

FEDERALISM AND DECENTRALIZATION: CHALLENGES AND LESSONS FROM MEXICO

Carlos H. Gadsden Carrasco*

INTRODUCTION

For the past decades, decentralization has been a very important element of the modernization process of the state. As an immediate consequence, a new configuration of the intergovernmental relations between localities and regions, and national governments has been shaped. There are diverse, although not very recent, experiences such as the interesting Italian experience of the 1970s, as well as the work done by the United States in the 1980s on intergovernmental relations and alliances between the federal government and the local governments and counties.¹

Furthermore, a variety of changes in intergovernmental relations take place all over Latin America. There are some relevant experiences of decentralization in: Argentina, Bolivia, Brazil, Chile, Colombia, Guatemala and Venezuela, among others. In this way, Mexico has its own decentralization process under particular and well overdue conditions.

In retrospective we can affirm that there are important lessons derived from these experiences. It is also possible to affirm that existent conditions can allow or prevent decentralization processes, or make their scope deep or superficial, which could support or obstruct the efforts carried out to strengthening civil society. Further learning has resulted from placing decentralization within the broader framework of intergovernmental relations that surround this process by its limits.² From this perspective, new interpretative studies have appeared to analyze decentralization based on complex networks of policies, and how these networks are interconnected with the different orders or levels of government.³

* Director General of the National Institute for Federalism and Municipal Development (*Instituto Nacional para el Federalismo y el Desarrollo Municipal*, INAFED), Mexico's Ministry of the Interior.

¹ For the case of Italy, see Putnam's well-known book: Robert D. Putnam. 1994. *Making Democracy Works. Civic Traditions in Modern Italy* and for the case of the United States: Deil Wright. 1997. *Understanding intergovernmental relations*.

² Jordi Borja. 2000. *Descentralización y Participación Ciudadana*. Mexico: Centro de Servicios Municipales "Heriberto Jara", p. 83. "Modern decentralization does not aim to defend itself from the central state creating its own space detached from the center, on the contrary, it wants to participate from decentralized bodies, in the design, regulatory framework, planning, decision-making process, implementation and negotiation of general policies. Furthermore, there is not a strict separation between representative local institutions of the state and civil society; on the contrary, the decentralization process is seen as a way to articulate each other."

³ David Marsh and Gerry Stocker, "Conclusions" in Marsh, David and Stocker, Gerry. 1997. *Theory and Methods in Political Science*. New York, St. Martin's Press, p. 292. Marsh and Rhodes use the concept of "policy network" to define a model of interaction between interest groups, or in other words, a model of relations between governmental groups. In fact, they

There are also new approaches regarding the relation between decentralization and democracy and sustainable development.⁴ The scope of federalism, as a specific model of intergovernmental relations, has also been a central theme of analysis.⁵

Thus, there is a better understanding of the role of decentralization and intergovernmental relations based on its relationship with power and governability.⁶

A peculiar process has occurred in Mexico, which emerged from the struggle against the dominant power and where the relationship between the center and local powers has represented its main axis and that, at the same time, has been the core of the conflict with other neighbouring localities or with the rural communities that integrate it. In the 19th century, this power relation was closely merged with the subject of federalism because it was intertwined with the struggle for power and with diverse nation-building projects during different historical moments. Without being previously a central subject, the federalism of the 19th century is closely related to the democratic process in Mexico and its advancement from the local power to the center. In order to explain the above argument, from this perspective, it is pertinent to consider some theoretical and practical elements in order to describe how such process happens nowadays in Mexico, as well as its new paradigmatic elements. In this way, it is relevant to mention the conceptualization that the government has developed within the transition from centralism to an “Authentic Federalism,”⁷ which is part of its strategic program:

“Through established strategies and projects, it is intended to achieve an Authentic Federalism characterized by a coherent architecture of governments that are accountable to their constituencies. In this system, governments leave behind schemes of parallel governments, which contend to exercise their authority in relation to the same subject, over the same territory and for the same people (dominated by the central government) to advance toward a federalist regime where the federation, states and municipalities complement each other to accomplish governmental duties and supported by subsidiary, efficient and equitable mechanisms.”

From this perspective, decentralization is only one fraction of the democratic governability process and not an end by itself. It is framed by a broader strategic model that involves responsible and transparent intergovernmental relations.

emphatically state that this model is superior than the pluralist and corporatism models.

Therefore, their theory of policy networks is seen as a meso-level concept.

⁴ Carlos H. Gadsden. 2002. Presentation of the book coordinated by Enrique Cabrero:

“*Innovación en Gobiernos Locales: Un panorama de experiencias municipales en México.*”

⁵ See for example, Ronald Watts’ contributions in: Ronald Watts. March 2001. Modelos de reparto federal de poderes in *Revista internacional de ciencias sociales. El Federalismo*. No. 167.

⁶ Alicia Ziccardi. 2000, *Municipio y Región. Agenda de la Reforma Municipal en México*. Mexico: Instituto de Investigaciones Jurídicas, UNAM.

