THE POLITICS OF RURAL DEVELOPMENT ADMINISTRATION:
MEXICO AND THE WORLD BANK IN THE PIDER PROGRAM

by

STEPHEN BENNETT PAGE

B.A., Political Science
Williams College
(1986)

Submitted to the Department of Political Science
in Partial Fulfillment of
the Requirements of the Degree of
Master of Science in Political Science

at the
Massachusetts Institute of Technology

June 1989

© Stephen B. Page 1989. All rights reserved

The author hereby grants to MIT permission to reproduce and to
distribute copies of this thesis document in whole or in part.

Signature of Author________________________

Department of Political Science
June 1989

Certified by________________________

Jonathan A. Fox
Assistant Professor, Political Science
Thesis Supervisor

Accepted by________________________

Nazli Choucri, Chair
Graduate Program Committee

MASSACHUSETTS INSTITUTE
OF TECHNOLOGY

JUN 28 1989

LIBRARIES
THE POLITICS OF RURAL DEVELOPMENT ADMINISTRATION:

MEXICO AND THE WORLD BANK IN THE PIDER PROGRAM

by

STEPHEN BENNETT PAGE

Submitted to the Department of Political Science
in June 1989, in partial fulfillment of
the requirements for the Degree of
Master of Science in Political Science

ABSTRACT

This thesis examines a 15 year, $2 billion, nationwide rural development program
in Mexico called PIDER that started in 1973. In attempting to raise the living
standards and productivity of poor peasants, PIDER involved a thorough
administrative reform of the government's rural development practices.

The analysis starts with the assumption that the bureaucratic actors involved in
PIDER responded to the incentives and political considerations that surrounded
their work structures and positions in the bureaucracy. Official duties and
bureaucratically rational responsibilities were a second priority. Because of these
political rationalities, a conflict developed between the reformist aims of the
program designers, and the resistance of the implementors to their initiatives.
The power relations among the major bureaucratic actors prevented the
designers from being able to circumvent the resistant implementors. Political
constraints, meanwhile, kept the designers from harnessing strong enough support
for their efforts to make the administrative reform effective.

Three mechanisms of administrative reform are analyzed in the context of
PIDER: decentralization of discretion over program planning and budgeting;
"bureaucratic reorientation" of resistant implementing agencies; and program
beneficiaries' organization and participation in projects. PIDER's administrative
reform was aimed at making the bureaucracy more responsive to poor
beneficiaries' needs. A fundamental goal of PIDER therefore was to
decentralize control of the program, to increase flexibility to local needs.
Without "bureaucratic reorientation," however, PIDER's designers had no way to
ensure that decentralization would actually help meet beneficiaries' needs, rather
than simply allow implementors more scope to pursue their own self-interested
aims. Beneficiary organization/participation for political pressure on
implementors was the only means to achieve reorientation, because of the power
relations between the program designers and the implementors. Organizing poor peasants, for whatever purpose, however, is time consuming and often a politically volatile undertaking in Mexico. The need to implement projects quickly and to guarantee social control therefore prevented sufficient beneficiary organizing to effect bureaucratic change.

The thesis thus explains how the power relations and political constraints that made program implementation difficult (and administrative reform necessary) frustrated the administrative reform as well. The ultimate failure of the administrative reform - and hence of most PIDER rural development projects themselves - rested on the political necessities that kept the reformist designers from utilizing beneficiary organizing more extensively to ensure responsive project implementation and to make reorientation and decentralization effective.

In addition to analyzing the political restrictions on the Mexican government's capacity to effect administrative reform, the thesis also examines the role of the World Bank in PIDER. The controversial internal political decision of the Bank to go along with the government's desires to undertake a nationwide pilot approach to PIDER (instead of testing the program on a small-scale basis first) hurt the potential of the administrative reform. The thesis also contains a brief rundown of the types of results that the early PIDER projects produced, to illustrate the difficulties of running the rural development side of the effort without an effective administrative reform.

Ultimately, conclusions are drawn regarding the restrictions on the capacity and willingness of reformists at the top of the Mexican state to effect significant administrative reform using the above mechanisms. Because of these restrictions, PIDER failed to institutionalize its service delivery techniques. Its significance for rural development was therefore limited to providing a policy framework. Within this framework, a few committed government officials had the latitude to assist poor peasants with individual projects. PIDER could not, however, increase the number of such officials to achieve more widespread project successes.

A new bureaucratic system that might have ensured actual rural development achievements was suggested by PIDER's administrative reform attempts. PIDER did not achieve significant improvements in productivity at the grassroots, however, much less the desired macroeconomic growth envisioned by its designers in the Mexican government and in the World Bank. PIDER's only lasting impact, therefore, was pioneering the concept of rural development via administrative reform.

Thesis Supervisor: Dr. Jonathan Fox
Title: Assistant Professor of Political Science
CONTENTS

ACKNOWLEDGEMENTS - p.7

I.  RESTRICTIONS ON WIDESPREAD TOP-DOWN REFORMIST PROGRAMS - p.8
    The Hazards of Implementation
    Mechanisms of Administrative Reform
    Restrictions on Administrative Reform Efforts

II. POLITICAL NECESSITIES: ORIGINS OF PIDER IN MEXICO - AN INVESTMENT AND COORDINATION EFFORT - p.22
    The Political Need for Rural Development: Reaching Poor Peasants
    Confronting Bureaucratic Power Relations: Administrative Reform
    Conclusion: The Need for PIDER’s Large Size

III. POLITICAL DECISIONS: THE INTERNAL POLITICS OF THE WORLD BANK AND ITS DECISIONS TO FUND PIDER - p.36
    The World Bank’s Concerns about Poverty and Equity
    The World Bank Undertakes Small-Scale Rural Development
    The World Bank Decision to Fund PIDER
    Conclusion: Development Projects as Political Instruments

IV. POWER RELATIONS: INSTITUTIONAL ACTORS IN THE MEXICAN GOVERNMENT - p.59
    The Mexican Executive
    State Governors
    PIDER Management
    Line Agencies
    CIDER
    PIDER Field Agents
    Conclusion: PIDER as a Reformist Program in an Inertial Bureaucracy

V. HOW POWER RELATIONS AFFECTED PROJECTS’ RESULTS - p.81
    General Results
    Projects
    Successes
    Conclusion: What Made Successes Possible?
VI. ADMINISTRATIVE REFORM SIDE OF PIDER - p.99
   Decentralization
   Participation
   Bureaucratic Reorientation
   Conclusion: The Constraints on the Effectiveness of PIDER’s Administrative Reform

VII. SUMMARY, LEGACY, AND LESSONS OF PIDER - p.130
   Summary
   A Hazy Legacy
   Lessons about Development Administration

REFERENCES - p.142
### ABBREVIATIONS

**Mexican Government**

- **BANRURAL**: National Rural Credit Bank
- **CIDER**: Research Center for Rural Development
- **CONASUPO**: National Company of Public Commodities
- **COPLAMAR**: Commission for Marginal Areas
- **CUC**: Single Coordination Agreement
- **DCMO**: Road Construction Program
- **FIRA**: Guarantee Fund for Development of Agriculture, Livestock and Aviculture, Bank of Mexico
- **INI**: National Institute for Indian Affairs
- **PAPCO**: Support Program for Rural Community Participation
- **PIDER**: Program for Investments for Rural Development
- **SAG**: Secretariat of Agriculture and Cattle
- **SAHOP/SOP**: Secretariat of Human Settlements and Public Works
- **SAM**: Mexican Food System
- **SARH**: Secretariat of Agricultural and Water Resources
- **SRA**: Secretariat of Land Reform
- **SPP**: Secretariat of Programming and Budgeting

**World Bank (IBRD)**

- **ARDD**: Agriculture and Rural Development Division (the Bank’s implementing division for PIDER until the 1980s, when Irrigation took over PIDER when ARDD was phased out)
- **OED**: Operations Evaluations Department (their evaluations are independent of - and usually more critical than - the Project Completion Reports written by the implementing division)
- **PCR**: Project Completion Report
ACKNOWLEDGEMENTS

This thesis was inspired, informed, advised, and assisted by Professor Jonathan Fox. I owe a tremendous debt of thanks for his patience, criticism, and motivation. Professor Willard Johnson also contributed invaluably to the final theoretical formulation. Without his help I would have remained lost amidst a sea of incidental details.

I would like to thank the following people for taking the time and effort to talk with me in detail about their experiences with PIDER: Michael Cernea, Dan Lindheim, and Lovell Jarvis. Cernea’s and Lindheim’s written materials (referred to in the bibliography) are among the only full-length documents available on PIDER in English, and therefore I am also indebted to them for their written work. Since their discussions dealt with PIDER as a rural development program, I chose to analyze it from the perspective of its administrative reform effort. I hope one day to follow up this effort with field work, to investigate the economic and political outcomes of individual projects at the grassroots level.

My parents deserve many thanks for the resources (financial, spiritual, and otherwise) with which they have provided me throughout my life and academic career. I also am greatly indebted to Nancy Cohen for her patience, advice, and caretaking of my well-being during this endeavor.

Stephen Page
Cambridge, June 1989
I. RESTRICTIONS ON WIDESPREAD TOP-DOWN REFORMIST PROGRAMS

The Hazards of Program Implementation

An "integrated" rural development program involves a number of different types of projects and bureaucratic agencies in an attempt to meet a variety of the social and productive needs of agricultural producers. The "anti-poverty" approach to integrated rural development targets poor peasants, who are not the traditional clients of most governments' agricultural implementing agencies. Administrative reforms\textsuperscript{1} are necessary to increase bureaucratic agencies' responsiveness to beneficiaries' needs. Even if program designers and administrators know what sorts of reforms are desirable, though, enforcing them is often difficult because of the bureaucratic inertia of most implementing line agencies. As March and Olson (1983) note, administrative reorganization efforts that ignore existing networks and sources of power and interests will not succeed. That is, bureaucratic power relations and incentives that make administrative reform both necessary and difficult must be confronted. Korten (1980) therefore suggests a "learning process approach" to anti-poverty rural development efforts, both to determine program goals and to ascertain the best way to institutionalize procedures that will ensure agency compliance with these goals, including responsiveness to beneficiaries. Groves (1973) contends that the most viable approach to comprehensive administrative

\textsuperscript{1}I use the term "administrative reform" throughout this thesis to refer to changes in the procedures and arrangements surrounding bureaucratic relations - changes designed to affect the power and incentives that bureaucratic actors have.
reform is to concentrate resources and efforts on an agency-by-agency basis, building bureaucratic confidence through examples, rather than attempting a government-wide reform all at once.

As Long (1980) points out, however, the problem of responsiveness is complicated by the fact that rural development programs involve a number of actors (international donors, policy makers, agency personnel, beneficiaries, local elites), all of whom have their own interests and needs. Rural development is not just a two-way effort between "the government" and a single socioeconomic stratum of beneficiaries, but instead involves multiple channels of communication and competition among various actors. We can simplify this complex set of interactions by considering that of all the actors, implementing agencies are the ones that need to be focused on to ensure consistent bureaucratic responsiveness to beneficiaries. Their service delivery personnel are the bureaucrats who deal directly with beneficiaries, and they are also likely to be the regular targets of local elites' attempts either to block or to appropriate benefits targeted to the poor. Local elites target implementors because, as Grindle (1980: 15) observes, most of the competition over "who gets what" out of government policies focuses on the implementation stage of the policy process in developing countries, rather than on the policy-making stage. Hence the incentives that influence agency behavior need to be altered by counterbalancing the pressures of traditional sources of power (such as local elites).
Lipsky's (1978) model of the policy process emphasizes the differences in perspective and goals that policy designers and implementors hold. He argues that the pressures and incentives (such as those generated by local elites) surrounding implementors' work structure - or context - govern their approach to service delivery at least as much as orders from policy designers higher in the bureaucracy do. Lipsky therefore contends that one should not merely conclude that policies in question fail because of noncompliant implementation. Rather, one ought to start with this assumption. Instead, one should look at what structural and personal incentives explain the behavior of implementors, and how these influences affected policy implementation. Administrative reforms attempt to alter this work structure, to induce reformist results from implementors' projects.

**Mechanisms of Administrative Reform**

To affect implementors' work structures, administrative reforms are directed toward rationalizing, coordinating, and institutionalizing implementors' activities. The goal is to get these activities to comply with the reformists' policy aims, which may consist of making service delivery more responsive to beneficiaries' needs.² I

---

²Policy designers' aims may not have anything to do with beneficiaries' needs, on the other hand. For example, if a policy is geared more toward social control, then its aim may be to tie beneficiaries in to the state without generating any benefits at all (Robertson, 1984). For the purposes of my argument, nevertheless, I am interested in policies with genuine reformist potentials aimed at meeting beneficiaries' development needs.
will outline three possible mechanisms of administrative reform that can help achieve such compliance.

**Bureaucratic Reorientation:** One way to ensure agency responsiveness, Korten and Uphoff (1981) suggest, is "bureaucratic reorientation" - pursuing structural change agency-by-agency, to encourage bureaucrats to work closely with beneficiaries and to elicit their participation in project design and implementation. Alfonso (1981) points out that reorienting initiatives must originate from field agents and lower level bureaucrats closest to beneficiaries, who can best see what changes will help project design and implementation.\(^3\) The basic assumption is that mere changes in policy will have little impact without supportive reforms in the structures of the implementing institutions. This point suggests that top-down reformist attempts at rural development need to contain two distinct parts. The first part involves ensuring that the bureaucratic actors responsible for implementing these projects actually are committed to (or will at least comply with) the reformist procedures essential to producing substantive results. The second part is actually running the reformist projects themselves. While no magic formula can reorient agencies immediately, Korten and Uphoff offer several small-scale measures

\(^3\)This process is what Korten (in the same volume) refers to as a "bottom-up learning process of program and organizational development" (Korten and Alfonso, 1981: 216).
to move the process along, which hopefully will have a cumulative effect of reorientation.4

Bureaucratic reorientation tends to depend on individual agency leadership (see Ickis, 1981), and is difficult when the reforming administrators are politically weaker than their bureaucratic targets. Moves that attempt to change the power relations within the bureaucracy may therefore be necessary. Such moves can either shift the locus of control over program planning to more powerful actors (e.g., decentralization), or harness political pressure from other actors to assist the reformist administrators (e.g., beneficiary organizations).

Decentralization: Most means to achieving bureaucratic reorientation implicitly involve some decentralization of authority - or at least the seeking of initiatives and recommendations from the bottom levels of the bureaucracy. As some planning literature suggests (e.g., Bryant and White, 1984; many of the pieces in Korten and Alfonso, 1981; Conyers, 1981: 114; IBRD, 1975: 50), decentralized planning is theoretically logical for reformist development programs because it puts the locus of project design closer to beneficiaries, and

4These include: introducing new procedures for project formulation and new criteria for allocating funds and staff; setting up working groups of agency people and informed outsiders, and giving them resources for research, training, and extra staff; creating more flexible budget cycles and stable funding levels; posting each staff member in a stable, long-term position in the same community; ensuring public access to records and community-level accountability; using specialized units and services for distinct client groups; using participatory training methods to develop staff members’ problem-solving and interactive skills; and creating a clear understanding of agencies’ doctrines and purposes (to help beneficiaries manage and make choices among available options - in contrast to agencies simply constructing infrastructure and dictating beneficiaries’ behavior).
gives field agents more latitude and discretion to respond to beneficiaries' interests and knowledge. The assumption is that local conditions vary from one community to the next, and that centralized structures and authority will be too inflexible to allow local agents to adapt to the conditions they confront. Moreover, centralized bureaucracies tend to inhibit the development of problem-solving capacity at the local level, thereby perpetuating the situation of misdirections and inappropriate policies emanating from the center. Hence decentralization can facilitate both local flexibility in meeting beneficiaries' needs and the channeling of needs up the chain of command to policy makers.

Elmore's (1979) "backward mapping" in policy design is one way to obtain such bottom-up input. He argues that programs' designs should assign resources to the discretion of the bureaucratic actors who are likely to have the greatest effect on the problem that is being targeted at the grassroots. That is, implementors need to be able to use program funds flexibly to adapt to the local conditions they are trying to change. They should not have to comply with explicit directives from policy designers.

On the other hand, Lipsky's assumptions about the incentives governing lower-level bureaucrats' behaviors apply here. Decentralizing authority to officials who are resistant to the aims of the policy designers thus could potentially decrease the responsiveness of service delivery to beneficiaries' needs. As Conyers (1981: 115) argues, decentralization will not solve all the problems of a rural development program, and therefore must be accompanied by a series of other reforms. In
combination with decentralization, these other reforms need to address the difficulties of ensuring bureaucratic responsiveness. Thus Grindle (1980) points out that decentralization may be effective when reformists retain the capacity (perhaps through other reforms) to ensure that implementation adheres loosely to program objectives. This capacity can be secured by delegating control only to authorities dedicated to the reformist initiative, and/or by establishing concrete mechanisms of monitoring, evaluation, and financial control to check errant behavior at lower levels of the bureaucracy.

With resistant (un-reoriented) implementors, though, when policy designers are unable to influence directly their project activities, external checks on implementation are necessary. In such cases, pressure must be brought to bear at the point of service delivery, to ensure that implementation is in line with the aims of the policy designers. Given that beneficiaries depend on responsive implementation, and are the most proximate source of pressure on implementation, they are often the best-positioned outside check on implementors’ activities.

**Beneficiary Organization:** To facilitate bureaucratic reorientation, and to ensure that beneficiaries’ needs are expressed, anti-poverty rural development programs need more reliable means than simply dedicated field agents. Planning literature abounds with examples of the benefits of organizing beneficiaries into local participatory institutions (e.g., Cernea, 1987a; Esman and Uphoff, 1984). Research from Mexico has illustrated how organized peasants can demand accountability from government agencies (Felstehausen and Diaz, 1985), and how
democratic grassroots institutions can help ensure both the autonomy of peasants' demands and responsiveness to them from the bureaucracy. Decentralization of control over a rural development program thus may be desirable for reformist programs if organized beneficiaries can develop their own checks on implementing agencies and program administrators.

At this point, beneficiary organization to create pressure for overall bureaucratic reorientation must be differentiated from beneficiary participation in project planning and implementation. In either case, mobilizing the poor, even under a government program, always presents a potential threat to powerful entrenched interests. A nationwide rural development program thus raises the possibility that poor peasants will be mobilized on a widespread basis to check the behavior of implementing agencies. While rural development projects ostensibly serve the needs of their beneficiaries, they also buy off rural unrest by legitimizing the government. Reformist program designers may actively promote beneficiary organizing to provide pressure for bureaucratic reorientation, and to facilitate

---

5For a description of the SAM period's community food councils in Mexico, which exerted this kind of beneficiary pressure bureaucratic implementors, see Fox (1986; 1989). Hamilton (1982) describes how the Ejidal Bank used ejidos as grassroots pressure institutions under President Cardenas in the 1930s.

6This analytical distinction, while somewhat arbitrary, is intended to differentiate organized political pressure from mere project activity that may increase a project's responsiveness. The two intersect in the case of beneficiary monitoring of projects. Organized beneficiaries may participate in projects, but participation in projects without prior organization is also possible. Unorganized beneficiaries participating in a project are unlikely to exert substantial reorienting pressure on implementors' overall orientations - they may only influence the implementation of that particular project itself.
participation in individual projects, but only to the extent that it serves their own interests as government officials in reorienting their implementing agencies and legitimating the state. They may also be limited in their efforts to mobilize peasants by their position and power within the government relative to the implementing agencies and to other actors opposed to beneficiary organization.

Beneficiary organizing is a means for reformist administrators to counteract the advantages in influence on implementation that implementors have over them. As pressure groups with institutionalized access to powerful bureaucratic authorities, organized beneficiaries may facilitate overall bureaucratic reorientation, by forcing implementors to work harder to meet their needs. As participants in actual rural development projects, beneficiaries can also ensure that individual projects are designed to maximize their own benefits. Both forms of action can assist reformists' efforts to provide responsive services to poor rural development program beneficiaries. On the other hand, the threat to vested interests inside and outside the government that mobilized peasants represent can cause such mobilization to remain limited, even under heavily pro-peasant programs.

Obviously, making any of the three administrative reform mechanisms actually work to ensure bureaucratic responsiveness is difficult. Resistant implementors often hold powerful positions in the bureaucracy, and their direct influence on implementation (as the link between the government and beneficiaries) gives them a power advantage over more distantly positioned reformist policy designers/administrators. Just as these institutional power relations hinder the
effectiveness of all three administrative reform mechanisms, so the constraints of political rationality restrict the steps that reformists are willing and able to take.\(^7\) That is, the direction of a rural development program is subject to the dictates of the political rationality of administrators (as well as to the dictates of the bureaucratic incentives of implementors). Ultimately, optimal program results will take second place to political necessities, as Grindle (1980: 27) notes. Lipsky (1978), though, \textit{starts} with this assumption, and then asks what the incentives are that structure actors’ political rationalities. The key question in explaining the history of any rural development program therefore is: What political dynamics and bureaucratic incentives defined the various actors’ political rationalities?

This thesis looks at the political necessities and power relations affecting the political rationalities of the bureaucratic actors involved in a massive, innovative rural development program. The analysis is concerned with how these necessities and relations restricted the administrative reform needed for effective project results.

\textbf{PIDER and the Restrictions on Administrative Reform}

The PIDER (Program of Investments for Rural Development, later changed to Program for Integrated Rural Development) program in Mexico is a classic case of an administrative reform attempted amidst these political and institutional

\(^7\)This distinction between "institutional" and "political" constraints on effective policy implementation is Grindle’s (1980). Here I am applying the two types of constraints to the effectiveness of administrative reforms.
difficulties. Begun in 1973, PIDER was one of the earliest explicit attempts by the Mexican government (and then the World Bank as well) to improve the agricultural productivity and living standards of small peasants on a widespread basis. Over the course of 15 years the effort has cost nearly two billion dollars.

PIDER was a rural development program in name and theory, but its lasting impact lies more in its administrative innovations than in the actual results that its rural development projects produced in the countryside (Lindheim, 1986). The "PIDER" agency did not actually implement projects itself, but instead was a coordinating administrative body. The fundamental problem for the operations of the program was that PIDER represented an anti-poverty policy designed by reformists at the center of the state, who had to rely on traditional bureaucratic line agencies for project implementation. Besides being conservative (and hence resistant to an anti-poverty program), the line agencies were politically stronger than the reformist PIDER policy designers/administrators. They could easily sidetrack the aims of PIDER, since they were in charge of actually running its rural development projects.

