



Mexico

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The decentralisation that began in Mexico in the early 1980s was one of a series of changes to have shaped the evolution of the country's system of municipal government. Despite the still-limited nature of local governance, and recent attempts under the last two federal administrations to recentralise power, municipalities are increasingly relevant actors in Mexico's economic, social, and political life. This chapter provides a framework for understanding the evolution and current functioning of municipal government in Mexico. It shows how decentralisation measures

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have changed the nature of municipal government, and at the same time examines the limits imposed on it by legal strictures, fiscal challenges, and intergovernmental relations.

I COUNTRY OVERVIEW

Mexico is the thirteenth largest country in the world, with a territory of 1,960,189 km². It is divided into 32 states¹ and 2469 municipalities. The population stands at 126,014,024, making Mexico the world's 10th most populous country. It is also culturally diverse, with 68 different native languages. Nevertheless, whereas 16 per cent of the population spoke an indigenous language in 1930, this had decreased to 6.14 per cent by 2020 (equating to 7,364,645 people). The most common indigenous languages are Nahuatl, Maya, and Tzeltal. Today, 61 per cent of those who speak an indigenous language live in five states: Chiapas, Oaxaca, Veracruz, Puebla, and Yucatan. Mexico's indigenous peoples have been marginalised historically, and, in 2018, it was estimated that 70 per cent of them—compared to 39 per cent of the non-indigenous population—were living in poverty.²

While Mexico is still a predominantly Catholic country, the proportion of its Catholic population is decreasing. In 1900, 99.5 per cent of the population were registered as Catholic. It took a century to see this figure come down to 88 per cent,³ but only 20 years for it to drop even further to the 77 per cent recorded in 2020—a decline observed across all age groups.

In terms of economic growth, Mexico has underperformed in the last four decades. The economy has grown at a 2.3 per cent annual rate since the early 1980s, while the population has seen an annual growth rate of 1.6 per cent. These gloomy numbers stand in a stark contrast with the

¹ In 2016, Mexico City was granted the status of a state, making it the country's 32nd state. It comprises 16 boroughs.

² Data on poverty taken from CONEVAL (National Council for the Evaluation of Social Development Policy), an autonomous constitutional organisation that, among other objectives, oversees the measurement of poverty. CONEVAL, 'Medición de la Pobreza. Pobreza en la Población Indígena', www.coneval.org.mx/Medicion/MP/Paginas/Pobreza_Indigena.aspx (accessed 11 August 2021).

³ INEGI (National Institute on Statistical and Geographical Information), 'La diversidad religiosa en México' (2005) and 'Censo General de Población y Vivienda' (2000).

rapid growth (and consequent social gains) which the economy experienced in the import-substitution period of industrialisation where, from the early 1930s to the early 1980s, gross domestic product (GDP) grew between 5 and 6 per cent per year.

Like South Africa, Argentina, and Brazil, Mexico is an upper-middle-income country. Its GDP per capita in 2019 (2010 USD 10,268) placed it 65th on the World Bank Development Indicators' list of 186 countries, while the size of its economy put it in 14th place.⁴ The service sector is the predominant locus of economic activity, contributing 64 per cent of GDP and employing 61 per cent of the working population. The primary and secondary sectors are responsible for 3.2 per cent and 29 per cent of GDP and employ 12 per cent and 27 per cent of workers, respectively. Meanwhile, in the past 20 years, the informal economy has generated about 23 per cent of GDP⁵ and employed 56.2 per cent of the working population.⁶

Mexico is a highly unequal country, with a Gini coefficient of 0.454 in 2018. The north is the richer and more industrialised part of the country, whereas the south is poorer and less developed. According to the national poverty line (which takes into account income poverty and six indicators of social deprivation), 43.9 per cent of the population was poor in 2020; however, in the same year only 23 per cent of Mexicans fell below the international poverty line for upper-middle-income countries.⁷ The United Nations Human Development Index (HDI)⁸ ranks Mexico 74th out of 187 countries, with an HDI of 0.779. Analphabets account for 4.7

⁴ The World Bank, 'World Development Indicators', <https://datacatalog.worldbank.org/dataset/world-development-indicators> (accessed 11 August 2021).

⁵ GDP indicators are taken from INEGI, 'Medición de la informalidad', www.inegi.org.mx/temas/pibmed/ (accessed 11 August 2021).

⁶ INEGI, 'Encuesta Nacional de Ocupación y Empleo [National Survey on Working and Employment Conditions]', www.inegi.org.mx/programas/enoe/15ymas/#Tabulados (accessed 11 August 2021).

⁷ As of 2011, the poverty line for upper-middle countries is USD 5.5 in Purchasing Power Parity.

