



# Making Mexican federalism work: a year after the election of Vicente Fox

BY YEMILE MIZRAHI

**The** revitalization of federalism was without a doubt one of the central promises of Vicente Fox's presidential campaign.

Having been a governor of a state, Fox experienced the pernicious effects of an overly centralized and undemocratic political regime. The commitment to democracy that brought Fox into power included as one of its most important elements the redefinition of inter-governmental relations in Mexico.

Fox vowed not only to continue with the previous administration's efforts to decentralize certain public functions to the states (like education and health), he also promised to devolve economic power and political decision-making capacity to state and local governments. If his plan succeeds, it will become a substantial "reinvention of government" in Mexico.

Of course a change of this magnitude needs a long time to take effect and to be recognized. But a year after Vicente Fox's election and eight months into his administration, what has actually happened to the President's plans for federal reform?

## ***A working relationship with the PRI***

Designing a new pattern of intergovernmental relations was not only a theoretical corollary of Fox's commitment to federalism. Upon taking office, it became a practical necessity.

Fox—running as a candidate of the National Action Party (PAN)—won the presidency by a comfortable margin. But the Institutional Revolutionary Party (PRI) still controlled the majority in the Senate, a large number of seats in the lower Chamber of Deputies (211 out of 500

Federal Deputies), 18 out of 31 state governments, and the majority of local governments in the country. Finding a working relationship with the PRI was critical if the new presidential administration was to govern at all.

Yet the most difficult challenge for the administration was to find a working relationship with several PRI state governors who were hold-overs of the previous PRI regime and who ruled their states in an undemocratic manner. Since the PRI lost control of the presidency, governorships have become one of their most important strongholds. And these governors have fewer incentives to subordinate themselves to the federal authorities, even when they break federal laws.

In the "sea of democracy" brought about by the change of power at the presidential level, the remaining "authoritarian islands" still constitute a major obstacle for establishing a new pattern of intergovernmental relations. Devolving more economic resources and greater decision making capacity to governors who behave like traditional *caciques* (local chiefs), would be tantamount to enhancing local dictatorships at the state and local levels.

One of the preconditions for making federalism work is that it is accompanied by democracy. Without mechanisms to make local and state authorities accountable both to their electorates and to the federal government, federalism is doomed to fail.

## ***Hands-off federalism***

The first test of Fox's authority and his commitment to federalism came in January when a Federal Electoral Tribunal annulled the elections in the state of Tabasco on grounds that the electoral

process had been fraudulent. The PRI had allegedly tampered with the electoral process to ensure that the governor's candidate was elected.

The local PRI, controlled by the governor, defied the Federal Electoral Tribunal's decision which ordered the selection of an interim governor and the organization of new elections. In the end, the PRI manipulated the selection of the interim governor and attempted to delay the date for the extraordinary election.

While formally the local Congress was responsible for selecting the interim governor, there was a dispute about which Congress was responsible for this selection: the outgoing Congress or the newly elected one. The PRI argued that this responsibility belonged to the former (which was entirely controlled by their party), and the non-PRI opposition claimed that this responsibility belonged to the latter (where the opposition had more seats).

The President refused to intervene overtly in this conflict and rather encouraged the local parties to reach a political agreement. In the end, the appointee selected by the PRI remained, the extraordinary elections were held in July, and the PRI won the elections by a comfortable margin.

## ***The Supreme Court's role***

A more provocative and more serious challenge to the federal government came from the state of Yucatán. In August 2000 the governor, an old-time member of the PRI and a typical *cacique*, manipulated the process for selecting the new Electoral Council, the body in charge of organizing and supervising the gubernatorial elections in the state (scheduled for May 2001).

The opposition in Yucatán protested, claiming that the Electoral Council was not impartial and could not guarantee a fair electoral process. The case was taken to the Federal Electoral Tribunal, which ruled in favor of the opposition in October 2000.

