STRUCTURAL CRISIS: POVERTY AND MIGRATION IN CHIAPAS

Apolinar Oliva Velas
cuitt2006@yahoo.com

Jorge López Arévalo
jalachis@hotmail.com

Facultad de Ciencias Sociales
Universidad Autónoma de Chiapas, México
— Abstract —

The economy of Chiapas faces a structural crisis, which is why this paper analyzes its performance with a long-term vision (1900-2015). There is still no research about the causes of its low growth, which has lagged it behind the national average and maintains it as the federal entity with the highest levels of poverty and increasing flows of migration to the United States of America.

The production of studies on the subject and the regional results of the change of national strategy in this regard since 1982 is null. That is why this investigation deals with such effects. It is worth noting the lack of an analytical base supported on the predominant economic policy in Mexico and its brand in impoverished territories in a context dominated by global trends that alter the regions of the countries in many ways.

Keywords

*Structural crisis; poverty and migration.*
This work is based on the analysis of the structural crisis of the economy of Chiapas with a long-term vision (1900-2015). There is no research about the causes of the low economic growth of Chiapas, which has lagged it behind the country’s average and maintains it as the state with the highest levels of poverty and, recently, of increasing flows of international migration to the United States. That is why it is necessary to empirically determine what has happened.

We consider analyzing the dynamics imposed by the new system of accumulation, which not only act in the national structures of the economies, since they affect smaller spaces of the federative entities. In these territories, the dynamics driven by the predominant economic policy and the tendencies of globalization are mixed with old structural problems of social inequality that have generated and sustained exclusionary labor markets. In this sense, migration of Chiapas to the United States is part of the new labor adjustment mechanisms in times of globalization.

The Zapatista movement of 1994 caused the country to turn towards Chiapas and made visible the poverty of its population. Then federal funds came in significant amounts as part of the counterinsurgency policy, but also to combat poverty. However, today there are more poor people than then.

It has been a state traditionally excluded from productive investment and trade flows and, on the contrary, has been included in the migratory flows to the neighboring northern country. According to data from the Survey on Migration in the Northern Border of Mexico and the Bank of Mexico, people from Chiapas began to migrate to the United States and send remittances in the second five-year period of the 1990s, with which the state went from an agro-export model to one exporter of labor. That is why it is imperative to analyze the effects of the structural crisis of its economy.

1. THE STRUCTURAL CRISIS OF THE CHIAPAS ECONOMY

The "perverse economic cycle" or "poorly behaved" is a clear symptom of a crisis of the current pattern of accumulation. What can be understood from this? Under normal conditions, when the crisis opens the recession, a stage opens in which apart from the known features (falls in investment, GDP, employment, etc.) begins to correct, gradually, the problems that in the phase of the boom ended in chaos. For example, if the crucial thing was a decrease in the rate of profit due to an increase in wages, higher than the productivity when the recession begins to operate, unemployment spreads. This weakens union organizations and the bargaining power of wage earners. In the end, the real wage falls and, above all, the salary-productivity ratio decreases. With this the rate of surplus value rises and, finally, that of profit is recomposed, giving rise to the recovery and the consequent new maximum. In
short, the capitalist economic cycle is based on internal causes: the apogee causes problems leading to crisis and recession, engendering processes that recompose the profitability of capital and the consequent investment activity; for this reason, it produces a new pinnacle. This is qualified as a “normal” or “well-behaved” system trajectory.

However, from time to time the recession fails to effectively fulfill its tasks of creative destruction in Schumpeterian terms. It is no longer enough to revive the system. In such cases we speak of a “perverse cycle” and the phenomenon goes on to show that a major structural change is required to resume a dynamic behavior. In these cases a transition period is opened from the current accumulation pattern to another capable of resolving the contradictions (Valenzuela, 2011).

That is to say, the economic cycle does not fulfill the positive functions, in which the recession works as a purge for the system, because it cleanses it and pave the way for a new boom. About the economy of Chiapas there is long-term empirical evidence. It is not that the case analysis replaces the whole, but for reasons of space we will refer almost exclusively to the state.