⁸ The HDI is a comprehensive measure of development that takes into consideration income, education, and health indicators.

per cent of the population, the average years of schooling are 9.7, and life expectancy is 75 years.⁹

Mexico is a federal republic and a young democracy. The federal government has three branches—executive, legislative, and judicial. The federal legislative branch consists of the Chamber of Deputies (500 deputies) and the Senate (128 senators). Every six years Mexicans elect the president and governors, who have no option for re-election; in contrast, municipal and legislative elections for the three levels of government take place every three years. After a change in the Constitution, mayors (since the 2018 elections) can be re-elected for a second term of office; similarly, legislative members of the three levels of government can be re-elected: senators can be elected for two consecutive terms (12 years), and federal and local deputies, for four consecutive terms (12 years).¹⁰

The Mexican Constitution endows the legislature with a robust capacity to legislate and control the executive.¹¹ During the 70-year period of one-party dominance, however, informal practices prevented the legislature from using its powers.¹² Historically, the federal executive has been dominant, both horizontally over the legislative and judicial powers¹³ and vertically over state and local governments.¹⁴ The 1997 elections, in which the long-time dominant party lost its absolute majority in the lower chamber, raised expectations that the legislature would become a genuine counterbalancing force. These expectations,

⁹ INEGI, 'Censo de Población y Vivienda 2020', www.inegi.org.mx/programas/ccpv/2020/ (accessed 11 August 2021).

¹⁰ Mexican Constitution, articles 59, 115, 116, and 122.

¹¹ María A Casar, 'Las relaciones entre el poder ejecutivo y el legislativo: El caso de México' (1999) 6(1) *Política y Gobierno* 83–128.

¹² Jeffrey Weldon, 'El proceso presupuestario en México: Defendiendo el poder del bolsillo' (1997) 60(10) *Perfiles Latinoamericanos* 101–24.

¹³ Jeffrey Weldon, 'Las fuentes políticas del presidencialismo en México', in Scott Mainwaring and Matthew Soberg Shugart (eds) *Presidencialismo y Democracia en América Latina* (Paidós, 2002) 175–211.

¹⁴ Jeffrey Weldon, 'The Legal and Partisan Framework of the Legislative Delegation of the Budget in Mexico', in Scott Morgenstern and Benito Nacif (eds) *Legislative Politics in Latin America* (Cambridge University Press, 2002) 377–410.

however, have not been fulfilled, particularly in the fiscal domain, where the executive branch predominates.¹⁵

Mexico's polity has changed dramatically in the last three decades and now reflects the adoption of a multi-party system at national and subnational levels. In the 1990s, the country began to open up politically from the ground up, with the system dominated by the Institutional Revolutionary Party (PRI) showing cracks under the pressure of increasing numbers of opposition victories in subnational governments. Increasingly, competitive elections at the subnational level have become the norm, with congressional elections also contributing to a far more competitive electoral landscape. After 71 years of one-party rule by the PRI, the centre-right National Action Party (PAN) won the presidency in 2000.¹⁶

2 HISTORY, STRUCTURES, AND INSTITUTIONS OF LOCAL GOVERNMENT

The facts of colonial rule, independence, and a vast diversity of indigenous governance structures have generated considerable tension around the country's choice of institutional frameworks. In particular, Mexico has long been torn between centralist and federalist impulses.¹⁷ After independence in 1821, the 1824 Constitution introduced the notion of federalism, but the Constitutional Laws of 1836 reflected a centralist turn, one that lasted until 1847 (when the Federal District was reconstituted). In 1857 the Federal Constitution renewed the federalist impetus by recognising states (but not municipalities). However, political power was progressively centralised both before and after the Mexican Revolution (1910–1924), notwithstanding the establishment of a federal system of government in the 1917 Constitution. The creation of the National Revolutionary Party (the precursor of the PRI) in 1929 advanced centralism through its system of one-party rule.

¹⁵ Mónica Unda-Gutierrez, 'The Superfluous Congress: Executive Dominance and Business Lobbying in Mexico's 2013 Tax Reform' (2021) 37(1) *Mexican Studies* 93–122.

¹⁶ In 2006 the presidential election was won by the PAN (Felipe Calderón-Hinojosa); in 2012 by the PRI (Enrique Peña-Nieto); and in 2018 by MORENA (Andrés Manuel López-Obrador).

¹⁷ María del Carmen Salinas Sandoval, Diana Birrichaga Gardida, and Antonio Escobar Ohmstede (eds) *Poder y gobierno local en México, 1808–1857* (El Colegio Mexiquense; El Colegio de Michoacán; Universidad Autónoma del Estado de México, 2011).