⁷ Instituto Nacional para el Federalismo y el Desarrollo Municipal INAFED / SEGOB. 2002. *Programa Especial para un Auténtico Federalismo 2002-2006*. Government of the Mexican United States. Mexico’s Ministry of the Interior.

These relations are accountable to constituencies who are mainly considered as the core of the local, regional and global development and represented by complementary governments.

Lessons for Mexico's federalism and decentralization

In Mexico, as in many other countries of the world, the attempt to pass from a federalism "on paper" to an authentic federalism, and from centralism to the strategic decentralization process for local development, has faced a series of obstacles that have brought about a learning process based on historical experience.

Mexico's federal state, weakly created in 1824, had to be implemented with a high degree of centralization to be feasible, thus, its parts did not have enough autonomy to take control of their shared history.⁸ Back then, the political actors had to make a huge effort to centralize the power, within a context in which the fragmentation of the country was one of the most obvious risks.⁹

As the years passed, this centralization kept growing until the end of the 19th century, causing a crisis at the beginning of the 20th century with the Mexican Revolution and when diverse local groups fought for the central power. In a more refined way and to steer the country ahead after the civil war, answering at the same time the social demands and under an instable political situation, the centralization of public policies was an imperative decision. This centralization of the power allowed the country to advance in a noticeable way in areas such as education, health and infrastructure, by homogenizing policies and broadening their scope in the middle of a strong political control hidden behind a democracy that, combined with wealth, increased corruption levels and inequity among the population. The debate is whether better results would have been achieved within a scheme of federalism and democracy; something is for sure, the highest point of centralization was reached in the 1970s. Development strategies based on import substitution and structured within the public administration brought as a consequence a high degree of centralization during that decade, and consequently, a very high concentration of power. This power was based on an increasingly disputed political control and on a more and more fragile economic growth. The public debt reached unsustainable levels, at the same pace as the government was unproductively concentrating the economic activity within its own political machinery.

⁸ Ronald Watts, "Modelos de Reparto Federal de Poderes", p. 18, in *Revista Internacional de Ciencias Sociales*: "The concept of federalism is not descriptive but normative and means in defense of a multiple government with elements of common government and regional self-government. The value that it aims to achieve is to sustain unity and diversity by accepting, preserving and motivating the different identities within a broader political union."

⁹ Josefina Z. Vázquez. 1993. "El federalismo mexicano, 1823-1847", in M. Carmagnani. *Federalismos Latinoamericanos: México/Brasil/Argentina*, Mexico: El Colegio de México, Fideicomiso Historia de las Américas, Fondo de Cultura Económica.

This process had far-reaching consequences for Mexico. In the 1980s, this model experienced a great economic failure, known as the “lost decade” not only in Mexico but all over Latin America. National governments demonstrated that they did not have the ability to conduct economic and social processes, supported by a centralized model and with authoritarian systems that civil society intensely disputed. This was a culture that caused irresponsible, centralized and unilateral processes, which resulted in a widespread situation where governments could not answer the direct necessities of the citizens in an effective and legitimated manner.¹⁰

The subject of democracy in Latin America is extremely relevant precisely within this context, along with the decentralization of power. In Mexico, the democratic process started in the local governments as a demonstration of a political and economic tiredness. The municipalities were the first organizations that demanded autonomy and that achieve it clearly and legitimately, in the middle of a scheme of strong control and corporative centralization camouflaged as democracy. This is the context that Mario Vargas Llosa has defined as *soft dicta*, the *perfect dictatorship*. In other words, although it was not a formal dictatorship, it had all the government operational structures centralized and controlled. For example, during the presidential period of 1988-1994, and as it used to be before, the central power removed seventeen governors under different modalities and appearances. Mexico’s constitutional legislation states that the president cannot change state governors, who must be elected by popular vote and belong to a different and not subordinated order of government. However, this was happening *de facto*. In the new democratic regime, after July 2, 2000, it would be impossible to think that the president could even suggest such change. Democracy started in the municipalities, then in the states, achieving at the end, and after 70 years, a change of the political party in the regime’s national state power.

Within this context, there is another interesting example related to the composition of expenditure in terms of federal budget. The municipalities only managed 4%, state governments collectively 16%, and the federal government 80% of the total resources.

Decentralization and development

One of the consequences of the phenomenon described above was the under utilization of the municipalities, as governing bodies that could help citizens

¹⁰ Victoria E. Rodríguez. 1999. *La descentralización en México*. Mexico: Fondo de Cultura Económica, p. 42. “In general, the center carries out normative functions of supervision and control, planning and budgeting, as well as the coordination of regional transactions. The states are responsible for the implementation of services and programmes, as well as the planning related to the management of its resources, but the final authority lies in the center.”

achieve their own development. It is interesting that in the central discourse, the national government is directly responsible for the development of the country, states and municipalities in a very coherent centralization scheme that merged the three orders of government into one. Although constituencies are consulted, under this perspective, they are merely the central government's objects of development. It does not matter in which level of government this process takes place. The government is responsible for promoting development, not the society. Under this perspective, the phenomenon of centralization is like a cultural sickness that outspreads over all the power structure. The national government is centralized in relation to the states but the states' governments are also centralized in relation to municipal governments. At the same time, the municipal governments are centralized in relation to the rural communities that integrate them. Enterprises are centralized, as well as communities. Traditional families are centered on the father's figure. In terms of gender, power is centralized in the masculine element. However, all that is changing, which modifies substantially the way power is exercised, as well as the institutional representation of government.