Poverty has marked the lives of many generations in Chiapas. For more than a century the economy has shown mediocre economic growth rates, well below the national average, except for the period 1970-1980 (Peláez and López, 2013), which, together with the problems of inequality in the distribution of wealth has resulted in the highest levels of poverty in the entire country, evidencing failures in the state’s economic structure. In relative terms, the smallest distance of GDP per capita from Chiapas with respect to the national one was recorded in 1980. However, even in the years of greatest prosperity, the average wealth of Chiapas came to represent barely two thirds of the rest of the country. The year of greatest distance was 1960, when the per capita product reached only 41.3 percent of the rest of Mexico. In 1900 its per capita GDP was 63.1 and it was only exceeded in 1980. It took 80 years to surpass the average of which it had started (Graph 1). However, in 2015 GDP per capita had the greatest distance since 1900, since it was just 37.1 in the rest of Mexico.

1 There is a bias in 1980 for oil, which generated more than 44 percent of the GDP of Chiapas and thus the entity ranked second in its production, only after Tabasco. About Campeche, its production was computed as territorial waters. If we remove oil in 1980, Chiapas ranks 16th in GDP and 30th in GDP per capita. If the territorial waters are imputed to Campeche, as it was basically, without oil, Chiapas climbs to 29th place in GDP per capita without oil; in any case, it was not the last with and without oil in GDP per capita.
Graph 1 provides information about the economic growth of Chiapas in the 1960-1980 period, in which GDP per capita tripled, while in the rest of the country did not even double (the Import Substitution Industrialization Model period). The opposite occurred in the last two decades of the 20th century and the beginning of the 21st, since the implementation of the neoliberal model, causing that in 2015 it represented only 37.1 percent of the national (calculations based on INEGI and CONAPO).

2. POVERTY AND MIGRATION

The recent crisis in Chiapas, since the implementation of the neoliberal model in 1982, reaches practically three decades and a lost five years, due to the lack of dynamism in the accumulation of capital and flows of external capital (national and foreign) to its economy to compensate their scarce internal savings, making it impossible for the modern sector to absorb new entrants into the labor market, whose dynamism increased as a result of demographic trends and the increase in the participation rate, as well as the gradual incorporation of women to the labor market.

Therefore, according to the National Council for the Evaluation of Social Development Policy (CONEVAL), in 2010, three out of every four people in Chiapas were in poverty and one in two in food poverty. That

Although Chiapas has a very low saving in all the entities of the country, the smaller number of bank branches per inhabitants and the bank rate of its population, transfers part of the savings of the Chiapas through the commercial bank, since each peso that is collected only returns 30 cents as credit to the entity (López, 2007).
is, only those who enjoyed a level of income that escapes poverty, one in four, could constitute effective demand and acquire “luxury” goods in the Ricardian sense (Salama, 2008). On the other hand, food poverty levels reported are much higher than the national average for the three measurements presented by Coneval. It can be seen that they are above twice the national average and, most serious, the gap widens (López and Núñez 2015).

Table 1
Evolution of poverty and the Gini index in Chiapas and the national average

<table>
<thead>
<tr>
<th>Food</th>
<th>Capacities</th>
<th>Heritage</th>
<th>Food</th>
<th>Capacities</th>
<th>Heritage</th>
</tr>
</thead>
<tbody>
<tr>
<td>National</td>
<td>23.7</td>
<td>18.8</td>
<td>-4.9</td>
<td>31.3</td>
<td>26.7</td>
</tr>
<tr>
<td>Chiapas</td>
<td>46.2</td>
<td>48.6</td>
<td>2.4</td>
<td>55.1</td>
<td>58.0</td>
</tr>
</tbody>
</table>

Source: Coneval, from López and Núñez, 2015

In Chiapas there were more poor people in 2010 than in 1990 in the three modalities (food, capacities and heritage). It is not the case of the national average, because it decreased slightly. In relation to the Gini index, it is the most unequal entity in the country and where it decreases least. That is to say, the EZLN took up arms to improve the living conditions of the indigenous peoples, but now there is more poverty than in 1990. Before the Zapatista uprising, even with the massive transfer of federal resources, poverty was democratized. Its distribution by municipality, in 1990, showed “normality”, since there were few with high and low levels, most concentrated in the center of the distribution. In 2010, the placement of municipal poverty was uniform, all municipalities with the same (high) numbers; sign of the failure of social welfare programs (López and Núñez, 2015).

