

THE MUNICIPALITY

And Its Transition to Autonomy

Carlos Martínez Assad*

The map of Mexico's municipalities has changed drastically in the last 10 years. As the third level of government, for many years, the municipality was scorned, taken into account by society only as the most direct body of political organization. The 1983 amendment to Article 115 of the Constitution, however, pushed it forward at a time when the political scene was changing due to incipient electoral competition.¹

For political parties, contending for posts in city governments was not important because they had always set their sights on the central power structures and winning seats in the Chamber of Deputies or the Senate, governorships and even the presidency, the maximum expression of executive power in Mexico.

For the first time in 1985 the National Action Party (PAN) put the accent on municipalities, although only in those which were important because of their economies and the place they occupied within the PAN's internal network itself. However—and as part of the new, more competitive political situation—the PAN runs in practically all Mexico's municipalities, while 10 years ago it only covered about 70. The parties of the left, of which the Party of the

Democratic Revolution (PRD) is the offspring, were not particularly interested in participating in municipal elections in the past either, despite their traditional interest in municipal autonomy.

In the 1994 presidential elections, the PAN received 9.2 million votes, 26 percent of the ballots cast, a clear example of the changes which have taken place. In only 10 years, it tripled its vote and 13 million Mexicans are now governed by the PAN. Some of the outstanding municipalities it has won have been the state capitals Morelia, Tuxtla Gutiérrez, Oaxaca, Aguascalientes, Mérida, Culiacán, Monterrey, Mexicali, Guadalajara and Puebla, and the strategic cities of León, Tijuana, Zapopan and Ciudad Juárez.

Today, the PAN governs 13 of the 20 most populated municipalities in the country;² and it has 2,252 city council seats as opposed to the 669 it had in 1987. It changed its strategy before the other opposition parties did and thus acquired a profile as one of the most audacious promoters of the new federalism.

This political stance is interesting because it has meant that the PAN has coincided on important questions with the federal executive branch, held by the Institutional

* Researcher at the UNAM Institute for Social Research.

¹ Over the last several years, electoral results in Mexico have revealed a tendency toward a more competitive party system, leaving behind the era of the virtually single-party system that previously existed. [Editor's Note.]

² In the November 10, 1996 local elections in Coahuila, the State of Mexico and Hidalgo, it added another state capital to this list (Saltillo, Coahuila) and three more cities among Mexico's most populated (Torreón in Coahuila, and Naucalpan and Tlanepantla in the State of Mexico). [Editor's Note.]



Imagenlatina-Marco Antonio Cruz

Monterrey, one of Mexico's largest municipalities, is currently governed by the PAN.

Revolutionary Party (PRI). The latter found in federalism one of its programmatic planks and the political discourse it needed to contain the weakness of the state amidst one of the sharpest economic crises the country has ever seen.

Strengthening the municipality has been a permanent concern both of the state and the political parties. For the state, it meant implementing an economic model that would put an end to the welfare state to make way for efficiency; with regard to the municipality, this would mean the possibility of generating more resources. The parties emphasized other sides of the question. The PRI wanted to preserve the positions it had gained and retain its reserves of votes by changing its well worn strategies to form new, more modern relationships. The PAN, for its part, put itself at the head of a proposal very akin to the vision of the business sector, which sought the highest yield on its investment by insisting on efficiency in city management. The PRD found in the municipality the possibility of extending

its political clientele and moving toward winning over the regions hardest hit by social ills.

The scenario defined by recent political parties' interest in influencing and participating in municipalities increases their presence in the national political system. That interest is shared by local inhabitants, who have often felt excluded from decision making and relegated with regard to important cities (important for economic reasons or because they were politically strategic) and state capitals.

However, the challenge of finding a way to establish norms for generating and distributing municipal monies is a constant concern of recent administrations, politicians and political scholars. Despite their different objectives, it is in their common interest to promote autonomy and stop the municipalities from being strangled.

The situation is actually quite grave if you take into account the fact that 300 of Mexico's 2,412 municipalities receive 85 percent of gross municipal income [distributed by the federal government] while the other 15 percent is

*Strengthening the municipality
has been a permanent concern
both of the state and the political parties.*

divided among the more than 2,000 remaining towns. This is possible because of the discretionary powers in resource management regardless of what the Law of Fiscal Coordination stipulates. Although it has been amended and adjusted, this legislation has not established the most important criterion of all: that representatives of the municipalities participate in distributing the budget.