Because PIDER was initially undertaken on a nationwide basis, without an experimental pilot program, its designers could not just rely on the few implementing agencies that were committed to helping poor peasants. PIDER's ambitious size forced it to use all the agencies. The reformist policy-designers therefore also had to undertake a comprehensive administrative reform, to increase the responsiveness of the Mexican bureaucracy's rural development agencies.
This study is concerned fundamentally with the political restrictions on this administrative reform, which attempted to ensure that implementation (by the line agencies) responded to the development needs of PIDER’s intended beneficiaries. These restrictions stemmed from two sets of variables in the PIDER policy process: (1) the political necessities and decisions that led to PIDER’s being run on a large scale right from the beginning; and (2) the power relations and dynamics among the many bureaucratic actors who were involved in such a large-scale effort. The bulk of the thesis explicates how these two sets of variables developed and played out against one another.

Within these political and power constraints, Mexican government administrators and World Bank officials made certain choices about how PIDER was to be run. The next two chapters attempt to elucidate why PIDER was funded on a large-scale, nationwide basis as a pilot program, and how this choice affected its potential to achieve rural development among small-scale producers. Chapters IV and V then explain how the power relations among the government actors affected the implementation of the program.

Chapter II discusses the Mexican government’s need to achieve quick program results, which led to PIDER’s large-scale pilot approach and which made the administrative reform mechanism of beneficiary organization too time-consuming to pursue. Chapter III shows how a controversial political decision inside the World Bank led the Bank to go along with the government’s nationwide pilot. Chapter IV sketches out the power relations in the Mexican bureaucracy, to show why
administrative reform was necessary. The power relations also suggest why bureaucratic reorientation was difficult, and why decentralization had the potential to hurt (rather than help) PIDER's reformist aims. Chapter V surveys the results of the different types of projects carried out by the various line agencies. The number of project failures suggests the difficulties of implementation caused by non-reformists having substantial discretion. These problems also point to why administrative reform was a necessary part of the overall PIDER effort: to rationalize, coordinate, and institutionalize responsiveness to beneficiaries, to improve projects results. Chapter VI details how the three administrative reform mechanisms were pursued in PIDER. I argue that PIDER failed to institutionalize beneficiary organization adequately, making bureaucratic reorientation nearly impossible, which rendered decentralization of authority ineffective at channelling grassroots demands up the bureaucratic hierarchy.

Without organized beneficiaries' pressure on agencies' performance, reformist administrators could not achieve much bureaucratic reorientation under the nationwide pilot approach. Without responsiveness to beneficiaries' needs ensured, decentralization of discretionary authority to lower bureaucratic levels became a risky proposition, rather than an effective way to channel beneficiary input up through the bureaucracy. The effectiveness of these administrative reform mechanisms was thus limited by the political necessity of running a nationwide pilot program. PIDER illustrates the political restrictions on how much restructuring (of the government and of society) program administrators can and are willing to do.
The restrictions on the reformists in the case of PIDER stemmed from the political necessities of achieving quick results and limiting peasant mobilization (both of which prevented beneficiary organizing). The power relations among the various rural development actors also restricted the reformists, by leaving them unable to reorient the line agencies by themselves. Without an institutionalized check on implementation by beneficiary participation in projects (much less the active pressure of politically organized beneficiaries), reform was limited to the setting up of a favorable "policy framework"\(^8\) for rural development among the poor. Within this framework, a few committed individuals and activist beneficiaries were able to pursue redistributive and sustainable development. Widespread institutionalization of such pursuits - much less aggregate macroeconomic growth - was not ensured, however.

Ultimately, PIDER's goal of achieving widespread rural development was thwarted because most of its projects were not responsive to their intended beneficiaries. The administrative reform was not effective at changing this situation, because it was limited by the political needs and decisions behind PIDER's large-scale design, and by bureaucratic power relations.

---

\(^8\)Korten (1986) uses the term "macro-policy." He makes a useful distinction between macro-policies - government programs and expenditures - and "micro-policies," which he sees as involving concerns about who is in charge of implementation and administration of these (macro) programs, and about what the resources and latitude available to them are.
II. POLITICAL NECESSITIES: ORIGINS OF PIDER IN MEXICO - 
AN INVESTMENT AND COORDINATION EFFORT

When Fernando Hiriart (the Director of Public Investments) launched PIDER in 1973, it was a new investment and agency-coordination program for the "rural development sector," housed in his division within the Secretariat of the Presidency (Presidencia). Because of the sheer number of other rural development-related agencies and programs in Mexico, and because of its coordinating responsibilities, PIDER only planned its own projects, and funded other programs and agencies to run its projects. Instead of being institutionalized as yet another separate agency, PIDER was thus "a conscious attempt to use, rationalize, and extend the capabilities of the existing system" (Miller, 1980: 10).

Such an effort is significant enough in itself in Mexican history to merit attention. In addition, the size that PIDER took on meant that its investments themselves had a major impact in the rural sector. It had the potential to affect not just the administrative bureaucracy at the federal, state, and local levels of government, but also the quality of life of its projects' beneficiaries. The greater PIDER's impact on the various bureaucratic institutions involved in rural development, the greater its final effects on the ground would probably be. On the other hand as we will see, if PIDER itself had had more of an (organizing) effect on beneficiaries, it might have had more influence on the bureaucracy. Regardless of its final legacy, nevertheless, PIDER was unusual in that it aimed both to improve the productivity and quality of life of its beneficiaries (a political necessity
at the time), and to change the way bureaucratic actors behaved (i.e., to confront bureaucratic power relations).

This chapter examines these twin goals of PIDER to explain why the Mexican government wanted to run PIDER on a nationwide basis right from the start. The nationwide pilot approach ended up hindering the administrative reforms necessary for producing rural development results. In their haste to achieve widespread project results as fast as possible, PIDER’s designers hurt its potential by complicating the administrative reform with the large size of the initial pilot phase of the program. The question to be answered here is, therefore: What was the political situation in Mexico that demanded a large-scale version of PIDER right from the start?

The Political Need for Rural Development: Reaching Poor Peasants

These two aims of PIDER stemmed from crucial needs felt by actors in the Mexican government at the time. As head of one of Presidencia’s three main directorates, Hiriart was particularly concerned with the structural problem of rural poverty. PIDER was a direct way of dealing with the two main aspects of this problem: the need to raise productivity among small-scale farmers, and the need to improve the quality of life of the peasants to avert mobilized social discontent.¹ Obviously the first aspect facilitates the second, but increased productivity was also

¹Among others, Sanderson (1981) illustrates the situation of political unrest in the countryside during the early 1970s.
important in and of itself, as Mexico’s food self-sufficiency had recently given way to food imports.\footnote{See Esteva (1983) and Barkin (1987) for details of how Mexico became dependent on food imports.} Hence at the time rural poverty and low productivity were seen to have the potential to lead to both socio-political and economic crises.

PIDER was a major effort to avoid these crises immediately. As Cernea (1979: 5) points out, it started as a program of investments in public works and infrastructure, and developed an anti-poverty focus as it progressed. The public works origins of PIDER suggest two possible goals: in the short run, to get money and temporary jobs into rural communities to buy off peasant unrest; in the long run, to provide the infrastructural basis for a future economic takeoff.\footnote{Shumacher (1981) - who was also one of the key World Bank officials who worked actively on PIDER throughout the 1970s - makes the following case: Massive public works and infrastructure investments (like PIDER's) were a great way to "buy time" through temporary job creation, until long-term economic growth kicked in, made possible by new facilities and capacity stemming from the investments' projects.} The anti-poverty focus connotes a direct effort to improve the economic productivity of existing small-scale agricultural activities, creating some temporary and permanent jobs in the process as well. Besides its aims of improving rural incomes, employment, and infrastructure, PIDER was a general effort to redistribute development funds and income from urban to rural areas (Cernea, 1979: 7).

PIDER's projects were intended to be participatory, which was an innovative idea at the time. Beneficiary participation was to have been emphasized especially in the planning stage (through consultation regarding community needs and methods...
of project design) and the implementation stage (through resource contribution, paid and voluntary labor, etc.). Participation in project maintenance and monitoring were to have been emphasized later, as the program developed and PIDER agents and agency technicians became more used to working with beneficiaries. These activities never really got off the ground in most communities (Cernea, 1979), with drastic consequences for both the economic return on the projects and the political potential of the beneficiaries to influence agencies’ behavior, as we shall see.

Although both World Bank and Mexican government officials argue that participation was undertaken solely to improve project planning and efficiency (see for example Cernea, 1983), and not for ideological reasons, an intellectual current of the time suggests otherwise. Salinas de Gortari (1982) observes that Mexican rural development strategy in the 1970s rested on the assumption that public expenditure would produce improvements in rural productivity and income distribution, which would lead to increased support for the political system among peasants. Empowering rural communities to participate in government-controlled projects and to help solve their own problems was seen as a basic way of generating these economic benefits that were to produce political support. Moreover, the act of consulting beneficiaries was a way to mobilize peasants politically to deal with local and federal officials. The resulting long-run effects of this " politicization" were

---

4The merits for beneficiaries of voluntary labor as "participation" are debatable. On the other hand, it does save the state money. See Tendler (1982b) for a discussion.
seen by some in the Mexican government as being far more significant than the benefits from functioning infrastructure.\textsuperscript{5}

The specific goal of PIDER’s investments was to reach the poorest residents of the poorest microregions in the poorest states. Money was provided through contracts with line agencies for specified rural development projects in predetermined microregions around the country. That is, the line agencies were given the money for use at the microregion level, but what the money was to be used for was specified by federal PIDER representatives working at the microregion (later the state) level, who integrated each microregion’s various projects with one another. Hence neither the line agencies nor the state governors (both of whom tend to be prone historically to channeling funds to unintended sources) had direct discretion over how PIDER funds were used.

Over the fifteen year history of PIDER, the World Bank and the Mexico combined pumped roughly US$2 billion into the Mexican government and PIDER target communities (Lindheim, 1986). The World Bank funds were disbursed in four continuous loans (PIDER I, II, III, and IV - starting in 1975, 1977, 1980, and 1984, respectively). The Bank loans did not cover all of the microregion target areas across Mexico, but similar practices were pursued in all microregions,

\textsuperscript{5}See Lindheim (1986: 92-93). The officials who saw PIDER this way were directors of the evaluation and think tank unit, CIDER, which contained the most progressive thinkers in the entire PIDER bureaucracy. Most other government (and World Bank) officials held more conventional views of PIDER as a poverty-alleviating set of civil-engineering projects. (For more information on these different institutional orientations and perspectives, see Chapter IV and the "Participation" section of Chapter VI.)
regardless of whether they were funded by the World Bank or not. The Bank played a very large role in helping design and guide the overall orientation of PIDER. At the insistence of the World Bank, approximately two-thirds of PIDER investments were for directly productive projects (credit, livestock, fruit trees, irrigation). Around one-fifth of the money went to productive-support investments (roads, soil and water conservation). The remaining money funded social infrastructure (potable water, schools, health centers) as well as evaluation and staff training. Roughly half of Mexico’s rural poor lived in PIDER microregions in 1979, around the peak of the program’s size. On the other hand, projects only reached some of the communities in each microregion, and often were dominated by a few members of these communities (Cernea, 1979).

PIDER was innovative in that it set up an independent evaluation body (CIDER) as a multi-disciplinary think tank on rural development issues and PIDER operations. The information and criticisms that CIDER provided from the field had the potential to be a great help to PIDER’s efforts to administer efficient projects and to reorient the line agencies, but for a number of reasons CIDER’s actual influence on project operations was limited (see Chapter IV).

Confronting Bureaucratic Power Relations: Administrative Reform

The second crucial need that Presidencia sought to achieve with PIDER was to start generally rationalizing the planning and implementation activities of the various rural development agencies and programs that had evolved within the
bureaucracy. A related goal was to get the line agencies that ran PIDER projects to work well with one another and with project beneficiaries. Coordinating and rationalizing rural development activities required PIDER to get bottom-up input from lower levels of the bureaucracy and from beneficiaries themselves.

PIDER's coordination efforts were a response to President Echeverria (1970-1976) mandating Presidencia to develop an integrated system of national social and economic planning and investment programming, to replace the piecemeal and isolated ways that agencies had been going about getting approval for their programs. Lopez-Portillo's administrative reform (see Bailey, 1988) further defined and accentuated PIDER's innovative administrative set-up. On the one hand, agencies were to be coordinated by sector (PIDER covered the "rural development sector"), to harmonize their individual activities and to develop joint agendas and programs. On the other hand, federal agencies and operations were also to be coordinated and aggregated at the state level. This decentralization within the federal government (and eventually to the state governors themselves) was intended to facilitate getting bottom-up input by making government agencies and programs more responsive (or at least more aware) of the needs of the people they ostensibly serve.6

---
6What people received from these agencies and programs can be seen as a mix of social-control/state-legitimation (through income distribution) and productivity-increasing efforts. In addition to having the potential to help beneficiaries (as much development planning literature assumes), decentralization for bottom-up input of people's "needs" thus can serve the needs of the political system as well.
Decentralization was a new trend within the Mexican government when PIDER was created. SPP, which was created by President Lopez Portillo in 1977 and which took on PIDER's administration, was a specific attempt to rationalize planning across all federal agencies, and to get bottom-up input from lower levels of the bureaucracy who were more in touch with their sectors' and communities' needs (see Bailey, 1980). As Bailey describes the logic behind SPP (similar logic lay behind PIDER's administration as well), interaction between SPP and the sectoral agencies determined program goals, which determined budgeting. The Treasury (which had been extremely powerful up until SPP's creation) would no longer dictate program goals and budgets from above. The idea behind SPP's new "goal-based budgeting" was to get input from the rest of the state apparatus. Taking input from sector and agency heads can be seen as a way of legitimizing the state by running programs that met societal demands. One former World Bank official argued that PIDER's decentralized administration thus turned out to be an informal model for the government-wide administrative reforms of Lopez Portillo.

Bailey argues that the bureaucracy needed to be rationalized to ensure government knowledge of - and its potential to respond to - the structural problems that the high-growth policies of import substitution industrialization and emphasis on large-scale agriculture had created by the 1970s. Hence both Hiriart's concerns about the investment needs of the rural population, and these administrative reforms that PIDER and SPP addressed, stemmed from a recognition of the
structural problems that the basic government macroeconomic policy had produced in rural society.

Regardless of the intentions and purposes of enlightened state legitimizers/reformists in Presidencia (later SPP), however, the line agencies were not used to nor inclined toward working with one another, much less with beneficiaries. Most PIDER line agencies' traditional clients were large farmers - rural elites - whose interests (and hence the agencies' political support among their clients) would be hurt by anti-poverty projects. PIDER projects were not just directed away from these traditional clients, but they also benefitted the peasants from whose poverty the elites profitted. Elite opposition to PIDER projects was therefore inherent in the design of the program. Most line agencies also had their own bureaucratic self-interested reasons for not cooperating with one another.7

Planning could not be rationalized and bottom-up input could not be obtained without at least some agency willingness to comply with these efforts. Many agencies, moreover, were weak and incompetent at their assigned tasks. For example, the World Bank made improving and strengthening Mexico's agricultural extension and research services a condition of its first PIDER loan. Hence PIDER had to do more than just develop the capacity to coordinate and get input from the agencies; it also had to work to reorient and strengthen many of them. Reorientation was necessary to get the agencies to be effective at helping small-

---

7See Tendler (1982a) for a detailed explication of the bureaucratic incentives and inertia that hinder rural development efforts.
scale, poor farmers (with whom they were not accustomed to working) and moreover to get them to consult with these poor farmers to optimize project choice, design, and implementation - something few agency technicians were interested in doing, much less had experience with. The weaknesses and limitations of the ways that PIDER tried to reorient the line agencies will be discussed in Chapter VI. Seeing PIDER as a vehicle for administrative reform can nevertheless obscure its ostensible purposes (and failings) as a rural development program to help the poor. Both rural development investments and administrative reform were crucial aspects of PIDER, and the apparent administrative accomplishments do not ameliorate the extravagant expenditures on projects themselves.  

Conclusion: The Mexican Government's Need for PIDER's Large Size

PIDER's rural development projects were a response to the political need for increased agricultural productivity and improved rural living standards. These problems were structural ones stemming from Mexico's agricultural policies in the 1950s and 1960s that favored commercial producers over peasants (Barkin, 1987). PIDER financed two billion dollars worth of anti-poverty projects across the country, despite the limited capacity and commitment to peasant development of the line agencies, on whom it depended for project design, implementation, and

\[\text{As Lindheim (1986: 186) argues, "The program result, if not explicit design, was the use of large public expenditures, rationalized and legitimized as helping the rural poor, as an instrument for improving government capability. It seems an expensive manner to create institutional change."} \]
maintenance. Disbursing the money was never difficult for the government, though, reflecting what the World Bank refers to as a Mexican "federal bias" toward investment over design and implementation of projects (IBRD, 1983). The line agencies, meanwhile, behaved according to the incentives surrounding their implementation tasks. These incentives made them cater to traditional elites rather than to the rural poor, and left them prone to corruption.

PIDER therefore undertook an administrative reform effort that was unprecedented at that point in Mexico. Decentralization and agency coordination - not to mention beneficiary participation - were new concepts in development administration. For that matter, so was achieving rural development by improving the productivity of small farmers rather than simply assisting large commercial agriculture. Given the agencies' weaknesses at planning and implementation, however, the administrative problems PIDER confronted consisted of far more than getting planning/budgeting input and coordinating agencies' project activities. The difficulties PIDER faced were pernicious because its administrative task was to facilitate not just coordination, but also agencies' capacity and compliance. PIDER could count on very few strong, committed agencies - or even individual bureaucrats within the agencies.⁹ Because of the size and the speed with which it was undertaken, PIDER not only was forced to utilize unreliable agencies, but also was unable to work effectively to strengthen the agencies, since so many were involved.

⁹See Chapter V for more details on individual agencies' performances.
The large size of PIDER was desirable for the program designers, nevertheless, because they needed to show that they were making significant progress on the rural crises before the end of Echeverria’s presidential term in 1976 (Lindheim, 1986). PIDER’s large size was aimed at showing speedy results in raising agricultural productivity, buying off social discontent, and legitimating the Mexican state. Once they confronted this problem, the Echeverria administration - already halfway through its six year term - had only a short time to achieve results.10

PIDER money therefore had to reach a great many of the poorest areas of the country as soon as possible. PIDER was the Mexican government’s response to structural problems, but its design was by no means the only possible response. The government could have chosen to forego attempts at actual growth and productivity, and just channelled money to poor communities. Instead, PIDER’s projects emphasized directly productive investments. Any rural development program could have responded to the political crisis of rural poverty, though. It could have been aimed at real productive development, or it could merely have been a slush fund.

10See Lindheim (1986: 136-137). He observes, "If there is interest in addressing problems of consequence, such as urban or rural poverty, then there is little time to conduct small pilot programs of social experiments to determine what interventions might or might not work on a larger scale." He adds that the bureaucratic self-interest of administrators (in seeing their own programs receive maximum funding and attention) also contributed to the decision to run PIDER on a national scale from the beginning.
In pursuing a real rural development program with PIDER rather than creating slush funds purely for state governors to help keep their populations pacified, PIDER’s designers in the government and in the World Bank were responding to two influences. On the one hand, rural poverty involved problems of productivity as well as those of discontent, and PIDER projects were supposed to raise food production in the countryside. On the other hand, the World Bank’s concern with projects’ "economic rate of return" played a major role in the original conception and design of PIDER (because directly productive investments show far higher short-term economic returns than either social or productive-support investments).

The fact that PIDER set up procedures and practices (participation; earmarking project funds rather than making them available as straight slush funds) that were more elaborate than those of other rural development programs at the time suggests a genuine attempt to improve peasants’ conditions. Admittedly, PIDER can still be viewed as a program for pouring money into rural infrastructure to create temporary jobs to buy off restless peasants. But then why the cumbersome funding procedures, the training of PIDER field agents in participatory methods, and the concern with monitoring and evaluation? CIDER, especially, had a significant amount of clout and a clear redistribution-oriented mandate for its

---

11 Miller (1980: 13) - a former advisor to PIDER’s founder, Hiriart - observes that the governors required "larger discretionary budgets if they are to continue to fulfill their basic task which - in crude terms - is to keep the population in the states pacified." Especially after PIDER was formally decentralized to be under the governors’ control, in a few states it became a slush fund after all.
think-tank and evaluation work, yet its creation was certainly not essential to a program of mere social control. The concept and design of PIDER thus made rural development possible, at least, if not easy to achieve.\textsuperscript{12} Its flaws in project implementation, however, limited its lasting impact in its target communities.

A look at the World Bank's rationale and prescriptions for rural development projects can help reveal why PIDER was a genuine attempt at rural development, when the government's immediate political need was merely to pour money into poor communities. I now turn to the situation of the World Bank that led it to undertake an untested enterprise on such a large scale with a bureaucracy as unreliable as the Mexican government's. The next chapter therefore looks at the bureaucratic politics and political rationalities of the World Bank.

\\textsuperscript{12}One might take issue with this assessment by arguing that the emphasis on expensive technology-intensive infrastructure was bound to exacerbate skewed rural income distribution, because beneficiaries with bigger plots, more resources, and better educations would benefit the most from them. World Bank staff, however, held the view that with sensitive enough project "software" (beneficiary organization and consultation), and with a concern for the socioeconomic situations in target communities, PIDER projects might well have produced more positive results in spite of their technological biases (Cernea, 1979).
III. POLITICAL DECISIONS: THE INTERNAL POLITICS OF THE WORLD BANK
AND ITS DECISION TO FUND PIDER

The last chapter showed the political reasons why the Mexican policy designers needed PIDER to be large right from the start. This chapter examines why the World Bank went along with the government's wishes, thereby ensuring that PIDER would be large and unwieldy, making administrative reform difficult. I focus on the internal political economy of the World Bank at the beginning of the PIDER program in the early and mid-1970s. First I discuss the environment and basic operating biases of the World Bank. Then I look at the World Bank's "discovery" of the need for anti-poverty projects, and how this discovery altered the dynamics of the discussions surrounding anti-poverty projects, by adding the voices of academics and relatively dedicated rural development specialists to policy and project debates. I conclude with some hypotheses to explain how these internal World Bank dynamics led the World Bank to agree with the Mexican government's desire to fund PIDER on a large scale immediately.

