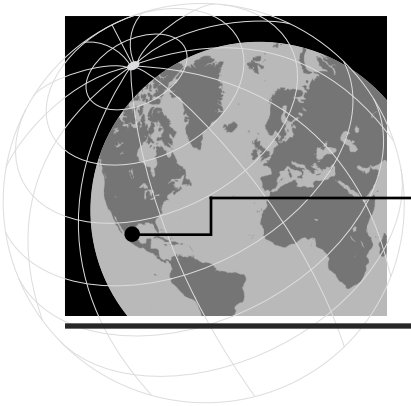

Will Vicente Fox *be able to* breathe new life *into* Mexican federalism?

BY *YEMILE MIZRAHI*

For seventy-one years one political party, the Partido Revolucionario Institucional (PRI) exercised a virtual monopoly of political power in Mexico and rendered the country's formally federalist institutions essentially inoperable. State governors became agents of the federal executive and were accountable to the President of the Republic, not to their own constituencies. Governors, in turn, exerted an enormous discretionary power over their local governments.

The victory of Vicente Fox, candidate of the Partido Acción Nacional (PAN) in July, signals more than just a change of administration. It is potentially a change of regime.

Under the PRI real competition for power did take place, but was conducted inside the Party and outside of public view. Political discipline was maintained by a vertical pyramid of power, at the top of which was the office of the President.

With the strengthening of the opposition over the past fifteen years—and particularly as a result of the victory of opposition parties at the state and local levels—the foundations of this regime began to crumble.

Non-PRI state and local officials found little reason to obey the federal government. They began to challenge the centralized structure of power and pressed for an effective decentralization of economic resources and decision-making power. And the call for an "authentic federalism" became one of the PAN's political rallying cries.

So, it 's not surprising that as Vicente Fox prepares to take office, federalism has become a critical issue in the new government's agenda.

Subsidiarity, Coca-Cola, and Guanajuato State

Fox's emphasis on federalism derives in great part from the PAN's commitment to the principle of subsidiarity. This doctrine holds that the federal government should intervene in the political and economic life of states and municipalities only to the extent that the latter cannot accomplish things by themselves. The federal government should not substitute for but rather enable lower levels of government.

Municipal governments, being the closest to society, should thus undertake as many responsibilities as they can. Similarly, the state governments should be able to undertake as many functions as they can, and the federal government should intervene only in those areas that go beyond the state's capacities.

Fox's pro-federalist stance also stems from his own business experience. As president of Coca Cola (in Mexico), he found that spreading functions and responsibilities throughout the organization increased administrative efficiency and efficacy.

Now Fox seems to want to use federalism as a means for generating the incentives to spur economic development—by allowing governments to deliver public services more efficiently and by affording state and local governments the opportunity to pursue development policies appropriate to their regions.

Most significant for Fox's approach to federalism is his experience as Governor of Guanajuato State (1995–1999). During his term as Governor Fox gave local governments the resources and the decision-making authority to plan and pay for their own public works. Municipal governments, controlled by the three main political parties, acquired new responsibilities for planning and exercising the budget. And Fox insisted new spending capacities be linked to mechanisms that allowed for the participation of civil society. In fact, public works projects had to be approved by representatives of civil society in each municipality.

In addition Fox realized that if he was going to devolve spending responsibilities to the municipal level he had to make sure that municipal authorities had the administrative skills necessary to take on those responsibilities. So, during his term as governor, Fox put in practice a program to train municipal authorities in planning and administering their budgets, and in working in tandem with organized groups in the community, including many NGOs.

'Czar' of federalism?

With the experience of Guanajuato in mind, President-elect Fox appears to continue to believe that a strong federal system is a necessary part of renewed democracy in Mexico. You can see this commitment to federalism in the very structure of his new administration. Fox intends to create a new "office of federalism" which will be in charge of coordinating inter-governmental affairs. The head of this new office will become like a "Czar" of federalism, and will have a special position in the administration, close to the president and above the cabinet.

