

The Mexican state of Chiapas: What has changed in twenty years?

El estado mexicano de Chiapas: ¿Qué ha cambiado en veinte años?

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Abstract

This paper looks over the economic and social causes that allowed the zapatista rebellion 20 years ago, to show that this event caused the increasing arrival of economic resources to the State of Chiapas, and to expose, in turn, how the money from the government of the state and the official municipalities was used. It is concluded that the public finances of Chiapas are extremely weak and that despite the increasing capital infusion that it has received, the state is in debt and in similar conditions of marginalization and poverty to those of two decades ago.

Keywords: Chiapas, public finances, armed conflict, EZLN, public debt.

JEL: E60, F51, H63

Resumen

En el presente texto se hace un recorrido sobre las causas económicas y sociales que posibilitaron la rebelión zapatista hace veinte años, para mostrar que este hecho ocasionó la llegada creciente de recursos económicos al estado de Chiapas y exponer, a su vez, como se utilizaron los dineros por parte de los municipios oficiales y el Gobierno del estado. Se

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concluye que las finanzas públicas de Chiapas son sumamente débiles y que pese a la creciente inyección de capital que ha recibido, el estado se encuentra sobre endeudado y en condiciones de marginación y pobreza similares a las de hace dos décadas.

Palabras clave: Chiapas, finanzas públicas, conflicto armado, EZLN, deuda pública.

INTRODUCTION

It has been twenty years since January 1, 1994, when an army composed mostly of indigenous persons and called the Zapatista National Liberation Army (EZLN, by its acronym in Spanish), took, by force, several municipal heads of the state of Chiapas, Mexico, and with that initiated a direct war against "the bad government", which lasted twelve days. At present, it maintains a political struggle centered on the recognition of indigenous rights and cultures.

It is important to ask, in those twenty years: What has changed in Chiapas following the Zapatista uprising? Have the living conditions of the population really improved? How have the large resources that have come to this entity from both the federal government and international cooperation agencies been managed? In this article, we approach the reality of contemporary Chiapas, with an emphasis on the management of public finances in the context of the neoliberal economy.

METHODOLOGY

For the elaboration of this investigation, documentary techniques were used that allowed the review of the bibliography and hemerography existing on the subject; likewise, the Federal Institute for Access to Public Information (IFAI, by its acronym in Spanish) was used to collect data on the state's public account, including the official municipalities, in order to deal with the opacity and lack of transparency in which the various public entities of the Chiapas entity operate.

THE CAUSES OF THE RISE OF THE ZAPATISTA MOVEMENT

On January 1, 1994, the armed movement of the Zapatista National Liberation Army (EZLN) was brought to light in Chiapas. The causes that led the Zapatistas to take up arms have been clearly explained by them themselves. For example, in the interview that Sub-Commander Marcos gave Yvon Le Bot (1997), he says:

we think there are several ingredients that explain the massive growth of the EZLN. One is the 1988 fraud against *Cardenismo*, which means the cancellation of a possibility of peaceful transition for a certain indigenous sector, the most politicized, above all, those of the Union of Unions: The ARIC. Another is the drop in coffee prices. Another, very large epidemics of mononucleosis and other diseases in the jungle that killed many children. We

always suspected that they came from chemical bombardment in Guatemala and were brought here by the wind, because they were inexplicable. Hundreds of children died in a few weeks, we cannot explain why. And the other element is a federal army incursion into the jungle. They come in searching for marijuana or who knows what, going into the jungle, with disastrous haircuts, because they soon will cease to be invincible. The people saw them and they looked terrible, because the mountain breaks you, " are those the soldiers?", We are going to break these guys. This broke the fear, the sacralization of the planes and the attacks. It turns out that these little soldiers are as messed up as I am when the mountain gets to them. This was combined with a surge in the murders of the White Guards, who began to corner people with the following choice: either you fight for me or I'll kill you ... we thought we were convincing the people. In fact, it was another element that was convincing them; the reform of Salinas through article 27, and that was the last straw. The land distribution is cancelled, now all the land, including the *ejidos* (communal landholdings), can be bought and sold. Then there is no hope, it is over. Only the armed struggle remains.

The structural causes of the uprising emphasize the ethnic oppression and discrimination that exists in Chiapas, together with the presence of an indigenous social base prepared to protest for centuries. The grievances are many, repeated and painfully continued even in a country that had the first revolution of the century. These grievances are described and analyzed in detail in the book *Resistencia y utopía* by Antonio García de León (1985).

When the Spaniards arrived in Chiapas, they found a great cultural force that, at the time, defended the communities¹ step by step and now continues to defend their descendants. The Natives of the Altos de Chiapas speak five different languages, mainly Tsotzil, Tseltal, Tojol-ab'al, Chol and Zoque. With the exception of the latter, all the others derive from the Mayan linguistic family, and today they claim their cultures and the right to continue developing them.

On the other hand, Chiapas as a state has a distinctive identity, since it has its own history. It should be remembered that until the first quarter of the nineteenth century, some of its regions belonged to the Captaincy General of Guatemala, so they had different political forms and a statist structure in which ethnic groups have mixed very little.

Also, a very important factor of difference is that the Mexican Revolution did not triumph in Chiapas. The forces of Venustiano Carranza failed to impose social criteria or reforms to land tenure, because Mestizo-Ladino landowners prevented all kinds of change by declaring themselves revolutionaries, in order to maintain control of power and avoid land

¹ The Maya and indigenous groups of Chiapas were the last groups to be subdued by the Spaniards.

distribution. Consequently, the agrarian reform was minimal, especially in the Altos de Chiapas where the majority of the indigenous population lived.

Thus, the process of building a new state was not perceived by the popular classes of Chiapas as a social liberation movement, as the possibility of recovering the economic, political and cultural autonomy lost after four centuries of expropriation. The people of Chiapas simply did not believe in the promises of social justice spread by the different revolutionary governments or understand the political ideology of the new state, since the traditional system of exploitation based on serfdom persisted, like despotism, the figure of the exporter landlord accustomed to unlimited power and easy gain.

Against this situation, the national socialism of the triumphant constitutionalism, headed by the Sonoran, Salvador Alvarado, could do nothing. The power of the landowners and indigenous distrust became a kind of counterrevolution that managed to maintain the old styles of political domination and economic exploitation: the hacienda and peonage.

As from the government of Álvaro Obregón, the great families that held power in Chiapas established an alliance with the federal government in order to maintain their privileges. The pact continues to the present day. The indigenous community was again stripped of its land and continues to be exploited through schemes of servile labor:

Between 1940 and 1941, land tenure remained practically intact. The *Cardenista* government barely accepted some latifundia. When Mexico was forced to industrialize so as to increase national production ... more than 50% of the land surveyed in Chiapas was owned by 2.6% of local landowners (Vázquez,1994).