The World Bank's Concerns about Poverty and Equity

In analyzing World Bank funding decisions, one must take into account the structural biases inherent in some of its practices and preferences, Tendler argues (1982a). For example, to avoid appearing too concerned with redistribution (which is not economically rational), and because of the desperate need for economic growth in developing countries, the World Bank tends to justify its anti-poverty
projects with the logic that they contribute to macro-economic growth. Thus small farmer rural development programs are required to increase agricultural output quantifiably. They cannot just contribute to development in general by improving the stock of human capital. Rather than having a moral justification, then, all Bank anti-poverty programs must be justified on efficiency grounds. Governments seeking Bank funding - and departments within the Bank seeking political support - for anti-poverty programs, must argue that the programs will increase output. The institutional political bias of the Bank thus discourages moral or equity arguments by themselves.\(^1\) Raising incomes and productivity is the World Bank’s general aim, not redistributing income or meeting basic human needs (Ayres, 1983: 89). Anti-poverty projects are explicitly intended not to challenge this ethos (e.g., IBRD, 1975: 17). In order to incorporate anti-poverty projects into their normal productivity-oriented mode of operating, the Bank often pursues multi-component projects, like PIDER (the productive component is the centerpiece, while the anti-poverty components are tossed into the bargain). As Tendler puts it, this method is "one way of introducing...drastic change into a large organization used to doing things certain ways" (1982a: 8).

\(^1\)Ayres (1983: 226) points out that the World Bank's "anti-poverty" programs are deliberately aimed not at eradicating relative poverty, but at promoting economic modernization to raise absolute income levels, to ensure political stability by giving poor people a stake in the system, thereby conservatizing them. Extreme versions of this argument are expressed by Payer (1982) and Hayter and Watson (1985), who argue that in "modernizing" poor people, the World Bank's anti-poverty efforts ensure that such people are included in the capitalist world market and hence subservient to the interests of private international capital.
Another issue regarding World Bank projects and funding decisions is that the Bank loans as much to maintain a dialogue with governments about agricultural sector strategies and macro-economic policies as to assist particular projects. Whether genuine concerns about poverty enter the World Bank's sector and macro policy recommendations (the way such concerns are supposedly emphasized in individual Bank projects) is debatable. Hayter and Watson (1985: 97) contend that World Bank policy dialogues (or "leverage") on macro policies are only concerned with poverty as an afterthought. Ayres (1983: 108) argues, though, that World Bank policy dialogues can help keep progressive projects from being completely ineffective because of larger policy and economic environments that discourage agricultural development. Regardless of its motives, nevertheless, the World Bank clearly has more on its agenda than merely financing particular development projects. As we shall see, keeping up a good working relationship with a government in order to continue policy dialogues - in other words, maintaining its sector and macro policy influence - may, in combination with other factors, lead the World Bank to fund projects with limited chances of real rural development success.

Because of its concern for economic rates of recovery on individual projects, and for overall sectoral improvements, the World Bank tends to favor certain types of projects over others in its planning and funding decisions. Directly productive projects (irrigation, livestock, crops), for example, result in the biggest quantifiable increases in output. The Bank tends to approve them more readily than social and production-supporting investments, despite the fact that the latter types of projects
distribute benefits more widely among beneficiaries than do productive projects. "Anti-poverty" projects cannot be designed in ways that will best reduce poverty, because they must show economic growth results.

We may surmise that the World Bank views participatory projects similarly. The Bank does not see them as being beneficial because of the social or political effects of the participation. Instead they will evaluate participatory projects positively only insofar as participation produces better macro-economic results than other types of projects.\(^2\) One official World Bank document, for example, alludes to the instrumental value of beneficiary participation in inducing peasants to accept change and adopt new, "modern" production techniques (IBRD, 1975: 37). Beneficiary participation only has value, in the Bank's view, in its short-term effects on individual projects. Beneficiary organization is not usually considered a means of bureaucratic administrative reform or of building local capacity for lasting long-term rural development.\(^3\)

The Bank's approach to PIDER must be viewed in light of these generalizations about its practices. In pursuing its highly touted "new style" projects,

---

\(^2\) In a World Bank publication, Paul (1987: v) lists five World Bank objectives for including beneficiary participation in projects: empowering beneficiaries, building local capacity, increasing project effectiveness, improving project efficiency, and sharing project costs. He observes that the latter three objective get far more attention in World Bank projects than the first two do.

\(^3\) See Paul (1987). One exception within the World Bank is the sociologist, Cernea, who wrote the two official Bank publications on PIDER (1979; 1983). His work preaches beneficiary organization, but documents only a few actual instances of it in PIDER projects.
rural development specialists within the World Bank were still heavily bound by its traditional ways of operating. As Ayres (1983: 11) puts it, the World Bank in the 1970s was merely promoting certain socioeconomic reforms that were necessary to preserve the prevailing system of capitalist development.⁴ Social and distributional concerns did not alter the World Bank's primary objective.

**The World Bank Undertakes Small-Scale Agriculture Development**

The World Bank made very few loans for agriculture until the 1960s. During the "Green Revolution" of that decade the World Bank significantly increased its share of agricultural loans, but most were to large-scale, irrigated, commercial farmers, and consisted primarily of infrastructure, or "economic overhead" investments (hydroelectricity, railroads, highways, etc. - see Mason and Asher, 1973). As in Mexico, inputs such as these helped produce impressive increases in agricultural output. Top World Bank officials eventually realized, however, that the macro-economic growth was not "trickling down" to improve the living standards of the poorest people in developing countries.

Like the Mexican government, the World Bank needed a new policy approach to deal with the twin development problems of economic productivity crises and the potential political unrest, both of which had been exacerbated by the failure of trickle-down growth to make any dent in rural poverty. As expressed in

---

⁴These reforms were necessary because of the structural problems of poverty and inequality - and the resulting political and economic crises - that import substitution industrialization and commercial agricultural policies had produced.
World Bank president Robert McNamara's famous "Nairobi Speech" in 1973 and in various World Bank publications (e.g., IBRD, 1975: 62), the new goal of World Bank lending policies and projects was to increase the productivity of small farmers by at least five percent.

To run this effort internally, the World Bank created a special central Bank division in 1973, called the Agriculture and Rural Development Division (ARDD), directly under McNamara's guidance. The ARDD implemented, tested, and experimented with anti-poverty projects in Latin America, Asia, and Africa. It was the only World Bank division running such projects at the time. The central power and special priority within the Bank of this new division was clear, as the World Bank's new orientation toward poverty alleviation meant that it was taking on a whole new set of clients (poor peasants) in its loans to developing countries.

To have a substantial macro-economic impact on agricultural productivity, projects targeting small farmers had to reach a large number of beneficiaries, in contrast to the highly concentrated benefits of traditional World Bank projects. The expenditures per beneficiary could not be too high because of the sheer numbers of people being targeted, yet in order to combat the pervasiveness of rural poverty the new projects had to be multi-sectoral (i.e., contain several components, including social welfare and productivity-support elements to assist productivity, along with technological elements such that raise productivity directly).

To help governments reach the rural poor under these conditions, the World Bank encouraged a number of administrative moves in the developing countries to
which it was making loans. All of these suggestions are features of the PIDER program in Mexico. They are: overall program coordination at the center by a special office or unit, to integrate all rural development sector efforts; local level, decentralized control of planning and activities, including community involvement via participation, to help adapt and mix for local conditions the wide array of activities involved in multisectoral projects; expanded research into peasant farming technology and crops; and training of extension and organizing agents to make them responsible advocates and promotors for community needs (IBRD, 1975: 9).

PIDER was thus a showcase program for the ARDD. It merited one of the two detailed discussions of comprehensive national rural development programs in the World Bank's official "Rural Development Sector Policy Paper" (IBRD, 1975: 43-44). Run by a prestigious new World Bank division, PIDER was among the most highly touted of ARDD's well-publicized anti-poverty efforts in the mid-1970s. The ARDD and the World Bank as a whole considered PIDER to be at the forefront of their new approach to development and rural poverty.⁵

Besides "new style" projects (like PIDER's) that targeted a large number of poor small producers, the World Bank also undertook major research efforts on the problems of reaching the poor. Academic staffers were brought on to analyze World Bank efforts from a humanistic - rather than technical - point of view. To

⁵According to Lindheim (1986: 4), PIDER was the World Bank's largest and most propagandized program. He quotes Bank President McNamara as calling PIDER the "most comprehensive...most complex program with which the Bank has ever been associated."
improve the World Bank’s project evaluation capacity, the Operations Evaluations Department (OED) was created in 1975, to provide independent critical in-house analyses of World Bank projects to complement and balance the self-evaluative Project Completion Reports (PCRs) done by project implementing staff (such as the ARDD).

Between the creation of the ARDD and the other staff reorganizations in the early 1970s, the Bank brought in a large number of new staffers who were not confined to the civil engineering and macro-economistic approaches of traditional World Bank staff. Critics may contend that the World Bank’s anti-poverty reorientation merely served to bring more poor people in developing countries under the influence of international private capital (e.g., Payer, 1982, and Hayter and Watson, 1985). On the other hand, an administrative opening such as McNamara’s also provides the opportunity for committed individuals to influence both the lives of poor people and the way the World Bank runs projects and structures its research efforts. Some of the people working on PIDER in the ARDD in the mid-1970s definitely saw their efforts as helping poor people, though others no doubt had more cynical explanations for what they were doing.

The implementing position that these new poverty-oriented ARDD staffers occupied within the World Bank gave them great influence over potential Bank

---

6Such progressive orientations on the part of ARDD officials were especially crucial at certain times. For example, ARDD pushed the World Bank’s budget for the PIDER II loan through the Bank’s bureaucratic approval procedures as fast as possible. This effort ensured that PIDER would continue after the Mexican presidential transition in 1976. (See below, note 14.)
projects and even on macroeconomic policy recommendations. As Ascher (1983) points out, the Bank staff member with detailed knowledge of a specific country's economy has much more information and capacity to judge particular projects than does the managerial reviewer responsible for developments in many countries.

Moreover, the anti-poverty shift brought sociologists and other academics into the World Bank. For example, Cernea produced official World Bank documents encouraging the creation and utilization of indigenous local beneficiary organizations for World Bank projects (1979; 1983). One might argue that these staff members eventually provided more rhetoric than actual influence on World Bank policies or individual projects. On the other hand, though, at least some potential appeared to exist for a shift in the balance of bureaucratic politics within the World Bank. Along with McNamara's announcement, such an appearance could have reinforced the confidence of reformists in positions of actual influence in the Bank (e.g., ARDD).

The way the various new forces played themselves out against one another and against the traditional actors and outlooks in the World Bank helps explain the evolution of the World Bank's position toward PIDER. The Bank had three major factions within it relevant to PIDER decisions: the implementing ARDD (who reviewed program budgets, appraised PIDER projects, and wrote the PCR on the program); the practical, traditional Bank technocrats (exemplified by OED); the academic reformists (typified by Cernea's pro-participation/social change leanings).
The way each of these actors affected program funding decisions for PIDER was crucial in determining the way the Bank approached and influenced PIDER.

**The World Bank Decision to Fund PIDER**

Though PIDER formally began in Mexico in 1973, the first World Bank loan (PIDER I) - and most PIDER-related rural development project activities - did not commence until 1975. Normal loan appraisal and approval time at the World Bank is roughly two years, so this gap was not unusual. On the other hand, one of the Mexican government’s major reasons for creating PIDER was to get money into the countryside quickly. The loan approval time lag thus calls into question the capacity of the World Bank to capitalize on a government’s commitment to rural development, as such a commitment may change or fade by the time loans for progressive programs are approved.\(^7\)

Ayres (1983: 80) observes that the World Bank’s lack of an explicit theory of politics means that it has no understanding of the political needs of government reformists.\(^8\) This fact not only had repercussions for the political difficulties that

---

\(^7\)As Chapter IV shows, the overall orientation of the Mexican government’s policies shifted (at least temporarily) to the right when Lopez Portillo succeeded Echeverria as president in 1976. The Echeverria administration therefore had only a few years to achieve results with PIDER even at its inception in 1973. With the Bank not being able to disburse its funds until 1975, PIDER had only a year of full-scale operation under its initiating presidential administration to achieve results.

\(^8\)Ayres notes that the Bank’s political philosophy regarding governmental politics is generally restricted to "hortatory utterances like ‘political will’ or...‘sustained political courage.’ This excessively voluntarist approach [is] grossly inattentive to questions of socioeconomic and sociopolitical context and structure" (1983: 80).
Mexican reformists faced in promoting PIDER and ensuring successful projects. It also limited the World Bank’s own ability to exert influence on the Mexican government in the decision to start implementing PIDER projects on a widespread basis quickly, rather than to run a few pilot efforts in selected microregions first.

After the time delay of the World Bank’s loan approval process, reformists in the Mexican government would have felt even more pressed to swing PIDER into action as soon as possible in as many more communities as could be reached. Certain key World Bank staffers argued against such a move, in light of the limited technical capacity of the Mexican bureaucracy and because integrated rural development projects were a new concept and PIDER was going to encounter many difficulties that would need to be worked out. Otherwise, many projects probably would not work and a great deal of money would be wasted.

The World Bank’s OED Audit of the first PIDER loan (PIDER I) picks up this strain of the internal World Bank debate, and finds fault with the World Bank’s implementing agency’s (ARDD’s) Project Appraisal Mission. The dispute centered on whether or not ARDD’s PIDER I Appraisal Mission, which got the Bank involved in PIDER on such a grand scale, soundly judged the viability of PIDER. The Audit reports that the Appraisal Mission noted the weaknesses of the Mexican government’s implementational capacity, and saw the need for improving the Mexican institutional and technological base as an argument for Bank involvement. The Appraisal Mission did not, on the other hand, propose that the Bank fund PIDER as a small-scale experiment, which might have made more sense than the
nationwide effort that was eventually undertaken, given the shortcomings on the Mexican side.⁹ According to the Audit, many reviews of the Appraisal expressed concern about the feasibility of the overall PIDER effort, but the Appraisal Mission (the implementing division - ARDD) insisted that the Mexican version of PIDER could work in spite of the weaknesses observed (IBRD, 1983).

The Mexican government agency originally in charge of PIDER - Presidencia - originally conceived of PIDER's investments as consisting primarily of subsidized infrastructure. Besides the appeal to the government of subsidies for staving off rural unrest, subsidized rural projects were attractive to progressive reformists in the government and the Bank who wanted to improve the quality of life of the rural poor. The World Bank's funding, however, brought with it the requirement that the bulk of the investments be directly productive, in order that they pay off economically.

While the Bank insisted on emphasizing directly productive investments right from the start of PIDER I, subsidized infrastructure and social investments may have been both easier for the Mexican government and more desired by beneficiaries in general. The OED Audit, for example, faults the Bank's (ARD)  

---

⁹Another reason the World Bank might have funded PIDER on a large scale was the purpose of PIDER within the Mexican bureaucracy - administrative reform. A big, integrated program involving a number of different line agencies was the only kind that would force the improvement of bureaucratic coordination and agency capacity. One World Bank official argued that bureaucratic actors do not reform by themselves, and only when an agency is actually given tasks to carry out will it be forced to reform itself. On the other hand, this explanation could be a Bank justification for leaving unresolved problems for PIDER management to work out.
PIDER I appraisal mission for overestimating Mexico's capacity to implement successfully many of the productive investments that were eventually attempted.\textsuperscript{10} The Audit contends that Mexico lacked the technological and institutional bases necessary for implementing widespread small-scale productive investments, and suggests that the Bank initially might have taken an experimental approach to such productive investments (IBRD, 1983). After seeing which ones worked and which ones failed, the Bank and the government would have been on much firmer ground in funding millions of dollars worth of projects. The way PIDER was actually run, many projects were funded that had very little chance of being economically successful. As Lindheim (1986: 95)\textsuperscript{11} points out, the emphasis on productivity shifted investments away from easier infrastructure projects, executed by experienced

\textsuperscript{10}The amount of money actually disbursed toward such investments between 1975 and 1977 (PIDER I) was only 51\% of the appraisal estimates. The Bank explained this shortcoming in terms of PIDER II budget cuts, funding authorization delays, and executing agencies' internal problems. Productive support and social infrastructure investments were disbursed at rates of 115\% and 87\% of their respective appraisals, however. The Bank’s official explanation (Cerneanu, 1979) was that the uniformity of design of these works and the greater ease in contracting them made disbursing their funds easier. The Bank’s explanations are based solely on the nature of the projects themselves, though, rather than on the political will and technical capacities of the executing actors to carry out their roles adequately.

Keeping in mind the political inclinations of the state actor responsible for disbursement, I would hypothesize an additional explanation. PIDER management originally favored productive-support and social investments over the Bank’s leanings toward productive investments. PIDER therefore may have been better equipped and more inclined to disburse funds for supportive and social infrastructure than for directly productive projects.

\textsuperscript{11}Lindheim was a progressive World Bank mission staffer in the ARDD (along with Schumacher) in the mid- and late 1970s. This reference is to his doctoral dissertation, the only full-length work on PIDER in English that is not an official World Bank publication, to my knowledge.
agencies, and toward more complex projects, run by agencies with little experience working in poor communities. The Bank’s productivity emphasis and willingness to run PIDER on a large scale thereby made PIDER’s administrative reform tasks both more crucial to PIDER’s projects’ success and more difficult.

If the World Bank had insisted on funding only an experimental, phasing-in approach to PIDER, the government would have gone ahead with a widespread, comprehensive program of integrated investments anyway. Top PIDER managers in Mexico were under extreme pressure from government politicians\(^\text{12}\) to get projects running quickly in many communities, because of the need to increase agricultural productivity and avert social unrest.

If it failed to comply with the government’s desires, the Bank would have missed the chance to be an active contributor to a cutting-edge rural development program that was a major part of its own new anti-poverty effort. The Bank also would have been unable to insist that the government concentrate on directly productive investments, meaning that such a cutting edge program would have been implemented without its influence and in a manner contrary to its own wishes.\(^\text{13}\)

\(^{12}\)One PIDER official told a former World Bank consultant that he succumbed to this political pressure because even if he refused to run PIDER on a wide scale, the politicos would fire him and find someone who would.

\(^{13}\)Lindheim (1986: 119) observes that the World Bank was worried that its leverage and influence on PIDER would decrease if it did not support a substantial part of the program. He also notes that, at the time, the Bank was actively looking to fund a large integrated rural development program, to demonstrate its support for such efforts in developing countries.
Here we may have an example of the Bank's implementing divisions (ARDD) creating more program activity (funding and projects) for themselves, at the expense of the Bank's carefully defined emphasis on economically-rational, effective investments.\textsuperscript{14} The result was a major split within the World Bank over the viability of the PIDER program as a whole, as well as over the optimum form of Bank involvement.\textsuperscript{15} That the debate eventually resolved in favor of the implementing divisions (ARDD - the Appraisers and PCR-writers) suggests the strength of the (internal) lobbying power of Bank actors who have a vested interest in a project or program being funded.\textsuperscript{16} Several more issues lent strength to ARDD's position at that time, both in this particular debate involving the Mexican government, and within the World Bank in general.

\textsuperscript{14}In their Project Completion Report, ARDD contend that their original Appraisal was correct regarding Mexico's potential to undertake the productive investments that were actually funded. The PCR faults instead PIDER management's coordination capacity, and the line agencies' technical performance, and admits that their Appraisal's estimates were overly optimistic only as regards the productive investments' final outcomes.

\textsuperscript{15}As the Audit argued in criticizing the ARDD appraisers: "The conceptual scheme behind PIDER was and is an innovative and attractive idea. But the Bank helped design a project whose design implicitly, but not explicitly, attempted to use large project expenditures as an instrument for increasing government capacity. It is an expensive manner by which to create institutional change, and there is the danger that one is always justifying today's imperfect action by the promise of tomorrow's improvement" (IBRD, 1983: 16-17).

\textsuperscript{16}See Ascher (1983: 424). As he argues, "The feasibility of a project idea or macroeconomic policy is seen as often hinging on 'details' best known by the country specialist. Examples...include whether a particular government ministry was capable of efficiently administering the project or policy...."
The World Bank's interest in placating the Mexican government was not due just to a technical concern for ensuring that many PIDER microregions would feature directly productive investments, however. The ARDD emphasized the need to maintain a good working relationship with the Mexican government to sustain a policy dialogue, and hence to fund PIDER the way the Mexican government wanted to (IBRD, 1983: 40; Lindheim, 1986: 118-119). OED's Audit recognizes the legitimacy and strength of this argument, but insists that if the World Bank had taken the time, care, and effort to design and promote a pilot model of PIDER, the Bank could have convinced the government to pursue the technically more sound, much less costly course of running the pilot first (IBRD, 1983). The World Bank and the government could then have pursued Korten's (1980) "learning process approach" of perfecting the technological packages and the institutional mechanisms to implement them before diffusing these factors on a widespread basis.

The internal World Bank debate thus centered on the political viability of the Bank's insisting on a pilot project, rather than on whether or not a soundly run project was more important than maintaining a policy dialogue with the (fairly independently-minded) government. In other words, the desirability of maintaining a policy dialogue was more important than insisting on a financially sound, small-scale pilot for PIDER. In addition to the overwhelming importance to the World Bank of maintaining a policy dialogue with Mexico regarding both PIDER and rural development in general, other factors peculiar to the internal workings of the Bank
led the ARDD to promote PIDER on a large scale, and helped it win the internal debate on this issue.

I have already illustrated the prominence of PIDER in the ARDD’s agenda at the time: it was a prime example of the World Bank’s new anti-poverty approach, and the larger and more prominent it was, the better for the prestige of the Bank and of ARDD. Along with the issue of the prestige of the particular World Bank project (i.e., PIDER) went the question of the World Bank’s and the ARDD’s overall effort at the time to increase the sheer volume of loans that it was undertaking to get to poor people.¹⁷ Not only was a large-scale version of PIDER a significant loan outlay in itself, but maintaining a good relationship with Mexico promised that other similar loans would be possible in the future, thereby ensuring that the World Bank would be able to continue to loan to Mexico. As van de Laar (1980: 237) notes, project delays and changes by the Bank may be counterproductive if disgruntled countries decide to borrow from other sources of finance, potentially leading to a "shortfall on [World Bank] lending targets".

The ARDD’s institutional self-interest lay in steering as much loan business as possible in its own direction. Doing so could only enhance its own status within the World Bank. In addition, if we assume that some of its staffers acted from an enlightened interest in improving the lives of poor people in developing countries,

¹⁷As Payer (1982: 245) puts it, "The World Bank is in the business of lending money. Its officers gain promotion on the basis of how well they are able to fill the quota...to meet McNamara’s massively expanding lending goals. As a result, they fund projects that are dubious by their own standards of cost-effectiveness, and lend large sums to projects that could have been funded at much less cost."
the ARDD may well have seen itself as the champion of rural poverty alleviation within the World Bank. From this perspective, funding all the rural development projects possible on a wide scale would have been desirable. The aim of immediately helping - or buying off - as many poor people as possible must nevertheless have been one of ARDD’s considerations.

