

POVERTY AND SOCIAL EXCLUSION IN SAN LUIS POTOSI: SEARCHING STRATEGIES

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Abstract:

In San Luis Potosi (Mexico), the intensification of the lack of basic needs of the people leads to a high level of poverty that is related to the incapacity to generate jobs, marketable services and infrastructure that allow them to interact with other economic and labor sectors. A recent report of the Mexican Social Development Ministry mentioned that 54% of Mexicans live in poverty, (surviving on less than USA \$ 4 a day), while 32% do so with less than 2.5 dollars, and 24% with less than \$ 2 a day. Indeed, poverty, extreme poverty and social marginalization in San Luis Potosi are associated with populations living in small villages, scattered and often isolated. These populations are closely related to the primary economic activity, with little possibility of entering to the national and much less international market, despite having large endogenous capacities. The main purpose of this paper is to analyze the situation of poverty and social marginalization in San Luis Potosi, focusing on the local government strategy to fight against these issues. The central argument or hypothesis is that, the Mexican government at all levels (federal, state and municipal), with inappropriate strategies of combating poverty, tends to get lost in the complex system of the national economy; that mitigates the efforts of combatting poverty and social exclusion. That is why local governments in San Luis Potosi are exposed to serious risks of improvisation and failure in their policy to combat poverty and social exclusion.

Key Words: Poverty, Social Exclusion, Entrepreneurship

Introduction:

The notions of poverty and social exclusion are full of ambiguities, controversies, inaccuracies and difficulties of definition; so their approach requires a critical analysis of the dominant paradigms in the academic and socio-political spheres. In general, the reflections on these concepts tend to emphasize the anthropological and sociological dimensions that exist between people and their lifestyles.

In Mexico, the fight against poverty and social exclusion is a major challenge and is still associated with a high inequality in the distribution of national wealth. Also, the needs of the Mexican people have many dimensions, such as human capabilities (especially on education and health), access to infrastructure, income, vulnerability and social marginalization.

The denial of these multiple dimensions and realities can be seen as an imperfect approximation to the notion of welfare in terms of freedom (or capacity) of a person to build his life. This depends largely on a combination of decision-making of government, and the capacity of citizens and their ability to be the Protagonist of their lifestyles. This ability is largely determined by the political and economic context in which people live.

Part of this work intends to present the struggles undertaken by the local government of San Luis Potosi to face these issues. It tries to explore some initiatives proposed by the local governments with respect to economic and non-economic factors such as the social, cultural, historical, institutional, etc. That is to say, a series of factors that militate in favor of the fight against poverty and social marginalization.

In fact, it is the process of transforming the economy and local society, aimed at overcoming the existing difficulties and challenges, seeking to improve the living conditions of its people through determined and concerted action among different socio-economic actors, public and private, for more

efficient and sustainable use of existing indigenous resources (Pike et al. 2006). This process occurs through the use of the entrepreneurial skills of the actors involved in this dynamic, which can lead to gradual mitigation of individual deficits. This approach also considers the importance of social capital and the links of cooperation with external agents to capture human, technical and monetary, among other contributions to the local development strategy (Montoya, 1998: 47).

For an understanding of the challenges to local development, it is necessary to include the analysis of several indicators ranging from forms of governance, to social capital, poverty and social marginalization... it is from this perspective that the idea of real changes and supportive organizational capacities of the poor and marginalized can be introduced.

One way to combat poverty while promoting local development is undoubtedly the harness of the endogenous potentials of local actors. Failure to establish a direct correlation between poverty and its effects on local development may be limited to "compensate" the exclusionary effects of the general economic and social situation.

Furthermore, an analysis of the experiences of combating poverty and social exclusion leads to a questioning of traditional conceptions and development programs that have been dominant in recent decades and that have not reached the desired results in practice. So then, this paper will emphasize two programs implemented in the city of San Luis Potosi as strategies to combat poverty and social marginalization. These are; "*Piso Firme Program*" and the *Training Programs for Entrepreneurs in Community Development Centers*.