Historically, the state of Chiapas has not been oblivious to a migratory population dynamics, since it has had processes of intense intrastate migration, forced migrations (attachment system and political conflicts), colonization of the Lacandona jungle, interstate migration, Guatemalan immigrants and refugees, definitive immigrants, transmigrants from Central America and other countries (Betancourt 1997, Cruz et al 2007 and Pérez 2016).

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3 Food poverty, capacity and heritage are used because the multidimensional began to be calculated in 2008 and does not allow for an analysis like the one we made.
In terms of international migratory flows it has been a place of transit and destination, but in recent years it has become a place of expulsion and return, which is why since the early nineties and even in the late 20th and early 21st centuries, works like those of Martínez (1999) and Balkan (2001) tried to explain why the Chiapanecos did not emigrate. Other studies such as Tuirán, Santibáñez and Corona (2006) and Garavito and Torres (2004) questioned the increase in international remittances to the state between 2000 and 2006, considering that according to the 2000 Population and Housing Census, the National Household Income and Expenditure Survey, the National Survey of Demographic Dynamics of 1997, the National Employment Survey of the fourth quarter of 2002, which includes a module on international migration, the flow of Chiapas did not correspond to the registered amount for remittances (Nájera and López, 2012). The emigration of the people from Chiapas has been gradual and gradual, transiting from the interregional or intrastate, and, relatively recent, the international.


The emigration of the Chiapanecos to the United States was explosive, but the cycle closed quickly. It was very affected by the 2008-2009 recession in that country (Graph 2). The peak of the international migration from Chiapas was 2006 and in 2007 the downward cycle began, caused basically by the recession of the US economy, and the flows have not recovered. It does not mean that they do not keep going, they leave, but with a much smaller output. In the case of the northern border, the summit was 2000.

In 2017, of the 118 municipalities of the entity in 114 emigration was present, according to the consular registration, leaving only Aldama, San Andrés Duraznal, Santiago El Pinar and Sitalá (Institute for Mexicans
Abroad) exempt from this current. It is not that they do not have migration, it is not registered in the high security consular registration. In a very short period, all of Chiapas, practically, became a territory for the expulsion of population. The consular registration is underrepresented because many of them do not approach the consulates to process it, but it shows a tendency.

Outstanding are Tapachula, Motozintla, La Trinitaria, Frontera Comalapa, Pijijiapan, Chamula, Mapastepec, Tonalá, Las Margaritas, Huehuetán and Ocosingo in number of high security consular number plates (Graph 3). Among the destinations with higher numbers are Florida, California, Texas, Georgia, North Carolina, Tennessee, South Carolina, Kentucky, Illinois and Alabama (Institute for Mexicans Abroad, DGAC, SRE 2018).

3. STRUCTURAL CHANGES IN THE CHIAPAS ECONOMY IN THE RECENT THREE FIVE-YEAR PERIOD

Based on data from the National Institute of Statistics, Geography and Information Technology (INEGI, 2017), we present the trajectories of economic growth, the specialization processes and the analysis of change and participation.

In the period 2003-2015 the context of the development of the economy of Chiapas was that of the national economic growth and this one behaved
in a mediocre manner, while for 2003-2008 the average annual rate was of 3.36 percent, reflecting the increase of the Oil GDP influenced by the exponential rise in the price of a barrel of crude oil, but in 2008-2015 it suffered a deceleration, growing at an annual average of 2.036 percent, affecting the effect of the 2008-2009 global crisis of the developed countries. However, the economy of Chiapas still performed worse, growing at an average annual rate of 0.75 percent for the first period (2003-2008) and 1.18 percent for the second (2008-2015).

