



Governing Metropolitan Regions in Mexico: From Theory to Practice

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No matter their geographic, demographic or economic size, municipalities in the larger Mexican metropolitan regions are focusing their efforts on two main objectives: building up a strong and competitive economic environment; and improving the well-being of their population through the provision of services. They are seeking to expand economic opportunities for development and to improve their capacity to generate direct revenues in order to control the pressures of urban growth and to respond to citizens' needs by establishing and consolidating state responses. In fact, in the country's transition to full democratic rule, it has been recognized that citizens tend to place their trust in the local authorities rather than in the states or federal bureaucracy.

Municipalities, recognized by the 1917 Mexican Constitution as the basic territorial unit of government, have always had a strategic political and cultural role to play, despite their financial weakness. At present, municipalities in metropolitan regions hold more than 50 percent of the total population and concentrate almost 80 percent of the country's Gross Domestic Product. But local authorities in metropolitan regions face several challenges. They tend to play a minor role in decision making both at the

state level and in the metropolitan region. Their borrowing capacity is extremely limited, as their main income sources are federally-conditioned transfers in a context where public expenditure is decentralizing but tax collection continues to centralize in federal hands. Meanwhile, they lack sufficient administrative capacity to mobilize stakeholders within their jurisdiction and to control urban growth in the context of a “culture of illegality” which jeopardizes participatory planning and decision making. Last but not least, they must attend to a growing urban poor population in irregular settlements, unable to pay for their increasing demand for public services.

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Global transformations are having a significant effect on metropolitan regions, causing local authorities to face issues that go beyond their boundaries and their citizens’ direct, basic needs. But there are some “good practices” to note, despite the lack of a legal framework to accommodate possible cooperation between municipalities. Under Article 115 of the Mexican Constitution, which mandates municipal provision of public services, institutional efforts by the three orders of government have resulted in the creation of metropolitan coordinating bodies, both multi- and single-purpose. One example is the case of the Mexico City Metropolitan Area’s commissions in the last two decades. At the municipal level, Leon and Silao, two intermediate cities in the dynamic Central-Western region of the country, are responding to urban and industrial growth pressures through cooperative initiatives between their municipalities. In another example, municipalities from two different states in the La Laguna Metropolitan Area are making efforts to consolidate a competitive metropolitan economy in response to a stagnant *maquiladora* sector, based on the efforts of politically aware and sensitive mayors.

In light of these and other examples, an increased interest in establishing new metropolitan coordination bodies and reinforcing existing ones seems to be implicit in the “inter-municipal development” proposed by the new federal authorities in charge of urban growth. But institutional metropolitan arrangements for administration and management must be devised. What are the options? In theory, each municipality could decide the quantity and quality of the goods and services it provides, and let households “vote with their feet,” so to speak. Or a metropolitan authority could level differences within the whole metropolitan area. Both solutions would pose practical challenges. The question must be asked: how can the interest in developing competitive metropolitan regions while at the same time accomplishing equitable and efficient allocation of services to the city population be achieved?

There is a general recognition that no unique governing model is available to apply to all metropolitan regions in the country, but that there is a role for larger government units in controlling air pollution, water supply and sewer systems, mass transportation facilities, and redistribution of income to improve fiscal capabilities of lower income communities. However, there are also many who would argue for the advantages of a differentiated set of local governments instead of a centralized, region-wide, bureaucratic metropolitan government. They feel that if each level of government is autonomous within its sphere of competence, this provides a space for politics and presents the opportunity to cooperate rather than to compete. Decentralization, in terms of multiple concurrent local governments in a metropolitan region, also seems like an efficient and effective structure to provide a greater variety of services and satisfy diverse consumers' needs and a heterogeneous demand.

In a complex and uncertain environment, such as the metropolitan region of Mexico City with its 20 million inhabitants, and the three other metropolitan regions in Mexico in the 5 million range, standardization and administrative remoteness can cause inefficiencies and leave some areas and population groups with inadequate service levels while others are provided with services they cannot use. Some would argue that there is always the opportunity for a local authority to play the role of a "free rider" and abstain from the provision of the "welfare of the poor" as a public service. But others acknowledge that some services are more efficiently provided by taking advantage of the larger scale of a centralized organization. In addition, local authorities are always responding to pressures of demand and are seldom active in promoting development or aware of qualitative standards, given their limited financial, administrative and human resources. So, is it possible that everyone would be better off in a centralized regime?

In terms of *administrative federalism*, the alternative to fully centralized and fully decentralized allocation of powers, the question of how many and which citizens should be grouped together for provision of a collective good, has not yet been answered in Mexico. A legal framework will be needed to functionally divide responsibilities: the central government could adopt legislation, while the lower level governments become the administrators and managers of the provision of services.

But local governments in Mexico seem to face an additional burden. The recent interest in the impact of climate change and the active role the Mexican federal government wants to play in that matter begs perhaps for an effort to also build up an awareness that environmental issues are characteristically cross-sectional and scale interdependent, and thus involves the global and the national levels but also reaches the local.