In past regimes and even nowadays, states have had very few activities, little information and not many elements to develop public policy. At the same time, there has been a high degree of centralization at the state level: states do not participate with municipalities in the development of those policies related to their interests. On the other hand, municipalities concentrate many decisions on city councils without the participation of rural communities and other localities that integrate them. Furthermore, in the case of Mexico, as in most of the Latin American countries, the city council members are nominated according to the party that wins the political election. Hence, the democratic process comes from the people and from their struggle in support of their own interests. All this has national repercussions but also over the municipalities. In fact, during the last two decades there has been a great effort in the municipalities to compete in a democratic way through elections. When the change of the national government is almost impossible, it is in the periphery – in local governments– where change starts to consolidate. As a consequence, there is a change in the global vision regarding the democratic process that emerges from local governments. Local governments confront the center to demand decentralization, as well as the power required to subsist and give results.

This phenomenon gradually opens a channel for deeper and broader democratic processes, which do not start easily from the top (if we could talk about “top” and “bottom”) but that are achieved step by step – in spite of the rhetoric– from the local power. To understand the global political reality, it is necessary to analyze first how the parts operate locally. Hence, it is not possible to understand the management of power based only on some actors – i.e. national governments– or analyzing each one of the actors as isolated individuals. Why are municipal governments the way they are? Why do states operate the way they do? Why

are federal government functions in a particular way? Why and how does interdependency happen between each other?

Orders of government operate in a particular way because the concept of development has been misunderstood. Development is an endogenous process or in other words, it is produced from the individuals or their communities. Nobody can develop anybody. The best that someone can do is to create conditions that facilitate the development of the other one. A municipality requires different conditions to be able to stimulate development. This analysis is not only in terms of government and it is not possible to understand poverty if we only consider the behaviour of isolated actors. The belief that “poor people are poor because they are lazy” proves the absence of knowledge of the causes of poverty. At least, we could learn from the theories of marginalization in Latin America of the 1970s¹¹ that development and underdevelopment are the result of the relationships and interactions between different social elements.

Nowadays, one of the problems related to a shift of vision (or paradigm as defined by Thomas Kuhn¹²) is that federal, state or central cabinets are integrated by government officials who consider that municipalities are poor or incapable or underdeveloped because of their own problems, for example, mayors are not qualified enough, or they belong to rural areas, or they are unable to perform their functions in a transparent and responsible manner. “The resources that mayors receive are spent in luxurious trucks,” this is a commonly heard statement (as if central government officials were not acting in the same way). Moreover, they measure all the municipalities with the same stick, as if they were all the same. This perspective has two main implications:

- 1) it hides the deep causes of the situation that apparently municipalities confront, without distinguishing one to the other, and even though this is sometimes true, most of the time this situation is related to an unequal intergovernmental dependency, which affects the reality of municipalities; and
- 2) it legitimates the non-decentralization of power.

Therefore, considering that the municipalities are incapable of elaborating public policies, the head of the central institution becomes the only competent individual on the subject. It is justified then, that the direct responsibility for final results and all the power must lie in this individual. This person’s position is justified by assuming this duty as a responsibility delegated by the highest authority, which would be difficult and irresponsible to share. The belief that sub-national governments lack ability to govern becomes a perfect reason to concentrate power and to obstruct the decentralization process. It is not common that the central agent reflects about the following questions: How is it possible to

¹¹ See Aldo Solari, Rolando Franco and J. Kutkowitz. 1976. *Teoría, Acción Social y Desarrollo en América Latina*.

¹² Thomas S. Kuhn. 2002. *The Structure of Scientific Revolutions*. Mexico: Fondo de Cultura Económica.

empower municipalities? What can an institution do to prevent their empowerment? How can a different relationship, based on shared responsibility, be built? As the relation is not understood within these parameters, the central agent considers that for the benefit of the sub-national government and for the overall system, he/she must be a single agent of development for the rest, turning local governments into the central government's **object** of development.