The internal political strength of the ARDD - as a new "pet" undertaking of McNamara himself, at the forefront of the new big anti-poverty campaign - must also be considered in explaining the decision to fund PIDER nationwide. The World Bank’s internal organization had been restructured in 1952 to prevent an inadequately prepared project from being pushed through for political reasons, but this organizational set-up was awkward in practice (van de Laar, 1980: 217). With the blessings and public backing of the World Bank president himself, however, ARDD in the mid-1970s must have been optimally positioned to circumvent these arrangements. Ascher’s (1983) argument about the information advantage that Bank implementing staff tend to have over their managers also contributed to ARDD’s strength in the debate over PIDER’s size.

To these special attributes of the ARDD in the mid-1970s, one can add the typical World Bank implementing division imperatives. For example, once a World Bank project has been designed and proposed, and appraisal is undertaken, project personnel consider suggestions to redesign the project at that point to be irritating and "inefficient" from a bureaucratic standpoint (van de Laar, 1980: 221). Time pressures encourage Bank project appraisers to ignore project problems, and to pass
off "loose ends’ which should have been investigated and resolved...as problems for project management to solve after approval of the loan" (van de Laar, 1980: 241). In the PIDER I loan, for example, the World Bank insisted that PIDER strengthen the notoriously weak Mexican agricultural extension service, as a condition of its funding the project. PIDER management therefore ended up having their hands so full with such problems of bureaucratic institution-building, however, that their capacity to pursue administrative reform (to ensure the responsiveness of these same institutions - their primary official responsibility) was severely impaired (IBRD, 1983).

**Conclusion: Development Projects as Political Instruments**

To maximize social control prospects by reaching as much of the rural population as possible, and to maximize the resources it could receive from the World Bank, top Mexican politicians wanted to run as broadly-based and as widespread a version of PIDER as possible, regardless of the limited bureaucratic capacity and technical knowledge Mexico possessed to implement such a program. The World Bank, on the other hand, had misgivings about the technical capacity of the bureaucracy and even the design of such an untried, untested program. Why, then, did the World Bank succumb to the Mexican desire for the Bank to fund the program on such a widespread scale without running a small pilot first?

(1) **World Bank and ARDD Prestige:** It was a model new anti-poverty project of the type to which the Bank had just made a huge commitment, to attempt to address the structural imbalances that
"development" efforts of the previous two decades had produced (see Lindheim, 1986).

(2) **ARDD Institutional Imperative:** Because of (1), the newly-created ARDD had an institutional self-interest in making PIDER as large as possible, to create as much work and funding for its anti-poverty efforts as possible. The internal World Bank bureaucratic incentive structure (time pressures, the sheer volume of loan disbursements encouraged) also played a role in the ARDD’s promotion of a large-scale version of PIDER.

(3) **World Bank Pursuit of a Policy Dialogue** (to keep the working relationship with Mexico on a good footing, so as to be able to continue to influence Mexican agricultural sector and macroeconomic strategies): By funding PIDER the way the Mexicans wanted, the Bank kept a foot in the door regarding having a say in PIDER and in other Mexican programs. This technique (of using project loans to acquire "leverage" in influencing sector strategy and macro policy) is standard World Bank procedure. The OED Audit (IBRD, 1983), however, indicates that with an intense diplomatic effort the World Bank might have been able to maintain a policy dialogue with Mexico and still have funded only a small pilot version of PIDER at first. The reason for the Bank’s funding of PIDER on a large scale was therefore a politically contingent decision.

Each of these three reasons assumes that World Bank support for a large version of PIDER was a means (to prestige, to bureaucratic self-interest, to a policy dialogue), rather than a rural development end in itself.\(^{18}\) From the Mexican

\(^{18}\)Admittedly, ARDD’s own institutional self-interest can be seen as being the pursuit of rural development objectives. Maximizing its own funding and project activity was not necessarily a conniving or evil thing for ARDD to do, to the extent that its role within the World Bank was to help poor people. For example, ARDD made a blatantly political effort to ensure that PIDER would continue into Lopez Portillo’s presidential term, by pushing the PIDER II loan through the Bank bureaucracy in time for PIDER II to overlap the Mexican presidential transition. ARDD can be viewed as doing so in order to continue running PIDER rural development projects in Mexico, not because it explicitly wanted to further its own bureaucratic self-interest. This example brings up the question: When does following an institutional imperative benefit the clients/members of the organization as well as the oligarchy/staff who follow the imperative?
government’s perspective, too, PIDER was an instrument of administrative reform as well as a program to reach the poor.

Hence behind the World Bank decision to comply with the Mexican government’s wishes to fund PIDER on a large scale is the question: What was the World Bank (and the ARDD in particular) supporting by funding PIDER? Was it a particular set of rural development project initiatives to increase productivity on the ground? Was it a mode of rural development and bureaucratic administration? As Miller asks, "Is it a concept of rural development, ...a methodology for implementing the concept, or an institutional framework in which the concept is embedded?" (1980: 3).

To a certain extent, PIDER was all of these things to the World Bank. As we have seen, though, the most prominent (and the most politically controversial) reason that the World Bank had for funding PIDER on a large scale was the pursuit of a policy dialogue. Hence for the Bank, PIDER’s "institutional framework" (bureaucratic administrative reform) and its projects’ technical soundness were secondary to the value of PIDER as a concept of rural development and an implementational methodology (i.e., one of directly productive investments). More important, what PIDER was for the World Bank (in terms of rural development) was less of a factor in the Bank’s early decisions about PIDER than was the value of PIDER as a bargaining chip.

The World Bank’s use of PIDER to maintain a policy dialogue with Mexico extended far beyond the question of directly productive investments being
emphasized in PIDER projects. If the ARDD had truly been interested only in the project value of PIDER, then - as the OED Audit (IBRD, 1983) argues - it could have found a way for PIDER to be run as a pilot project first. World Bank prestige and its working relationship with the Mexican government were also at stake in the small-pilot-versus-large-scale decision, however. These diplomatic factors were deemed more important than the nuts and bolts technical problems that might have been solved by experimenting on a small scale first before expanding the scope of the program.

The World Bank's primary reason for funding PIDER on a large scale thus was a political decision that was made in order to pursue a policy dialogue, rather than to improve the real rural development potential of actual PIDER projects. The possible rural development achievements of PIDER were then limited by the weak technical and institutional capacities brought on by its immediate large size. PIDER projects depended on unreliable (weak and incompetent, or strong and recalcitrant) line agencies, who were being coordinated by politically weak reformist administrators in a new bureaucratic arrangement whose bugs had not been worked out. The best result that could have been attained in these circumstances was the adaptation of the bureaucracy to this new style of conducting business. Successful rural development projects were simply too much to hope for. More important for this analysis, though, is that the large size of PIDER, and the World Bank's views on beneficiary participation, made administrative reform much more difficult (as Chapter VI will show).
The fundamental reasons why PIDER involved a nationwide pilot approach (for the government, quick results; for the World Bank, maintaining a policy dialogue) were not necessary to achieve rural development per se. The political context in which PIDER was undertaken, however, meant that these "unnecessary" goals were part of the effort. PIDER’s resulting large size complicated the administrative reform necessary for substantive rural development project results. The political dynamics among the bureaucratic actors involved in PIDER also made administrative reform both necessary and difficult. The next chapter therefore outlines each of these actors’ predispositions and power in relation to one another.
IV. POWER RELATIONS:  

INSTITUTIONAL ACTORS IN THE MEXICAN GOVERNMENT

In analyzing why the World Bank chooses to fund development projects in certain countries and not in others, Ayres (1983: 213) argues that a country's apparent commitment to antipoverty objectives encourages the World Bank to fund its projects. Ayres also points out that an authoritarian government such as Mexico's may take on poverty-oriented projects for a number of reasons other than a genuine commitment by the entire regime to an anti-poverty approach. Two of the alternative reasons that Ayres offers are applicable to PIDER in Mexico. One is that the government chooses to undertake the projects to help consolidate its authoritarian regime. As the political support and social control needs of the Mexican government in the early 1970s imply, this logic had considerable appeal to key government officials. Ayres' other reason is that a particular government agency or policy current (rather than the whole government) may want to undertake anti-poverty projects. This chapter illustrates that distinguishing government actors by their degree of enthusiasm for PIDER is crucial to explaining its projects' rates of success and the difficulties of the administrative changes it involved.

I will discuss the institutional strengths and positions of the Mexican executive, the state governors, PIDER management, the implementing line agencies,

---

1 Much of the information in this chapter is distilled from Cernea (1979; 1983) and IBRD (1983).
CIDER, and PIDER’s field agents. Each of these actors played a major role in
determining PIDER’s potential to achieve both administrative reform and rural
development. The fundamental shortcoming of PIDER’s administrative reform (and
hence of its projects’ results) was PIDER management’s inability to coordinate and
direct the various implementing agencies with one another and with PIDER state-
level staff (IBRD, 1983). To understand the difficulties inherent in these
coordination efforts, this chapter pinpoints where each of the major government
actors stood in relation to one another.

The Mexican Executive: The concepts that the Mexican Presidential
administrations held regarding rural development were crucial in determining the
political priority accorded to PIDER and to its policy aims. The Echeverría
administration, under which PIDER originated, blamed low levels of peasant
agricultural production on exploitation by economic intermediaries and on the
inefficiency and lack of incentives of previous government policies (Grindle, 1981).
Echeverría’s approach to rural development increased existing rural social tensions,
by facilitating peasant activism through government channels (Fox and Gordillo,
1988).

President Lopez Portillo’s (1976-82) early policies, on the other hand, aimed
to allay the fears of rural elites such as middlemen and large landowners.2 Lopez

---

2In 1980 this macro-policy orientation shifted, when new anti-poverty and rural
development programs were launched (SAM, COPLAMAR).
Portillo’s less confrontational designs attempted to limit rural polarization and reestablish confidence in the government. While PIDER may not have been directly affected by this switch in orientation at first, its anti-poverty focus and its emphasis on beneficiary participation obviously enjoyed less support from the new President’s tone and style than from Echeverria’s rhetoric.

The presidential transition thus signalled a shift in PIDER’s "policy framework," decreasing significantly the latitude that community organizers had for mobilizing poor peasants to pursue opportunities such as those that PIDER presented. As Lipsky and Lounds (1976) argue, the extent of emphasis on participation in participatory government programs is subject to the changing interests of the government. The goals of PIDER changed after Lopez Portillo came into office, and even when Lopez Portillo revived the anti-poverty emphasis

---

3For example, Lopez Portillo’s administration passed the Law for Agricultural Development, which legalized the renting of ejido plots to private farmers - a clear reversal of Echeverria’s campaign to strengthen the ejidos and redistribute more land, which had increased social upheaval.

4The PIDER case that Fox (1988a: 20-21) documents is a prime example. Sympathetic government rural development promoters helped organize and found a Union of Ejidos in southern Nayarit in 1975, which succeeded in obtaining project benefits that were very helpful to its members. The promoters, however, were thrown out of the state by a new governor shortly thereafter. While the Union continued to generate mass participation, without external allies it was vulnerable to government intervention. The government was then able to imprison the Union’s leaders and impose its own candidate on the Union. When Lopez Portillo’s macro-policy shifted back toward peasant organizing under anti-poverty rural development programs, new external allies (government organizers) came to the region, and the Union was able to make new political and economic gains (Fox, 1988a).
in his policies in 1980, PIDER remained more technocratic (and less participatory) than other rural development programs.

Since PIDER was initiated by the Echeverria administration, simply because of the politics of presidential programing it was expected to be deemphasized when President Lopez Portillo took power (Grindle, 1986). Although its funding and scope were actually expanded instead (Schumacher, 1981: 13), PIDER’s formal clout within the executive branch did decrease significantly with Lopez Portillo’s establishment of his own agricultural and rural poverty programs (SAM, the Rainfed Districts, and COPLAMAR). As Grindle (1981: 37) puts it, "A number of problems that PIDER experienced, such as a drop in salary levels and a paucity of high caliber personnel can be linked - and often were by [resentful] PIDER officials - to the creation of COPLAMAR and its greater presidential support." COPLAMAR supporters contended that it was carrying out the functions that PIDER had failed to, while PIDER officials questioned how integrated and how productive COPLAMAR projects were. Under Lopez Portillo the Rainfed Districts Program (run directly by SARH - one of the many line agencies PIDER relied on to carry out its projects) and SAM also took on many of PIDER’s objectives and competed with it for funding, clients, and contracts (Grindle, 1981).

While PIDER was duplicated by other programs and its operations themselves were increasingly taken on by staff who were nominally SPP and state employees, the program nevertheless continued to enjoy a fairly high priority and
funding, especially considering the change in presidential administrations. While its own nominal specialized staff was small, other SPP departments and programs ran many PIDER-financed activities (Cernea, 1983: 3). The latitude that SPP/PIDER reformists had to pursue their goals (e.g., beneficiary participation) - as well as their strength in relation to the rest of the bureaucracy - nevertheless decreased with the shift of Presidential orientation.

State Governors: PIDER also suffered politically because of the desire of the state governors to control its funds. Political pressure from the governors, stemming from their desire to control more of a share of new investments, had inspired an initial effort at decentralized inter-sectorial planning (COPRODE) in the early 1970s. This idea - that states would aggregate their own needs and pass them up to the federal government - was a major objective behind PIDER's emphasis on bottom-up planning (Miller, 1980). From 1974 onward PIDER gave the governors a greater say in the selection of its projects, and thus in the allocation of federal funds within their states (Miller, 1980). On the other hand, the benefits PIDER provided to the governors brought some costs with them. That is, compared to other rural development schemes, PIDER funds were difficult for the governors to manipulate. Lopez Portillo’s creation of CUC in 1977, for

---

5This shift of control was extended slightly in 1975 when the authority of the state-run PIDER committees was increased, such that once the annual microregion budgets were approved, the committees could withdraw federal funds from the agreed-upon program budget without further authorization (Miller, 1980).
example, gave direct control to the governors of CUC investments. In 1980 further pressure from the governors convinced Lopez Portillo to incorporate PIDER formally into CUC, and decentralize control over planning and budgeting to the governors. This move was actually a logical decentralizing step (though perhaps not a politically or programmatically astute one), since the governors were originally given control of CUC in an effort to build on PIDER's decentralization agenda (Miller, 1980).

The governors were keen to increase their control of PIDER not only because of the money, contracts, and projects it provided. They also felt threatened by PIDER, at least initially under Echeverría, because of its anti-poverty objective of redistributing income, which threatened the established power structure within each state. One way to get around the anticipated gubernatorial resistance was for PIDER to coopt the governors by giving them at least some of the control that they sought. Thus decentralization had a dual purpose of increasing the governors' sense of involvement and of promoting greater delegation from the national to the state level within the federal agencies.

---

6 As one former World Bank official explained, "CUC was a real way of giving money to the governors for [discretionary] slush funds, while PIDER provided money for the governors' projects through the line agencies." This set up made PIDER more effective for projects, but less popular with most governors.

7 Miller (1980: 11) contends, "PIDER's relative success up to 1976 relied on what were in effect a series of political deals between PIDER and each state governor. There was a bargaining process, in which each party got some, but not all of what it wanted."
**PIDER Management:** At the top of the PIDER program effort itself was the central management, housed first in Presidencia and then in SPP. PIDER management planned and invested in projects, but did not implement their own projects directly. They supervised and coordinated the 14 agencies that carried out PIDER projects, and depended on the agencies to achieve rural development results at the grassroots level.

The reformists with the most power in the PIDER bureaucracy, PIDER management at first was oriented more toward public grants for social and supportive infrastructure than toward productive investments (which were high in cost-recovery and direct production output). PIDER management took the income-distribution possibilities of its investments seriously, so its staff would listen to the more progressive academics (Bank sociologists, CIDER) when they argued for beneficiary participation. On the other hand, PIDER management was also responsible to the political needs of the president, so their position was ambivalent regarding beneficiary participation. In addition, because of its central coordinating position in the program’s bureaucratic structure, PIDER management was concerned primarily with making a large aggregate economic impact with its investments.

They often failed to follow up the actual investing to ensure that the implementing agencies were implementing projects adequately and in line with target communities’ productive and social needs, however. PIDER management also lacked the political mandate within the bureaucracy for organizing beneficiaries
and running an anti-poverty investment program. Because PIDER management depended on the line agencies for the operation and effectiveness of its investments, it was unable to enforce its own concerns with redistribution and beneficiary organization on the actual implementation of projects. This political weakness in relation to most of the agencies was exacerbated by the high turnover rate of top PIDER officials (typical of the Mexican government). Their weakness belied PIDER managers' formal central position in the bureaucratic structure, and meant that PIDER managers were also unable to coordinate the agencies well with one another, even though coordination was one of their primary functions. PIDER management's weakness also meant that they could not achieve administrative reform by itself. They needed a way to check the behavior of the line agencies in the field, and their field agents usually lacked the clout.

Under Lopez Portillo, when SPP took over PIDER's administrative operations, PIDER was considered to be part of the SPP "super agency," which had both planning and investment powers. These powers, though, were only great as long as they went unchallenged by the other agencies, many of whom resented and feared SPP's super agency status (see Bailey, 1980). After SARH's consolidation, for example, SPP and SARH became involved in a power struggle at the national

---

8See Cernea (1979). As Ayres (1983: 218) points out in reference to governments working with the World Bank, "The willingness to implement a poverty-oriented project, and to effect certain organizational changes in connection with it, d[oes] not necessarily mean a disturbance of the bureaucratic status quo."
level, which was constantly played out at the state level, with SPP state representatives trying to assert their own power over all the other agencies. This struggle hindered PIDER projects' operations, which worked best when SPP representatives worked to coordinate different agencies, rather than to assert their own power.

The Line Agencies: PIDER originally was a means of channelling funds to the microregion level without making the money available to state governors as completely discretionary slush funds. In order to achieve this goal, project funds were distributed to the microregions through contracts with the implementing line agencies. The procedures the agencies had to go through were cumbersome and extensive, to hinder agency personnel from using PIDER funds at their own discretion. Since PIDER was a coordinating effort, rather than a program duplicating other agencies' rural development efforts, it funded existing agency projects, to have some say over how they should be integrated with other development projects in the targeted microregions. Most of the agencies already tended to have plenty of other funds and projects with fewer strings attached (especially during the oil boom in the late 1970s and early 1980s), however. They
were therefore able to bypass PIDER projects, whose accounting system and project stipulations made skimming nearly impossible.9

The agencies themselves were used to working with commercial farmers, as nearly all Mexican rural development programs until PIDER were aimed at increasing the output of the better-off irrigated commercial landholdings. The agencies were not accustomed to running anti-poverty programs, and had many incentives not to change. Most agencies were reluctant to empower poor beneficiaries, and resisted PIDER directives and CIDER recommendations.10

These agency orientations are not unusual. In PIDER, they were merely responses to the bureaucratic incentives that influence the implementors of any anti-poverty program. As Tendler observes (1982a), anti-poverty projects usually face a number of institutional obstacles to effective administration and implementation. Government agencies and programs that deliver services to the rural poor that cannot be monopolized by elites (say, small credit loans that exclude borrowers with

---

9Federal agencies’ strengths and budgets varied by state, so in the smaller states, where most agencies had smaller budgets, PIDER money was far more significant, and hence more enticing to the agencies in those smaller states (Lindheim, 1986). The smaller states therefore had more incentives to cooperate with PIDER.

10This paragraph draws on the ideas in Austin and Fox (1987). As they observe (following Lipsky, 1978), the institutional agendas and individual priorities of agencies and their managers shape agencies’ responses to new policy initiatives. If a macro-policy shifts attention from one clientele to another, then "the mobilization and participation of the new beneficiaries in program decision making and operations may be essential to implementing the policy change" (Austin and Fox, 1987: 89).
incomes above a certain point) often generate opposition from politically significant non-beneficiaries (namely, these elites - landlords, middlemen). The ire of politically powerful local elites certainly will not boost an agency’s or a program’s political standing. Hence, as Fox (1986) points out, Mexican bureaucratic actors are not class-biased because they do not understand how to promote rural development. Rather, they respond to incentives inside and outside the state that encourage them to provide services to privileged groups.\footnote{A classic example of such bias is the refusal of FIRA, the traditional Mexican agricultural credit bank, to provide credit to PIDER beneficiaries. FIRA saw loans to poor peasants as too risky. Almost all PIDER projects therefore lacked their credit components until BANRURAL was consolidated in 1977, specifically to provide credit to the rural poor. For more information on FIRA, see Austin and Fox (1987).}

For example, extension services’ and credit banks’ traditional bases of support are their regular clients (Tendler, 1982a). Until PIDER’s anti-poverty projects, these clients in Mexico were predominantly rural elites, whom the agencies supplied with commercial credit, modern fertilizer, high-yielding seeds, and improved livestock. PIDER’s targeting poor peasants forced these agencies to alter their normal practices.

Anti-poverty programs’ assistance to poor farmers threatens rural elites not only by redirecting project benefits away from them, but also by challenging elites’ power over the poor. Increasing the productivity of the poor makes them less reliant on employment and marketing services that elites traditionally provide.
Obviously, these results will also produce elite opposition to such projects and their implementing agencies.

These points illustrate the political obstacles inherent in any anti-poverty undertaking. PIDER, though, faced additional agency resistance. Its massive scope meant that line agencies resisted management directives not only because of bureaucratic incentives, but also because PIDER management’s central authority was a threat to the agencies’ own bureaucratic positions.

That is, agency resistance to PIDER was sometimes based on bureaucratic politics (rather than on influence by private sector elites), especially after SPP was created and put in charge of PIDER operations. SPP generated a great deal of antagonism among the line agencies because of its many functions and powers.\textsuperscript{12} As Bailey (1980) points out, creating an effective planning secretariat not only threatened other agencies’ self-direction (autonomy), but also led to the perception that the SPP secretary would be advantageously situated to position himself to become President. SPP was thus a threat to the institutional balance among the cabinet secretaries, and resisting its initiatives (e.g., PIDER directives) was one way the other agencies had of weakening it. SPP/PIDER’s problem was that its institutional strength was feared, but the line agencies could easily ignore its authority in actual project operations.