The agriculture sector, although representing a low percentage of the state GDP, is a relevant factor for the generation of employment and for other activities of the productive chain, but its behavior was adverse, decreasing to an annual average of 0.797 percent in the period 2003-2008 and of 1.03 in the period 2008-2015.

The behavior of the primary sector in Chiapas presents a deep crisis, as the restructuring caused by the commercial opening dismantled the traditional productive chains of basic grains and livestock, which shows that even in the window of agricultural price boom from 2000 to 2010 could the local productive chains be restructured.

Other sectors that declined in Chiapas were construction and metal-mechanic industries, with sharp drops in average annual growth rates, which means that the scarce manufacturing industry was practically dismantled. The same fate had mining.

The economy of Chiapas was reconfigured with the growth of the services sector, where trade showed great dynamism, having average annual rates of 5.8 percent for 2003-2008 and 4.64 percent in 2008-2015, and the same for professional activities.

However, this GDP growth in trade is associated with the appearance of supermarket chains, convenience stores and small-scale marketers, although none of these activities generates productive linkages, as they do not market regional products and small-scale marketers do not generate great added value. Its objective is to obtain resources for social reproduction. That is to say, the chains and the bank capture the scarce surplus generated in Chiapas, as well as the governmental transfers.

Public spending for the state has lost capacity to expand the GDP of Chiapas because the generation of value linked to direct government activities and services such as education and health, linked to public spending through salaries and investment, is filtered to other regions of the country, since is not a demand base for internal products and is anchored in the territory through services.

Table 2 shows that the participation of the most important activities in the generation of GDP for 2003 were agriculture, mining and construction,
which lost weight in 2015, while trade and real estate and rental services gained in the composition of GDP in 2015.

On the other hand, public spending, between 1994 and 2000, an important driver of the Chiapas economy in educational services and direct government activities, kept its participation stable.

The loss of importance productive activities of the primary and secondary sectors with productive chains is critical for the entity, because they produce tradable goods, movable outside the territory, with which the balance of goods and services of the entity is balanced by weakening productive activities of these two sectors and basically depends on remittances from workers in other states or from outside the country to maintain stable demand for goods not produced in the state.

Table 2
Percentage share in GDP of the most important activities in the economy of Chiapas

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>2003</th>
<th>2008</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>9.33</td>
<td>8.63</td>
<td>7.39</td>
</tr>
<tr>
<td>Mining</td>
<td>12.67</td>
<td>7.46</td>
<td>6.39</td>
</tr>
<tr>
<td>Construction</td>
<td>13.28</td>
<td>8.58</td>
<td>7.51</td>
</tr>
<tr>
<td>Commerce</td>
<td>12.21</td>
<td>15.59</td>
<td>19.71</td>
</tr>
<tr>
<td>Real estate services and for rent</td>
<td>13.25</td>
<td>15.42</td>
<td>16.02</td>
</tr>
<tr>
<td>Educational services</td>
<td>7.79</td>
<td>7.93</td>
<td>7.97</td>
</tr>
<tr>
<td>Legislative, governmental activities and delivery of justice</td>
<td>5.71</td>
<td>5.67</td>
<td>4.52</td>
</tr>
<tr>
<td>Other</td>
<td>25.76</td>
<td>32.42</td>
<td>30.09</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Based on data from the BIE by INEGI (2017) consulted at http://www.inegi.org.mx/sistemas/bie/ on November 23, 2017. * By presentation, the activities have been summarized so that they are identified, so as not to only include the codes of the North American Industry Classification System (NAICS)

The comparison of the weight of the activities in the composition of the GDP in relation to the whole of the national economy is worth noting to see the activities in which Chiapas specializes with respect to the nation.