The governor and the PRI local deputies, however, defied this ruling, claiming that the Tribunal violated the autonomy of the state. The PRI and the governor defended their case using federalism as their watchword. The federal government refused to use the police to force the governor to comply with the Federal Electoral Tribunal's decision. The President believed that publicly using force would only complicate matters. Instead, the Yucatán opposition resorted to the Supreme Court.

The conflict finally ended in April 2001 when the Supreme Court ruled against the PRI governor, and the Electoral Council he had created was forced to dissolve. This is the first time in the history of modern Mexico that the Supreme Court has resolved a conflict between a state and the federal government. In the May elections, the PRI finally lost the governorship to the PAN.

### ***Federalism & the economy***

Amidst this politically charged landscape, President Fox has attempted to forge new patterns of cooperation between the federal government and the states. He has promoted two projects in particular.

The first is an ambitious economic development plan for the south-eastern region—which includes nine states, seven of them controlled by the PRI. This plan, known as the “Puebla-Panamá” project seeks to create an industrial and commercial corridor that will eventually integrate the countries of Central America in a free market zone.

Proponents see this plan as a long-term solution to the extreme poverty and lack of opportunities that characterize many of these states and that consequently push people to search for a better life in the USA.

So far, the Puebla-Panamá project has been well received by all the governors of the states included in this plan. This past June, the Mexican governors and

the President, including the governor of Yucatán, traveled to El Salvador and Panama to sign this agreement with the presidents of the seven Central American countries.

The administration's second major project involves substantial fiscal reform. Although it has to be passed by Congress, Fox has been lobbying governors of all political parties to gain support for his reform. One of the most controversial elements of this reform is an increase in the Value Added Tax (VAT), a proposal that all political parties, including the PAN, initially rejected. However, the President is trying to convince governors that if Congress approves the VAT increase, a percentage of this revenue will go directly to the states.

In addition, Fox is offering to grant state governments the right to collect and retain part of this tax. (Currently, state governments have no taxing capacity. The federal government collects all taxes and then redistributes the resources to the states).

Beside these two important projects, the federal government is committed to creating a special office in charge of intergovernmental relations. So far this project has been stalled by bureaucratic infighting. At this moment, observers are not at all sure whether it will succeed.

One of Fox's projects that has succeeded is the constitutional reform concerning indigenous people. The law—which

passed in Congress as well as the requisite number of state legislatures—recognizes that Indian communities have the right to rule themselves according to their own traditions. Some critics, however, point out that the law only recognizes this right within the confines of municipal jurisdiction, creating problems for indigenous communities which cross municipal, or even state boundaries. It may be true that the established orders of government in the Mexican federal system (municipal, state, federal) are not sufficient to address the complexities of indigenous autonomy.

As Vicente Fox completes his first year in office, the commitment to federalism remains one of the most important pieces of his political agenda. Although there is a consensus among the Mexican people that a functioning federal system is a desirable goal, federalism in Mexico remains largely an abstract proposition.

Federalism will only become significant for the average citizen when it has an impact on their daily lives—that is, when it enables state and local governments to provide better public services, and when governments respond to and are accountable to their people.

Popular support for and commitment to federalism will only come when state and local governments demonstrate that federalism creates better governments. 6

### ***The end of the PRI era***

A myriad of Constitutional provisions grant the Mexican federal government enormous discretionary power vis à vis state and local governments. During the 60 years of PRI rule, the federal government, and in particular the Mexican president, also enjoyed vast “extra-constitutional” powers.

The latter derived from the PRI's virtual monopoly of Mexico's political life. Indeed, until 1989, the PRI controlled all state governments and the overwhelming majority of local governments. The hegemony of the PRI meant that ambitious politicians had to be affiliated with this political party and be willing to play by its rules,

which more than anything else rewarded discipline.

Governors and mayors had an incentive to subordinate themselves to the president as a means of advancing their political careers.

Indeed, rather than representing their own constituencies, governors and mayors represented the federal government in their territories. Now with the defeat of the PRI at the executive level, the rules of discipline and subordination that characterized Mexico's political regime have lost their rationale—and have given the new government some opportunity to reform Mexican federalism.