

Mexico



The debate surrounding the 'universalisation' and 'democratisation' of public services

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The Mexican federal government and civil society organisations agree on the need to *universalise* and *democratise* public services in order to improve quality and broaden access to the poorest sectors of society. However, the ideological basis upon which the government strategy rests is not shared by the new citizens' networks and coalitions. The democratisation proposed by the government is geared towards the provision of services through multinational corporations and the country's main economic agents.

Public services in Mexico are provided highly unequally, both in terms of access and the quality on offer. In short, the more the individual and the state can pay, the greater the access to and the better the quality of the services they receive. Mexico is a country where over 50 percent of the population – approximately 48 million people – live in poverty. In Chiapas, one of the states with the highest incidence of poverty, health and education services do not even cover 20 percent of inhabitants. By contrast, in the state of Coahuila, over 65 percent of the population is covered by health and education services. This difference can, in large part, be explained by the polarisation of income: in Coahuila, 60 percent of the working population receives more than two minimum wages a day, whereas in Chiapas nearly half of the population receives less than one minimum wage, or has no income at all. In recognition of this situation, the present federal government has declared its intention of solving these discrepancies through working with the public and private sectors, hoping to narrow the gap of unequal public services provision (Presidencia de la República, 2001).

The present chapter firstly aims to give a brief review of the history of public services in Mexico, so as to then analyse in more detail the present government proposals

regarding the 'universalisation' and 'democratisation' of services. In particular, the analysis focuses on the changes already taking place in the area of health, based on the extension of new public-private partnerships. The chapter concludes with a presentation of perspectives developed by civil society for the improvement and expansion of public services as strategies to simultaneously democratise society and the state.

Public services in Mexico

The participation of the private sector in the delivery of public services is nothing new. For over a century private capital has had an active role in the provision of public services in Mexico, with the primary aim of fostering the development of national industry. A secondary aim has been to cover the needs of a minority social sector which has the capacity to pay for public services. This led to a situation where in the twentieth century public services showed a clear distinction between, on the one hand, services considered 'strategic' for industrial development – such as transport and electricity – and on the other hand services considered 'basic' for the population's needs, such as drinking water, education and health.

Since then, both private sector capital and resources from a highly centralised government have been invested in the first place in the development of infrastructure to cover the needs of the industry, with the allocation of public resources to cover 'basic' services in second place.

Following large strikes by industrial sector workers and the Mexican revolution of the year 1910, at the beginning of the last century civil society began to demand greater social welfare. A large part of the demands were considered and included as legally protected rights in the Constitution of 1917. It was for these reasons that during the first half of the twentieth century, under the government of the *Partido Revolucionario Institucional* (PRI, Institutional Revolutionary Party), the development of infrastructure to provide educational and health services gained pace. In order to meet the constitutional requirements various institutions and state companies in charge of delivering services were created. These were administered by government authorities on three institutional levels: federal, state and municipal.

Nevertheless, state and parastatal companies providing services such as gas and water did not prosper indefinitely. Following the two deep crises the country suffered in 1976 and 1982, Mexico fell into a serious economic recession. The International Monetary Fund (IMF) forced the renegotiation of the public debt, giving rise to deep structural changes and to heavy cutbacks on state spending. In the face of the forced restrictions on state investment in public services, the federal government opted to allow private capital investment, which was accorded a privileged status. Consequently, since 1983 the Mexican state has totally or partially sold off – through shares and concessions – various state companies providing services.

Concomitant to the great wave of privatisation initiated in the eighties, the Mexican government, still under the authoritarian and corrupt PRI regime, began to formulate new alternatives in order to boost the country's economic development. As a result, in the nineties Mexico formally opened its economy through a range of free trade treaties, principally with the signing of the North American Free Trade Agreement (NAFTA) with the United States and Canada, which aimed to facilitate foreign investment. Through these investments and with the promise of greater efficiency in the use of new technology, multinational corporations have been appropriating a growing portion of public services vital to the country's development.