Since then, and to date, the situation of the peasant population in the region, mostly indigenous, far from improving, has worsened. Of the five million hectares that were distributed between 1940 and 1970 in Chiapas, more than three million, those of the best quality, were given in individual ownership to cattle-owners and loggers organized in associations; while the remaining hectares, practically unproductive, were granted to peasants in the form of *ejidos*. Added to this is the construction, starting in 1960, of three hydroelectric plants, which involved the expropriation of thousands of arable, *ejidal* and communal hectares of indigenous *Zoques* and *Choles*, together with the fall in international prices of cocoa, coffee and cotton, as well as the neoliberal measures adopted by the federal government in the 1980s, which canceled the social institutions that regulated the internal market (Inmecafe and Conasupo), then it must be said that the agrarian situation in Chiapas became, and not in just a few cases, unbearable.

In Chiapas alone, is concentrated 27% of the country's agricultural backlog; in the national land category there are more than 4,600 cases and 1,150 of agricultural unviability; 503 requests for *ejido* provision and expansion; 78 requests for new population centers; 29

community property titling dossiers; 72 presidential resolutions pending; 4 investigations of simulated fractioning, 559 definitive plans; 176 legal protections; 332 privative trials of new adjudications; and 361 inter-departmental conflicts (RAN, 2002).

While in 1994, about 6,000 ranching families owned more than 3,000,000 hectares, almost half of the state's area, the social sector, which also covered just over 3,000,000 hectares, was made up of almost 200,000 *ejidatarios* and *comuneros*, the work on which, approximately a million people depended, equivalent to a third of the population of the state. In the conflict zone, 0.01% of the landowners owned 15% of the land, while the other 85% was distributed among tens of thousands of indigenous people.

In relation to this situation, the rural researcher, Adriana López Monjardin (1994) points out that "the displaced or burned towns, the tortured or murdered leaders have not been of the landowners." In these 20 years, the indigenous Chiapas could count for centuries the time that so many of them have spent in jail ...".

This is explained in the following way by Pablo González Casanova (1995):

At the root of the rebellion is also the development of Chiapas. Since the thirties, the crisis of the coffee plantations had begun. The indebted peasants fled to other less wretched regions. In the fifties came the liberation of the peasants by the cattle ranches in formation. Their services were no longer needed. In the decade of the 1970s "the indebted peasant" was virtually ended. Chiapas became a major producer of electricity and oil. Once again, the "free" laborers abandoned coffee, sugar cane, maize, and even livestock farms. They went to work in electricity and oil, on dams and on highways. Others went to the jungle to make a poor but proper life; they are those who now inhabit the territory where the Zapatista National Liberation Army moves.

The inhabitants who arrived in the jungle had already been expelled from other lands and came from the central valleys, because with the construction of dams, more than a hundred thousand people had to emigrate. Their lands were under water. The exploitation of oil rendered large expanses of land useless, turning them into wastelands. About fifty thousand people were forced to leave. The economic crisis of the late 1970s and early 1980s reduced urban labor sources, resulting in the dismissal of 200,000 workers, who were forced to return to the land they had left. To top it off, in 1982, the volcano "Chichonal" erupted and covered seventy thousand hectares, making them unuseable. About twenty thousand residents had to relocate. Many began the exodus to the Lacandona Jungle. They did not know that they would also try to expel them from there, by any means.

In this way, the land in Chiapas – the main source of sustenance for the "poor" - became increasingly scarce. At the same time, there was a natural increase of the population. In rural areas this grew at a rate of 3.6% per year. By 1985, in the regions with a family availability of 16 hectares, there was an average of less than 4 hectares per family. Population growth was a very important factor in the impoverishment of already poor

peasants, especially as it was combined with the dispossession of land and resources by companies and landowners. Even before they were many, the peasants already lacked credit, technical assistance and humanly acceptable markets. Their production was and continues to be extensive, with "slash-and-burn" techniques, and frequent sowings that increased "exhausted lands."

Agrarian conflicts intensified in the state. At the beginning of the eighties, 400 farms and *latifundia* were invaded by the peasants; one hundred thousand survived as *precaristas*, seventy thousand asked for land from the Agrarian Department without anyone paying attention to them.

Land claims and invasions continued. In the early 1990s, Chiapas had 27% of the unsatisfied land demands of the entire country. Of the 10,600 cases being processed by the Secretariat of Agrarian Reform, three thousand were from Chiapas. After long and costly processes, the peasants did not achieve anything. When there was a presidential resolution in their favor, it was not executed. The "landless" became increasingly aware that while they had been impoverished, marginalized and excluded, the large landowners had simulated *latifundia* that they did not even exploit. Not only did they mobilize a protest, but they began to occupy some plots and to cultivate them, the violent nature of the farmers' response became systematic. If they had previously violently attacked the natives to take away their rights, they were now being attacked "with more reason" and with much fury, accusing them of violating sacred private property, social peace and the rule of law. The result was disastrous: imprisoned and murdered leaders, evicted and persecuted families and communities, lands reclaimed by the army or white guards. Everywhere there is the memory of violent responses: in Simojovel, Huitiupan, Sabanilla, Yajalón, Chilón, Ocosingo, Las Margaritas. Even so, there was hope that one day the Constitution would be enforced and justice would be done. To feed the illusion, the government, from time to time, bought some land from the owners and handed it over to the natives.

To summarize, in the history of Chiapas there is an agrarian structure in which the private sector has grabbed the better quality land. Moreover, among these, the cattle ranchers stand out as the privileged sector. They are the main actors in agrarian conflicts.

Neoliberalism and cyclical causes of the uprising

Together with this poverty and ancestral political backwardness, as we noted earlier, structural changes were implemented in 1982, which favored an uneven development in the country, both in economic sectors and in terms of the concentration of income by the financial capital.

In this context, we observed Chiapas in the early 1990s as the federation with the highest index of marginalization. According to official data, this region of southeastern Mexico registered the highest percentage of the population over 15 years without full primary education, the largest number of households without electricity and in overcrowding, and the highest percentage of the population with an income less than two minimum wages. At

the municipal level, more than 80% of the municipalities of Chiapas observed indices of high and very high marginalization.

This situation of evident social backwardness was clearly reflected in the economic spaces. The great indicator that expressed the marginalization of the entity was the established relationship between the population and its settlement. While at the national level more than 70% of the population was settled in urban areas, in Chiapas the percentage did not reach 30%. In general, the prevailing agricultural character prevailed in the region before the revolution: approximately 90% were concentrated in the primary and tertiary sectors (57% and 27% respectively), while the industrial sector comprised of 10 %.

Against this backdrop, the neoliberal structural changes created new social and economic conditions at the local level, which the indigenous groups of *Los Altos* and the *Lacandona Jungle* had to face.

In the case of the Lacandona Jungle, large numbers of the resident inhabitants were migrants from other areas of the state and whose characteristics of not being contained by traditional structures of authority together with the dispersion of their settlements, allowed - together with the geography - for the settlement of clandestine camps.

Now, because of this process of colonization that gradually developed in the jungle, the inhabitants found many problems for production, the commercialization of their products, supply, the care of the sick, the education of children, transportation and communication. For this reason, the support of the government for cultivation, cattle ranching or commercialization was indispensable to them; and inefficiency and bureaucratic mistakes in access to inputs or sales meant famine in families and frustration when the government failed to deliver on the promised support.