\textsuperscript{12}SPP initially was responsible for evaluation of programs too, but sectoral agencies resented the combination of programming, budgeting, and evaluation in one body, so the politics surrounding the new Secretariat were fierce (Bailey, 1980).
In light of this portrait of PIDER's line agencies' self-interests, Korten and Uphoff's (1981) call for "bureaucratic reorientation" seems quite unrealistic.\textsuperscript{13} As one World Bank official pointed out, nevertheless, bureaucratic resistance to a rural development effort is to be expected; it is not due to an innate organizational evil. PIDER management's inability to direct the line agencies effectively nevertheless meant that the different components of the integrated projects often were not coordinated properly with one another. These administrative and implementational problems hurt most projects' chances for economic success (as the next chapter's discussion of investment results illustrates).

While most agencies in most states tended toward entrenched resistance to PIDER, a few agencies or divisions of agencies nevertheless were run by dedicated reformists. Raul Salinas de Gortari headed DCMO in the Yucatan under Echeverria, for example. DCMO administered much of SAHOP's rural road-building component of PIDER in the early and mid-1970s (and ran its own road-building program as well). DCMO's work to get beneficiary peasants to participate in constructing roads in their own communities is cited repeatedly as an example

\textsuperscript{13}Sounding somewhat ludicrous after Tendler's depiction of selfish agencies pursuing their own interests rather than those of their clients, Korten and Uphoff (1981: 21) describe a "bureaucratically reoriented" irrigation department as defining itself as "assisting small farmers in managing available water resources more effectively for their [own] benefit," rather than as "constructing and controlling irrigation systems and gaining farmer compliance for agency-determined cropping and water realease schedules."
of a committed, "reoriented" bureaucratic effort. Well-run, strong operations such as DCMO were rare, however, and PIDER could count on few such agencies run by dedicated reformists.

Some agencies were more willing and able than others to implement PIDER projects capably, with some chance of producing successful economic results. The different roles, clientele, resources, bureaucratic strategies, and orientations of each agency - and the fact that these variables differed within the same agency from state to state - meant that project outcomes were heavily determined by who was responsible for project implementation. In this situation, PIDER's rationalized, integrated microregional planning strategy for rural development had only limited effectiveness (Ayres, 1983). No matter what projects were planned, line agency personnel still had the final say over how the projects were set up and implemented.

**CIDER:** CIDER was an independent monitoring and evaluation (M/E) unit set up, but not controlled by, PIDER management. In contrast to the technical, policy-oriented people on the PIDER and agencies' staffs, CIDER staff were mostly academic sociologists and anthropologists. They espoused the most radical grassroots-oriented reformist views in the entire bureaucracy. Among their

---

14See, for example, Korten and Uphoff (1981); Salinas de Gortari (1982). Regardless of the dubious value of road-building labor as "participation," however, such a bureaucratic effort also was extremely valuable to the government's aims of averting rural unrest because of the temporary jobs it created. It also involved one of the World Bank's primary criteria for participatory projects: resource contribution by beneficiaries (see Paul, 1987).
responsibilities was developing a concrete operational methodology for beneficiary participation that would guide PIDER and agency personnel in incorporating beneficiaries into their own projects.

In theory, CIDER was quite an innovation. Both independent M/E institutions and operational guidelines for participation were new ideas in the mid-1970s. At that time, almost all M/E in the Mexican bureaucracy was carried out by the agencies themselves - a situation that did not produce very objective criticism, since an agency usually had few incentives to be critical of its own performance. Between CIDER's independence and PIDER's political aims to find fault with the line agencies at the time, however, the 1979 Mid-Term Evaluation of the PIDER program was probing, insightful, and critical.\textsuperscript{15} That PIDER management was able to establish CIDER in a way that made its feedback effective was a major institution-building achievement (Cernea, 1979: 8), proving that PIDER had at least some autonomous political power within the Mexican bureaucracy.

CIDER's purpose within the PIDER effort thus seemed ideally suited to reformism. It could be independently critical, and "kibitz" from the outside, without having to worry about shoring up its own institutional strength, since it was not involved in the projects that it was critiquing and was not beholden to an institution that was involved (such as PIDER management or a line agency).

\textsuperscript{15}Tendler (1982a: 74). For a detailed description of the Mid-Term Evaluation and its findings, see Cernea (1979).
On the other hand, the fact that CIDER had no operational role limited its effectiveness to being a mere watchdog. The CIDER board of directors, ironically, was comprised of representatives from the line agencies. Moreover, CIDER could not enforce its own findings and recommendations. Instead, PIDER was responsible for acting on CIDER's criticisms (reforming its own operations, enforcing agency compliance with M/E recommendations, etc.). The political orientation of CIDER's academics also led their recommendations (promoting equity, participation, etc.) to fly in the face of the World Bank's desires to run directly productive investments. CIDER's recommendations for more social subsidies often were the opposite of what was eventually pursued out of economic necessity.\(^{16}\)

PIDER made a good effort to comply with CIDER's recommendations that criticized the line agencies, but the agencies resisted the suggested changes, and fought back against PIDER.\(^{17}\) The agencies managed to place the blame on PIDER for many of the problems that CIDER raised, which weakened PIDER even further by cutting into its prestige.\(^{18}\) Since PIDER-central was institutionally weak

\(^{16}\)See Cernea (1979: 75), for example. Another example of a reformist proposal that never was acted upon is that the PIDER III World Bank loans were originally going to focus on Basic Human Needs. This orientation was eventually given up because of the continuing need to run directly productive projects to attempt to achieve an adequate economic rate of return on the entire program.

\(^{17}\)For example, some agencies would refuse to take PIDER contracts. This was possible for agencies to do without harming themselves because of the plethora of rural development programs (COPLAMAR, CUC, and the Rainfed Districts program, for example) that were contracting for projects at the time.

\(^{18}\)Bailey (1980) points out that SPP similarly took a great deal of heat from
vis-a-vis the line agencies and had limited capacity to make its own state level staff
do what it (and/or CIDER) wanted, then, CIDER's watchdog bark proved to be a
lot bigger than its bite, especially since CIDER could not always count on PIDER
to take action on its recommendations.\textsuperscript{19}

Communication among PIDER, CIDER, and the line agencies was generally
weak, since each had an institutional interest in limiting its contact with the others
because information sharing would strengthen the others (Cernea, 1979). This fact
limited PIDER's knowledge of agencies' activities, and therefore its power to force
them to comply with its aims. CIDER was hurt most by the resistance to
communication, though, since the effectiveness of its M/E feedback depended on
the receptivity of PIDER management. Naturally, PIDER resisted criticism of its
own operations,\textsuperscript{20} and eventually felt so threatened by CIDER's clout as an
independent evaluator that it set up its own in-house evaluation office.

\begin{flushright}
\begin{flushright}
state governors acting as advocates for state and local needs. The strategies of
getting input from lower bureaucratic levels and of having an independent reviewer
like CIDER thus seem to have hurt SPP and PIDER management institutionally.
At the same time, SPP/PIDER was also able to use these strategies to find fault
with the line agencies and to develop new projects and goals to meet societal
demands.
\end{flushright}
\end{flushright}

\textsuperscript{19}CIDER's limited efficacy may call into question Cernea's assertion that the
establishment of CIDER was a major institution-building achievement (see above,
and Cernea, 1979: 8). CIDER's institutional autonomy in this situation may,
ironically, have restricted its authority over other government actors.

\textsuperscript{20}For example, for much of 1977, the acting PIDER director fenced off PIDER
management from CIDER feedback (Cernea, 1979: 17).
CIDER's outside M/E role was completely removed after the 1979 Mid-Term Evaluation, in addition, by the new M/E arrangements accompanying the decentralization of PIDER operations to the state governors. M/E for individual projects reverted solely to the individual agencies again, and PIDER put its own in-house evaluation unit into action (see Cernea, 1979; IBRD, 1983). CIDER's disempowerment around this time was another element hurting the reformist approach. This phasing-out of CIDER is especially important because it happened just as CIDER's long-term, highly touted effort to devise and perfect guidelines for beneficiary participation was about to be fully utilized across entire states in the planning of PIDER projects. Although the guidelines were promoted and pursued under the new decentralized institutional set-up, CIDER's decline and PIDER-management's lack of clout severely limited the institutional memory and the level of commitment regarding beneficiary participation (Cernea, 1987b: 251). Thus, like PIDER, the power CIDER had was restricted by its position in the bureaucracy.

**PIDER Field Agents:** Some PIDER field agents felt frustrated by the project requirements developed by the Mexico City central PIDER office. Their own efforts to design different program packages for different communities were hindered by guidelines set up by officials who had never visited any of the target communities, and by funding restrictions imposed by international donors that

---

21Most of this section is drawn from Lacroix and Caro (1983).
stipulated that funds could only be used for certain types of rural investments (e.g.,
the World Bank insisted that directly productive projects be emphasized in all
communities, regardless of most local conditions).

Many field agents saw their own long-term knowledge and experience in rural
areas as essential to project success. They urged that the organization of peasant
groups needed to be emphasized (a point Cernea (1983) echoes as well), and that
investment directors needed to spend more time in target communities, familiarizing
themselves with local conditions. These directors were too concerned with
strengthening and reorienting the line agencies, though, to pay enough attention to
conditions in the field.

Despite their complaints, the PIDER field agents were the most trustworthy
link to beneficiaries that PIDER managers had. The information and motivation
achieved by these teams and their promotion of CIDER’s participatory methodology
were very helpful in explaining the purpose and possibilities of PIDER to target
communities (Cernea, 1983: 75). In at least one region, PIDER field agents’
organizing assistance was instrumental in helping peasants to obtain access to
fertilizer and to establish their own Union of Ejidos.22 In general, though, what

22See Fox (1988a) and the above reference to his description (note 4). More
comprehensive and systematic field work needs to be done to see if any other
communities benefitted similarly, to ascertain what the political spillover effects of
an economic development program can be. One of the problems of relying on
World Bank documents for such information is that the period of most active
peasant organizing under PIDER (the Echeverria years, 1973-76) was nearly over
before the Bank got involved in funding and documenting the program.
beneficiary participation field agents did achieve developed gradually and affected projects only in their later stages. It also appeared to be linked to successful development of community spirit in project areas. According to an official World Bank publication (Cernea, 1983), PIDER III's widespread use of a participation methodology developed by CIDER did produce a noticeable improvement over the earlier program efforts at participation. With CIDER's demise, the decentralization of PIDER control to the state governors, and the waning of the World Bank's heavy anti-poverty emphasis, though, field agents' efforts to stimulate further participation were limited in the 1980s.

Conclusion: PIDER as a Reformist Program in an Inertial Bureaucracy

The restrictions on the capacity of innovators at the center of a large bureaucratic state are clear from this description of the positions of the institutional actors involved in PIDER. On the other hand, PIDER shows that reformists at the state center can establish and administer a rural development program with key administrative provisions to encourage line agencies' responsiveness to beneficiaries and to discourage corruption.

\[23\]While the World Bank has retained a substantial interest in anti-poverty projects throughout the 1980s, the primary implementing division (ARDD) in charge of PIDER was phased out in the early 1980s. PIDER operations were taken over by the more traditionally-minded Irrigation Division in the Bank.

78
The power relations among the various PIDER actors, however, made these administrative provisions hard to impose on the implementors, whose bureaucratic incentives (and political self-interests) discouraged compliance with SPP/PIDER’s aims. PIDER management had few means to ensure that the line agencies were pursuing projects appropriate to the needs of local beneficiaries. PIDER’s initial large size meant that it involved a vast range of agencies in many states, regardless of these agencies’ capacities and commitments to run anti-poverty projects. PIDER field agents, though, were only sometimes willing - and less frequently able - to prevail on resistant agency technicians to consult with beneficiaries about projects. This conflict brings up the need to distinguish "activist" bureaucrats and field agents who encouraged peasant organizing from "liberals" who were merely willing to bargain with organized peasants. Both types might be considered "reformists," but their impacts in the field and within the bureaucracy were quite different.

SPP/PIDER could not simply rely on a few strong, liberal bureaucrats here and there. They had to attempt an overall administrative reform (using the activists’ organizing efforts) to reach the entire rural development sector of the bureaucracy. Moreover, the ambivalence of the Mexican executive, and the limited influence of CIDER, regarding beneficiary organizing meant that SPP/PIDER lacked the assistance of beneficiary sandwich pressure in the administrative reform.

The next chapter surveys the reported economic results of the different types of investments that were run under the PIDER I loan from the World Bank (the
nationwide pilot stage of the program). The results illustrate how the political dynamics described in this chapter affected PIDER’s potential to achieve rural development by targeting poor peasants. The projects’ shortcomings show the need for the administrative reform aspect of PIDER, as well as the difficulties involved in using an inertia-bound bureaucracy to run such an innovative program.
V. HOW POWER RELATIONS AFFECTED PROJECTS' RESULTS

PIDER was one of the first Mexican anti-poverty efforts providing marginal areas with productive infrastructure and services (CUC and COPLAMAR followed). In 1981 Schumacher argued that increased peasant productivity might one day be realized from PIDER, but that the real benefits that the program had provided up to that point for the poor were the temporary jobs created by the construction of PIDER public works projects. Schumacher contends that temporary job creation was a politically and economically sensible macro-strategy in the short term, because of the lag time between the implementation of rural development programs and their results in terms of increased food production and permanent jobs.¹

Regardless of this explanation by a key World Bank ARDD staff member (Schumacher), PIDER also included a substantial number of investments that were supposed to pay off in the short run by increasing productivity. This chapter looks at the "investment" side of PIDER, to see which types of projects succeeded and which failed (from a standard economic-productivity standpoint), and which ones actually had significant reformist impacts by spilling their economic benefits widely among potential beneficiaries.

The most obvious way to judge the effectiveness of any development effort is by looking at its impact on its intended beneficiaries. As the last two chapters suggest, however, what constituted "success" for PIDER depended on from whose

¹He points out that only with infrastructure (irrigation and roads) in place through massive public investment (in the 1930s and 1940s) was Mexico able to achieve its high-output growth of the 1950s and 1960s (1981: 31).
perspective one judged the program. Given its reasons for undertaking PIDER, the Mexican government would have been pleased if it raised rural living standards slightly (and perhaps increased small-scale agricultural productivity along the way). The World Bank, on the other hand, needed an overall increase in macro-economic growth to call PIDER a success.

The political and diplomatic purposes behind PIDER are crucial to an assessment of the program, because they caused it to grow so large so quickly. PIDER’s increase in size greatly exacerbated the usual difficulties involved in any single rural development project. Despite the poor success rates of individual PIDER investments and its disappointing aggregate macro-economic impact, PIDER was an innovative attempt to pioneer a new mode of rural development administration. Some of its shortcomings might therefore have been forgiven if they had not been so widespread and expensive because of its immediate large scale.

This chapter outlines PIDER I’s overall macro-economic results and the effects of various types of projects. It illustrates the specific problems and the overall scope of the difficulties that the SPP/PIDER administrators faced in running a reformist rural development program. These hindrances point up the intractability of the power relations among the bureaucratic actors, and hence the need for the administrative reform (described in the following chapter). This chapter also shows that, without successful administrative reform, successful projects were rare and due to unusual conditions (reformist bureaucrats, well-educated beneficiaries, and
particular project types) rather than to institutionalized high performance by entire agencies.

**General Results**

The aggregate economic impact of PIDER I investments,\(^2\) according to the World Bank OED’s Audit (IBRD, 1983), was far lower than was hoped - probably unacceptably low - although the intangible (distributional, institutional, educational, political) benefits of the program were hard to estimate. That is, only a relatively small number of investments were clear economic successes, and the costs of the achievements that were made were high. The limited number of successful projects that resulted led to an overall low return on the funds invested. The Mexican government, along with the ARDD of the World Bank, nevertheless argued that the intangible benefits offset all costs and made the entire effort worthwhile.\(^3\)

Projects often failed because of poor coordination among agencies responsible for different aspects of the same project. For example, livestock units

\(^2\)PIDER I was the first World Bank loan to Mexico for the PIDER program. While the Mexican government had begun PIDER efforts in 1973, the World Bank loan was approved and disbursed starting in 1975. It ran for a couple years before being followed by PIDER II. Comprehensive field information on PIDER investment results, even for PIDER I, is dodgy at best. Many of the figures and conclusions given here are drawn from the World Bank’s OED Audit (IBRD, 1983), but even the Audit admits that its information was spotty.

\(^3\)This difference between the Audit’s perspective and those of the government and ARDD probably reflects the normative aims that each brought to the PIDER undertaking. The official Bank stance was a much more orthodox, macro-output-increasing, cost-recovery approach to PIDER, while PIDER management and key individuals in the Bank ARDD were more interested in its social impact.
were built without irrigation wells to provide water for the animals. Since PIDER management were responsible for coordinating the implementing agencies with one another, this coordination problem would seem to be all their fault at first. On the other hand, though, since the agencies tended to be recalcitrant in working with PIDER, then poor coordination may have been cause by individual agencies, even though PIDER management had to take the heat for it.

Most projects' implementation efforts tended to be heavy on investment and construction, but very few projects received enough attention regarding maintenance and beneficiary training. This latter result reflects weak extension capacity, but also a lack of willingness by technical staff to consult with or explain projects to beneficiaries - something that was supposed to be one of PIDER's innovative features. The emphasis on investment and construction might have been predicted, on the other hand, not just because of PIDER's federal bias toward investment over follow-through (IBRD, 1983), but also because construction of projects is something technicians would have excelled at regardless of their familiarity (or lack of it) with anti-poverty projects.\(^4\)

Regardless of projects' economic rates of recovery, many individual beneficiaries nevertheless benefitted economically, because so many of PIDER's

\(^4\)Of course, well constructed projects implemented by technicians and agencies used to commercial farming projects are not necessarily well-suited to poor beneficiaries. As indicated elsewhere, many projects were poorly suited to their intended beneficiaries. My point here is just that, regardless of their suitability, many projects were constructed well but lacked beneficiary training and understanding (IBRD, 1983).
investments were heavily subsidized. Beneficiaries themselves were usually more interested in projects' immediate employment opportunities (i.e., the subsidies) than in projects' operational values in improving local productivity and profits (Lindheim, 1986: 178). Hence they were often interested in organizing themselves only insofar as doing so helped get them jobs. The line agencies did little to encourage beneficiary participation, even for project maintenance, and peasants often felt that the projects were not for their own long-term benefits, but rather that they still belonged to the government (Lindheim, 1986). With the emphasis on subsidies rather than functioning projects, peasants (realistically) came to see their benefits from projects as short-term windfalls rather than as possible increased productivity and profits in the long term (Lindheim, 1986).

These aggregate tendencies help illuminate the difficulties and frustrations that PIDER managers faced in running a reformist program through resistant line agencies and in relying on funding from a donor preoccupied with increasing overall productive output. Money reached poor communities, but did not usually lead to smooth-running, appropriate projects that redistributed income and increased productivity. Only by looking at which types of projects tended to succeed and why (and which did not, and why), however, can we begin to "unpack" the bureaucracy to get an idea of which agencies were useful to PIDER's reformist aims.
Projects⁵

Of the productive investments made under PIDER I, irrigation projects produced the highest returns and the greatest permanent employment. That irrigation showed the best economic returns is not surprising, as Tendler predicts (1982a). In line with Tendler, though, PIDER's irrigation projects tended to concentrate income within target communities rather than redistribute it. In order to benefit from many PIDER projects, peasants had to have at least some connection to the land - owning their own parcel, or being ejidatarios. Those without land could only benefit from temporary employment generated by projects' construction, and from the occasional project that increased levels of permanent employment. Moreover, CIDER evaluations argued, existing patterns of land tenure skewed the distribution of project benefits. For example, irrigation works benefitted larger landholders more than smaller ones, and landless peasants in irrigation target communities benefitted only from the increased availability of paid jobs on irrigated plots whose outputs had been increased by the irrigation (Cerna, 1979: 55). Moreover, in communities that obtained irrigation projects, production increased tremendously in comparison to rainfed areas in which other types of projects were run. Thus while they increased employment both in the construction phase and in the long run (because of the increases in production capacity), economically successful irrigation projects rarely were redistributive. Irrigation projects were only

---

⁵The information in this section is drawn heavily from the Bank's OED Audit (IBRD, 1983).
run in a small proportion of target communities, however, as the anti-poverty emphasis led to a concentration on improving the productivity of poorer, rainfed agricultural areas.

CIDER found that rainfed areas did not receive productive investments equal to those made in irrigated areas, however, and that complementary PIDER investments (such as fruit trees) tended to go exclusively to irrigated areas (Cernea, 1979). In rainfed areas, moreover, PIDER I was not successful because of the weakness of extension services, run by SAG. New rainfed agricultural techniques and productive inputs were not effectively transferred, despite the high hopes of PIDER managers and the World Bank (ARDD) Appraisal Report (IBRD, 1983: 8). The technical packages that were used proved inadequate. This failure was one of the reasons the Rainfed Districts program was developed in the late 1970s and early 1980s with World Bank support, to emphasize systematic development and improvement of research and extension. Rainfed areas were also hurt by the fact that credit support was also quite inadequate during PIDER I, until BANRURAL was consolidated in 1977, because FIRA refused to risk lending on a small-scale basis to the poor peasants whom PIDER targeted.

---

6 The World Bank saw the weakness of Mexico’s extension and research capacity when PIDER began, and made strengthening this capacity a condition of Bank funding. Despite this insistence, what improvements were made under PIDER were too limited to be much help. Improving extension could not be tackled during PIDER I, because PIDER management and staff also had immediate organizational problems coordinating so many agencies on such a grand scale (IBRD, 1983: 14).
Livestock and fruit orchard projects faced problems because of peasants’ risk aversion to the long gestation periods and credit availability that these projects required before yielding substantial economic returns, and because inappropriate species of animals and crops were often provided to communities. Livestock projects also often faced political problems because of social stratification in their target communities, resulting in disruption and even occasional destruction of projects. Because they helped only those with enough resources and land to own animals, livestock projects tended to concentrate benefits in the hands of a small number of beneficiaries. Attempts at collective livestock projects suffered from a complete lack of prior organization of beneficiaries, and from failure to consider the effects of existing social stratification on the distribution of projects’ benefits - problems not even addressed by the Bank’s (ARDD) Appraisal (Cernea, 1979: 60).