The opening of the Mexican economy led to three important consequences:

1. the increase in the cost of public services, thereby decreasing the opportunity of the country's poorest sectors to access public services;
2. increased competition between companies providing the same service, exacerbating differences in the quality and cost of services offered to those with the economic capacity to pay for them; and finally
3. the fragmentation of public service providers between the state and the private sector (and between domestic and foreign capital), thereby creating different administrative schemes hindering the standardisation of the quality of public services on offer.

The sum of the above consequences together with the long anti-progressive history of enormous sectors of the Mexican population, led directly to a strong rise in social inequality, which exacerbated the trends of the previous decades. The PRI governments that followed the Mexican revolution had been unable to avoid the social and economic marginalisation of the majority of the population. In 1998, 63 percent of Mexicans lived in poverty, with over half of these (34 percent) living in extreme poverty. This meant that around 32 million people lived without adequate food and shelter and without access to basic services.

After 71 years under a system of government led by one party, Mexican society required a political change. This need was reflected in 2000, when 42.5 percent of the electorate opted for Vicente Fox, an ex-president of Coca-Cola in Mexico and Latin America and the presidential candidate of the alliance between the major partner, *Partido Acción Nacional* (PAN, National Action Party) and the minor partner, *Partido Verde Ecologista de México* (PVEM; Ecologist Green Party of Mexico). This new government recognised the need to improve the human and social development of the country, and in its National Development Plan 2000-2006 it proposed the reduction of extreme social and economic differences through linking the tools offered by globalisation with the search for social wellbeing:

Globalisation and the new economy create opportunities for Mexico and Mexicans to move forward in their development (...). Competition has entered all spheres of economic activity, allowing people from all over the world to have access to products and services that were previously non-tradable goods. (Presidencia de la República, 2001:28).



In other words, it utilised social needs in order to continue deepening the neo-liberal model, whilst serving the economic interests of the private sector (domestic and foreign).

In the first four years under the new government, extreme poverty fell by 6.9 percent. Nevertheless, inequalities in income and social welfare continue to be extreme. According to two recently published reports by the United Nations Development Programme (PNUD, 2004 and 2005) while some Mexican municipalities show local development features similar to that of Italian municipalities (ranked 18th on the Human Development Index, HDI) others show a level similar to municipalities in Malawi (ranked 165th). In order to reduce inequality indicators, the Mexican government has declared its intention to accelerate federal projects and programmes to facilitate access to health, education and housing, which together with the disparity in levels of income account for over 90 percent of the inequality measured by the HDI. Despite forming part of the Organisation for Economic Co-operation and Development (OECD), the exclusive club of the world's wealthiest nations, the last world report on human development relegates Mexico to the 53rd position on a list of 177 countries (UNDP, 2005).

For its part, the last report by the federal government – which is already campaigning for the 2006 presidential elections – presents various health and education initiatives tending towards the ‘universalisation’ of these services (Presidencia de la República, 2005). According to the federal government, universalisation would mean that the coverage of services would be extended to the sectors of the population still lacking access, thus ‘democratising’ them. However, the ideological basis upon which the government strategy rests does not appear to enjoy the backing of the new citizen networks and coalitions which have sprung up amongst the population in the last few years. The democratisation proposed by the government includes all Mexicans, but is clearly oriented towards offering the provision of services through multinational companies and foreign economic groups. These tendencies have led to the ever-increasing participation of the private sector, without taking into account that this very sector has played a determining role in creating the extreme social inequality faced by the country today.

The hegemony of the private sector is already very evident in local telephone and gas services, is making headway into water, sanitation and electricity services,

but has less presence in the public health and education systems, which are coincidentally the sectors where federal government is now applying its ‘new’ focus of working jointly with the private sector.

‘Democratising’ health

To facilitate the understanding of the privatising tendencies of the present federal government, it is useful to focus the analysis on a specific sector. No sector better exemplifies these tendencies than the health system, which is currently under heavy pressures due to the structural changes and reforms being implemented.

With the aim of achieving healthcare access for all Mexicans by 2025, the federal government has announced its intention of promoting greater equality and quality in the services provided by the state. The so-called ‘democratisation’ of public health (Secretaría de Salud, 2001) began with reforms in the *Seguro Popular de Salud* (SPS, People’s Healthcare Insurance), a voluntary medical insurance scheme. The SPS offers medical services to the almost 56 million Mexicans who are not covered by any public health institution. Started as a pilot project in 2002, SPS presently has eight and a half million subscribers, 41 percent of whom are members of indigenous communities.