These approaches contradict two basic principles and a practical conclusion of the systemic thought stated by the development theories of the Latin American sociology and pedagogy of the 1970s,¹³ and that previously emerged from the peasants' ancestral learning:

- 1) **Nobody develops anybody, nobody develops alone. Nobody can be the object of the development of someone else.** It is not possible either to be the subject of the development of another person. **An individual can only be the subject of his/her own development** because this is an inherent action which is produced within the individual and it is only produced by the relationships with other individuals. People and their institutions develop together under conditions that allow it.
- 2) **To be developed is only a mark in relation to others.** To be developed only refers to something or somebody. The fact of being developed is not someone's mark but the description of a relationship. There are no individuals who are more developed than others, only better developed relations than others. Also, there are underdeveloped relations, not underdeveloped individuals. What makes me look like underdeveloped is the echo of an underdeveloped relationship that oppresses me. Super developed individuals do not exist either; they are just another echo of the oppressed and underdeveloped relationship. A developed relationship involves sharing, balance, sustainability and harmony.
- 3) **To achieve development, it is only necessary to build proper means.** The best that can be done to facilitate the development of every individual is to create conditions and relations surrounded by a proper setting.

Although the central government cannot develop municipalities, it can implement conditions to allow it, as well as to benefit or to hinder their development. It is also true that the central government's development depends to a great extent on the development of states and municipalities. Something that is compelling is that an interdependency relation exists and it could be underdeveloped very easily, as a consequence of an imbalance in the relations of the different actors that underdevelop all the parts. This is why all the weak parts are underdeveloped, for example, municipalities and in particular those in the periphery. Underdevelopment is like a sickness that outspreads over all the

¹³ These concepts were developed based on the pedagogical view of the Brazilian teacher, Paulo Freire: Nobody educates anyone; nobody learns alone; human beings educate each other, mediated by the world. See Barreiro, Julio. 1979. *Educación Popular y Proceso de Concientización*. Mexico: Siglo XXI Editores.

system. In practical terms this means: It is not possible to affirm, as in the case of Mexico, that the federation is developed and the states or municipalities are underdeveloped. The problem of underdevelopment affects all the structure and each one of its parts, in a very clear relationship of interdependency. If the federal government would have established effective development conditions for the municipalities 50 years ago, surely these relations would be different today. On the other hand, the fact that 90% of the federal programs depend on the good negotiation of municipal governments and on civic participation proves that the underdevelopment of municipalities underdevelops, at the same time, the federal government. In other words, it is not possible to say that there are developed and underdeveloped countries. There are underdeveloped relations that affect in a greater or lesser degree all the parts. Furthermore, the superdevelopment of some individuals leads to deforestation and to the underdevelopment of other individuals. Thus, who wins the mark of “developed” when this development causes auto-destructive conditions? Development is sustainable and interconnected with the individuals or it is not development.

To explain the problem of the underdevelopment of municipalities without talking about the subject of the states, we cannot talk about an absence of culture among mayors, even though this could be a reality to some extent in Mexico. The inequity and inequality that exists in the intergovernmental relations of the three orders of government are reflected in the current situation of the municipalities, which are in the weakest side of this relationship. It is more difficult to see the underdevelopment of the center. It seems that this is the strongest and the most developed part of the relation but it is not. Interdependence is like a boat. It is possible that there is water in only one extreme, in the weakest one. However, if this is not fixed, the other side will sink as well, regardless of being the strongest one.

In order to map the interdependence that exists in Mexico, I will mention some figures: Between 1988 and 1994, federal investment per capita in the Federal District (that is integrated by Mexico City’s best area and clear example of what centralizing policies can do by producing this urban macro-hub of 20 million people) was \$1,800 Mexican pesos. During the same period, the state of Guanajuato received close to \$145 pesos per inhabitant. Guanajuato was near national average. However, the poorest states of the country, Chiapas and Oaxaca, did not receive more than \$85 pesos per inhabitant. If we multiply this by many repeatedly imbalanced and unequal years, we can affirm that poverty among the inhabitants of these regions is the result of the so-called “uncompleted development of non-industrialized countries.” The federal government did not take them into account during the redistribution process, exploiting all the natural and human resources that it could. Thus, the federal government was indeed responsible for generating poverty. Did this develop the country? It seems that it underdeveloped the country even more.

Intergovernmental relations and policy networks

From this perspective, the theory of intergovernmental relations, developed by Professor Deil S. Wright during the last years, let us have a better understanding of this distinct reality and analyze the interaction between the three levels of government.¹⁴ For example, some people believe that democracy produces development by itself. However, it is not possible to clearly explain the level of development in some countries by considering only the democratic changes that they have experienced. Such as in the case of the European Union (EU), when we analyze the development reached by Spain, Greece or Portugal, countries that were sufficiently democratic by the time they joined the EU and which were literally revolutionised with a system of intergovernmental relations as a proper mean to enhance what they have obtained from the European interdependency. This system, based on subsidiary and solidarity principles with institutional representations and concrete political tools, facilitates unity respecting plurality and at the same time, promotes greater socio-political interdependence and shared economic capacity. Thus, it is master key to logically explain the achievements of these three countries. This model has also been reproduced domestically. In the case of Spain, for example, the development of the parts must be explained jointly with the overall development and vice versa.¹⁵ Intergovernmental relations allow us to understand the roughness of an incomprehensible and disdainful terrain. Imagine, how much more Spain would have grown if it invested the double, if possible, in the construction of more efficient intergovernmental relations.