The price of coffee, population growth and the livestock crisis: the detonators

From 1973, small coffee producers were able to sell part of their crop to a government agency: the Mexican Coffee Institute (INMECAFÉ, by its acronym in Spanish). Its position fell with the economic crisis of the 1980s. Like many of the government agencies of that period, it was affected by inefficiency, corruption, and mismanagement.

The response of the government of Carlos Salinas was to initiate the privatization process in 1989. The INMECAFÉ immediately withdrew from acquisition and commercialization and reduced its activity to technical assistance. Although the reform was originally designed to include producer organizations in infrastructure change, the plan lacked the necessary political will and much infrastructure remained in private hands.

Along with this, the fall in the price of coffee by more than 65% before the Zapatista armed uprising reduced the income of the vast majority of indigenous producers. This accounted

for almost their entire and only monetary income and, in the case of salaried workers, one of the most important sources of employment.

This decrease was due, above all, to the fact that the Mexican State stopped intervening in the national and international agricultural market; so, when the price of coffee fell globally, our country did get rid of the Mexican Coffee Institute, which intervened in the export market of this product. The producers of Chiapas, Oaxaca and other states had to face an international market overnight, whose operation, mechanisms, procedures and even ways of obtaining information were completely unknown. The brutality of this sudden exposure to competition has been experienced by the peasants as a betrayal by the government.

In addition, in the absence of INMECAFÉ, commercialization costs had to be absorbed by the producers themselves, or alternatively with the reappearance of unregulated private intermediaries known as *coyotes*.

In summary, 16,939 coffee producers lived and worked in Chiapas in 1994; 93% of them owned less than two hectares of land. From 1989 to 1994, the international price of coffee had declined significantly. Exports of Mexican aromatic coffee shrank from 3,739,000 sacks in the period 1988-89 to 1,157,000 for the period 1992-93, at the same time that its price went from 130 dollars per quintile in 1989 to about 50 dollars in 1993.

In addition to falling international prices and falling productivity, one factor that strongly affected Chiapas producers was the overvaluation of the Mexican peso, since coffee is sold on the international market in dollars. The overvaluation of the peso punished producers drastically, since in December 1988 the peso-dollar parity was 2.297 pesos per dollar, in December 1993, it was 3.2 pesos². Inflation during the same period was 89.3%. That is, the producer received cheap dollars and had to buy his supplies with expensive pesos. In other words:

... for the majority of the million natives of Chiapas, access to land and the cultivation of maize and coffee form the basis of their economy and culture. For this reason, the restructuring of the coffee sector, the abandonment of maize producers on temporary lands, the signing of the Free Trade Agreement (NAFTA) and the amendments to article 27 of the Mexican constitution, regulating land tenure, have had an evident impact on the subsistence and expectations of the rural and indigenous population (Harvey, 1995).

The fact that the EZLN timed its rise to coincide with the entry into force of the Free Trade Agreement between Mexico, the United States and Canada, demonstrated the link that the guerrilla had drawn between the government's economic model and its social impact.

Another cause of the Chiapas conflict was the deterioration of wages. According to José Luis Calva:

² Recall that the Mexican State by granting autonomy to the Bank of Mexico, eliminated three zeros of monetary convertibility.

We see that agricultural wages have deteriorated profoundly in that state, from 1980 to 1992, losing 57.1 percent of their purchasing power, which put thousands of agricultural laborers below the survival line and pushed them clearly into the ranks of the EZLN (Calva, 1993).

One of the negative effects of the withdrawal of state support in the state of Chiapas was the deterioration of the environment. Only in the jungle region did many peasants, unable to capitalize on their production, continue to clear wooded areas for subsistence needs, as Harvey points out:

The rebellion in Chiapas can be seen as an indication of the degree of despair among small farmers, and as a warning that neoliberal restructuring in rural Mexico threatens not only the subsistence of peasants, but political stability (Harvey, 1995).

The responses in Chiapas to the uprising: counterinsurgency, remunicipalization and social division

In the strategy of the federal and state governments to administer the armed conflict with the Zapatista National Liberation Army (EZLN), the collective rights of peoples and, specifically, the right to self-determination and autonomy contained in the San Andrés Accords³, were not treated with equal interest as was done with other situations. There also remained from then on, the use of public resources to promote desertion in the Zapatista communities and the division of the communities defending their territory. This was combined with the open militarization and paramilitarization that have existed in the state of Chiapas from the year 1994 to the present time.

Also, as a result of the great municipal struggles for alternatives and local development, which took place in the 1990s in the state of Chiapas, and the emergence of autonomous Zapatista rebellious municipalities (MAREZ, by their acronym in Spanish), a process of remunicipalization took place with the purpose of attending to the communities that were within the scope of the EZLN.

The result is a social mosaic that shows the indigenous communities deeply weakened in their social cohesion by growing political, religious and social divisions. The supposed alternation of official municipal governments has not meant, in many populations, an improvement in their living conditions, but rather new areas of dispute over the management and use of public resources:

The indigenous population in Chiapas today is characterized by its growing heterogeneity. Internally, it has differences in socio-demographic structure, socioeconomic status, lifestyles, consumption patterns, value systems,

³ The San Andrés Accords were signed between the EZLN and the federal government in 1996. Unfortunately, they have not been complied with by the government, which has prevented the signing of the peace in Chiapas.

attitudes, perceptions and preferences. The differences in age and gender are related to the place where they live, whether in urban or rural areas, and the region in the state where they were born, whether in the Highlands, North, Jungle or Border. Although they all share a generic identity as indigenous (either by the ascription of others, or by self-ascription), common projects have become group ones, which has led to a fragmentation of identities. The homogeneous community ceased to be the space for the satisfaction of human needs; now they are segmented groups (Burguete, 2012, p.65).

For example, in recent years, municipal services, public works and, in general, social policy have been the cause of internal conflicts in communities. In part, the conflict erupted because the way in which public funds were used was not in line with the idea of benefiting the entire population, but was guided by targeted criteria. We note that in the last decade there was a significant shift in social policy, as it was no longer intended to generate benefits or progress for the communities as broad collective entities, but rather with focused, generally disparate actions, which contributed to weakening the population's perception of its public character, making it lose legitimacy for government investment. Targeted programs benefited a limited number of people or families, and did not meet collective needs, but were rather channeled to strengthen individual progress. The selective application of funds was a source of conflict. It created rivalries and hardships where there were none before, and generated divisions in families, since the money and personal benefits were not the result of collective efforts. Many of the social conflicts that currently exist in Chiapas originated around the dispute over public funds (Burguete, 2012).

This also has to do with a counterinsurgency strategy that has been in operation in the state of Chiapas since 1992 and where it is intended to weaken the resistance of the indigenous communities to the neo-liberal structural adjustment policies that have been promoted in our country and that place Chiapas as a state that provides impressive resources in the process of the privatization of nature, in line with the new axes of capital accumulation.

Several calculations tell us about a significant number of *Chiapanecos* (people from Chiapas) who continue in a position of civil resistance. According to various sources, this figure could reach 300,000, many of them among the poorest in the state. This strategy, originated by the Zapatistas, seems to aim to demand the refoundation of the state order and to weaken its legitimacy by refusing to accept any kind of public service. On the other hand, groups that have declared themselves in resistance, offer an opportunity for participation insofar as they have systems of community organization on which new public policies could be articulated, instead of generating new systems to supply the contribution of the state.