The resources to cover this insurance come from a tripartite public-public-citizen scheme: federal government contributes with a ‘social quota’ for every family; the government of each state contributes a ‘state subsidy quota’; and citizens contribute with a ‘family quota’, the value of which is proportional to their income and degree of poverty. A family classified as living in extreme poverty or with insufficient income will automatically qualify for a 99 percent subsidy on medical expenses. In this way this system allows only those who can afford to pay to do so, in a manner which is directly related to their income, thus directly benefiting the poorest members of the population.

Nevertheless, according to the view of a sector of health workers, the SPS is a fraud, as it will be incapable of reaching its stated objectives and will destabilise the national health system. This is because the health sector does not have either the necessary budget or infrastructure to cover the growing social demands, straining the network of public hospitals so that the guarantee of healthcare for all those affiliated will not be possible in the future. In response to the criticisms it received, in

2005 the federal government dedicated 47.7 percent of the budget approved for the SPS to infrastructure development. Nonetheless, infrastructure is still insufficient if it is expected that another 47.1 million people are to be covered by the same institution in the future. As a result, the Executive has proposed an increase of 17.137 million pesos (USD 1,542,330) in the SPS budget for 2006, more than double the amount approved for 2005. However, in contrast to the forecast for 2005, the amount earmarked for infrastructure constitutes only 1.8 percent of the total budget, with the rest allocated to cover the provision of medical services. How then, can more infrastructure be developed at the same time as covering the growing demand on the services provided by the SPS? The answer has been given by both the Presidency and by the Health Ministry: through a new modality of *Asociaciones Público-Privadas* (APP), similar to those known as ‘public-private partnerships’ or PPPs in the English-speaking world. More recently, the government has proposed prioritising the development of the so-called *Proyectos para la Prestación de Servicios* (PPS, Projects for the Provision of Services), a tool designed with the aim of increasing investment in infrastructure development using private sector capital.

From APPs to PPSs

Following the wave of privatisations which began at the end of the eighties, the Mexican government has been formally supporting different types of public-private associations (APP) by way of concessions, service contracts, investment agreements and the creation of mixed companies, among other legal structures. Nevertheless, with its intention of increasing investment and directing it towards infrastructure, the government began a scheme for the development of projects for the provision of services (PPSs) in 2000, based on the British Private Finance Initiative (PFI) model. (For more details on the aims, impact and characteristics of this system in its country of origin see Needham’s chapter on public sector reforms in the United Kingdom in this volume.)

In contrast to APPs, a PPS is applied over the long-term, where the investor is in charge of the design, financing, construction, operation and maintenance of the assets and services related to the provision of a public service (infrastructure and maintenance). Meanwhile, the public sector is in charge of authorising, monitoring and evaluating the projects, and maintains responsibility

for the provision of the service to users. The authorisation of the PPSs in Mexico is based on a regulation that since it was passed – in March 2003 – has already been modified (in April 2004) in order to introduce changes that speed up the process of project approval and accelerate the contracting of the investor.

In October 2004 the Mexican government hosted the ‘First Summit of Public-Private Partnerships in the Americas’. Through its presence and contribution to the organisation and promotion of the summit, the President and representatives of the Ministries of Health, Education, Communications and Transport reaffirmed their confidence in the benefits that the APPs and PPSs could bring to the nation. Among the benefits expected by the federal government is the reduction in public spending on infrastructure. For the private sector the benefits include the guarantee of payment by the government for the provision of services. At the same time it is assumed that citizens will have access to medical services, more educational sites and access to new motorways.

According to a press release from the Presidency, issued on 9 May 2005, the formula of public-private partnerships promoted by the federal government has boosted the national economy and has allowed various sectors to grow at rates of more than five percent. At the time it was announced that the intention of the government was to affirm this strategy in order to undertake investments related to oil, energy, electricity, road infrastructure, airports, ports and housing. In President Fox’s view, “*this investment model has a marked social character because it contributes to creating employment across the length and breadth of the country*”. International evidence, however (as shown by the experiences reviewed in various other chapters of this same book) indicate the contrary. The same critical view is shared by Mexican social movements, as will be analysed later in this chapter.