Cernea blames the social power structure in target communities for depriving poorer beneficiaries of the benefits of livestock projects, and faults the Mexican implementing agencies for not taking it into account. I would argue that livestock projects almost always tend to distribute skewed benefits to the detriment of the poorer strata. Given their apparent failure to increase economic output under PIDER, then, they may be pretty useless in anti-poverty programs aimed at increasing production levels and redistributing income. Irrigation projects similarly tend to increase skewed income distributions, and would also seem to be strange

---

7See Cernea (1979) for a description of the social conflicts in livestock project target communities that developed between private land owners and communal cattle owners and non-owners.
choices for an anti-poverty effort. PIDER and the World Bank gave them so much emphasis, nevertheless, because successful irrigation projects did make up for other components' poor rates of economic return, and perhaps the planners hoped that livestock projects would similarly raise productivity. It seems intuitively obvious that livestock and irrigation projects would concentrate income, however. In all their discussions of the anti-poverty approach, Cernea's official World Bank documents (1979; 1983) do not mention the fact that certain types of projects will generally tend to reinforce the power structure in the target communities. Lindheim (1986: 175) argues that PIDER's directly productive projects (upon which the World Bank insisted) had exactly this effect, such that a small number of families benefitted substantially from most PIDER projects, while most targeted beneficiaries received few benefits.

---

8Certain types of projects would seem to be more prone to concentrating income than others (e.g., those that require certain levels of resources and education on the part of beneficiaries). Tendler (1982b) points out that investments that produce indivisible benefits (schools, health clinics, roads) will spill benefits most widely and concentrate incomes least. Directly productive investments usually tend to involve divisible benefits, though, which usually concentrate income.

CIDER studies confirmed Tendler's arguments, showing that PIDER productive investments usually did benefit better-off beneficiaries, while productive-support and social investments had more equal income distribution effects (Cernea, 1979: 32-33). This fact calls into question how effective the World Bank's "anti-poverty" approach was, or at least how thoroughly it had considered the implications of its insistence on directly productive investments. Hayter and Watson (1985), for example, lambast the Bank's livestock projects, because of their socially regressive impacts.

9Lindheim (1986: 122) also criticizes the World Bank's emphasis on productive investments for making project implementation much more difficult, by moving the burden of implementation to weak agencies unaccustomed to working with poor peasants.
Soil and water conservation projects tended to be poorly designed and had little or no productive impact. Along with some livestock projects, conservation projects often became mere sources of income maintenance for beneficiaries (Cernea, 1979). That is, the subsidies connected with the projects brought resources in to the target communities, but the projects themselves produced virtually no productive benefits. In the case of livestock projects, for instance, Cernea contends that inadequate beneficiary organization left beneficiaries incapable of coping with administratively complex management and inappropriate capital intensive technology requirements (1979: 62). The Audit reports that beneficiaries often did not understand the importance of soil and water conservation projects, failed to maintain them, and sometimes even damaged them. The implementing agencies had to continue running these projects and were never able to turn them over to the beneficiaries.

Successes

Successful projects seem to have been the exception rather than the rule. These exceptions were usually due to key individuals within specific agencies and with prior experience working with the poor, to the type of project (since certain types were more suited to the anti-poverty aims of the program), and to local conditions (e.g., agricultural extension efforts were successful only when they involved dedicated field agents, educated beneficiaries, or outside assistance - see
IBRD, 1983). Whole agencies that were capable and oriented toward the anti-poverty approach were almost non-existent.

Not all types of projects tended to be failures, nevertheless. Beekeeping units, for example, tended to work particularly well. In the Yucatan beekeeping projects were coordinated by INI, which had worked in the region for ten years previously and therefore knew how to run appropriately designed projects, and had the trust of the local indigenous Mayan campesinos.\(^{10}\) Beekeeping projects were simple - requiring small-scale cooperation among beneficiaries and the incurring of a small debt with a familiar agency (INI) - and were a traditional local activity. From this example we might hypothesize that project design (i.e., simplicity), special attributes of the implementing agency (familiarity with, and commitment to, the beneficiaries in the community), and local conditions (that beekeeping was a traditional activity) are all essential to a project's economic success.\(^{11}\) Beekeeping is also less likely than other types of projects to concentrate income, since it requires very little in the way of possessions or resources in order for one to be a project beneficiary, such that virtually anyone (not just larger landowners) could benefit.

\(^{10}\)INI was also the line agency that tended to be the most open to adopting new technology and approaches that were appropriate to poor beneficiaries (Lindheim, 1986: 149). Their prior experiences with indigenous Indian clients (many of whom are poor) meant that they had fewer of the bureaucratic incentives that kept other line agencies disinclined to serve poor beneficiaries.

\(^{11}\)Moreover, the fact that the beneficiaries were indigenous people may well have increased the contribution made to project success by social energy in the community (see Hirschman, 1984, for a discussion of social energy).
Beekeeping projects were run in the Yucatan to start a dialogue between the Government and the local communities, and their success was supposed to facilitate the forming of beneficiary groups large enough to run livestock units, which were the main component of the micro-region development plan. In addition to the problems with livestock projects detailed above, those undertaken in the Yucatan were even less labor-intensive than was originally estimated.\textsuperscript{12} In addition, Mayan beneficiaries’ planting habits for milpa (subsistence maize) were disrupted by PIDER efforts to grow pasture grass to support livestock. As less milpa could be grown, many ejidos grew subsistence vegetables on the pastureland instead of saving it for livestock grazing. Regardless of the implementing agency, then, livestock projects were not appropriate for local short-term consumption needs, and were too complex and costly to pay off in Yucatan.

On the other hand, Cernea (1979: 61) reports that livestock projects in the Yucatan were more successful than elsewhere (though he admits they were costly). Livestock projects may have been inappropriate, but the dialogue with beneficiaries (that the beekeeping projects created) was helpful in running the livestock projects nevertheless. The costly, yet somewhat successful, status of these livestock projects in the Yucatan points to the essence of PIDER investment results: many were

\textsuperscript{12}One permanent job related to livestock projects in Sur de Yucatan cost between US$50,000 and US $65,000. Obviously the chances for cost-recovery were nil for such projects. Cernea (1979: 61) reports, nevertheless, that Sur de Yucatan’s livestock projects were more successful than most. One’s assessment of such projects obviously depends on whether one is taking only economic criteria into account, or whether subsidizing beneficiaries to build their local capacity is also a major consideration (as it was for Cernea).
economic failures, but if viewed as subsidized projects not requiring full cost recovery, some can be seen as moderate successes. Whether such projects are worthwhile because of the intangible (social welfare and long-term capacity-building) benefits of subsidies, or whether they are simply too expensive relative to their economic output, was the basic disagreement between the ARDD’s PCR and the OED’s Audit. That the ARDD’s position had any credibility at all indicates where Bank thinking was at the time (i.e., the Bank was interested in the idea of rural development via small farmers, yet still concerned about the economic rationality of such an effort).

The most successful road-building effort was also achieved in the Sur de Yucatan microregion, which allotted far more of its road-building budget to employing local labor than did other states (Cernea, 1979: 66). Beneficiary road-building committees were effectively established at the local level and helped road construction projects considerably. Achievements like this one by strong, competent divisions such as DCMO illustrate the importance of agency and leadership commitment for successful project administration, according to Cernea (1979: 70).

Rural road-building is certainly an easy type of project with which to succeed. Road construction generates quick temporary employment, and involves beneficiaries actively in projects through labor. For these reasons, road construction was an ideal project for coopting rural areas of unrest (potential or actual), which were especially prevalent during the social upheaval of the early 1970s. As Schumacher argues to support PIDER as a program of infrastructure investment, "[T]he current
government rural works strategy is a reasonable public policy to **gain time** until the organizational and technical research bottlenecks to a more vibrant smallholder-based food system are dealt with" (1981: 5, emphasis added). While roads do constitute productive-support infrastructure and provide indivisible public benefits, they are not usually the most progressive projects in an integrated development program. The "participation" they involve is usually exploitation of beneficiary labor power rather than substantive decision-making. On the other hand, even using beneficiaries' labor power to get roads built requires a willingness on the part of the implementing agency to make the minimal effort required to "employ" restless peasants. Moreover, Uphoff (1981) reports that the village road committees achieved good maintenance of PIDER roads as well, something lacking from most PIDER projects. Hence Korten and Uphoff's (1981) argument about agency reorientation is at least somewhat applicable to DCMO's road building efforts.\(^{13}\)

It is significant, then, that under Echeverria DCMO was run in the Yucatan by a reformist (Raul Salinas de Gortari). As with beekeeping, specific attributes of key individuals and agencies, as well as the type of project, were crucial to project success.

\(^{13}\)They note that DCMO's engineers' success depended on maintaining constructive relations with beneficiary communities, to ensure their cooperation in meeting program goals (1981: 20, note 18). Such a working relationship, however, may just help get a project constructed, without familiarizing beneficiaries with the overall goals of the project. Some beneficiaries also viewed PIDER's road-building projects as employment windfalls, rather than as investments that could improve their agricultural profits. The good road maintenance that Uphoff (1981) pinpoints suggests that DCMO nevertheless generated more than passive beneficiary involvement, helping beneficiaries to take an active interest in their projects.
Conclusions: What Made Successes Possible?

Despite rhetoric about setting up a new style of public administration (Cernea, 1979; 1983), PIDER did not institutionalize line agency responsiveness to beneficiaries. As discussed in the next chapter, PIDER and agency field staffs were trained and encouraged to use beneficiary participation to improve projects, but methodological guidelines proved to be no match for the line agencies’ resistance. Projects tended to succeed economically and to involve beneficiary participation more because of ad hoc arrangements, field agents’ creativity, and local conditions than because of the actual adoption of anti-poverty procedures by all the line agencies. Given this fact, the World Bank’s conclusions about overall economic failure are not surprising (IBRD, 1983). An integrated development program that cannot ensure successful implementation and coordination of different project components will be weak indeed when its overall economic performance is evaluated.

Although few PIDER I projects achieved a successful economic rate of recovery (as the World Bank desired), the Mexican government saw the overall program as somewhat of a success. Since the government was making investments to shore up state legitimacy and improve the quality of rural life, the sheer volume of subsidies pumped into PIDER target communities ensured that individual peasants benefitted materially regardless of projects’ results in terms of economic productivity. Between the project achievements of committed bureaucrats and the
widespread distribution of subsidized investments, PIDER did assist the Mexican government in its quest to improve some peasants' living standards slightly (in the short run, anyway). On the other hand, PIDER I still failed to increase overall agricultural productivity.

The differences between the goals of the World Bank and the Mexican government help explain their differing assessments of the "success" of the PIDER I effort. Fifteen years after PIDER's inception, nevertheless, its long-run economic impact appears dubious at best. The problems of small-scale rural development and the limited effectiveness of many PIDER projects seem to have disproved Schumacher's (1981) projection of increased growth in the future.

The economic, technical, and social difficulties with the different types of projects discussed in this chapter illustrate the range of problems that PIDER management had to deal with in strengthening and reorienting the line agencies. In contrast, the discussion of "successful" projects suggests that, if PIDER had been started on a smaller scale, it could have directed projects toward the few "good" line agencies with dedicated leadership and experience working with project beneficiaries (e.g., INI, SOP's DCMO). During this start-up pilot phase, PIDER field agents could have been trained, and "weak," "bad" agencies could have been strengthened and reformed as much as was possible. Administrative reform (decentralization, participation) could have been effectively institutionalized once all the agencies had been strengthened and then incorporated into PIDER project efforts. Such a
"learning process" approach would have enabled the various agencies’ technical capacities to be improved to the point where incorporating them into the PIDER effort would actually have benefitted PIDER projects instead of hindering them. Under the large-scale pilot approach PIDER actually pursued, though, agencies could not be reoriented and strengthened because the reformists trying to change them could not work on them and administer the program’s projects at the same time.\(^{15}\)

While agencies’ traditional orientations tended to affect project implementation heavily, dedicated PIDER field agents and exceptional beneficiaries were nevertheless sometimes able to overcome agencies’ non-reformist tendencies to insist upon the implementation of projects that were locally appropriate and redistributive. Dedicated line agency representatives and certain types of projects (e.g., beekeeping) occasionally also produced positive economic results that had redistributive impacts and at least the potential to end up in future socio-political change. Reformist government officials, organized and/or educated beneficiaries, and project-type (which depends on dedicated officials and/or beneficiary pressure) thus appear to have been the keys to successful projects.\(^{16}\)

\(^{14}\)See Chapter I’s reference to Korten’s (1980) theory, which the Bank’s OED Audit (IBRD, 1983) uses to support its suggestion that PIDER I should have been a small pilot program.

\(^{15}\)In analyzing administrative reform in Venezuela, Groves (1973) suggests such an agency-by-agency reform attempt, and rejects a government-wide, all-at-once approach.

\(^{16}\)I make this statement only as a vague impression. These three factors are all important, but without more systematic documentation from the field, I cannot
As Alfonso (1981: 51) points out, though, "Committed individuals can always win out over systems, indeed whenever bureaucratic organizations show signs of being responsive to real needs and opportunities it is usually a result of ... creative individuals who have managed to achieve a result in spite of the system." This argument points to the need for a bureaucratic "system" - procedures and norms - that both nurtures and gives latitude for maneuver to such individuals, to make good implementors (and hence good project-types) more common. The next chapter discusses the attempts of PIDER's administrative reform to create such a system, and shows how administrators' political needs and the power relations within the bureaucracy restricted these attempts.

conclude that one prevailed more consistently than the others when projects succeeded. This problem also brings up the issue of what constitutes project "success," which of course is impossible to define without a clearer impression from the field of what individual projects' results were! Projects' social impacts seem to have ranged from quite positive (decentralizing control, changing local power relations) to benign-but-insignificant (a few peasants benefitting from subsidies) to stratification-reinforcing. Specific information about final outcomes at the grassroots level needs to be gathered and distilled systematically to assess PIDER's actual impact on the ground.
VI. THE ADMINISTRATIVE REFORM SIDE OF PIDER

The Mexican government's political need to achieve quick, widespread program results, bolstered by a key decision within the World Bank, led the government and the Bank to undertake what Lindheim (1986) calls a "nationwide pilot approach" to PIDER. Because of the number of beneficiaries and line agencies involved in such a large-scale approach, and because of the inexperience of both the Mexican government and the World Bank in running a large integrated rural development program, PIDER faced more than the usual number of administrative problems normally associated with rural development projects. In addition to the vast efforts necessary to strengthen and reorient (toward the poor) so many agencies, the sheer number of agencies necessitated strong coordination from the center (PIDER management).

The last chapter showed that the few successes of the "investment" side of PIDER rested on dedicated individuals in key positions, rather than on institutional procedures carried out by reformed agencies. I now turn to the shortcomings of the "administrative reform" side of PIDER that was intended to institutionalize line agency responsiveness to beneficiaries. The discussion that follows is thus a look at how three mechanisms of administrative reform (discussed in Chapter I) were pursued in the political context of PIDER's large size and the power relations in the bureaucracy. In the case of PIDER, these mechanisms resulted only in a reformist "policy framework" rather than in an institutionalized set of procedures that could have ensured that the bureaucracy was actually assisting PIDER's
beneficiaries. PIDER’s administrative reform achievements were restricted to a mere policy framework (targeting poor peasants) because of the political necessity of foregoing beneficiary organizing. Unable to pursue a political sandwich strategy (or even beneficiary monitoring of individual projects), SPP/PIDER could not counteract the political dynamics (including bureaucratic incentives) that led the line agencies to resist PIDER’s aims of promoting rural development among poor peasants.

PIDER management’s political weakness relative to the line agencies, along with the huge scope of PIDER and the number of agencies involved, meant that the potential for top-down control of the PIDER bureaucratic apparatus was limited. Since PIDER was undertaken on such a massive scale so quickly, PIDER management needed means through which they could coordinate and exert some leverage on the activities of the line agencies, as well as get planning input from the bottom levels of the bureaucracy.

The mechanisms involved in PIDER’s attempts to overcome these difficulties were decentralization, beneficiary participation, and bureaucratic reorientation - efforts to facilitate top-down control and bottom-up input. After discussing how each one was pursued under PIDER, I conclude this chapter by explaining why these attempts were not more effective, even taken together.

Decentralization
Decentralization of administration within the federal PIDER hierarchy (later within SPP) was one attempt to deal with PIDER's large size. Decentralizing decision-making to federal PIDER/SPP officials at the state level created a chain of command to channel local needs up through the planning hierarchy, and put federal employees with a concern for rural development in positions closer to the target communities, from which they could influence line agency activities. On the other hand, decentralization of control also meant that substantial responsibility for effective operation of the rural development effort as a whole depended on a greater number of individuals being reformists. This fact - that decentralization cuts both ways for a reformist effort - is crucial in assessing the impact of the decentralizing shifts of power and control that PIDER involved.

Decentralization was a pragmatic trend in that the scale and complexity of PIDER's rural development efforts meant that they could not be administered adequately by centralized bureaucracies. On the other hand, decentralization was also a means of social control and legitimation for the government, in that it gave state governors (and state-level federal officials) more discretionary spending power to keep their rural populations pacified (Miller, 1980).

Decentralization of control over PIDER is a crucial issue because it affected who made crucial decisions about resource allocation to projects. Fox (1986) argues that control of a rural development program is one of the crucial resources with which reformists within the government can promote change at the grassroots level. So if PIDER's administration involved decentralization, the important question

101
about PIDER’s potential to assist rural development is: To whom was it decentralized?

Originally, when PIDER began in 1973, its administrative and investment decisions were made at the center of the government, within Presidencia. Before the World Bank’s PIDER I loan began in 1975, funding was limited, and projects were designed and implemented basically ad hoc, rather than systematically. From the beginning, the intention of the PIDER effort was to decentralize control gradually within the highly centralized government, to facilitate coordination of the line agencies. PIDER projects had always been integrated at the microregion level. Microregions were then coordinated with one another in a state-level budgeting process by federal PIDER representatives. Hence the federal PIDER bureaucracy relied on decentralized, bottom-up input to some extent right from the beginning.

With the creation of SPP in 1976, the PIDER program itself appeared to lose some of its clout, as final microregion administrative decisions were taken away from PIDER management at the center and given to federal SPP representatives at the state and local levels. So with SPP’s decentralizing impetus,¹ formal control of PIDER shifted from PIDER central management within Presidencia to SPP state-

---

¹For a description of SPP’s modus operandi of decentralization, see the discussion of Bailey (1980) in Chapter II.
level representatives.² (As SPP agents, though, these individuals were still federal officials.)

Each SPP state-level representative, while nominally a federal employee, tended to be approved by his state's governor. The coordinator of each PIDER state committee,³ moreover, had always been nominated by the governor. Microregional and local PIDER staff were also appointed by the governors. Thus from the beginning, the state governors had a fair amount of power over who was administering the PIDER effort in their states (in the name of the federal government).

In 1980, formal control of planning and budgeting for PIDER was legally decentralized to the state governors, a potentially costly move in terms of reformist impact, since most Mexican governors tend to be conservative to protect the power structure in their particular states. In fact, though, many SPP state-level representatives had been virtually the executive directors of PIDER for their respective state governors all along. Thus de facto control over PIDER decisions

²Most of these individuals were formerly the official PIDER state heads. As PIDER state heads, however, they originally had only had advisory capacity to influence PIDER's central management, where budgeting and administrative decisions were actually made. As SPP state representatives, though, they were given formal legal decision-making power. Hence as one former World Bank official explained, "While PIDER qua PIDER declined [with the advent of SPP, COPLAMAR, and the Rainfed Districts Program], the idea of PIDER - decentralized, bottom-up planning and budgeting - gained clout and influence at the state level."

³Even before the creation of SPP, PIDER committees were set up in each state, headed by nominees of the governors and containing representatives from each participating agency (Miller, 1980).
had been exercised at the state level long before formal administrative powers were delegated to the state governors.

Why Decentralization to the Governors in 1980? As one World Bank official explained, centralized control of a participatory local development program is a logical contradiction. Decentralization was initiated only gradually, however, because a reformist initiative from the center was necessary to shock the bureaucracy at first, and to provide an initial commitment to rural development. The original intention of PIDER had been that the federal government would get the mechanisms and the projects running, and then hand them over to the states. Presidencia wanted to test the program on a nation-wide basis, and then decentralize it for more widespread replication and implementation. After a while, PIDER expanded in size to the point where decentralization to the governors themselves was necessary, despite the potential cost of relinquishing federal control of the effort. Programming and coordination needed to be aggregated at some level of the bureaucracy, and the microregion level was seen as too local, while federal managers in Mexico City were too much of a strong central influence, out of touch with local conditions.

According to Cernea (1983: 76; 1987b: 258), decentralization to the state level was necessary to promote participation, because tight central management of each microregion did not correspond with expanding local communities’ involvement in their projects. Grindle (1986: 167) points out that decentralization to the states was undertaken to strengthen PIDER’s coordination of project implementation as
well. Continued centralized decision-making would have incapacitated state- and local-level officials who were better situated than central administrators to plan projects and coordinate investments in their microregions.

For a number of official reasons, then, in 1980 the state governments were given authority and responsibility for programming, implementing, and coordinating microregion investments under PIDER III. A November 1982 World Bank supervision report argues that this move is a significant transfer of power over rural development programs from SPP/PIDER to the state governors’ offices (Cernea, 1983). While shifting formal control to the state governors was certainly a significant move, and surely increased the influence of state administrations over their own microregions, de facto control of PIDER operations had actually rested (with federal SPP heads - appointed by the governors) at the state level ever since the inception of SPP in 1976. Why was decentralization formally enacted in 1980 then? Why did SPP give up nominal federal control over a reformist program, and put the generally conservative governors in charge of agencies that were conservative and resistant to change themselves? Such an action would seem to be against SPP/PIDER management’s self-interest, especially since SPP was weak relative to the line agencies’ implementation activities.

According to a former World Bank official, SPP did not view formal decentralization as a loss of power, in part because its money was still financing the PIDER projects in each state. The shift of control was a way of buying off the governors by giving them planning and implementation power without conceding
them direct access to PIDER funds. Hence while the governors came to control where PIDER funds were going (to which projects in which communities), they could still only use the funds for PIDER projects, and not for other efforts. The 1980 decentralization legally recognized the governors' de facto power over planning and implementation without granting them discretion over the use of PIDER funds, which were still federal in origin and still came through the line agencies who contracted for PIDER projects. In this sense it was a defensive move on the part of SPP, to respond to governors' desires to control more of PIDER's prestige and resources, without giving them too much control.

