example, mending and reconditioning domestic items). As a result, the domestic work load of women has increased, due both to the greater number of household members and to the greater dependence on at-home production. Daily routine and individual actions within the household have become crucial to understanding popular responses to the crisis, since it is within the home that

70. González de la Rocha, Escobar and Martínez 1990, see note 51.

changes have been introduced to respond to economic difficulties outside the home. Household unity and family solidarity have become the principal defences against deteriorating wages although, paradoxically, they can also exacerbate certain conflicts within households. These responses have only partially alleviated the impact of a worsening economic situation and they have increased the stress, conflicts and violence within households, leaving some members in a more critical and vulnerable situation, as in the case of women and children.⁽⁷⁰⁾

Our emphasis on the strong responses of households and women in defense of their standards of living should not detract from the crushing poverty that forced large segments of the urban population to work more and consume less. Despite all the social actions described here, poverty continues to spread and will surely have serious consequences for Mexico's near future unless stable growth - and a better distribution of income - improves the conditions under which the poor struggle to survive and attempt to build a better life. Also, the new macro-economic conditions facing Mexico as it enters NAFTA in a socially unstable environment are likely to require further action by the poor. It is our opinion that, in the foreseeable future, household strategies and micro-economic organizations will be unable to help much further. This means that either poverty alleviation programmes should become far more effective at increasing household income and welfare, or that income from work should increase, especially for those now at the bottom of the social and income structure.