Among the recently reformed laws to adjust the country’s normative framework to the requirements of the APPs and PPSs, the Acquisition, Renting and Public Sector Services Act stands out. Upon passing this piece of legislation, the government announced that it was interested in promoting greater transparency, efficiency and participation in the running of the public sector. In order to achieve these objectives the use of an ‘electronic government’ network, called *e-Mexico*, is being encouraged amongst other initiatives, with the aim of improving the quality of public services and through which the Mexican government could facilitate access to public information



regarding the procedures for renting and the submission of tenders. In this way, the federal government could also keep citizens informed and invite them to send opinions and complaints related to public services. It is for this 'digital government strategy' that Mexico received the United Nations Public Service Award 2005, for improving public services for citizens through the use of information and communication technology. However, it is questionable that access to information should have been 'democratised' in this way in a country where only a minority of the population has access to the Internet and e-mail.

Including the aforementioned law, between 2004 and 2005 the Mexican Congress of the Union approved at least eight amendments and new laws related to public services (health, education, transport, social security, and reforms to the constitution itself). Through these reforms the government hopes to lay the foundations for the reduction of poverty and the reduction of inequality in the delivery of public services. The implementation of these tools and reforms, however, also presents clear risks. To avoid them it is essential to take into account that:

- Local and state development plans and the public institutions already in existence should not be affected by budget cutbacks, or by the competition that might be generated in the case that new institutions are created to provide public services.
- Workers should be assured that these new schemes will not affect the social benefits and services that they presently benefit from.
- The link between the community and local government, mainly through the work of civil service employees, should not be affected by the introduction of new management schemes coming from the private sector.
- 'Citizen participation,' a constant reference in the new discourse of public-private cooperation, should not disregard the capacities of citizens that already exist in marginalised communities, especially considering that these communities should be the main beneficiaries of the improvements to public services.
- The repercussions and the socio-environmental risks of the projects developed with private sector participation should be appropriately communicated to the population.
- The democratisation of access to public information should include direct participation by the majority of

the population who do not have the means to access e-Mexico.

- Public authorities should consider the different non-tradable alternatives already formally proposed by organised communities regarding the improvement and extension of public services.

At the same time, it is necessary for the public sector to be conscious and critical of the actions it supports and implements. It is also necessary to ensure that the private sector takes responsibility for transparency and ensures that its interests are not directed towards the appropriation of either natural resources or social services. Finally, it is crucial that citizens assume a vigilant role with regard to the application of these laws and with regard to the results of privatisation.

Since the privatisation offensive began, there has been a growing corpus of evidence on failed administration of public services by private investors. However, it is not always easy for civil society to protest and demand changes in the management of services. In analysing different experiences of mobilisation regarding the privatisation of water services – a relatively minor phenomenon in comparison with other countries of the South, and where the participation of the large water multinational corporations is limited to the main metropolitan areas of the country – David Barkin (2005:256) shows the limitations of the democratisation process in Mexico:

The questioning of public policies and of the new projects has been met with official silence and the rapid mobilisation of state police forces to demobilise collective action. In the last confrontations government bodies have made impossible promises regarding compensation plans, exaggerated statements about their benefits, and have assured that high standards of responsibility will be introduced in case of any damages. When the state does not keep its promises and people mobilise, local leaders are jailed, tortured or murdered.

Civil society alternatives

The alternatives proposed by a significant portion of Mexican citizens are geared to achieving access to universal rights such as food, health, dignified housing, free education, dignified work and respect for human rights for all. As a result of this, between 2004 and 2005 a series of national dialogues and forums were organised by trade unions representing a rainbow of public sector workers,

university students and over 225 non-governmental organisations. The convening organisations called on all Mexicans to participate and contribute to a 'New National Alternative Project to Neo-liberalism' <www.dialogonacional.org.mx>.