PIDER may also have been handed to the governors when it was (1980), rather than later, in response to political necessities that forced SPP executives to curry favor with the governors. One World Bank official indicated that after decentralization to the governors PIDER budgeting became very politicized. This development suggests that some state governors and their administrations could have used PIDER investments as political reward mechanisms to ensure support for themselves. The governors may have wanted to be able to dispense such benefits around that time because of electoral reforms that meant they faced increased electoral competition (Middlebrook, 1986). SPP may have decentralized control of PIDER to the states then in order to compensate the governors.4

4PIDER, like any development program, was always politicized, to the extent that investment decisions were often made based on the political support needs of various bureaucrats and influential local patrons, rather than being based on the technical needs of beneficiary communities (Grindle, 1986: 168). On the other hand, decentralization put planning and implementation control in the hands of state governors who were regularly up for reelection and over whom SPP-central had no
After the 1980 decentralization, since the governors also controlled the line agencies' state-level operations, responsibility for coordinating line agencies' activities on PIDER projects now rested in the same hands that governed the agencies' other activities within each state. By giving legal recognition to the power that the governors already exercised (through their influence on SPP state-level representatives), PIDER enhanced the governors' capacities to coordinate and control the line agencies in each state, thereby reducing bureaucratic bottlenecks in project construction and operation (Lindheim, 1986: 143). 5 This explanation - that decentralization facilitates coordination - elaborates Grindle's argument (1986: 167). Formal decentralization to the governors thus can be seen as an offensive SPP maneuver as well - an attempt to gain greater influence over the line agencies.

Does Decentralization Promote Reformist (Participatory) Projects? No

On the other hand, moving formal control of planning and budgeting into the hands of formal bureaucratic influence. The political support needs for which the governors could have used PIDER investments were therefore far more immediate and more easily catered to (by vote-buying) than the general political support needs of the whole regime.

5Intense agency resistance to PIDER/SPP aims hurt the latter's coordinating capacity by weakening its political strength as well as by making the agencies generally recalcitrant to any PIDER recommendations. As the World Bank argues (Cernea, 1983; IBRD, 1983), moving planning and execution to the state level - under the governors' authority - moved the formal base of PIDER closer to the line agencies' locus of project administration (the state level), thereby improving technical coordination over the agencies. Lindheim (1986: 197) argues that PIDER's coordination efforts were successful: "A certain rationality was brought to bear with regard to investment timing (e.g., roads before electricity, before electric pumps, etc.)" - which was rare before PIDER. On the other hand, he notes, neither SPP nor the governors had much success in getting line agencies to innovate in their dealings with poor beneficiaries.
the generally conservative state governors also risked removing any semblance of reformist influence on the administration of PIDER. The question about decentralization’s effects on PIDER’s reformist potential then becomes how committed or resistant were the state governors to PIDER’s rural development efforts? Cernea (1983: 78) contends that the bureaucracy was capable of meeting the objectives of both decentralization and popular participation after 1980, if the state governors and SPP state staff adamantly insisted on them. That is, the existing bureaucratic capacity made decentralized coordination and beneficiary participation possible; the political will was all that was necessary. The historical conservatism of state governors calls into question how committed each state’s PIDER apparatus actually was to beneficiary participation, however. In some states, giving formal control of PIDER to the governor meant that PIDER money became virtually a political slush fund to shore up gubernatorial support. In a few states, though, dedicated PIDER staffers and SPP representatives - and even a progressive governor or two - probably retained an anti-poverty commitment.

Decentralization to the governors strengthened SPP staff at the state level (vis a vis SPP-central) and gave them specific responsibilities for organizing participation. SPP also created several new departments within its own

---

6These included, among others, the Grupos de Apoyo (support groups - which informed communities about PIDER and worked directly with them to make socioeconomic and diagnostic assessments of target communities); the Subregional Rural Development Committees established in each PIDER microregion; PAPCO (to support and disseminate information about beneficiary participation); and monitoring and evaluation teams (Cernea, 1983).
headquarters to assist the promotion of beneficiary participation at the state level. Thus while de jure control of the rural development effort devolved to the states, support functions for participation from the center were increased, and more resources were devoted to direct contact with local communities (Cernea, 1987b: 258).

On the other hand, the major impetus for participation and bureaucratic reorientation had always come from CIDER, which was phased out around the time of decentralization to the governors. The impact of CIDER’s guidelines and M/E findings had always depended on SPP and PIDER agents’ complying with CIDER recommendations, but with CIDER no longer pressing for participation and reform, use of the methodology gradually was abandoned. Personnel turnover destroyed SPP and PIDER staffs’ institutional memories, and bureaucratic resistance in both the line agencies and at the lower levels of the PIDER hierarchy limited the influence of the guidelines.

Thus it appears that while decentralization may have assisted the coordination of agencies’ project activities, a reformist policy framework and the presence of dedicated individuals in powerful positions are more important for making reformist rural development projects possible. Decentralization can assist integrated projects by enhancing coordination, and may eventually have a major reorienting impact on line agencies. In the long run, improved coordination and reorientation may result in more reformist projects being pursued. In the short and medium terms, however, decentralization by itself may have little - or even a
negative - impact on rural development projects, despite the intuitive appeal of moving the locus of administration closer to the grassroots.

**Participation**

The one administrative mechanism that might have helped ensure both line agency responsiveness and bottom-up planning and budgeting input is the organization of participatory institutions to act as a bottom-up check on the agencies and on the lower-level SPP representatives (see, for example, Fox, 1986; Marshall, 1982; Felstehausen and Diaz, 1985). To improve the quality of project planning, CIDER undertook the development of a "programming methodology" involving beneficiary participation, which was supposed to help determine communities' needs better.7 Eventually beneficiaries were supposed to participate in all stages of PIDER projects, from planning through implementation to maintenance and monitoring. PIDER management nevertheless felt that the overall success of the program depended mainly on participation in the initial planning stage (Cernea, 1983: 11). The programming methodology was therefore designed to give communities the opportunities and the incentives to get involved in project planning by putting forth their own felt needs for development (Cernea, 1979: 98). The aims of the methodology were also imparted to PIDER field agents, through extensive training sessions. Line agency technicians were trained as well, though not

---

7For an explicit run-down of CIDER's official methodology for participation, see Cernea (1979: Annex III).
as extensively (since their value was their technical skill, not their consulting and planning ability).

While CIDER found a significant correlation between project success and popular participation, neither the Mexican government nor the World Bank fully recognized the sociopolitical obstacles to generating participation (Cernea, 1983). Attempts at participation ran into problems right away. The initial effort to identify PIDER projects - having communities petition for the investments they desired - did not include all the groups and strata in each community. The final, integrated list of projects for a given area often was not checked against these petitions anyway. Hence projects were not always what the "communities" wanted, even when these "communities" that had petitioned for them did not include everyone affected by the proposed projects (Cernea, 1979: 68-69). CIDER's methodology was supposed to avoid such problems by empowering beneficiaries to influence the implementation of projects. Beneficiaries' empowerment was supposed to be achieved by providing them with information about participating in the planning and design of PIDER projects, thereby increasing their bargaining power with the line agencies (Cernea, 1983: vi).

The mechanics of participation were complicated by the fact that those responsible for consulting with beneficiaries were not just planners and organizers. PIDER was the first Mexican rural development program that had ever made its line agency technicians go with planners and organizers into the target communities to meet directly with beneficiaries and discuss project options. In theory this change
was a major improvement over the traditional deskbound manner of project design and preparation. In practice, though, planners and technicians consulted beneficiaries infrequently, and more commonly just told them what projects they would receive (Cernea, 1979).

SPP/PIDER eventually sent its own field staff into target communities as "agents of social change" (Cernea, 1983), to organize beneficiaries to plan projects with the agency technicians. Where these field agents were present, however, they were only sometimes responsible to PIDER management objectives. In other cases, some also felt stifled by directives from Mexico City in their efforts to adapt the federal program to local conditions (see Lacroix and Caro, 1983).

Until the methodology was finalized, around 1980, the extent of actual beneficiary participation in projects was limited to test areas (Cernea, 1979). At this point, SPP made a serious attempt to improve the rate of participation with the beginning of the World Bank's PIDER III loan. PAPCO dispensed a great deal of information to the line agencies, explicitly stating the guidelines and procedures for project participation. A few trial interdisciplinary appraisal teams were quite successful at involving beneficiaries in choosing and designing their own projects (see Cernea, 1983). PAPCO also put out information to beneficiaries, to "stimulate" and "motivate" and "empower" them, to strengthen their leverage in dealing with agencies and contractors in project planning and implementation. This information

---

8In 1975-76, PIDER had also sent activists into rural communities in Nayarit to organize beneficiaries, before the macro-policy shift occurred when Lopez Portillo came into office in 1976 (Fox 1988a).
included outlines of the participation guidelines as well as a list of the "rights" beneficiaries had vis-a-vis planners and technicians. These information campaigns were only sometimes backed up by monitoring and enforcement by PIDER staffs, however.

While the information campaign had a gradual influence on a few line agencies' behavior over the long run, PIDER involved no direct means by which beneficiaries could exert political pressure on the line agencies. According to Cernea, PIDER manuals did not pinpoint "a social mechanism for monitoring implementation through organized beneficiary involvement.... No 'tools' are provided to set up committees or other means to make sure the solutions are implemented by the responsible agencies and beneficiaries" (1983: 70-71, emphasis in original). Without the use of organized beneficiaries, reorienting the line agencies and ensuring their use of beneficiary participation in individual projects was virtually impossible for SPP/PIDER. Although in a few communities existing local groups participated in carrying out and monitoring projects with notable success (e.g., roadbuilding), Cernea (1983: 93) reports that generally:

One of the vulnerabilities of the participatory methodology results...from the fact that it is not in a position to rely on stable

---

9CIDER and SPP/PIDER both recognized that a "new style of public administration" involving agency accountability to beneficiaries could not be imposed on the existing bureaucracy, and that some reorganization (or reorientation) was required to effect change, even within the SPP/PIDER ranks themselves (Cernea, 1983). PIDER management therefore strongly supported CIDER's efforts to continue developing and promoting the methodology during the 1970s. While he does not give specific examples, Cernea claims that CIDER's efforts eventually produced some reorientation within the line agencies in the long run (1987b: 257).
forms of peasant self-organization.... The community meetings organized by PIDER programming teams with various segments of the village population are a useful but short-lived, transitory form of group action.... There is no permanent structure of group action generated by PIDER in the target communities....after the field team departs.

At the time, admittedly, the participatory approach was innovative, and therefore prone to mistakes. PIDER and especially CIDER took participation far more seriously than most other rhetorically "participatory" rural development programs at the time (Cernea, 1983). Moreover, the lack of beneficiary organization was not necessarily a failure of the government's intentions. The Mexican government saw participation as a desirable possibility in the long-run, but not as an immediate priority. The most crucial issue at the beginning of the PIDER effort was to get the money out into the communities, to allow planners and technicians to get to work, to show some results, create temporary employment, and illustrate the government's commitment to the rural population, through PIDER.

Since they did not emphasize beneficiary organizing, the principles guiding beneficiary participation in PIDER projects tended to be abstract and non-operational. Only when line agencies and peasants were able to adapt to each other's values and procedures did beneficiaries ever really come to have active roles in planning and implementation (Lacroix and Caro, 1983). In criticizing participation in PIDER projects, Uphoff (1981: 276) suggests that agencies can only be held accountable for projects by organized groups of beneficiaries, and that such "downward responsibility" lacks structural reinforcement without beneficiary
organization. To get at why participation - and organization in particular - was not pursued more vigorously, we need to look at the political orientations of the different bureaucratic actors involved in PIDER.

**The Institutional Politics Surrounding Participation (and Organization):** Different institutional actors regarded participation in different ways. Even under Echeverria's reformist administration in the early 1970s, executive encouragement of farmer organization and participation did not extend to supporting autonomous demand-making by beneficiaries outside of project contexts. PIDER officials themselves felt they could lose control of participation. It could become a political problem if it began to threaten commercial or other interests outside target ejidos or communities. Intra-ejido participation or social change (e.g., collectivization) was accepted, but SPP/PIDER took heat from above for beneficiary participation that threatened particular rural interests (Grindle, 1981: 43). Even the reformists in the top levels of the executive branch thus saw participation only as a means to increasing peasant agricultural production, and as being secondary to maintaining social order and supporting key political interests.10

In contrast, by the time the World Bank's PIDER III loan began (1980), CIDER and Cernea (the academics) saw participation as a way to involve all strata

---

10McAdam (1982) uses similar examples to refute "resource mobilization" theories of top-down social change. He argues that elite (or government) sponsorship of social change will continue only as long as the effort has little or no effect. Once existing power relationships are threatened, the government will steer the reform effort toward tactics that are less threatening. His point applies perfectly to PIDER's emphasis on participation.
of target communities in investment (and, hence, production) decisions. The ultimate goal was eventually "transforming the production situation in the countryside" in order to increase the productive potential of the target communities (Cernea, 1979: 74).

SPP/PIDER management, on the other hand, originally used "participation" primarily as a means to get communities to accept projects (IBRD, 1983). Specifically, SPP/PIDER saw participation as a way to increase beneficiaries' commitments to projects, thereby generating greater use of projects' infrastructure and improving maintenance (Cernea, 1983). SPP/PIDER management may have seen some utility in participation, but they did not have the same long-run aims of social transformation that CIDER and Cernea did; they just wanted projects to work well.11 This point of view was necessary because SPP/PIDER managers were immediately responsible to the government's need for social order. As Castells (1981) points out restricted participation is a means of tying beneficiaries in to the state to prevent their mobilization through opposition political channels. PIDER thus may have invoked the idea of participation to attract beneficiaries to its program. In practice, though, participation was not pursued enough to inflict too

---

11 According to Cernea, PIDER management considered participation important because planners lacked the knowledge of local communities needed to make projects work well. Participation was promoted not for political or ideological reasons, but "for greater efficiency and for reasons of an economic and technical nature" (1987b: 242). This explanation is so similar to the World Bank's justifications for anti-poverty projects that it may be more Bank propaganda than a precise indicator of SPP/PIDER's reasoning.
many new demands on an already overburdened bureaucracy, nor enough to threaten vested interests in target communities.

Each line agency, meanwhile, was concerned with crafting technically precise and well-funded projects that would increase its own business and status. Beneficiary participation in the design, implementation, and maintenance of projects was NOT a priority of the agencies - understandably, since beneficiary involvement would have infringed on their autonomy and apparent technocratic omniscience.

Among the line agencies, SRA - an institutionally weak and incompetent agency - was initially put in charge of farmer organization, since it was responsible for organizing peasants. The Echeverria administration, through PIDER, did provide funds to strengthen SRA and increase its staff, but SRA did not comply with PIDER intentions.12

Why was participation, the keystone of PIDER's new approach to rural development, entrusted to a weak, understaffed, untrustworthy and resistant agency? Admittedly, responsibility for farmer organization was informally shifted from SRA to BANRURAL, SARH, and PIDER field agents when SRA proved incapable. As befits their project-orientations, though, these other agencies' (BANRURAL and SARH) "organizing" efforts consisted more of putting farmers into recipient groups for investments, rather than eliciting involvement in projects - much less organized

---

12 SRA staff assigned to PIDER microregions were often used for non-PIDER tasks in non-PIDER areas. PIDER, with Bank support, threatened to cut off SRA funding unless the staff were reassigned as agreed. While SRA reluctantly complied, its internal reorganization and political disagreements over land tenure conflicts led many of its staff to resign, weakening its efficiency even further (IBRD, 1983).
political pressure for agency change (IBRD, 1983). As Lindheim (1986) puts it, no other agencies actively took up organizing (or even mobilizing beneficiaries for participation in projects) after SRA failed. PIDER increasingly sought to involve beneficiaries in its efforts, but participation still seems to have been given less than the highest priority in the set-up and funding of the PIDER bureaucratic structure. This prioritizing may not necessarily call into question the genuineness of PIDER's reformist intentions. It may just indicate the political context in which the SPP/PIDER reformists were operating.

The position of the World Bank also affected how much priority was given to participation. Just as the World Bank saw the weaknesses of the agricultural extension and research efforts during the appraisal of PIDER I, and insisted on comprehensive efforts to strengthen them as a condition of its funding, the Bank also urged that beneficiary organization efforts be strengthened and that participation be increased (Cernea, 1983). This suggests that the Bank placed at least some value on participation in projects (for efficiency and effectiveness - see Paul, 1987), but it was not committed to organizing as a mechanism of administrative reform (bureaucratic reorientation). The World Bank's official reason for promoting participation was that it generated resources for projects, but thereby saving money. The Bank sees participation - even in social services projects

---

13 As Paul (1987) points out, the World Bank considers resource contribution (in the form of labor or finances) to be a fundamental aspect of "participation." Many people have pointed out that this view renders "participation" to be more exploitation than self-determination (e.g., Tendler, 1982b).
- as being a possible first step by beneficiaries toward accepting new production techniques and methods (IBRD, 1975).

The problem with these views of participation was that no concrete mechanisms for tactical political support from SPP/PIDER or from the World Bank existed for would-be participant farmers. Moreover, the designers of the participatory methodology, CIDER, were academics who did not address bureaucratic politics. All CIDER could see to do was to refine the methodology further, and to encourage its use. CIDER was no help to SPP/PIDER in terms of bureaucratic politics among the different institutional actors. In fact, CIDER often undermined SPP/PIDER’s bureaucratic strength by directing its criticisms of projects at PIDER rather than at the implementing agencies (IBRD, 1983). While these criticisms may have been accurate, they certainly did not help PIDER’s institutional position vis-a-vis the more conservative actors.

Tactical bureaucratic support would have facilitated more instances of successful participation in more communities, and thereby would have created far more social energy and developmental activism among beneficiaries - as well as gradual agency reorientation - than was actually achieved through mere persuasion techniques. For example, Cerna (1983: 67-68) reports that having beneficiaries monitor PIDER project outcomes worked quite well in communities in the state of Guerrero. Community representatives expressed local grievances regularly to PIDER when projects were not completed, when contractors were dishonest, or when state-level agency staff were negligent. Giving beneficiaries access to report
their findings to political leaders who will follow up on the reports is a tangible form of empowerment. It could have been pursued actively in more communities and in different ways. Instead, Cernea says, having beneficiaries monitor projects was one of the modes of participation that was not pursued enough.

The World Bank's view of participation thus lent no strength to the idea of using beneficiary organizing to alter line agencies' general orientations. The line agencies obviously did not favor either participation in projects or organization for political pressure to change their own behaviors. SPP/PIDER management themselves were politically constrained from encouraging their field agents to organize beneficiaries - even into merely consultative local institutions (for projects), much less into active pressure groups that might have facilitated bureaucratic reorientation of the line agencies. CIDER and the World Bank academics were thus left preaching beneficiary organization to a bureaucracy unwilling and unable to pursue it aggressively.

Bureaucratic Reorientation

Despite SPP/PIDER's and the World Bank's views of participation as an instrument to influence peasants' behavior and generate resources from them, PIDER's policy framework (i.e., targeting poor peasants) still allowed individual bureaucrats to pursue reformist, participatory projects.\(^{14}\) The potential for

\(^{14}\)As Castells observes, "Increased community participation in planning, whatever its motivations and its manipulatory dangers, is also full of potential for social change" (1981: 28, emphasis in original).
committed field agents' rural development achievements are limited in unorganized beneficiary communities, however, when project implementors resist their efforts. Grindle's (1977) look at Mexico's (CONASUPO) Field Coordination Program shows that prior bureaucratic reorientation of some sort is essential for improving service delivery, and even for mobilizing beneficiaries. Mere beneficiary consultation, even by dedicated field agents, is inadequate for producing successful projects by itself. By 1975, the Field Coordination Program recognized that effective community participation depended not just on community attitudes and behavior, but also on the performance of public institutions themselves (Grindle, 1977: 162).\footnote{Uphoff (1981: 274) argues similarly in assessing PIDER, "[T]o sustain farmer participation there must be 'results' and for this, a well-organized, disciplined and competent agency is needed.... It needs to be sympathetic to farmer needs and farmer participation...."} 

This conclusion suggests that, to achieve substantive results, anti-poverty programs need to concentrate on changing bureaucratic behavior beforehand, in order to ensure beneficiary participation in planning and implementation. On the other hand, Marshall (1982) and Fox (1986; 1989) suggest that mobilized beneficiaries can ensure that the administering bureaucracy will be responsive to their needs. Yet the very act of mobilizing beneficiaries requires some dedicated bureaucrats and institutions. Hence Uphoff (1981) argues that reformists need to focus on reforming the bureaucracy as well as on organizing peasants themselves.
Top-down bureaucratic (reorientation) reforms can take many forms, but they must be effective at making planning and implementing agencies receptive to pursuing rural development among poor clients. Rural development policies alone cannot have reformist effects. They must be implemented by agencies and individuals committed to their anti-poverty aims.

**Bureaucratic Reorientation in PIDER:** Decentralization and participation were administrative reform attempts to correct PIDER’s problems of size and bureaucratic responsiveness in projects. SPP/PIDER administrators and field agents, however, were not situated in an institution with enough power or influence to effect significant changes in the implementors’ project activities. These problematic power relations might have been offset if the line agencies’ overall incentives and orientations could have been changed. Such reorientation might have been facilitated by political or financial leverage from other institutional sources: strong grassroots organizations (e.g., the SAM Community Food Councils - see Fox, 1988b); or higher-up actors such as the Mexican President or the World Bank. As Ickis (1981) argues, reorientation is unlikely without a combination of strong external pressure and strong, committed internal agency leadership.

As we have seen, however, prior grassroots organization was lacking in most target communities, and the higher-up institutions saw beneficiary mobilization only as a means of generating support for the regime and for specific projects, rather than as an instrument of bureaucratic reform. Achieving beneficiary participation

---

16Some possible forms are suggested below: (1) - (4).
required prior bureaucratic reorientation, yet a sandwich strategy involving prior beneficiary organizing was necessary to reorient the line agencies (so that they would pursue participation in projects).

What could SPP/PIDER do to get around this vicious circle? Here are four concrete courses of action (along the lines Korten and Uphoff (1981) suggest - see Chapter I) that PIDER management might have taken (besides beneficiary organizing) to coax and cajole the agencies toward using beneficiary participation in more projects:

1. laying out specific guidelines regarding the anti-poverty focus of the entire PIDER effort and how they could be applied to individual projects, and ensuring that agencies followed the guidelines;

2. ensuring that dedicated PIDER field agents with proven commitments had the clout at the grassroots to organize force line agency representatives to pursue participatory projects;\(^{17}\)

3. locating committed, motivated staffers within the various line agencies (at any level), and creating opportunities to support those individuals in advancing the cause of beneficiary participation within their respective bureaucracies (i.e., create bureaucratic political openings\(^{18}\));

\(^{17}\)Esman (1983) suggests using paraprofessionals from beneficiary communities as field staff, because they will retain their ties to the beneficiaries. See Lipsky and Lounds (1976) for some of the hazards of using paraprofessionals.