For example, the poor results of social policy in overcoming poverty in the state are more a state policy that tends to deterritorialize local people so as to force them to emigrate, and it

is here that some questions arise that have been correctly formulated by the researcher Burguete (2012):

How can we explain that despite the abundant flow of economic resources in public policies for overcoming poverty, these have had little impact on changing the order of things that fueled the armed conflict of 1994, characterized by the absence of basic services in indigenous regions? What factors are involved?

In this context, segmentation of beneficiaries has contributed to community fragmentation and to encourage social conflicts. Public response has not channeled resources to communities, but to organized groups. This resulted in the dispersion and atomization of public resources:

However, the greatest problem of the dispersion of public funds is not the dispersion of population, but the atomization of public budgets because of the rupture of the social fabric. Often the internal confrontation punishes with a denial of access to services for dissidents, creating "new communities" of (deterritorialized) dissidents, who in turn claim the services of those who were excluded, for reasons of political and religious factionalism, deepening community atomization; nowadays characteristic in the Chiapas indigenous regions. These factors contribute to deepening the dispersion of the public funds that are applied in the municipalities, a problem that today is as serious as our own problem of population dispersion (Burguete, 2012, 57).

In addition, the capacities for effective participation and government efficiency were limited, both within the state apparatus and in civil society. Immersed in a different logic for many years, according to which participation was more a nominal instance than actual, many public officials did not have the experience to design and implement efficient public spending strategies. On the other hand, there were few organizations within civil society with the necessary capacity to articulate themselves in a scheme of alliances with the state. Many areas of Chiapas have an organized civil society deficit and require a comprehensive capacity- building strategy.

In addition, the official remunicipalization strategy was launched in July 1999, with the creation of the municipalities of Aldama, Benemérito de las Américas, Marqués de Comillas, Montecristo de Guerrero, Maravilla Tenejapa, San Andrés Duraznal and Santiago del Pinar, these were also made from an approach of the dispersion of public funds, the atomization of local support and clearly marked by a strategy of counterinsurgency to deal with the emergence of Autonomous Municipalities. The proposals of councils were thus constructed as a space of dispute for groups, factions and associations that were constantly restructured and extended their links beyond the municipal, re-using many subjective and symbolic aspects of the localities involved, which were rescued from the official vision to legitimize the exercise of power and municipal social reorganization.

These new municipalities were granted fiscal resources through a trust fund of 137 million

pesos, which allowed many of them to operate, during their first years, with great advantages in terms of the possibility of making discretionary use of public resources. In fact, the creation of these new municipalities was adjusted to a disputed plan regarding the peasant bases in the municipalities of *Los Altos*, *Norte* and *Selva*, which in those years were defined as zones of conflict.

The truth is that the municipalities of Chiapas have gone from having very few fiscal resources each year, especially as from 1998, to possessing a greater amount of public resources. The result is that instead of plausibly improving the provision of local public services, the existence of greater resources has translated into a means of personal and group enrichment for different political factions linked to the state government of the day.

Figure 1 shows how resources of almost 700 million pesos, which in 1996 all the municipalities of Chiapas had, increased notably in 2012 by approving more than thirteen billion pesos, which supports the assumption that the municipalities of Chiapas have greater fiscal resources to attend to the problems of their inhabitants.

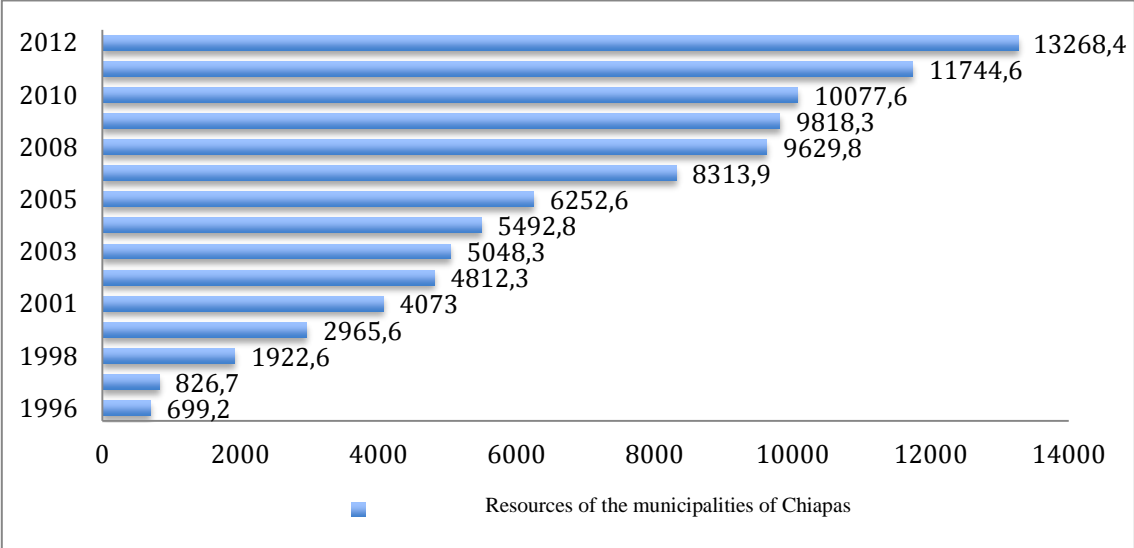


Figure 1. Resources of the municipalities of Chiapas 1996-2012
Millions/Billions of current pesos

Source: elaborated by the author based on the public accounts of the state of Chiapas

For example, for the year 2011, within the federation's budget, resources were approved for the municipalities of the federative entities that were settled in accordance with the guidelines specified in said decree and in the Fiscal Coordination Law, through transfers and contributions to the 118 municipalities of our entity.

For this reason, in 2011, in the municipalities of the state of Chiapas, the amount of 11.7446 billion pesos was distributed in a transparent and timely manner in accordance with the established laws. The main and distributed contributions to the municipalities are under the following concepts:

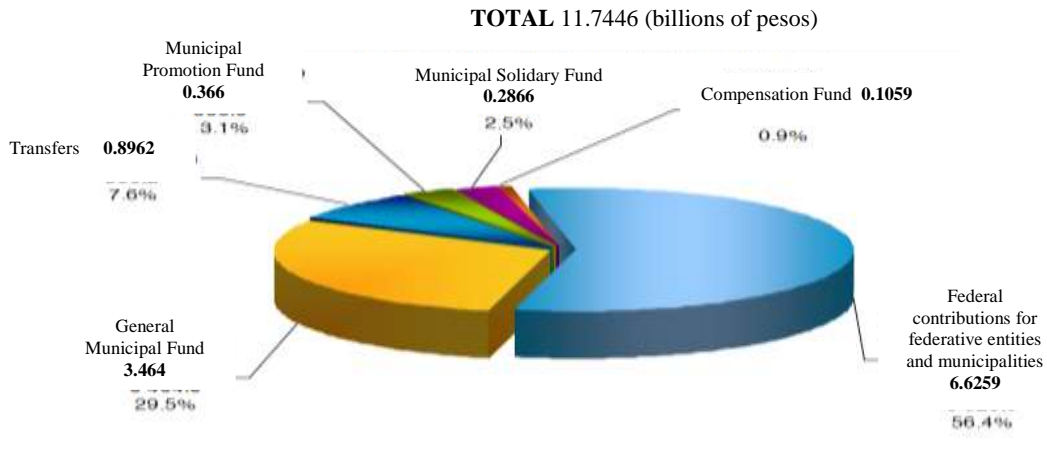


Figure 2. Resource transfers to municipalities of Chiapas, January- December 2011.
Source: Secretariat of Hacienda of the Government of the state of Chiapas