Main Text:

1 - Overview of San Luis Potosi.

San Luis Potosi is one of the 32 federating units that comprise Mexico. It is located in Mexico's central plateau, in the north central region of the country and occupies a wide area of central Mexico. Its official name is Free and Sovereign State of San Luis Potosi. With a land area of 63,068 km, it is the fifteenth state of Mexico by land extension.

The state of San Luis Potosi is rich in culture, heritage and history. It is bordered with 9 states; Nuevo Leon and Coahuila in the north, Tamaulipas in the northeast, Veracruz to the east, Hidalgo in the southeast, Queretaro in the south, Guanajuato, Jalisco and Zacatecas to the west.



Location of San Luis Potosi: Google Map

San Luis Potosi has a profitable location in the Mexican territory because it is a compromise between the three major cities of the country: Mexico City, Monterrey and Guadalajara, and between four important ports: Tampico, Altamira, Manzanillo and Mazatlan. In addition, its varied climate,

road and rail network facilitate easy trade and makes it one of the few states in which you can develop a significant business infrastructure.

The economic impact of the state is due to several factors such as tourism, industry and geographic location that allows the rapid transport of products to almost anywhere in Mexico. However, this economic development is seen only in the state capital, which has led to a great migration from the suburbs to rural areas as well as other neighboring states such as Nuevo Leon and Tamaulipas, and mainly to the United States.

The economic development of San Luis Potosi has been weakened by political and social problems that have adversely changed the perception of public safety in the state and in the area. However, it has experienced in recent months economic growth (especially in the capital city San Luis Potosi), due to local policies that have taken advantage of its geographical location. Today we have developed a large number of industrial parks that have driven the manufacturing and industrial sector. Despite this there is a fiscal burden on state taxpayers

2- From local needs to poverty in Mexico.

Today, Mexico is involved among others in two important processes: in the economic sphere, which is engaged in an ongoing process of integration into the international economy. On the political and social, the country is undergoing a process of deepening democracy. However, the two processes are complex and are often characterized by forgetfulness of the "local issues". These transitions are key aspects that influence Mexican State policies at all levels of government as well as in the lives of citizens, whose real needs are relegated to the third / last shot.

Local needs generally come from the deprivation of the people, in their desire to raise their standard of living. The study of the satisfaction of human needs has led to the development of different theories, of which the best known is the "theory of human needs" developed by the American psychologist Dr. Abraham Maslow. Also, one of the goals of governments at all levels (at least in their rhetoric) is precisely to provide resources to individuals so they can satisfy their needs.

Moreover, the intensification of the lack of basic needs leads to a degree of poverty that is related to the lack of capacity to generate jobs, marketable services and infrastructure that allow them to interact with other economic and labor sectors. The measurement of poverty has been investigated in several national and international institutions. In general, the methods of measurement refer to the level of income that a household needs to meet basic needs (food, health, education...).

A recent report by the Social Development Secretariat mentioned that 54% of Mexicans live in poverty, indicating that live on less than \$ 4 a day, while 32% do so on less than 2.5 dollars, and 24% less \$ 2 (SLP, 2010). The poorest States are Chiapas, Guerrero, Oaxaca, Tabasco and Durango where a high percentage of indigenous population is concentrated.

An article of the National Newspaper *Excelsior* published in July 2007, stated that the extent of poverty in the municipality of Santa Catarina (belonging to the state of San Luis Potosi) is similar to that of Botswana, an African country where life expectancy is 34 years and 73.6% of the population lives on less than two dollars a day). Thus, Santa Catarina is one of the towns of Mexico with lower per capita income, with a Human Development Index that ranks among the poorest areas of the country, a fact that was confirmed in the Experts Forum, hosted by the Autonomous University of San Luis Potosi in January 2010.