In this way, federalism as a political tool has a new connotation for Mexico. It is not the same federalism as the one implemented one century ago, when the main problem was related to territorial competencies between the center and the regions. On the contrary, nowadays, federalism faces new problems and a new ideological mission within a democratic process that promotes equality before the law for all individuals. Federalism, as a political tool of the solidarity and cooperation of the different units that co-exist over an independent territory, could be used to preserve the unity in the diversity through respect and cooperation among the parts. What the European model has developed in practice, federalism, if properly implemented, has it as a functional strength.

Essentially, the modernization of public administration is not only about decentralizing, but requires the strengthening of the political unit. This requires to

¹⁴ Deil S. Wright. 2001. *Public Administration and Models of Governance: Federalism, Intergovernmental Relations, and Intergovernmental Management*. Paper presented in the First International Congress of Political Science and Public Administration. Pachuca, Hidalgo, November 28, 2001. "Intergovernmental relations can be defined as an important body of activities or interactions that take place among different governmental units of any kind and level within a federal system." See also: Deil S. Wright. 1997. *Para entender las relaciones intergubernamentales*. Mexico: Fondo de Cultura Económica.

¹⁵ Watts, Ronald, *Modelos de Reparto Federal de Poderes*: "Spain, federalist in the theory and practice, has not incorporated into its constitution the title of "Federation."

rediscover the different orders of government and to understand the role played by central and sub-national governments.

The theory of intergovernmental relations defines two new explanatory schemes. For example, the theory of policy networks developed by R.A.W. Rhodes states that intergovernmental relations are not a map constituted by elements that differ from each other –including states, municipalities and the national government.¹⁶ Further explanation is needed to understand the relations between these elements.

The theory of policy networks describes policies that intertwine the different levels of government in a “vertical” way. Health policy differs from education policy or from the policies related to sustainable development and economic development. These elements are seen as policy networks and each one of them crosses the diverse levels of government in a different way. Every single network has a different decision-making process and management of power, more flexible or more rigid frameworks, as well as political answers for different clientele.

In other words, describing the intergovernmental relation as a plain map is not enough, it is necessary to understand and explain who wins what, when, how and why within this interaction. This is a key question in Political Science.

When the winner is not a citizen, there is something happening in the political structure. Thus, it is necessary to analyze the following aspects of a particular public policy: the way decisions are taken; to what extent it is benefiting the sectors; and how the interaction between the center and the locality happens.

In theory, two main tools are interconnected to understand the context and functionality of decentralization and at the same time, they allow us to examine the decentralization process from a holistic perspective of development, of which it is only one fraction.

The first theoretical tool is related to the intergovernmental relations and acts as an extensive map of the reality, while the second is particularly related to policy networks and used as a detailed explanatory feature. In reference to decentralization processes, the decentralization of education is not the same as the process of decentralizing public works or health. Each one of these areas has dissimilar dimensions for different clientele. Therefore, we cannot talk about decentralization as a one-piece concept because we would have a deep theoretical problem: The inability to differentiate the different components of each one of the public policies, considered as homogeneous unities that could be decentralized among the different levels of government.

¹⁶ See R.A.W. Rhodes. 1988. *Beyond Westminster and Whitehall*. London: Unwinn-Hyman.

Hence, the phenomenon of decentralization is part of processes of change that many countries live day by day. Although its meaning and implementation differ considerably, there are three lessons recommended for Mexico during its transition period based on the analysis of multiple experiences collected by the World Bank (the second semester of 2000) and that could be pertinent everywhere.¹⁷

Basic strategies

First, decentralization has major effects on different areas such as the provision of social services, macroeconomic stability, the quality of governance and poverty alleviation. For this reason, countries that aim to decentralize their public sectors, in a successful way for their citizens, need to design a **coherent decentralization strategy**. An improper implementation of a decentralization process can have consequences such as a macroeconomic disequilibrium, exacerbating regional differences and the reduction of the quality of governance and public services. Thus, it is necessary to differentiate each public policy and to design strategic and coherent schemes that broaden the global perspective of a particular objective and the specific way to achieve it.¹⁸

Second, because decentralization is an activity that promotes progress and evolution, it requires **adequate institutional infrastructure** that needs to be strengthened enough to facilitate timely and efficient decentralization of public policy. To achieve this, adequate legal and regulatory frameworks are required to develop, implement, coordinate and monitor the projected strategies.

Without a coherent decentralization strategy for states and municipalities, the achievement of this process becomes very complicated, which requires working on a structure composed of different public policy elements related to decentralization.

There must be elements that allow public officials to interact with their counterparts in different orders of government, who also have to assume the responsibility for working in this direction and count on institutions that allow to measure, implement and reinforce the process, as well as to plan the required legal and administrative changes.

Third, the **decentralization process must be asymmetric** or differentiated. Not everybody at the same time and not in the same way. It has been demonstrated based on the experiences of other countries that cross-the-board changes

¹⁷ Giugale, Marcelo B & Webb, Steven B. 2000. *Achievements and Challenges of Fiscal Decentralization. Lessons from México*. Washington D.C: World Bank.