This increased inflow of public resources to the municipalities of Chiapas has not prevented these entities from resorting to greater debt, which has put the proper functioning of many of them at risk. According to the Superior Audit of the Federation, the debts of the municipalities of Chiapas exist in at least 70 municipalities that have financial liabilities ranging from between 900 million and 1.4 billion pesos. Chiapas occupies 11th place with the highest municipal debt. Among the main debtors stand out the municipalities of *Tuxtla Gutierrez*, *Tapachula*, *Ocosingo*, *Chilon*, *Las Margaritas*, *Tila* and *Palenque*, among others.

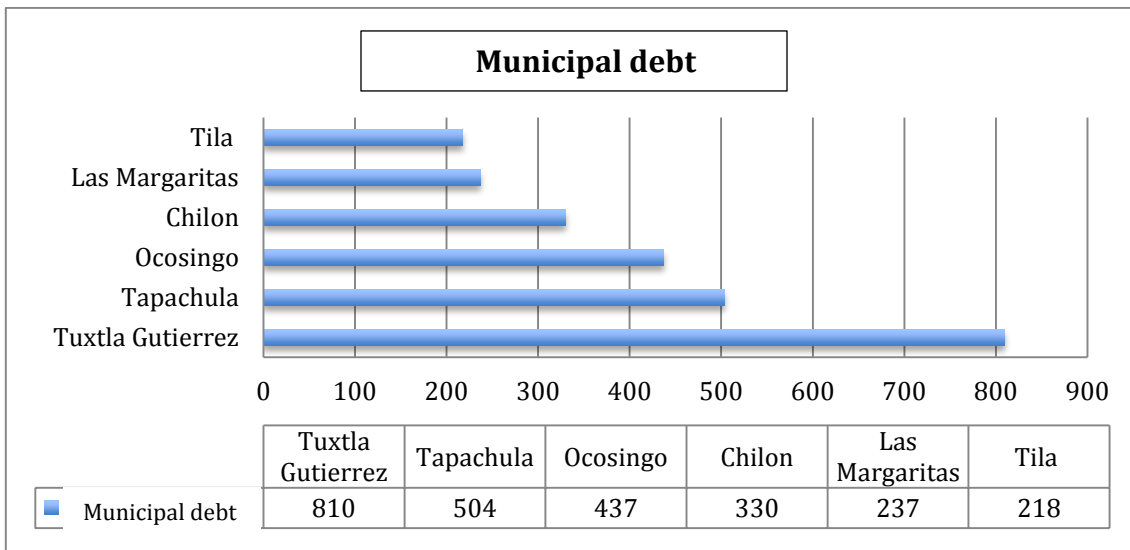


Figure 3. Municipalities of Chiapas with higher debt
 Millions of pesos

Source: elaborated by the autor base don ASF data

If we observe this dynamic at the municipal level, we find that it is really in recent times when municipalities have obtained increasing fiscal resources.

PUBLIC FINANCE IN CHIAPAS: THE STRUCTURAL WEAKNESS OF REVENUE

The state of Chiapas has great opportunities in its public finances, but also, pronounced weaknesses. Undoubtedly, in the course of recent years, its budget has increased sharply, mainly depending on the contributions and participation made by the federal government, since it lacks an income structure that allows it to maintain its levels of public expenditure.

The state of Chiapas depends on public expenditure to utilize its contributions, participations and transfers that the federal government contributes to through the National System of Fiscal Coordination.

Until 1980, in Mexico, there was a multiplicity of state and federal taxes, there were no compensatory mechanisms for the states with lower levels of development through participations. Much of the fiscal base was taxed lightly. It was also necessary to reduce regional inequalities, increase tax collection efficiency, increase certainty and gradually increase the revenues of state and municipal governments, as well as simplify taxpayers' obligations, which were the main reasons for the National Fiscal Coordination System. This system was instrumented with the aim of harmonizing the Federal Tax System with the equivalents in the states, municipalities and Federal District. The central point is to establish the corresponding participation in federal revenues based on their public finances, as well as to distribute among them the appropriate participations based on the Fiscal Coordination Law (LCF, by its acronym in Spanish).

The state of Chiapas is highly dependent on federal resources and on these noted funds in particular, for example, state revenues derived from applying the state's tax powers totaled 3.804 billion pesos in the 2012 fiscal year, which represents only 7.6% of the total revenue received in 2011.

In this way, the federal resources constituted by the participations and federal fiscal contributions, constituted 78.4% of the total revenue obtained in the period from January to September 2012, equivalent to 39.5159 billion pesos. Transfers, allocations and subsidies accounted for 12.8%, which amounted to 6.459 billion pesos, 6.1% higher than what was programmed as of September 30, 2012, and a 79.2% increase over the previous year regarding the forecast for the Income Tax Act of 2012. In revenue from financing, the amount of 614 million pesos was obtained in the period from January to September 2012, supposedly to strengthen state finances.

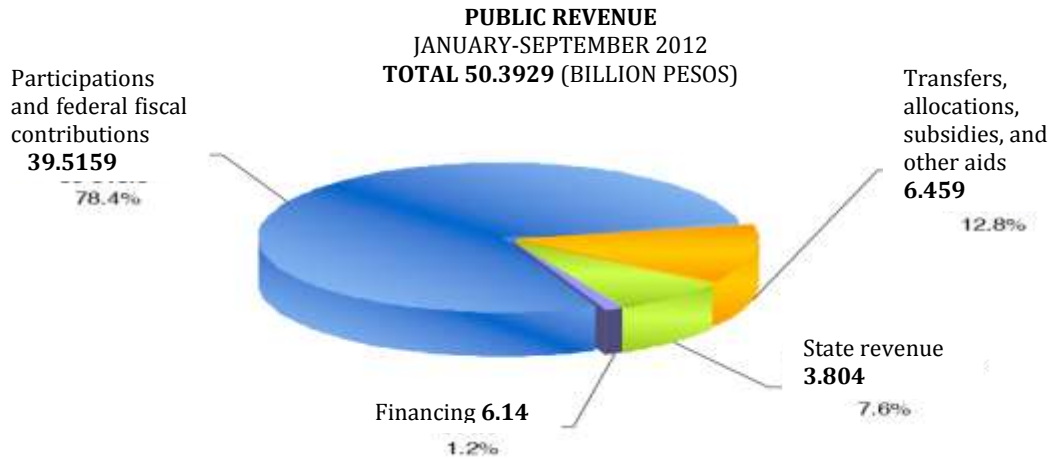


Figure 4. Public revenue January-September 2012
Source: Secretariat of Hacienda of the Government of the state of Chiapas

The structural weakness of public finances is demonstrated by the high dependence on federal resources, since 9 out of every 10 pesos that enter the state government come from federal resources.