Community-based organisations are opposed to the new wave of privatisations (which includes the APPs, in their different forms) of energy, education, the national cultural heritage, water, health and social security. They maintain that these duties should be non-negotiable responsibilities of the state, given that they are all part of the inheritance of the Mexican people from previous generations. Specifically, they demand:

- That public spending is aimed, without any conditions whatsoever, at improving basic services and at financing alternative life projects for the Mexican people.
- That public services – education, health and water in particular – should be permanently excluded from international trade agreements signed by Mexico, and that those already signed should be reviewed with the aim of securing the public interest.

It is also argued that the structural reforms and the instruments used by the government to carry them through (such as the PPSs) are putting the viability and the future of the Mexican nation in jeopardy, since social inequality is still on the increase and seriously threatens the interests of society as a whole. Concomitant to the government's discourse, civil society organisations also propose to 'universalise' the provision of public services and improve the quality of the service. The difference lies in the fact that instead of being guided by the shared but limited principles of transparency, equality and efficiency (predominant in the government's discourse), citizen strategies are also guided by the values and principles of honesty, justice, liberty, co-operativism, solidarity and defense of national sovereignty, inspired in the communal traditions of the Mexican people.

Specifically in the area of health and social welfare, the new alternative model proposes to integrate a free health system with universal access, including developing a state medical and pharmaceutical industry to secure medical supplies. In addition to the health system, the project proposed by citizen organisations also includes participatory and democratic alternatives for other public services.

In order to develop the alternative model it is essential to form alliances between the different social and

popular sectors, and in addition there should be greater participation by these sectors in the government's plans and programmes. To achieve this, citizen organisations propose a system of direct participation through the establishment of various mechanisms, such as popular assemblies, plebiscites, referendums, legally-binding popular initiatives, participatory budgeting, and direct involvement in the planning, implementation and evaluation of development plans and programmes.

Citizen alliances and coalitions are presently in the process of regenerating and strengthening. Since September 2005 over 200 trade unions, peasant and civil society organisations have joined the 'National Citizen Coalition for a Just and Democratic Transition'. This coalition aims to establish a 'minimum agenda' to enable the country to grow, generate employment and achieve greater social equity. The founding manifesto and the complete list of organisations that comprise the coalition is available on the website of the Telephone Workers' Union: <www.strm.org.mx/politica/convcoal.htm>.

Three days after the coalition was formed, the so-called 'National Agreement for Unity, Rule of Law, Development, Investment and Employment' was signed, most likely done as a mirror reaction and dominated by other, not exactly 'progressive', components of civil society. In addition to being signed by representatives of community and trade union organisations, the agreement was signed by some of the most powerful figures in the world of Mexican business, media owners and various public personalities of the elite of economic and political power, both nationally and internationally. The Institutional Revolutionary Party (PRI) and its presidential candidate, Roberto Madrazo Pintado, are amongst the signatories. The businessman Carlos Slim – one of the richest men in Latin America – maintained that "*it will be the political actors, parties and their candidates who with proposals, and without discrediting other initiatives, will foster actions and solutions enabling the country to live under the rule of law with public security, economic growth, employment and the development of social and human capital*" (*El Universal Online*, 2005). The text of the agreement is also available on the website of the Telephone Workers' Union: <www.strm.org.mx/politica/acuerdo_nac.htm>. It includes a list of consensus proposals for the recovery and improvement of public services, prioritising justice, public security, education and health.

Both initiatives have energised the debate and have



contributed to widening and deepening the social response in the face of general disappointment with the very slow and contradictory processes towards the consolidation of democracy and social justice in Mexico that had promised after the collapse of the previous regime hegemonised by the PRI. The impacts that the coalitions and the citizen agreements will have on the future of public services cannot be measured immediately, but the current advances confirm that civil society is very keen to increase its real and active participation in Mexico's development. The fact that both the government and citizens refer to the need to 'universalise' services such as education and health, is already an important indicator

of the shortfalls of public services at present. If in effect the coverage of services is 'universalised' to the whole population, it would without a doubt significantly contribute to the reduction of social inequality and poverty.

Unfortunately, given the path followed by the government in the recent past, and the close and growing ties with the private sector, this scenario still appears to be far from being achieved. Therefore, in order for Mexico to reach a state where public services are truly democratised, it is necessary for civil society to participate in a more organised and efficient way, exercising their rights in a conscious and effective manner.

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