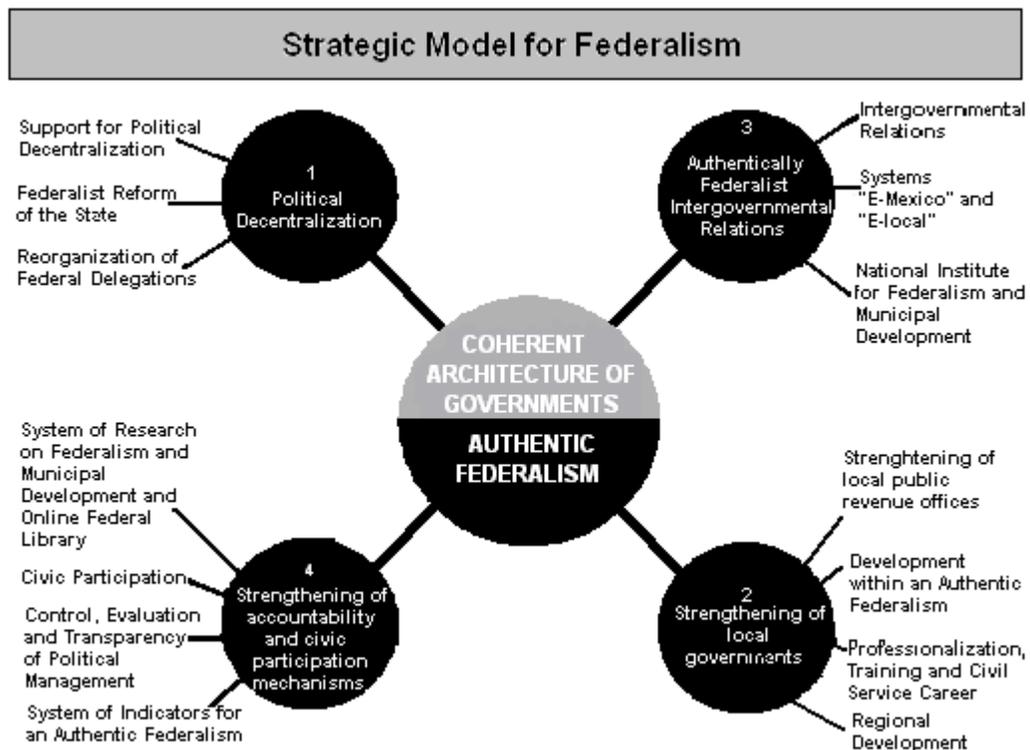
¹⁸ In this respect, I strongly recommend the consultation of the Special Programme for an Authentic Federalism 2002-2006 of the National Institute for Federalism and Municipal Development, Mexico's Ministry of the Interior. This document can be retrieved at: <http://www.inafed.gob.mx>

implemented without the proper strategic planning have failed. Thus, countries have had to go back to incremental decentralization, with differentiated rules according to the different managerial capacity of the territorial units.

When countries promote decentralization in a homogeneous way and without recognizing prevailing differences, the process will be focused on the weakest and slowest part. On the contrary, in the decentralization process with differentiated units, there will be municipalities with greater capacity than others, and which must be allowed to advance faster than those without it. At the same time, it is necessary to design clear and particular strategies to also include in the process those actors that face, since the beginning, greater obstacles.

The strategic model for Mexico

Considering these three strategies and with the elements defined above, a strategic model was developed for Mexico, which can be represented as follows:



This model has the vision of constructing a coherent architecture of governments accountable to their citizens.

It has two strategic guidelines with four complementary axes:

- 1) political decentralization; and its counterpart within the same guideline,
- 2) strengthening of local governments' capacity.

In the second strategic guideline:

- 3) authentically federalist intergovernmental relations; and its indispensable counterpart,
- 4) strengthening of accountability and civic participation mechanisms

These four elements have the following specific programmes:

Within this model, the creation of an institution responsible for the implementation of the process was essential. For this reason, the National Institute for Federalism and Municipal Development (INAFED) was designed and set up one year and a half after the present administration's inception. This institution has as its core objective to propose, implement and assess the federal administration's actions and policies related to federalism, decentralization and municipal development. It is the main tool of implementation of the Special Program for an Authentic Federalism 2002-2006 and it works on these subjects jointly with 22 federal departments, such as the Ministry of Health.

Certainly the worst enemy of decentralization in a democratic regime is the institutional distrust because there is a risk to make serious mistakes, as well as to fall into negligent conducts. How will the Ministry of Health based on its competency and concentrated power, just to mention an institution, allow mayors to improvise on health issues or to do whatever they feel like doing to the citizens? The answer can be found in a system of municipal auto-diagnosis with the objective of achieving the comprehensive and strategic development of local governments.