Poverty and extreme poverty are associated with populations living in small towns, scattered and often isolated. These populations are closely related to the primary economic activity, with little possibility of entering to the local market and much less to the international one, despite having competitiveness. One cause of this is the isolation and lack of transport and communications structure. Access to paved roads with continuous maintenance is limited, while small roads or gaps interconnect other locations, which are always inaccessible especially in bad weather.

Indeed, the unequal distribution of wealth has concentrated the National Income on certain sectors such as those specifically dedicated to the export of goods and services, neglecting others like agriculture, small and medium business on which local development relies heavily.

3 - Measuring poverty in San Luis Potosi.

The lack of information networks, corporate support, training on entrepreneurship and other factors, prevent opportunities from reaching the poor people. This situation is certainly one of the causes of the rise of poverty and social exclusion in San Luis Potosi as indicated by the following table.

Medición de la Pobreza, San Luis Potosí, 2010						
Incidencia, número de personas y carencias promedio en los indicadores de pobreza, 2008-2010						
Indicadores	Porcentaje		Miles de personas		Carencias promedio	
	2008	2010	2008	2010	2008	2010
Pobreza						
Población en situación de pobreza	51.2	52.3	1,296.6	1,353.2	2.8	2.5
Población en situación de pobreza moderada	36.0	37.6	911.2	972.8	2.3	2.1
Población en situación de pobreza extrema	15.2	14.7	385.4	380.4	3.9	3.7
Población vulnerable por carencias sociales	26.1	21.5	660.9	557.0	2.1	1.9
Población vulnerable por ingresos	6.1	7.2	155.2	186.1	0.0	0.0
Población no pobre y no vulnerable	16.6	19.0	420.7	492.5	0.0	0.0
Privación social						
Población con al menos una carencia social	77.3	73.8	1,957.5	1,910.2	2.5	2.3
Población con al menos tres carencias sociales	35.4	28.9	897.8	747.0	3.7	3.6
Indicadores de carencia social						
Rezago educativo	23.0	22.2	582.0	574.7	3.3	2.9
Carencia por acceso a los servicios de salud	36.3	21.0	920.2	542.8	3.1	2.9
Carencia por acceso a la seguridad social	64.4	57.2	1,630.7	1,481.6	2.8	2.6
Carencia por calidad y espacios de la vivienda	22.5	16.4	570.7	423.5	3.7	3.6
Carencia por acceso a los servicios básicos en la vivienda	26.4	25.8	667.7	667.7	3.5	3.2
Carencia por acceso a la alimentación	23.3	30.1	591.4	779.1	3.4	3.0
Bienestar						
Población con un ingreso inferior a la línea de bienestar mínimo	22.2	26.0	561.2	672.2	3.1	2.7
Población con un ingreso inferior a la línea de bienestar	57.3	59.5	1,451.8	1,539.3	2.5	2.2

Fuente: estimaciones del CONEVAL con base en el MCS-ENIGH 2008 y 2010.
 NOTA: las estimaciones de 2008 y 2010 utilizan los factores de expansión ajustados a los resultados definitivos del Censo de Población y Vivienda 2010, estimados por INEGI.

This table shows that in the State of San Luis Potosi, between 2008 and 2010, poverty in its different aspects had increased from 1.1% to 2.4%. According to national studies, in San Luis Potosi there are 30 marginalized communities where more than 140,000 people live; so, the challenge of implementing social programs is crucial to improve their lifestyle.

4 - The Administration of San Luis Potosi in search of Strategies to combat Poverty

The reduction of poverty and social exclusion are two major challenges that the area of Social Development of the local governments of San Luis Potosi try to face in the short term. The Mayor,

Mario Garcia Valdez, has mentioned this in a public speech in February this year (2013). This is to provide all residents of the City with infrastructure and basic services, whether they live in the urban or rural area.