This is a complicated job, and it is sometimes almost impossible for municipal governments: one of its virtues is that individual members of the public participate more. While professionalism suffers, this is not a defect; rather, it is a guarantee of public participation. Therefore, it is very difficult to comply with the law, which stipulates that the state governments receive all federal taxes and other income according to the General Fund of Apportionments, the Fund for Municipal Promotion and the Fund for Distribution Among the States and the Capital.

A fundamental variable for the geographic distribution of income is that it will be in direct proportion to the number of inhabitants. However, states with high populations are not apportioned higher incomes. For example, in 1990, the State of Mexico had the highest gross municipal income (1.202702 trillion pesos), understandable since it is the state with the largest number of inhabitants (9,815,795 people). But, the second state in terms of number of inhabitants, Veracruz (with 6,228,239 inhabitants), received only 301.292 billion pesos, putting it in seventh place.

Everything seems to indicate that this situation has been corrected somewhat because the percentage [of federal funds] earmarked for municipalities has recently changed from 20 percent to 27.5 percent. However, mayors continue to complain that they take no part in deciding how income is distributed as the law stipulates they should.

They also disagree with the population figures given by the National Statistics Institute (INEGI): they think the figures are lower than they should be because the federal government is attempting to justify apportioning less money to the municipalities.

The fact is that the 3 percent of the national gross domestic product the federal government distributed to the municipalities in 1990 was less than the 3.3 percent it gave out in 1950. Therefore, despite the official discourse and everything being said about complying with federalist norms, the municipalities receive the same proportion of the GDP that they did 40 years ago and substantially less than the 8.9 percent they received in 1932.³

What is successful about the 1983 amendments to Article 115 of the Constitution, then? Of what use are all the adjustments if the municipalities continue to be peniless? It is true that there is evidence to the effect that some attempts have been made to establish more equilibrium among the resources of the federal executive, governors and mayors. However, the figures are contradictory and difficult to bear out when the data added by the institutions which manage the funds and those in charge of social spending is examined.

Although it was officially decided that 65 percent of social spending was to be managed at the municipal level in the fight against poverty, political analysts allege that the funds take a long time to arrive and the tax backlog increases the need for additional support. These conditions are even worse in the approximately 800 indigenous municipalities nationwide, and the recognition of their rights is linked to their having more and more equitably distributed resources to put an end to marginalization, increase communications, better education and set up programs for preserving the environment.

Therefore, special demands for financial outlay arise, like paying for the electricity from the Federal Electricity Commission (CFE), which services 70,265 rural and 2,751 urban areas. Although more than 4 million Mexicans are

³ *El Municipal*, Year II, No. 52, June 24, 1996, Mexico City.