Although the 1917 Constitution proclaimed 'free' municipalities as the country's basic territorial units, in practice municipalities have '[remained] at the bottom of the federal-state-local pyramid in all matters concerning their own governance'.¹⁸ The 1970s saw a range of incipient decentralisation efforts. These focused on administrative, spatial, and economic deconcentration from the Federal District (Mexico City), the country's political and economic centre.¹⁹ They were followed by an array of decentralisation efforts that mirrored those sweeping across the Latin American region at large when the 1980s debt crisis prompted radical political and economic reform. Paradoxically (given the lack of political freedom under Auguste Pinochet's dictatorship and in Mexico's state of one-party rule), Chile and Mexico were among the pioneers of these reforms.²⁰ Mexico's Municipal Reform of 1983 was arguably the first step 'at weaning municipalities from their traditional dependence on state and federal control and largesse'.²¹

In the 1980s, the prominence of the then Federal District began to shrink as cities along the US border and north of Mexico City's metropolitan region (an area known as *el bajío*) gained a comparative advantage in economic production and export markets. In 1988, the PRI lost key elections in urban centres. These factors may have compelled President Carlos Salinas de Gortari to expand revenue-sharing between the central and local governments as well as share further decision-making power over public investments with the states. The expenditure of subnational governments as a percentage of total governmental expenditure consequently grew from 22 per cent in 1980 to 31.9 per cent in 2000. Nevertheless, only about 4 per cent of total government expenditure was funnelled through local governments at the turn of the millennium.²²

¹⁸ Victoria E Rodríguez, 'Recasting Federalism in Mexico' (1998) 28(1) *Publius: The Journal of Federalism* 235–254.

¹⁹ As in some other federalist countries, the country's capital had a distinct legal status without the constitutional sovereignty of other states.

²⁰ Tim Campbell, *The Quiet Revolution: Decentralization and the Rise of Political Participation in Latin American Cities* (Pittsburgh Press, 2003).

²¹ Rodríguez (n 18).

²² The World Bank and United Cities and Local Governments, *Decentralization and Local Democracy in the World: First Global Report by United Cities and Local Governments* (UCLG, 2008).

In addition, a targeted social welfare programme, the National Solidarity Programme (PRONASOL), allowed local community groups to decide what public projects to fund. In 1992, and despite criticisms of its bypassing of municipal and state powers, the newly formed Ministry of Social Development (SEDESOL) took control of this programme. It went on to become the federal agency through which all major budgetary resources were channelled, with these being apportioned to state rather than municipal governments.

A new administration under President Ernesto Zedillo (1994–2000) promoted the New Federalism project. This strengthened state governments and also encouraged the judicial and legislative branches to take more active roles in government. While municipal funds were increasingly earmarked by state and federal governments, placing municipalities in a subordinate position, by 1998 about 50 per cent of funds previously handled by PRONASOL had come to be administered by municipalities.²³

Decentralisation in Mexico has faced a number of serious challenges, notably the limited revenue capacity of local governments. Outdated property registers and exemptions have led to low and inefficient levels of revenue collection. Thus, until the 1990s, municipal service provision (including water and drainage) was generally inadequate (particularly in rural and impoverished municipalities), as was the ability to recoup municipal investments. Similarly, limited access to credit of the municipalities hindered municipalities' ability to carry out infrastructure projects. State level, and on occasion federal level, institutions have thus had to intervene in local service and infrastructure delivery, including in the case of drinking water, town management, electricity, road infrastructure, and tax collection. Intergovernmental coordination, however, has remained challenging. In addition, local governments struggle to formulate, implement, and oversee their policies and programmes, while rural and low-income municipalities have found it difficult to assess and meet their own needs given their limited resources and institutional capacity.²⁴

²³ Rodolfo García del Castillo, 'Los gobiernos locales en México ante el Nuevo Federalismo' (1996) 7 *Política y Cultura* 97–122.

²⁴ José Rodolfo Arturo Vega Hernández, 'El Municipio en la Reforma del Estado Federal', in Máximo Gámiz Parral and José Enrique Rivera Rodríguez (eds) *Las Aportaciones de las Entidades Federativas a la Reforma del Estado* (Instituto de Investigaciones Jurídicas de la UNAM, 2005) 333–362.