For this, the quotient of location of the relationship between the participation of the sector "i" in the region "j" and that of the same in the national total and as a measure of the "relative or interregional specialization" is used. On the other hand, with regional exports compared to world exports, is interpreted as "Index of revealed comparative advantages" (Lira and Quiroga, 2009).
About the location quotient by dividing the percentage share of the activity in the state’s GDP among the country’s, a value greater than unity indicates specialization.

In 2003, Chiapas had a specialization in agriculture, mining, construction, petroleum and coal derivatives manufacturing, real estate and rental services, education and health, and direct government activities.

In 2015, mining and construction lost the quality of specialized activities for the economy of Chiapas, while generation and supply of electricity, water and gas were assumed as such.

Table 3
Location ratio of the activities of the Chiapas’ economy with specialization

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Agriculture</td>
<td>2.62</td>
<td>2.62</td>
<td>2.37</td>
</tr>
<tr>
<td>21</td>
<td>Mining</td>
<td>1.16</td>
<td>0.84</td>
<td>0.97</td>
</tr>
<tr>
<td>22</td>
<td>Electricity, water and gas</td>
<td>0.86</td>
<td>2.78</td>
<td>1.75</td>
</tr>
<tr>
<td>23</td>
<td>Construction</td>
<td>1.71</td>
<td>0.99</td>
<td>1.00</td>
</tr>
<tr>
<td>311</td>
<td>Food industry</td>
<td>0.80</td>
<td>0.90</td>
<td>0.98</td>
</tr>
<tr>
<td>324-326</td>
<td>Petroleum and coal products</td>
<td>1.29</td>
<td>0.95</td>
<td>1.14</td>
</tr>
<tr>
<td>337</td>
<td>Manufacture of furniture, mattresses and blinds</td>
<td>0.28</td>
<td>0.37</td>
<td>0.62</td>
</tr>
<tr>
<td>43-46</td>
<td>Commerce</td>
<td>0.86</td>
<td>1.04</td>
<td>1.22</td>
</tr>
<tr>
<td>48-49</td>
<td>Transportation, mail and storage</td>
<td>0.89</td>
<td>0.86</td>
<td>0.65</td>
</tr>
<tr>
<td>53</td>
<td>Real estate services and rental of personal and intangible assets</td>
<td>1.09</td>
<td>1.27</td>
<td>1.31</td>
</tr>
<tr>
<td>61</td>
<td>Educational services</td>
<td>1.78</td>
<td>2.00</td>
<td>2.21</td>
</tr>
<tr>
<td>72</td>
<td>Housing and preparation of food and beverages</td>
<td>0.85</td>
<td>0.88</td>
<td>0.86</td>
</tr>
<tr>
<td>81</td>
<td>Other services except government activities</td>
<td>0.84</td>
<td>0.91</td>
<td>0.98</td>
</tr>
<tr>
<td>93</td>
<td>Legislative, governmental activities and delivery of justice</td>
<td>1.35</td>
<td>1.48</td>
<td>1.22</td>
</tr>
</tbody>
</table>

Source: Based on data from the BIE by INEGI (2017) consulted at http://www.inegi.org.mx/sistemas/bie/ on November 23, 2017. * By presentation, the activities have been summarized so that they are identified, so as not to only include the codes of the North American Industry Classification System (NAICS).

To analyze the economy of Chiapas in the 2003-2015 period, the technique of change and participation was used as part of the hypothesis of what the state GDP level would be if all the activities of the state had grown at the same pace as at the national level.

“The logical basis of the method is based on a very simple empirical finding: growth is greater in some sectors than in others and in some regions than in others. Thus a certain region may present a growth rate higher than the average of the regions, either because in its productive structure there
are dynamic sectors at the national level or because its sectors (whether
dynamic or not) are growing faster than the average of the sector in the
comparison pattern” (Lira and Quiroga 2009: 24).

In the analysis of change and participation, the total effect results from
measuring the state GDP with the hypothesis of an increase at the same rate as
the national one, discounting the actual growth value of the state, a differential
consequence considering the increase in activities at the same rate as the
national and discounting the real value, as well as a structural one that
analyzes the behavior of the most important sectors of the state economy.