Local Agenda: Strategic Decentralization Agenda for Local Development

In the previous section I mentioned an important element to conduct decentralization processes and strengthen federalism in Mexico: measuring. It is through the measurement of the institutional capacity of governments, individually or jointly, that it is possible to understand the true scope of decentralization. Decentralization processes indeed need to be pushed from the top (if, as I mentioned before, we could talk about "top" and "bottom"), but overall they need to be attracted or "pulled" from the bottom. This is another principle that it is important to highlight, if it is about pushing decentralization from the top, the end of the process is unknown and it may "fall" almost anywhere: in hands of unscrupulous people – *caciques* or not well-prepared institutions that end up overwhelmed by the process. Pushing decentralization from the top implies the absence of focus on programmes. It is possible to push almost anything, needed or not, with or without resources; it is also possible to push useful issues, as well as problems.

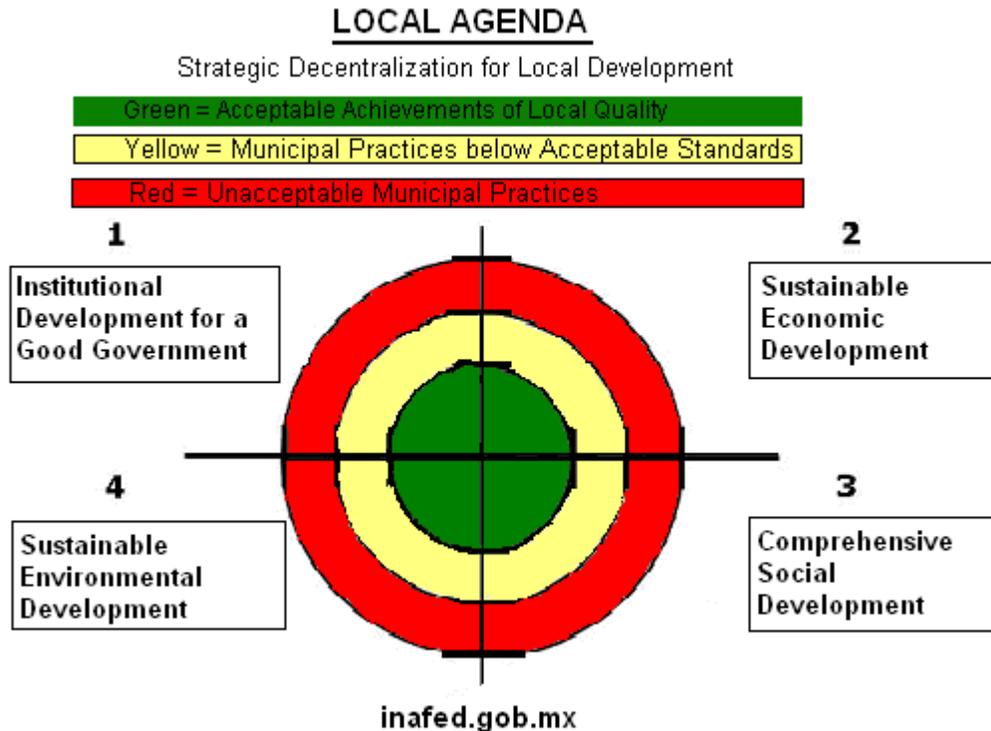
Pushing from the top –following this metaphor– can imply a unilateral and irresponsible decentralization action. Within this scheme, there is no focus and consequently, results measurement can lead to a disaster.

Another paradigm exists. This involves pulling or attracting decentralization from the bottom, from local governments. The big advantage of pulling this process is that it is expected and it has a place ready to receive it. When decentralization is pushed from the top and basically matches the needs that are felt, wished and expressed –or in other words, attracted or pulled– from the bottom, it can facilitate the adequate strengthening of the local government and even of the government that decentralizes because it finds its new purpose and identity based on a cooperative scheme. Within this process, it is possible to work towards asymmetry in a responsible way.

Hence, the process is linked with the three levels of government and based on past experience decentralization has its best results when it is pulled from municipalities or from states. Why? Because somebody is interested; without officials with faces and with a deep responsibility over the subject, there are only bureaucrats that push following an order. However, what it is needed from them is to be political actors who construct new elements and mechanisms to perform their work properly.

If it is intended to push decentralization from below, it is necessary to have a methodological system to carry out municipal management as a system of coordination and auto-diagnosis to answer the demands of the citizens efficiently and to achieve a comprehensive local development. The **Local Agenda** is a methodology that defines, in measurement terms, the requirements of a decentralization strategy for a comprehensive local development. In this way, through a system of basic minimum indicators inspired and supported by the United Nations Agenda 21,¹⁹ municipal authorities can carry out an auto-diagnosis based on a fast and simple “traffic light” with red, yellow and green indicators. This “traffic light” allows knowing the current situation of municipal management compared to an established minimum benchmark based on the following variables: 1) Institutional Development for a Good Government; 2) Comprehensive Social Development; 3) Sustainable Environmental Development; and 4) Sustainable Economic Development.

¹⁹ The Local Agenda 21 is the process for the establishment of local policies toward sustainable development. The Local Agenda 21 is part of the Agenda 21, which is the plan of action on sustainable development for the 21st Century. The Agenda 21 was adopted by national leaders at the United Nations Conference on Environment and Development –The Earth Summit– that took place in Rio de Janeiro, Brazil in 1992.