This places Chiapas as one of the states with the greatest structural weakness of its finances, well below the average of the different entities of the republic and the level of international comparisons. The income structure has not changed for almost twenty years. For example, in 1995, Chiapas's government revenues amounted to 4.927 billion pesos at current prices, of which only 455 million came from its own revenues, depending from that time on federal shares, subsidies and incentives for federal tax administration.

As we can see in Figure 5, Chiapas state revenues have been below 10% in relation to total revenues during the last 16 years; which shows the state's high dependence on federal resources; a situation that has led to the contracting of public debt, the processes of securitization (placement of financial obligations on the Mexican Stock Exchange) and the need to rethink the state's revenue policy. It should be noted that in recent years the weight of its own revenues decreased significantly compared to the 1990s

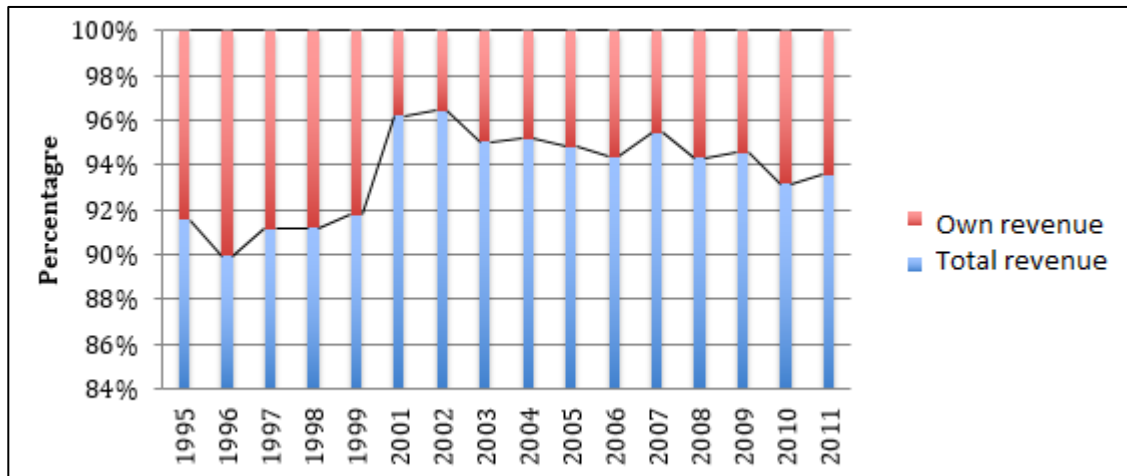


Figure 5. Total revenue of the state of Chiapas. Percentage of own revenue 1995-201

Source: elaborated by the author based on public accounts of the state of Chiapas 1995-2011.

Although its own revenues have not increased their percentage share within the total revenue of Chiapas, it must be emphasized that they have substantially increased their participation and federal contributions to the state in recent decades. This is clearly in line with the tax coordination system mentioned above, but also with the counterinsurgency strategy that was devised in the 1990s to curb the influence of the EZLN and other leftist social organizations in that entity.

Thus, the public revenues of Chiapas went from 4.927 billion pesos in 1994 to 69.552 billion pesos in 2011 at current prices; which shows that, in terms of revenue, these increased 14 times in almost 20 years, which contrasts with the inefficiency of the use of public expenditure to solve the serious social deprivations that exist in the state of Chiapas.

The public debt of Chiapas has gradually increased in these last decades. The explosive debt experienced by the government of Juan Sabines Guerrero is particularly striking, since it went from a debt of about 1 billion pesos to a debt that some estimate at around 40 billion pesos (including mainly short- term liabilities that were not registered with the SHCP - Secretariat of *Hacienda* and Public Credit).

The truth is that in Chiapas, according to its public finances, there has been no great progress, since it continues to depend on public transfers from the federal government and remittances, its own revenues are minimal and do not generate conditions for future debt payments ; one has to resort to the federal government or implore for a bailout that does not arrive. Chiapas stands out as a public administration that is permanently supervised. The state government performs on average 290 audits on dependencies, entities and municipalities; to the previous the audits must be added those which are ordered by the

federation (Superior Audit and Public Function). The 6th Report of the Federal Government of Felipe Calderón noted that Chiapas was one of the entities with the highest number of observations, which speaks of the inability of government entities to effectively verify public spending. *Transparencia Mexicana* in its National Index of Corruption and Good Governance 2010, places Chiapas in 17th place with an index of 7.6; the State of Mexico and the Federal District with 16.4 and 17.9 respectively, are the best positioned states.

It is observed that the debt continues to increase in the current government of Manuel Velasco Coello, and that the total amount, short and long term, is not known until now. The debt can be attributed to several aspects: debt contracting by Manuel Velasco Coello, inertial debt, which has been dragged from the previous period, short-term debt that became long term, unpaid and capitalized interest, and so on. The long-term debt in the first six months of Manuel Velasco Coello's government has increased by 1.9041 billion pesos (in the first half of 2013, it was the fourth largest debt in the country, only behind Chihuahua, Sonora and Nuevo Leon, and if it is by income, it is the poorest in the country, which borrowed the most and occupies first place) (Lopez, 2014). As of June of this year, the financial obligations of the state of Chiapas and its municipalities, registered with the Secretariat of *Hacienda* and Public Credit of the federal government (SHCP, by its acronym in Spanish), amounted to 18.317 billion pesos, which speaks to us of a substantial debt increase in the last six years.

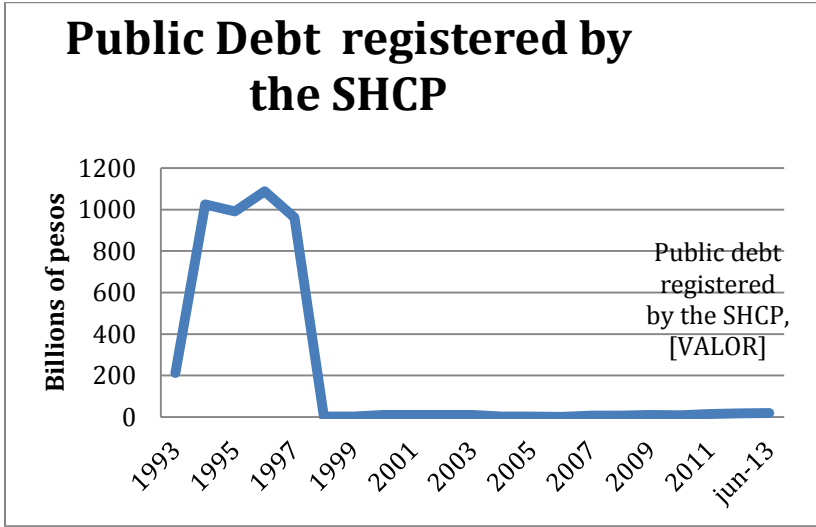


Figure 6. Public debt of the state of Chiapas 1993-2013
Billions of current pesos

Source: elaborated by the author based on SHCP data.