In this regard, the Director of Social Development, Beatriz Eugenia Rodriguez Benavente, announced the implementation of various social programs to improve the living standards of people. She said that to achieve those programs, it is important to strengthen the coordination between the Federal and Local governments, especially the Social Development Ministry and the Ministry of Social and Regional Development. In fact, the coordination between all these actors should efficiently mitigate the levels of marginalization and poverty, through the implementation programs such as "*Piso Firme*" and the *Training Programs for Entrepreneurs in Community Development Centers* in San Luis Potosi.

5 - The "Piso Firme Program"

The "Piso Firme" program was created in 2000 during the administration of former president Vicente Fox to improve the living space of many families. The implementation of the Program contributes to the decline in death rates from infection of gastrointestinal and respiratory diseases, while in the meantime it increases the opportunities for people to enjoy a full and healthy development.

The main purpose of the Program is to raise the life standards of the population living in rural areas and neighborhoods with higher levels of social exclusion by improving housing stock.

Requirements for the implementation of the Program

It is designed for families in poverty, in homes with dirt floors. The process included in the Program begins with a simple dialogue with the head of the local governments.

Benefits of the Program

- Reduces respiratory diseases
- Reduces the presence of parasites on children
- Decreases episodes of diarrhea on children
- Reduce the incidence of anemia
- Help to increase the lifestyle of people

6 – The Training Programs for Entrepreneurs in Community Development Centers

One of the main reasons for the lack of entrepreneurial culture in San Luis Potosi is the lack of agencies that encourages new business initiatives. The organization of Entrepreneurship Workshops at Community Development Centers (CDCs) in San Luis Potosi has generated the beginning of a real change of life for many citizens. However, it is important to develop the skills acquired in these workshops to awaken and encourage the entrepreneurial potential of people. That is why creating connection systems between business sectors and marginalized communities development can achieve business opportunities for the people. The initiative of creating mechanisms for entrepreneurial training with human and social approach proposed by the Program reflects its vision.

This project seeks to support the neediest citizen attending the Entrepreneurship Workshops at the nine Community Development Centers of San Luis Potosi. Also as part of the strategic planning of any program or project, the diagnoses are the starting points and the fundamental basis of the actions to be undertaken in the short, medium and long term.

Program Objectives

General Purpose

- Design and implement a training program for entrepreneurs with a social approach, to materialize ideas and projects of the CDC's entrepreneurs, facilitating the generation of more than 85 new companies by the end of 2013.

Specific Objectives:

- Encourage creativity, innovation and entrepreneurship to users of the CDC's

- Generate an entrepreneurial mindset.
- Encourage the mass dissemination of existing tools to support entrepreneurship,
- Ensuring the survival and growth of incubated businesses.

7 - Implementation Strategies

a) Selection Process

Entrepreneur Profile:

- People with a desire to excel
- Being proactive with initiative
- Willing to risk
- Have a business idea preferably based on already possessed skills or those in which there is a willingness to be trained.
- One without a business idea must be willing to seek immediate options (the program will give such advice).

b) Requirements for admission to the Program for Entrepreneurs

- 1- Apply for the entrepreneurship course.
- 2- An initial interview (not to disqualify or filter, only to have a sense of recognition of the skills present in the individual, including their psychological profile)
- 3- Formal registration for the entrepreneur program at CDC
- 4- Administrative procedures

c) Documentation:

- Completing the Registration Form
- Proof of address.
- Birth Certificate
- Copy of an official ID.
- Copy of health service to which one belongs.
- Letter of commitment

8- Training

The training program is designed to respond immediately to repeated requests by innovative and entrepreneurial groups to create a comprehensive training courses. That courses target disadvantaged citizens in the municipality of San Luis Potosi, in the context of the users of the CDC's.

This training program is the first of its kind, as it integrates psychological support to entrepreneurs. The design of training courses and materials was done by a team of professionals specialized in different areas of economic and social development of H. SLP City Council, the Research area of the School of Accounting and Management, as well as the Department of Entrepreneurship Development, both of the Autonomous University of San Luis Potosi.