The **Local Agenda** operates based on the decision taken by each municipal government to prioritize planned actions, in order to solve specific problems according to their magnitude. In other words, which are the reds that the municipal government strategically decides to convert into greens. Therefore:

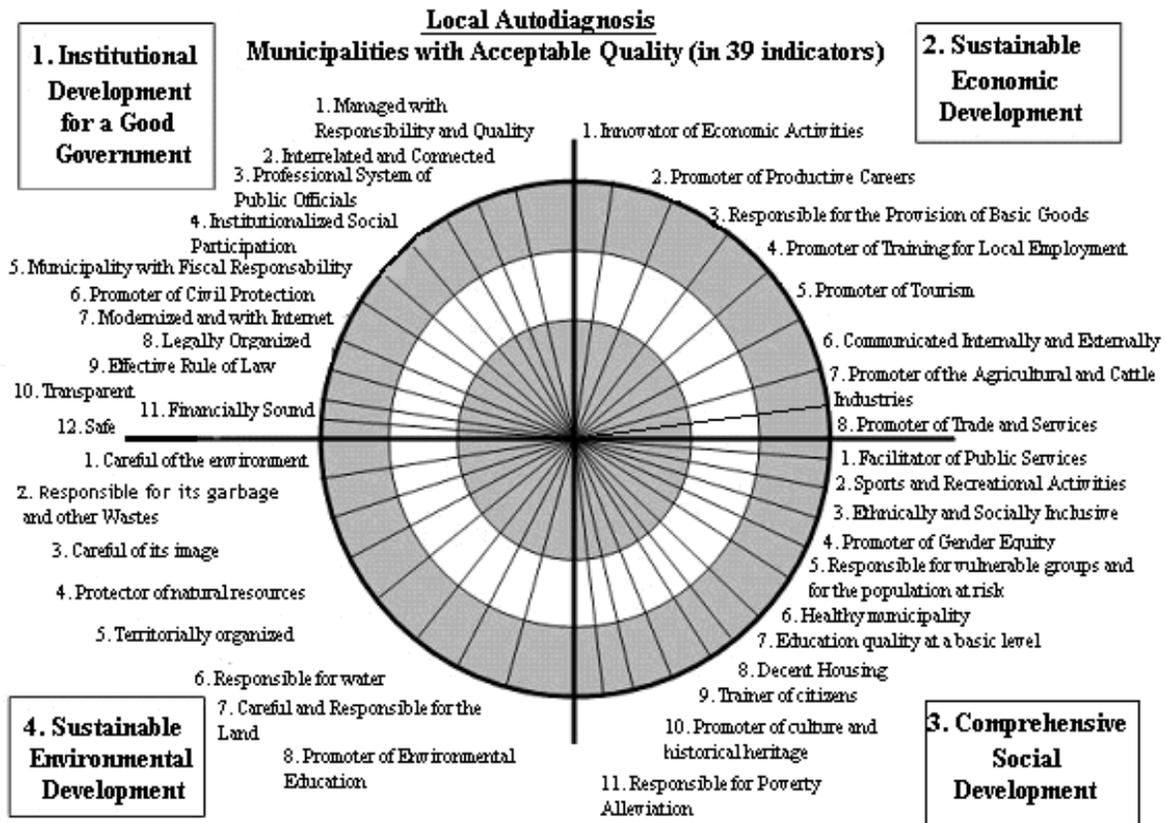
In force

- 1) the municipality communicates to the federal and state governments its decision to participate in the **Local Agenda**;
- 2) it designs its programmes to work on those priorities decided by the municipal government through its own departments and the federal and state governments;
- 3) the three orders of government are engaged in converting reds to greens within the auto-diagnosis framework in an estimated period of one year. After that period of time, an assessment is carried out and the achievements are reported;
- 4) a third party –i.e. a university– is in charge of supporting the assessment of the municipality and facilitates the achievements report.

This process has the characteristic of being potentially reinstituted after a new auto-diagnosis of the particular situation of the municipality and after establishing new projected goals. If the municipality achieves all the minimum standards in green, it could be publicly recognized. This tool could be used as some sort of ISO9000 for municipalities and intergovernmental programmes.

A coherent strategic decentralization, from the **local** government, can produce the following results and benefits: 1) to strengthen the negotiation of state and

municipal governments; 2) to promote the inclusion and coordination of the programmes proposed by the three levels of government focused on the main municipal claims; 3) to promote authentic intergovernmental relations based on schemes of collaboration and shared responsibility.



In conclusion, the **Local Agenda** defines a new paradigm regarding decentralization; to pull the process from the local government in order to achieve the comprehensive development of municipalities and, from them and through them, the development of all the institutions involved in the intergovernmental relation.

For more information about the presented documentation and in particular regarding the mechanisms that are built for the **Local Agenda**, you may visit: www.inafed.gob.mx

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