This incurring of public debt by the last two administrations has meant that the balance of debt as a percentage of federal shares has increased dramatically. Thus, for 2006 financial obligations represented 6.8% of the federal shares of public revenues and for March 2013 it

represented 74.5% of the total shares. It is important to emphasize that the average cost to which the debt has been contracted is above the national average, which implies greater sacrifices for the inhabitants of the state of Chiapas. In addition, public debt in 1994 had a term of 8.6 years, in 2001 it was 13.4 years, in 2006 it was 9.8 years and in June 2013 it was 19 years; in short, more time to pay and a longer time for that money to be added to public revenues. It is also noted that of the total financial obligations of the state of Chiapas by March 2013, 15.303 billion pesos corresponded to the debt contracted by the state government, 896 million pesos to municipalities and 229 million to municipal agencies. The amount of debt in Chiapas multiplied by 13 in the period 2006-2011, which has made it among the four states with the highest growth in this area, according to figures from the Secretariat of *Hacienda* and Public Credit. In real terms, Chiapas debt grew by 1.199%, from 882 million to 14.226 billion pesos in that period. It is also important to note that in the growth of per capita debt, that is, per inhabitant of the state, Chiapas had an average annual growth rate of 63.1% from 2006 to 2010.

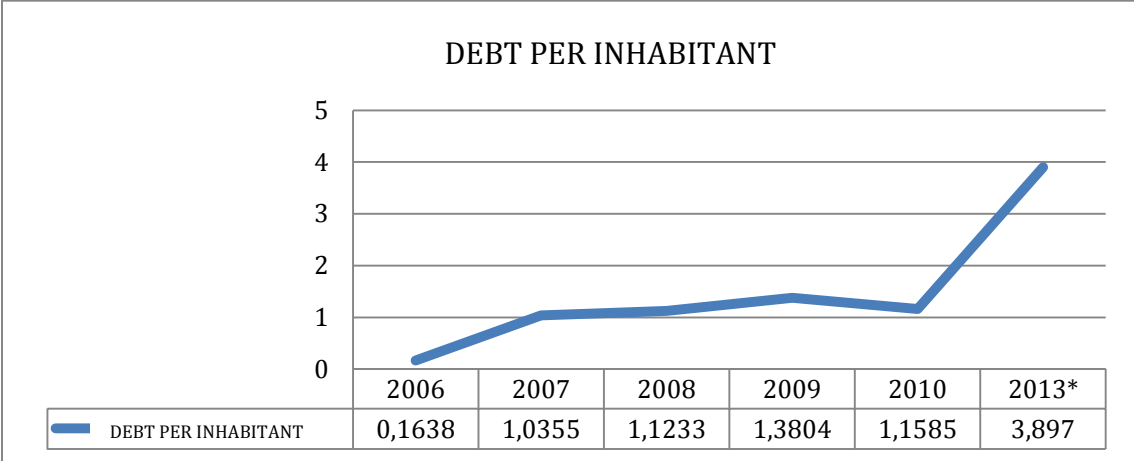


Figure 7. Debt per inhabitant of the state of Chiapas 2006-2013

*Estimations for the year.

Source: elaborated by the author based on SHCP and Dr. Jorge López Arévalo.

Almost a third of the financial obligations contracted by the state of Chiapas correspond to the implementation of a multisectoral financial strategies trust (FIDEFIM, by its acronym in Spanish), which issued securities to be placed on the Mexican Stock Exchange for an amount of five billion pesos in May 2007. It highlights the great commission that the stock exchange operator carried, allowing thirty years for payment and the absence of real mechanisms of transparency.

Tabla 1. Tax issuance in Chiapas by June 2013 (billions of current pesos)

Year	Issued by	Date of issuance	Amount	Issue balance	Type of guarantee	Term (years)
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2007	Chiapas	28 June	4.2	5.2465	Tax over payroll	30
2007	Chiapas	28 June	0.800	0.7706	Tax over payroll	30

Source: elaborated by the author based on SHCP.

To handle many of the public resources, the government of Juan Sabines Guerrero launched more than 41 trusts, which cannot be audited due to bank secrecy, but which together handled an amount close to the financial obligations placed on the Mexican Stock Exchange. These include: the Trust Fund for the Care of Girls, Children and Youth Migrants (FANIJOMI, by its acronym in Spanish), the Trust for the Support the Livestock Activities of the State of Chiapas (FIMEGEN, by its acronym in Spanish) and Trust Fund for the Financing of Solidarity Companies of the Craft Sector of Chiapas (FOFESSA, by its acronym in Spanish), the Trust Fund for the National Program of Scholarships and Financing for Higher Education (PRONABES, by its acronym in Spanish), Environmental Agrarian Trust of the State Government (FIAAGE, by its acronym in Spanish), Trust for the Industrial Development of the State of Chiapas (FIDEIN, by its acronym in Spanish), Trust Fund to Support Young *Chiapanecos* Entrepreneurs (FONAJECH, by its acronym in Spanish) and the Liquidity Trust for Financial Assets and Financing to Strategic Sectors (FLAFFISE, by its acronym in Spanish). For July: Trust for the Construction and Integral Development of a Sustainable Rural Village in the Municipality of Tecpatán, Chiapas (VILLA RURAL) and the Chiapas Coffee Trust (FICAFÉ, by its acronym in Spanish), the State Fund for Natural Disaster Assistance (FOEADEN 1987, by its acronym in Spanish), Chiapas Public Security Fund (FOSEG, by its acronym in Spanish), Chiapas Social Assistance Development Trust (FAS, by its acronym in Spanish), One Hand, One Hope Trust Fund, the Chiapaneco Children's Education and Health Trust Fund (FOESICH, by its acronym in Spanish), Trust for the Care of people older than 64 years (FAAPEM'64, by its acronym in Spanish), Trust for the Strategic Development of the Ángel Albino Corzo International Airport (AEROPUERTO) and Trust for the Integral Improvement of Populations of the State of Chiapas (FIMIP, by its acronym in Spanish) among others.

THE STATE OF CHIAPAS TWENTY YEARS LATER

Chiapas occupies a territorial extension of 73,289 km², which represents 4% of the surface of the country; it has a population of 4,800,000 inhabitants, with an annual average population growth rate of 2.2%; 0.4% higher than the national one, which is 1.8%, both for the period 2005-2010. (INEGI, 2011)

In concrete terms, twenty years ago, Chiapas was characterized by inequality and the discrimination of indigenous peoples. In Chiapas, there are 1,142,000 speakers of an indigenous language, representing 27% of the total population of the state, that is, one in four Chiapas people are indigenous. The state ranks first in monolingualism in the country

(INEGI, 2011). This is a land where one in three could not read or write, and two out of five were hungry (INEGI, 1995; Coneval, 1990). Of the 2.3 million poor, 1.2 million are without water, 1.5 million are without a solid floor, and one million are without drainage (Coneval, 1990). Chiapas in 1994 was the poorest state in the country, the most illiterate, the most powerless, the most overcrowded, and where more individuals earned two or less minimum wages (Coneval, 1990; Conapo, 1990; INEGI, 1995).