The training program has been developed for selected prospective entrepreneurs (poor and marginalized people) to enter the business program of the CDC's H. City of San Luis Potosi and other stakeholders in the area of business development who wish to increase their understanding and knowledge in this area.

The program consists of 6 training courses ranging from introductory basics designed for new business entrepreneurs, to specialized and complex topics such as marketing, administrative processes, applied marketing, production and financial plan of the business.

Main courses of the program

a) **Self-esteem and motivation**

4 hours per week during three months

Objective: To prepare and provide the people with the skills, abilities and motivational elements that every entrepreneur must have to run a business surrounded by talent and teamwork.

b) Principles of Business Management

4 hours per week during three months

Objectives:

1. Know the principles basis for the operation of a business.
2. Detect business opportunities based on personal skills.
3. Learn strategies to identify business opportunities based on personal skills.

c) Gender equality as a tool for the development of entrepreneurial potential

4 hours per week during three months

Objective: To sensitize residents in poor communities in the Municipality of San Luis Potosi to promote gender equity for the creation of family businesses.

d) Development of Business Plan for Entrepreneurs

4 hours per week during three months

Objective:

- 1- Develop methodological tools for the development of a business plan.
- 2- Develop entrepreneurial skills as well as design a business plan that supports one to specialize in a formal business.

e) Business Incubation Process at the Autonomous University of SLP.

Objective: Get a logistical and financial support for the entrepreneur to enter into the business incubator of UASLP, considering that the incubation period in traditional business is 6 months, including one on one consultation with specialists in various business areas.

f) Business Acceleration (after 3 years of operating a FORMAL BUSINESS)

Objective: Increase the level of performance of an existing company, focused on Sales and Marketing, Organizational Culture and Continuous Improvement Process.

This stage involves the process of accompaniment by an incubator, so that the new company is not left alone, in order to ensure business success.

Conclusion:

To break with the dominant paradigms (paternalism) in combating poverty and social exclusion, it is necessary to establish a relationship between the real needs of people with limited resources and objectives of local governments. Also, government planning must assume objectives and priorities, which should be established at the stage of conception and formulation of a comprehensive development plan. Also, Taylor (2006: 54) states that the planning agenda of local governments should have as one of its priorities the fight against poverty and social exclusion, precisely because the current social reality of Mexico requires that priority.

The choices made by the local government of San Luis Potosi in this struggle help to determine the results sought by the current municipal administration for the benefit of the poor people. Indeed, as mentioned by Cardozo (2004: 12), in the fight against poverty, a balanced management planning methodology with active institutional and community participation, will help to improve the quality of lifestyle of local people, breaking with the dynamics of marginalization and strengthening the socioeconomic structure at the Local, municipal, State and national levels.

In this sense, the two programs presented in this paper to provide, facilitate and enhance inter-agency working, helps to direct impacts and purposes of the strategies to fight poverty in San Luis Potosi. Also, in order to redefine the methods in the fight against poverty, it is essential today that the poles of decision making at the municipal level should establish a cohesion between the theoretical and practical dimensions, to dilute the tension between belief and illusion, between rhetoric and reality, between what is and what should be the living conditions of the people with low income.

It is the balance between these aspects that can give a human face to the municipal programs of social and human development with two fundamental aspects:

1 - The conception of humanity as a whole (horizon of current debates about inequality, polarization, asymmetry, discrimination, xenophobia etc.)

2 - The conception of the human person as unique versus the dehumanization of intersocietal relations, as product of hyper-globalization and economic liberalism.

This scenario suggests the importance of thorough research on new models of the fight against poverty and social marginalization. More than anything, the rationalization of the combat against poverty is a very important intellectual operation that exceeds the simple desire to support local development as it is a decision-making process with multidimensional impacts. It is a matter of general administration, and public administration in particular that should be based on logic and inter-institutional planning to reduce the gap between political speeches (which are often empty and demagogic during elections) and implementation of a true integral human development policy.

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