For the 2003-2008 period the analysis of change and participation
indicates that Chiapas is a losing state, because despite the mediocre growth
of the economy at national level it does not reach the hypothetical value
of GDP, calculating a total loss of 35,914 million Mexican pesos (2008=100).
As a differential effect, there are significant losses in agriculture, mining,
construction, wood industry, oil and coal derivatives manufacturing, transport,
mail and storage, business support service, education, housing
and direct government activities. As a structural effect, activities that were
important during this period, such as agriculture, construction and transport,
had a poor performance.

In the 2008-2015 period, given the low average annual growth of the
economy in the country, with only 2.03 percent, the expected hypothetical
value was not high; however, due to the low rates of Chiapas, of 1.18 per-
cent annual average, there is a total loss of real value against the expected
of 13,501 million Mexican pesos (2008=100). The loss due to the differ-
ential effect was 23,038 million Mexican pesos (2008=100). The activities
with a poor performance in this period were agriculture, generation and
transmission of electricity, water and gas, construction, transport, mail and
storage, information in mass media and financial, real estate and rental ser-
VICES. However, there was a structural gain of 9,537 million Mexican pesos
(2008=100) due to good performance of important sectors for the economy
of Chiapas, such as commerce, educational services and health services,
which are non-tradable.

CONCLUSIONS

The absence of GDP growth per capita in Chiapas in the very long term
(1900-2015) indicates a crisis of a structural nature, from which it will only
emerge if the pattern of accumulation is modified. Changes must be imple-
mented in the production (distribution) and use of the economic surplus,
which implies developing capitalist forms to the detriment of non-capitalist
ones, reducing structural heterogeneity, but with better standards of income
distribution and greater productive investment.
Poverty in Chiapas has structural roots associated with the social capacity to generate goods and services and the way in which they are distributed (Rodríguez and López 2014). Currently the way to generate wealth has changed a lot; the detonators are no longer the classic factors of production (land, capital and labor), since elements such as innovation and technological development have come into play, in addition to geolocation, the efficient use of energy and resources, associated factors to education, health and the formation of social capital. These new elements play a decisive role, but productive investment is required from any source in the entity, a key variable, through a new development strategy.

High levels of underemployment and informality, low rate of salaried work (including low wage levels) and poverty rates limit the internal market and minimize the possibility of expanding that market and develop economies of scale for the growth of the sectors tradable (Ros 2015). Economic stagnation interacts with inequality and income concentration limits the expansion of the domestic market and fosters social unrest, all of which reduces the increase. In turn, low growth accentuates inequality and informality and reduces the productivity and income of informal workers. Piketty (2014) has shown that a low growth rate increases the gap between the return of capital and growth, increasing the share of profits in the functional distribution of income and that of the super-rich sector in personnel (Ros 2015).

The conditions of the economic structure do not favor either economic growth or income distribution, as growth rates continue to be below national indicators, with which the differences widen.

The activities in which there is economic specialization are reduced and lose weight in the composition of GDP, especially in the primary and secondary sectors with productive linkages, generating local added value, tertiary activities becoming important as retail trade.

In relation to the structural changes in the three recent five-year periods, Chiapas is the loser in tradable sectors - the most worrisome - and the little it gains is in non-tradables and that surely has to do with public and private transfers (remittances), not with productive activities of the entity. That is to say, in spite of the mediocre economic growth of the country in this period, that of the state has a worse behavior.

The migration of Chiapas to the United States is the result of decades of economic stagnation, part of the new mechanisms of labor adjustment and global character that tend to balance labor markets. However, this does not mean an improvement in its situation: migrants are excluded and expelled from the labor markets in their entity or country of origin to be incorporated into those of the receiving countries in very precarious conditions, generally submerging them in the economy of poverty. In addition, the phenomenon is recent and occurs in a context of synchronization of the economic cycles.
of Mexico with the United States, favoring returns when the recession occurs in the receiving country, but in this, because the cycles are synchronized, they encounter the same situation, without alternatives in the labor market.
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