\(^{18}\)Korten (1986) calls this process of targeting committed bureaucrats "micropolicy reform." Ickis similarly argues that the key to building local capacity is effective leadership by dedicated individuals within existing agencies, to further the cause of reorientation. Reformist managers must facilitate the emergence of such leaders by (a) providing programs for officials to help them understand and become interested in the needed leadership roles; (b) directly supporting agencies working to change their own operations (via conflict mediation, skills seminars, etc.); (c) recognizing that development is not a "rational" technocratic process, but a "highly charged political process in which power, commitment, and leadership are key variables" (1981: 30).
choosing projects to finance based on which executing agencies supported the anti-poverty approach and the necessary implementing capacity (as Tendler suggests, 1982a: 51).  

PIDER quite obviously pursued course (1), but without adequate enforcement of the methodology, information alone had limited effectiveness. Course (4) was pursued to the extent that DCMO and INI administered a number of projects. SPP/PIDER’s pursuit of courses (2) and (3) was limited by the advantage that the line agencies held over them and their field agents in controlling the actual implementation of projects in the field. In the end, these various measures were not sufficient to counteract the inertia and bureaucratic incentives of most Mexican line agencies.

That is, the agencies resisted PIDER initiatives out of bureaucratic self-interest rather than ignorance or laziness. PIDER management may not have perceived this resistance as stemming from traditionally-minded (un-reoriented) agencies’ tendencies to pursue their own priorities regardless of the effects on projects or beneficiaries, however. As Ickis (1981) observes, though, an agency

---

19 In other words, PIDER might have pinpointed a supportive agency first, and then devised projects that it could run, or given it more projects to run.

20 One top PIDER official observed, "The official agencies, whose inertia is evident, mostly act along their old hidebound traditional lines, defining what is to be done, how it is to be done, and who is to benefit, without having any specific knowledge of the real social and cultural context in which they are operating. Limited to a superficial view of the natural environment and resources, they entertain the naive conviction that the aspirations and needs of the rural population match their own institutional priorities...." (as quoted in Cernea, 1987: 243). For one reason or another, this criticism does not impute a deliberate motive of self-interest to agencies pursuing their own interests at the expense of beneficiaries, but rather ascribes such behavior to ignorance and stubbornness. Perhaps the official refrained from damning the agencies even more harshly for political reasons, but
head committed to reorienting his own organization must change a well-established set of bureaucratic incentives (values, competences, managerial processes, commitments to clients, and personnel roles). Moreover, Ickis argues, these changes do not occur in response to a policy directive (such as a set of guidelines). Instead, "They must come about either through very strong and sustained environmental pressures which provoke a crisis within the organization, or through the actions of an institutional leader who builds a commitment within the organization to a new set of values" (Ickis, 1981: 15). PIDER's reformists did not take steps beyond such a "policy directive" to ensure that the agencies followed the participatory methodology in all communities. CIDER and PIDER's lasting accomplishment in striving for bureaucratic reorientation thus was the creation of a methodology for beneficiary participation in projects, which lacked a means to enforce itself or ensure its own use. CIDER's, Cernea's, and PIDER field agents' calls for beneficiary organizing for this purpose went unheeded by PIDER management and the line agencies. Cernea (1983) points out the inherent weakness in a participatory program that fails at organizing its beneficiaries, and that fails even to utilize existing organizations in its target communities.21


nevertheless his statement does not explain agencies' behavior in terms of vested self-interest. Maybe PIDER hoped that merely by providing guidelines they could induce the line agencies to pursue beneficiary participation.

21Purcell and Purcell (1973) suggest why community organizing strengthens service delivery programs. Their survey article shows that the more organized a community, the more benefits it tends to obtain from the government.
SPP/PIDER’s capacity to organize beneficiaries actively was constrained by time pressures and the need to maintain socio-political order in the countryside. Organized communities were seen as potential threats, and PIDER was originally established to limit threats of rural unrest. Without organized beneficiaries, PIDER management could not force the line agencies to pursue participation in projects.

Even PIDER field agents’ efforts to set up participatory planning sessions in target communities confronted the limits of SPP/PIDER’s institutional power versus the line agencies. Agency technicians could resist PIDER field agents’ attempts to get them to consult with beneficiaries because the tecnico had the final say on whether or not the infrastructure for the projects was actually constructed.

The end result was that beneficiaries could not participate in projects because they were not formally organized, and lacked institutionalized access to a higher authority that could enforce their bottom-up pressure on agencies’ implementation activities. Without beneficiary organization, no agencies were reoriented; without reorientation, little "participation" in projects was achieved.22 The political needs to achieve quick rural development results and to limit rural mobilization - along with the political dynamics within the bureaucracy that left

---

22The one means of participation that might have been viable without prior bureaucratic reorientation was beneficiary monitoring, but it was only pursued in a few PIDER communities in Guerrero (Cernea, 1979). Obviously, beneficiary organization was crucial to participation as well as to bureaucratic reorientation; the point is that without organization beneficiaries were powerless vis-a-vis line agencies that were not reoriented. Participation cannot be achieved without organization, but neither can the intermediate step of reorientation.
the reformists without effective leverage on the line agencies - prevented an effective "sandwich" linking the reformists and the grassroots.23

Conclusion: The Constraints on the Effectiveness of PIDER’s Administrative Reform

This look at the administrative reform mechanisms of decentralization, participation, and bureaucratic reorientation shows that none of the three is adequate by itself to ensure bureaucratic responsiveness to beneficiaries. Even collectively they were insufficient in the case of PIDER, because of the political necessities and power relations surrounding the program.

Cerna (1979; 1983) frequently refers to the "institutional" framework for participation that PIDER set up. In PIDER, though, the administrative mechanisms described in this chapter had trouble forcing the line agencies even to target poor beneficiaries. Getting the agencies to pursue active beneficiary participation in projects was even more difficult. I contend, therefore, that the "institutions" Cerna invokes lacked tactical power to ensure bureaucratic responsiveness. Training programs and manuals were not as effective at ensuring agencies’ responsiveness as empowered organized beneficiary might have been.24 Beneficiaries lacked access

23Fox’s (1986; 1989) "sandwich strategy" involves top-down pressure from reformists at the state center, coupled with bottom-up pressure from grassroots beneficiaries’ institutions, to force line agencies’ responsiveness to beneficiaries’ needs.

24One of the few examples of such empowerment under PIDER was the beneficiary monitoring practiced in Guerrero (Cerna, 1979).
To dedicated officials with the power to enforce the policy requirements (e.g., participation/consultation) that make reformist project outcomes possible. Hence I would argue that by targeting the poor PIDER created a framework for reformist project results. The potential for social change within such a framework is revealed by the forming of the Union of Ejidos in Nayarit that Fox describes (1988a). PIDER did not, however, institutionalize political access and power for beneficiaries, such that they could rely on their own initiatives to give input from the bottom-up. Under PIDER, beneficiaries (and dedicated field agents) had no tactical recourse if their needs were not being met.

As this chapter suggests, decentralization is not an immediate answer to the problems of rural development programs. In PIDER, decentralization by itself was inadequate to ensure responsiveness to beneficiaries, without bottom-up monitoring checks on the line agencies by beneficiaries themselves. Decentralization to the governors did facilitate coordination of separate line agencies’ activities on individual projects, nevertheless. Decentralization put administrative control in the hands of bureaucrats closer to beneficiaries’ needs, but doing so still did not ensure that those who ran projects were more responsive to beneficiaries than to the bureaucratic incentives surrounding their agency and project responsibilities.

Only representative beneficiary organizations with institutionalized access to higher up reformists might possibly have ensured consistent (rather than ad hoc) line agency responsiveness to beneficiaries. Such organizations were not a part of PIDER because time constraints and the need for social control prevented
reformists from mobilizing beneficiaries against the stronger conservative institutional actors in the bureaucracy (the line agencies, and later the governors). The World Bank, moreover, offered no recommendations or support for organizing beneficiaries politically, because the Bank sees beneficiary activity primarily as a means to funding and carrying out projects, rather than as a way of pressuring the bureaucracy.

Thus the constraints that led to PIDER's large size (i.e., the political needs for quick results and social control) affected bureaucratic power relations also (by preventing PIDER management from harnessing organized beneficiaries for the administrative reform effort). These power relations, in turn, prevented PIDER from having a significant impact on rural productivity, since the line agencies continued to act according to their bureaucratic incentives (self-interests). Where reformists held key positions inside some of the line agencies, on the other hand, the power relations were less of an obstacle to rural development (as the successful projects described in Chapter V illustrate).
VII. SUMMARY, LEGACY, AND LESSONS OF PIDER

Summary

This study of the politics surrounding PIDER outlines some of the restrictions on large-scale anti-poverty programs in situations where the government reformists promoting the program are weak in relation to the implementors they must count on. The difficulties of comprehensive administrative reform increase under these circumstances, especially when political constraints prevent effective pressure to assist the reform.

Chapter I outlines three mechanisms of administrative reform: decentralization, bureaucratic reorientation, and beneficiary organization. Chapter II describes how PIDER was a response to the Echeverria (1970-76) administration's need to undertake a rural development program to improve agricultural productivity among peasants. The program had to show quick and widespread results for the prestige of the administration, and to coopt rural unrest, which structural poverty and Echeverria's pro-peasant policies had encouraged. The need for widespread results led to PIDER's "nationwide pilot approach," without small-scale experimental program testing first.\(^1\) Without a small pilot program, the administrative reform was complicated because the reformist

\(^1\)Lipsky and Lounds (1976) help explain why merely introducing a nationwide pilot program was so desirable for the Mexican government, and why ensuring the financial and technical soundness of the program was less important. They argue that needs "to sponsor programs in specific problem areas take precedence over ... needs to insure the development of successful, tested programs. Premiums are paid for introducing programs, not for nursing them to successful conclusions."
administrators were forced to utilize resistant agencies with traditional orientations as well as reoriented ones right from the start. They were unable to strengthen and reorient the weaker agencies’ divisions before they had to start relying on these divisions for project implementation. Moreover, the need to show quick results put time constraints on project planning and community organizing. Coupled with the need to maintain social control in the countryside, these constraints kept beneficiary organizing from being pursued vigorously enough to create effective pressure for bureaucratic reorientation.

Chapter III details the World Bank’s decision to go along with the Mexican government’s desire to run a large scale program. This decision allowed the difficulties of a nationwide pilot program to persist, despite the Bank’s alleged concerns for program technical soundness and careful spending. Chapter IV outlines the power, responsibilities, and work structures of the key actors in the Mexican bureaucracy. Chapter V describes the generally unsuccessful project results that these actors produced under the nationwide pilot approach.

Chapter VI is an in-depth look at how PIDER pursued the three administrative reform mechanisms sketched out above. Administrative reform was supposed to make PIDER more likely to produce substantive rural development results (improved rural productivity and living standards), by ensuring that the implementing line agencies were responsive to the program’s goal of helping poor peasants. As both widespread rural development projects and administrative reforms were attempted simultaneously, though, the two competed for the attention
of the reformist administrators. Straightening out agencies’ roles and responsibilities (running a rural development program) limited the amount of time given to organizing beneficiaries and reorienting the line agencies (administrative reform).

Thus political constraints limited beneficiary organization, which restricted the effectiveness of the administrative reform, which meant that bureaucratic power relations and incentives kept project implementation from meeting beneficiaries’ needs, which produced economically poor project results. Even though PIDER produced few substantive rural development accomplishments, a look at the concepts and procedures that PIDER left behind will help highlight some lessons of the program.

A Hazy Legacy

Productive infrastructure eventually ended up in place in most PIDER target communities, and in some instances (most notably irrigation projects) increased production levels markedly. On the other hand, the infrastructure’s being in place did not ensure that it was appropriate for the communities, or useable by its intended beneficiaries (due either to flawed design or construction, or to lack of necessary side components, such as handles for water pumps). Moreover, in both planning and implementation, most PIDER projects took no account whatsoever of the socio-economic organization of target communities, meaning that benefits could be monopolized by better-off peasants, and often were not even targeted at the landless.
**PIDER’s Concepts**: The idea of helping the poor by including them in project planning and implementation led to the creation of a formal methodology for promoting and utilizing beneficiary participation in programming. Such guidelines are only valuable if they are used, however. While PIDER itself lacked institutional enforcement mechanisms to ensure that government agents followed the guidelines, the guidelines do have the potential to improve future rural development programs.\(^2\) PIDER merely described and outlined the possibilities for such change, however, without actually having much of an impact on agencies’ behavior in the short or medium term, and without incorporating very many beneficiaries into projects.

PIDER was still one of the first Mexican programs to attempt to use certain public administration techniques across a substantial number of agencies and geographic areas. As Miller (1980) points out, PIDER pioneered the idea of a federal program coordinating and rationalizing - rather than merely replicating - the projects that rural development agencies were already running. Subsequent Mexican rural development programs picked up on this idea and put it to good use.\(^3\)

\(^2\)The World Bank used the PIDER methodology in a program in Colombia that was modeled on PIDER (Grindle, 1986).

\(^3\)Although there are discrepancies and duplications with PIDER and with each other - CUC, COPLAMAR, to some degree the Rainfed Districts, and potentially SAM, all share the [PIDER] philosophy of mobilizing and building on established agencies and integrating their activities toward specific, newly-defined tasks" (Miller, 1980: 10).
In addition to beneficiary participation and agency coordination, the idea of decentralizing power also significantly affected the Mexican bureaucracy. A former World Bank official argued that PIDER’s efforts to decentralize national control to federal representatives at the state level was the model for the design of SPP, which has become quite a powerful government actor. In addition, even some of the line agencies adapted PIDER’s organizational strategy of a regionally-based program, as SARH’s creation of the Rainfed Districts Program illustrates (Schumacher, 1981: 10).

Decentralization is significant for beneficiaries because state-level control increases the number of political figures involved in any program. All the governors become point people for federal programs, giving greater lobbying access regarding programs to beneficiaries who could organize themselves (see Marshall, 1982). On the other hand, this change may hurt beneficiaries because Mexican governors tend to be conservative and more concerned with social order than federal program officials. In addition, as Bailey (1988: 84) argues, the Mexican government can be accused of decentralizing to increase its own central authority. Most important, decentralization ultimately is not the same as local empowerment, and it will only aid beneficiaries to the extent that they are also empowered in relation to the bureaucracy (see Lindheim, 1986: 143-144). PIDER shows that decentralization’s effects are ambiguous. It can both favor and limit reformist programs’ efforts to improve services to beneficiaries.
What PIDER left behind - both the methodology for participation and the concept of decentralization - was ideas and procedures, not economic development or social change.\textsuperscript{4} However, PIDER was as much a mode of bureaucratic administration and a political instrument as it was a series of rural development projects (Lindheim, 1986). Given the difficulties in implementation that PIDER confronted, one might expect its significant lasting effects to have been administrative concepts rather than actual economic results.\textsuperscript{5} PIDER's aims were innovative, so the fact that it pioneered some administrative procedures is not surprising. While the establishment of these ideas about public administration was important, the cost of PIDER's investments and their lack of rural development results nevertheless cannot be ignored.

**PIDER's Institutional Shortcomings:** PIDER's few lasting effects on peasant productivity were due to a few committed bureaucrats rather than to an institutionalized set of procedures and mechanisms. Yet PIDER at least facilitated these individuals' efforts by manifesting a favorable policy framework within which

\textsuperscript{4}Ayres (1983: 141) observes, "In the first PIDER project in Mexico, other effects of the project arguably outweighed its contributions to production and income.... These were extremely important for bureaucratic development in Mexico."

\textsuperscript{5}Lindheim's (1986: 199-200) view of PIDER is that as a concept it stood for: "(i) decentralizing decision-making to the state and local level; (ii) motivating a wide variety of public agencies to focus their efforts on poor rural areas and the problems of the substantial population of rural poor; (iii) increasing public spending to fund these agencies; (iv) promoting inter-agency coordination within sectors and between sectors; and (v) being committed to increased participation of the program beneficiaries in the decision-making and implementation process...." These ideas "became the new conventional wisdom of public administration" in Mexico.
they had the potential to effect rural development among peasants. That is, given Echeverria's pro-peasant policy orientation, PIDER was a program whose resources and mandate reformists could use to foster change at the grassroots. The scope of PIDER, however, meant that a few of these isolated efforts would not be enough to produce significant macroeconomic growth or widespread change in rural living standards, and that PIDER managers could not place committed individuals in every key position within the relevant agencies. The problem for PIDER managers therefore was devising a bureaucratic system and a program structure to ensure agency responsiveness to beneficiaries.

The administrative mechanisms that PIDER nominally utilized toward this end (with the encouragement of the World Bank) were decentralized control, beneficiary participation, and bureaucratic reorientation. Decentralization of some sort was necessary because of the size of PIDER, but by itself it was inadequate to achieve agency responsiveness (though it may have helped coordinate the agencies involved in each project). Participation, on the other hand, was rarely undertaken because the line agencies were hard to reorient toward participatory projects, without the added political pressure of organized beneficiaries.

While anti-poverty rural development projects were new at the time, and beneficiary participation was an especially innovative technique, the Mexican government did eventually achieve successful project results through beneficiary
organizing with Plan Puebla.\textsuperscript{6} PIDER itself failed to emphasize organizing, though, for the same reasons it involved a nationwide pilot approach: to limit possible social unrest, and to get the program's projects approved and implemented as quickly as possible (Lindheim, 1986: 92). Organizing beneficiaries would have taken a great deal of time, and speed was essential for PIDER to achieve concrete rural development results (to increase agricultural productivity, to aid institutional prestige, to improve rural living standards and facilitate social control, to please the World Bank, etc.). Without organized beneficiary pressure from below on the agencies, PIDER managers in turn were unable to make their administrative reforms effective. The end result was that most PIDER projects were inappropriate, poorly implemented, and/or not maintained, producing only occasional successes.

\textbf{PIDER as a Genuine Reformist Attempt:} On the basis of the argument about the government's ultimate need to maintain social control, a strong case could be made that PIDER was just another scheme to avert rural unrest by handing out subsidized infrastructure projects to poor communities. The size of the "experimental" phase of the program, and the lack of institutionalized beneficiary organization, indicate that far more than technical soundness of projects was at stake. The World Bank might just have been involved to maintain a policy dialogue, and its insistence on emphasizing directly productive investments might

\textsuperscript{6}See Felstehausen and Diaz (1985). Although Plan Puebla began in 1968, its organizing successes came after PIDER I. The point is, nevertheless, that organizing was not a completely unheard of mechanism at the time of PIDER.
have been a means for it to save face and justify its expenditures. Certainly some of the officials involved with PIDER may have thought of it this way.

Yet in the end PIDER has continued for 15 years and cost a great deal more money than any program of social control could possibly be worth. Moreover, the elaborate routing of funds directly to agencies working in project communities (rather than through state officials), along with the extensive efforts to train personnel and develop methodology, suggest that the Mexican and World Bank policy designers wanted PIDER to make increases in rural productivity possible, at least. The approach taken (widespread construction of expensive technology-intensive projects), nevertheless, was not the most conducive to building poor beneficiaries' local capacities for self-directed growth (see Lindheim, 1986).

A large-scale pilot version of PIDER may have been the government's response to the political necessity of pumping money into many rural areas quickly, but it was not the only possible option. Making discretionary funds directly available to the governors from the beginning might have been far more effective at getting money to rural hotspots. Instead, money was made available indirectly, through contracts with the line agencies. Control over the program was decentralized to the governors only gradually. PIDER therefore was a rational attempt to improve rural living standards and productivity, while increasing state legitimacy and political support for the system in the long run (see Salinas de Gortari, 1982).
Lessons about Development Administration

PIDER management’s reliance on resistant line agencies and on its own relatively weak field staff for incorporating beneficiaries into projects suggests that the importance of bureaucratic reorientation cannot be emphasized enough. If concrete mechanisms cannot be utilized for bottom-up pressure on implementors during implementation and/or monitoring, then reformists must engage in intensive bureaucratic reorientation prior to program implementation. Doing so helps ensure that the implementing agencies are actually bearers of the reformist intentions of the program. Such bureaucratic reorientation may not be possible, though, because of time constraints or because of the weakness of the reformists’ political strength within the bureaucracy.

Grindle (1980: 222) argues that national program leaders must be sincerely committed to seeing their policies achieve their objectives, but that their dedication may be limited by broader regime goals. PIDER’s initial large-scale design and its lack of beneficiary organizing reflect limitations on the rural development objectives of the program. These limitations were due to the regime goals of agricultural productivity and rural support for the political system.

Limits on leaders’ commitments to rural development aside, PIDER’s example also illustrates that their commitment is inadequate without efficacy. That is, if national program leaders are weak compared to their line agencies, then

---

7As Grindle (1980: 222) argues, "If delegation or devolvement of authority precedes the institutionalizing of effective implementation...the result is not likely to be an increase in the responsiveness of the implementor...."
bureaucratic reorientation, agency responsiveness, and ultimately program success are unlikely. The possibility remains, nevertheless, that strategically located committed individuals can still bring about successful project results in their areas of responsibility.

PIDER also reveals a few points about the World Bank's role in development as well. First of all, only because of the World Bank's internal dynamics and its desire for a voice in Mexican macroeconomic policy did the Bank allow the Mexican regime goals mentioned above to interfere with PIDER's initial design. Secondly, nationwide anti-poverty programs such as PIDER involve the World Bank in funding state legitimization efforts under the heading of helping the poor. This argument has been made before (e.g., Hayter and Watson, 1985), but I want to emphasize that such legitimizing programs nevertheless contain the potential for real rural development to be achieved, at least by a few peasants. (One of the Mexican government's purposes, after all, was to improve agricultural productivity with PIDER). Another point about the World Bank is that in cases like PIDER it ends up trying to justify such state legitimization campaigns both rhetorically and numerically in terms of macroeconomic growth rationalizations. The problem is that the Bank and the government therefore have different fundamental goals in mind for rural development programs like PIDER. These differences, coupled with the various political constraints and dynamics to which institutional actors in both governments and the Bank are subject (their different political rationalities), may produce widely divergent perspectives on the same
program. Different perspectives can make agreeing on even the smallest program
details difficult. Instead of assuming that the World Bank and its client
governments are working together on any given program, then, officials on both
sides (as well as outside analysts) should recognize the contrasting political
environments and goals that each side brings into designing programs.

By keeping these lessons from PIDER in mind, both program administrative
leaders and international donor officials can increase their positive influences on
future rural development programs. On the other hand, this look at government
and donor internal politics also points out some of the political necessities and
contingencies that can affect the administrative soundness of program decisions. In
the case of PIDER, even though the policy's design acknowledged the power
relations and bureaucratic incentives that made implementation problematic (and
tried to change them via administrative reform), these same relations and incentives
also restricted the administrative reform itself.
REFERENCES