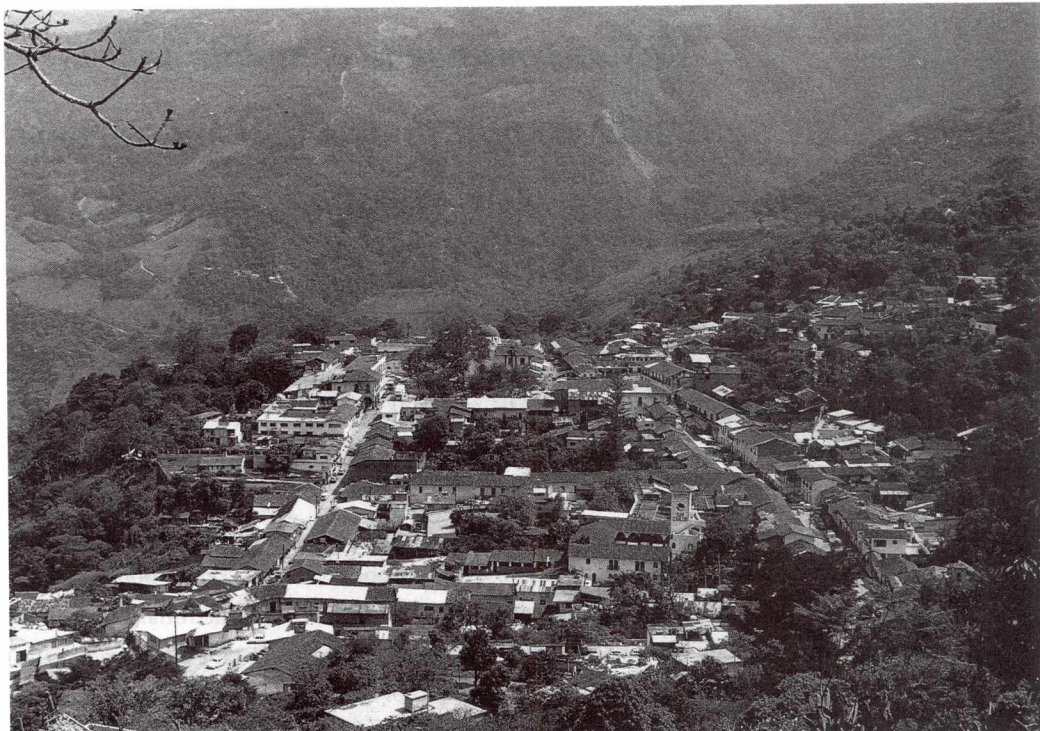
still without electricity, particularly in rural areas, municipal and state governments have accrued considerable debts under this item. Estimates indicate that more than half of Mexico's municipalities have debts they cannot pay, making it indispensable that they increase their bargaining power and demand the federal government comply with its obligation to distribute public funds.

This dynamic shows a new culture of the municipality in the federalist framework because despite the poverty of the poorest town halls, the richest are also in debt. This is a culture strengthened greatly by the PAN governments, who foster the demand that the federal government increase apportionments and that it continue to take responsibility for the municipalities' commitments (counter, paradoxically, to the business sector attitude that characterizes the PAN on other questions).

Some debts are understandable when, for example, they involve rural indigenous municipal payments for water and electricity. They are rather more difficult to understand when debts are incurred by rich municipalities, like Monterrey or Guadalajara, generally for building urban infrastructure of benefit first and foremost to private companies, like building urban trains to transport the work force.

*Legislation has not established
the most important criterion of all:
that representatives of the municipalities
participate in distributing the budget.*

Imagenlatina-Angeles Torreón



Small municipalities, almost all governed by the PRI, have serious budget problems because they receive less than their share of municipal funds.

Some municipalities' strategic economic position, particularly that of capital cities, will undoubtedly allow them to meet their debts. Paradoxically, however, their strong position leads them to take a harder line vis-à-vis the federal government. They even pressure for a political negotiation that would allow them to reorient spending.

This dynamic pits the southern part of the country, not very developed despite its wealth of natural resources, against the developed and industrious north. Northern Mexico has achieved a more coherent redistribution of its resources. The majority of the country's 300 most representative municipalities, according to the INEGI, are in that part of Mexico. The north also includes the states that could be classified as self-sufficient: for example, Nuevo León, Chihuahua, Baja California and Baja California Sur, Durango, Sinaloa, Sonora, Zacatecas and Jalisco. Naturally, the State of Mexico would also

*Mayors continue to complain that they
take no part in deciding how income
is distributed as the law stipulates they should.*

come under this classification. In the south, only Tabasco and Veracruz come close, even though they include very important local growth centers like Cancún in Quintana Roo and Huatulco in Oaxaca.

The PAN's critique of the official version of federalism has sometimes been effective. Ernesto Ruffo Appel, ex-governor of Baja California and current secretary for municipal affairs of the PAN National Executive Committee, stated that neofederalism "is simply a make-up job of the federal government begun during the Salinas administration, used to ensure continued centralism and maintain [federal] control over the states."⁴

There are, however, encouraging experiences in some municipalities that have been efficiently run or which have introduced innovations, with interesting results in problem solving, like in the state of Guanajuato.⁵

Efficiency in municipal management, however, is not the monopoly of opposition governments, although the PAN has emphasized it and has, in effect, been the party best trained to go into this third level of government.⁶ An interesting example was the city government headed up by Rosendo Villarreal in Saltillo, Coahuila, from 1991 to 1993, which was able to increase its tax intake 150 percent. In Ciudad Juárez, when then-Mayor Francisco Barrio involved social organizations in seeking efficient city management, he committed himself to finding a balance between state and federal resources.⁷

⁴ *El Municipal*, Year II, No. 61, Mexico City, August 19, 1996.