Over twenty years later, according to figures from the National Council for the Evaluation of Social Policy in Mexico (CONEVAL, by its acronym in Spanish), Chiapas is poorer today than in 1994. On the day of the Zapatista uprising, figures showed that 75% of the state's population did not have enough income to cover their basic needs. Today the figure amounts to 78% (3,778,000) of the state's total population. Of these, 46% (2,197,000) are in conditions of moderate poverty; and 33% (1,581,000) are in extreme poverty conditions. (CONEVAL, 2010, Ríos, 2014).

In an analysis of the National Survey of Household Income Spending (ENIGH, by its acronym in Spanish), CONEVAL also reports on the behavior of poverty indicators in recent years, despite the fact that in the public policy area it was formulated as one of this millennium's objectives to eradicate this social problem.

Thus, we are witnessing that indicators of social deprivation are still well above the national average. The lack of access to education, social security, poor quality and lack of housing, the absence of basic services in the household and poor nutrition are highlighted. Almost 8 out of 10 *chiapanecos* are below the wellbeing line.

Likewise, 90 of the 122 municipalities in the state (74%) have a high or very high degree of marginalization; only two municipalities have a low and very low degree of marginalization: Reforma and Tuxtla Gutiérrez, respectively. According to CONAPO (2013), Chiapas is located among the states with the highest degree of marginalization at the national level (third place), which refers to education, basic services, housing, employment and community dispersion.

Chiapas is one of the four states that has increased its poverty, it is still the poorest state in Mexico and much more than it was in 1994. According to CONEVAL, also in Chiapas in these 20 years, food shortages have increased substantially. The state of Chiapas has the highest percentage of food shortages in the country, with more than half the population suffering hunger above the national average of 18%.

In Chiapas there is an institutional structure made up of 68 units, 18 of which are state secretariats, 2 institutes, 13 decentralized agencies, 30 decentralized public agencies, 3 executive auxiliary agencies and 2 state-owned companies. The centralized public administration occupies a total of 55,289 people, of whom 46% are teaching staff, 40% of trust, 8% basic and 6% temporary (PDE, 2012).

The increase in public resources via participations, contributions, transfers and debt has not translated into greater government efficiency, as can be seen in Table 2, where the state has a larger number of employees per thousand (inhabitants 24.53 staff per every thousand inhabitants), but where they perform a quarter of the procedures that are carried out at the national level. Nationwide, an official performs an average of 67.59 procedures, and in the state of Chiapas, only 14.51 per official.

Table 2. Chiapas: officials in the public administration, per inhabitant, 2010

Extent	Total Population	Officials per 1000 inhabitants
National	112 336 538	15.17
Chiapas	4 796 580	24.53
	Total officials	Procedures per official
National	1 704 568	67.59
Chiapas	117 649	14.51

Source: elaborated by the author base don INEGI. National Government Survey 2011.

If some financial indicators are used to analyze the behavior of public finances in Chiapas from 2002 to 2011, it can be concluded that financial autonomy has increased, there is a very high dependence on participations and federal contributions, the investment capacity has increased, although the social investment capacity remains almost the same after a decade. As already noted, the burden of debt has increased considerably, but this has not translated into an increase in bureaucratic cost, although the government's operating costs remain almost the same. With higher public revenues, per capita incomes have increased. In current terms, expenditure on public works and social spending has increased, GDP per capita has doubled and debt weighs more on available income:

Table 3. Financial Indicators of the state of Chiapas 2002-2011

Indicator	2002	2011
Financial Autonomy = (own revenue/total expense) * 100	3.66	5.75
Dependence on federals participacions = (participacions / total revenue) * 100	34.27	28.77
Dependence on federal contributions =	60.37	52.18

$(\text{contributions} / \text{total revenue}) * 100$		
Investment capacity = $(\text{investment expense} / \text{total expense}) * 100$	7.85	9.37
Social investment capacity = $(\text{expenditure in public work and social actions} / \text{total expenditure}) * 100$	4.50	4.54
Weigh of the service of the debt = $(\text{debt} / \text{total expenditure}) * 100$	1.99	2.53
Burocratic Cost = $(\text{expenditure in personal services} / \text{total expenditure}) * 100$	19.84	14.79
Operational cost = $(\text{current expenditure} / \text{total expenditure}) * 100$	68.88	62.29
Own revenue per capita = $(\text{own revenue} / \text{population})$ (current pesos)	210.52	802.66
Expenditure in public work and social actions per capita = $(\text{Expenditure in public work and social actions} / \text{population})$ (thousands of current pesos)	258.43	634.76
GDP per capita = $(\text{GDP} / \text{population})$ (current pesos)	20,122.37	42,238.79
Importance of the service of the debt in the available revenue = $[(\text{debt}) / (\text{revenue} + \text{participations} + \text{FAFEF})] * 100$	4.91	6.94

Source: elaborated based on SHCP and INEGI data.

All government performance has to do with the ability of citizens to intervene in public affairs and actually have a real impact on public management, to improve the use of public spending and to deal with corruption. In Mexico, the Mexican Confederation of Employers (COPARMEX, by its acronym in Spanish) built an Index of Democratic Development where, unfortunately, Chiapas occupies one of the last places.

CONCLUSIONS

The present investigation allowed an approach to the situation of public finances in Chiapas, to account for how the arrival of greater fiscal resources has not allowed positive advancement in the eradication of poverty and social problems for the majority of the

population. The increasing influx of resources has not allowed the state of Chiapas to position itself and face the causes that made the Zapatista uprising of twenty years ago possible, many of the structural reasons have been deepened with the implementation of neoliberal reforms and the North American Free Trade Agreement (NAFTA), the Chiapas countryside has lost its importance as a sector that generates jobs and therefore is increasingly driven by migration processes, where the state of Chiapas is seen as one of the states where emigration to the United States of America has risen sharply. In addition, the price of coffee continues to fall. As alternatives to this situation, the state visualizes the extractive mining model and the production of agrofuels whose social and environmental costs would be very high for the inhabitants of this state.

The alternative is to build civil institutions and observatories that can guarantee a better exercise of public spending with transparency and the strong introduction of a culture of accountability to citizens. In addition, development plans should be envisaged where indigenous communities are effectively involved, their rights and culture are fully recognized, and the San Andrés accords are complied with, above all within the framework of respect for the territorial uses that can be made available to the indigenous communities.

As John Ackerman puts it (2008, p.16):

Accountability should be understood as a dynamic process and not as a static moment. To be accountable is to be in constant movement and not to remain seated in the office behaving well and being open to criticism. Accountability is leaving the office, engaging in dialogue with society and establishing contact with other institutions instead of hiding from citizen oversight. The proactive behavior implied by accountability requires constant dialogue, explanation and justification of government actions.

In order for effective accountability to exist, greater participation and involvement of citizens is required. The participation of civil society in the definition, implementation, monitoring and evaluation of social policies and programs has numerous benefits. First, participation improves efficiency in the allocation of resources and the effectiveness of those programs, allowing the recipients themselves to express their true needs. Second, participation increases the efficiency of public policies through the establishment of alliances with civil society organizations, which often reach where the state does not and with lower costs. Third, including key civil society actors in program and project monitoring allows them to increase their transparency, reduce the potential for corruption and, ultimately, bring existing resources to more households, in more regions and for more time.

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