Fox has a person in mind for this new job, Carlos Gasden, somebody who has been deeply involved in promoting federalism in Mexico in recent years. Gasden organized a national conference on federalism a few years ago and worked for the state of Guanajuato coordinating relations between

municipalities and the state government. Most recently he has been working on a doctoral thesis on federalism at Essex University in Britain.

The new "office of federalism" will cut across all levels of the federal bureaucracy. Each government ministry will have to become sensitive to the issue of federalism and will have to work with this new office. Moreover, the "office of federalism" will play a critical role in the redefining the functions and capacities of the three levels of government. It will be responsible for compiling reliable information about government performance and analyzing and evaluating the results of government actions and policies at all levels.

The challenges ahead

Many people in Mexico are skeptical that this new office will be able to work efficiently in practice—that it will be able to work together with all the different federal bureaucracies and with the state and municipal governments.

Indeed, when it comes to making federalism work in Mexico there are many challenges.

First and foremost, the commitment to federalism implies the redefinition of inter-governmental relations.

Formally, the Constitution still grants enormous discretionary powers to the federal executive. Limiting these powers and devising a new pattern for the distribution of power between the federal, state, and local authorities would require a series of Constitutional amendments. And if Fox were to want to amend the constitution he would need the consent of Congress where his party does not have a majority, a fact that complicates the matter.

Second, if Fox wants to make federalism work he will have to create an institutional infrastructure to enhance state and local governments' capacities to undertake their new functions and responsibilities. Without improving state and municipal governments' administrative capacities, and without creating the institutional mechanisms to ensure that those governments are accountable to the citizens, the federalist project could lead to the irresponsible management of resources and to the strengthening of traditional and authoritarian local power groups.

Third (and related to the prior point), as President, Fox will have to share power with many governors who come from the ranks of the PRI and who might not be too willing to collaborate with the new administration. Many members of Fox's team fear that strengthening the power of State governors could be politically dangerous for Fox and the PAN.

On the one hand, the PRI governors could use their power to sabotage and oppose the federal administration. And on the other, they could use their newly enhanced resources in, to coin a term, "clientelistic" ways. Simply put, they could enrich and empower their own bases without much regard for general good.

The challenge for Fox is thus to create new mechanisms of accountability for state governments and try to ensure that decentralization of resources and decision-making doesn't have the opposite of the intended effect.

Going around the state governments?

One strategy that is very popular in Fox's camp is the idea of working through the local governments—traditionally the most neglected levels of government. Municipal governments have been regarded by most observers as the ultimate victims of centralization, since they have been subjected both to the state and the federal governments. Empowering local governments can become a means of circumventing the state governments, particularly in those cases where the state government is controlled by a governor opposed to the president.

Ironically, this strategy would have centralizing effects. Federalism, after all—or at least Mexican federalism—implies a pact between the state governments and the federal governments.

Moreover, empowering municipal governments could become politically explosive in states like Chiapas, where rebel groups have been clamoring for greater political autonomy, including the right to be ruled according to their own traditions and customs. Doing that could deprive some people living in those areas of basic human rights and freedoms provided in the Mexican Constitution.

Finally, there is the question of the inherent resistance of Mexican society to increased decentralization and federalization. Although most people at all levels of public administration pay lip service to federalism, there are definite political roadblocks to rapid decentralization in Mexico.

Education and health, for example, are the sectors that have undergone the most profound process of decentralization, to date. Yet still, enormous decision-making power remains in control of the federal government. Many governors in fact complain that the federalization of education has in reality meant the deconcentration of the administration, rather than an effective decentralization of decision-making capacity. Most important decisions are still taken at the national level. Salaries, curricula, textbooks, and the relationship with the teachers' union, one of the strongest and best organized unions in the country, all remain in the national government's domain.

What all this means is that for the new Fox administration, making federalism work effectively will require more than a doctrinal commitment.

It will entail fundamentally redefining institutions to ensure that the increasing responsibilities and prerogatives given to states and local governments are accompanied by mechanisms to hold public officials accountable for their actions.

Federalism with irresponsible and unaccountable local and state officials could mean going back to where history began in contemporary Mexico: a fractious country led by local and regional political chieftains—or, as we call them in Mexico, "caciques".