⁵ See Enrique Cabrero Mendoza, *La nueva gestión municipal en México. Análisis de experiencias innovadoras en gobiernos locales*, CIDE, manuscript, Mexico City.

⁶ Alicia Ziccardi (coord.), *La tarea de gobernar: gobiernos locales y demandas ciudadanas*, UNAM/Miguel Porrúa Editores, Mexico City, 1995.

⁷ *Ibid.*

The "Let's All Pull Together" program implemented by Barrio when he became governor has been denounced by the 52 mayors who are PRI members in the state of Chihuahua as exclusively benefiting town halls headed up by PAN mayors. This example throws another prob-

lem into relief: the new needs of political coexistence in several states due to real electoral competition and the existence of new parties which are political actors of the first water. This has made the municipality the scene for acting out the question of governability and/or ungovernability.

The politics of the time have put the country in this dilemma. The municipality has come to occupy an important place among the new, emerging actors, filling the void to which it had practically been relegated. Its recovery is linked to the new political events and the discovery of its role in fostering public participation. It is also key for restructuring Mexican federalism because of the broad spectrum of municipalities: from capital cities and more developed urban areas to the poorest rural, indigenous communities, each with its own specific demands and needs.⁸

Putting real federalism into practice means emphasizing the demand for fiscal federalism, based on broad decentralization programs which would allow for an equitable and balanced distribution of resources by region, taking into consideration the abilities and needs of each of the municipalities.

True democracy, understood not only politically but also economically, can only be brought about if regional diversity is accepted in order to favor those groups hardest hit by the structural crisis affecting all of Mexico.

This is why it is absolutely necessary to implement less complex distribution programs than the sophisticated procedures sanctioned by the Law for Fiscal Coordination which not even the most highly trained municipal employees can follow. The system should be changed because it

⁸ Regarding indigenous municipalities, see Héctor Díaz Polanco, "Autonomía y cuestión territorial," in *Estudios Sociológicos*, Vol. X, No. 28, Jan.-April 1992, pp. 77-101. Here, the author makes it clear that as long as territorial divisions do not recognize the bases for regional autonomy, ethnic communities will never be able to become dynamic social actors.

has been of little help in achieving an equitable distribution of resources.

On the other hand, large companies like the national oil company (PEMEX) and the Federal Electricity Company (CFE) which utilize natural resources should ensure timely payment of their property taxes to the municipalities where they operate. This would help alleviate, even if only partially, the debt that these same municipalities owe these companies.⁹

For the time being, the Finance Ministry says it has registered the restructuring of 6 billion pesos in state and municipal debt under the Investment Units (UDIS) program, which represents a 35 percent advance in the Credit Support Program created to benefit these governments.

It is important, however, that state governments participate in the design of economic policy, particularly in the areas of taxation and public spending, and especially in the Coordination System. For this to be possible, all three kinds of government must be able to levy taxes autonomously, beginning with an equitable and proportional regional redistribution of federal public spending. It is very important to recognize self-government at the local level and decentralization of functions. This would be definitive for training qualified public servants in direct relation to the society they belong to, because, in the spirit of the nineteenth century liberals, the two institutions which anchor freedom in the hearts of the citizenry are municipal government and the educational system.

In conclusion, it is worthwhile emphasizing the new role that the municipality should play in Mexico's political transition since it has become a determining factor in the country's political processes. In the context of real electoral competition, the organizational framework of city government must be renewed, as should its eventual role in overcoming the economic crisis that has hit the country hardest in the most vulnerable municipalities. To do this, it is essential to recognize that the state must foster municipal development to guarantee a kind of federalism which will contribute to democratization with economic equilibrium and allow for a more appropriate redistribution of resources and optimism for our future as a nation. *Vit*

⁹ By Mexican law, property taxes are among the most important kinds of tax revenues which municipal governments keep outright. [Editor's Note.]