More recently, large and intermediate cities and their mayors have become more proactive in economic development as well as more visible nationally and internationally. Local innovations—such as participatory strategies, metropolitan coordination, and civic comptrollers to monitor the use of resources—have also emerged in some cities.²⁵ Progress at an overall level has been uneven, though, particularly given that, as cities grow to become larger metropolitan regions, new problems arise of fragmentation in governance. In this regard, while municipalities in Mexico remain single-tier institutions and metropolitan areas have no autonomous administrations, since 2016 the General Law on Human Settlements, Regional Management, and Urban Development (LGAHOTDU) has provided a model for metropolitan governance (constituted by commissions, councils, and planning institutes); however, it has not been implemented in a coordinated fashion yet.²⁶

It is pertinent to close this section by revisiting Mexico City's evolution from a Federal District to the 32nd state of the country and considering how this shift advanced its political and administrative autonomy. From the 1980s, there were increasing civic and political demands for greater local autonomy, given that the governance, finances, and legislation of the country's capital fell under the jurisdiction of the federal government. An Assembly of Representatives was formed in 1986, and a decade later the city held its first mayoral elections following the approval in 1994 of the Statute of the Government of the Federal District. Prior to this, the local government head, or regent, had been appointed by the president. The Assembly of Representatives then became a legislative assembly, which enabled the local government to strengthen its revenue capacity. In sharp contrast to the rest of the country, local taxes and fees provide close to half the city's resources, a proportion which has continued to grow despite the capital's decreasing national dominance. The establishment of a Metropolitan Development Council in 2008 helped to deal with regional service provision and environmental protection, while in

²⁵ Enrique Cabrero Mendoza, 'Gobierno y política local en México: Luces y sombras de las reformas descentralizadoras' (2010) 47(3) *Política y Sociedad* 165–186.

²⁶ Section 10 contains a fuller discussion of this topic.

2009 a socioeconomic council was formed in order to broaden public participation in policy-making and law proposals.²⁷

Nevertheless, the national congress and president retained significant decision-making authority over the city (through control of public debt and the power to appoint the attorney-general and local secretary of public security). Furthermore, boroughs (*delegaciones*) had no municipal rights or duties, although they could elect their heads of government and manage their own budgets. Further reforms and autonomy were sought, but initiatives in this regard had trouble passing through the Senate. In 2009, the local legislative assembly created a special commission to examine the initiatives. In 2015, a bill was eventually approved by the Senate and House of Representatives to dissolve the Federal District and make it a city-state. This reform also allowed for the formation of a local-state congress and the drafting of the first local constitution a year later. The latter reflects the city's progressive character in its inclusion of a collective right to the city, direct-democracy provisions (for example, participatory budgeting and referenda), immigrant and indigenous rights, and a range of other human, civil, and labour rights. In spite of continuing challenges, this process clearly represents a step forward in the long and arduous process of federalisation.²⁸

Alongside Mexico City's 16 boroughs, Mexico has 2469 municipalities within the remaining 31 states. The most highly populated municipality is Tijuana in Baja California (1,922,523 inhabitants) on the northern border, followed by Iztapalapa in Mexico City (1,835,486). Oaxaca has several of the least-populated municipalities, some of which have as few as 93 inhabitants. There are also significant differences in territorial size, which range from 33,092 km² to just 2 km². Municipalities in Mexico are still being established, with San Quintín the newest. Approved by Baja California's state congress in February 2020, it is composed of 140,000 inhabitants in a territory of more than 33,000 km².

Although municipalities are subject to the constitutions of their respective states and their laws laid down by their councils, all municipalities

²⁷ Alejandra Reyes, *The Evolution of Local Governance in Mexico City: Pursuing Autonomy in a Growing Region* (IMFG at University of Toronto's Munk School of Global Affairs & Public Policy, 2019).

²⁸ Ibid.

have the same powers and importance under the Federal Constitution—there are no single-purpose elected local authorities. In practice, however, their political and economic power varies considerably due to factors that range from size and socioeconomic standing to natural attributes and location.²⁹ In municipalities governed by indigenous customs, representatives are elected by assemblies and can remain in office from one to three years (as discussed further below).³⁰

3 CONSTITUTIONAL RECOGNITION OF LOCAL GOVERNMENT

In terms of article 40 of the Constitution, Mexico is a representative, democratic, secular, and federal republic comprising free and sovereign states and Mexico City. Local governments (that is, municipalities) are constitutionally recognised as the basis of the territorial, administrative, and political organisation of states. The legal framework that regulates municipalities is broad and complex, with its elements ranging from constitutional norms to local regulations. Article 115 of the Constitution sets out the general principles for municipalities and state constitutions—the latter are the main legal instruments defining the responsibilities and limits of local governments.³¹

The Mexican Constitution was adopted in 1917 as a result of the Revolution (1910–1920).³² Although members of the constituent assembly that drafted the Constitution discussed the possibility of giving local governments greater autonomy, this was not reflected in the original version of article 115 above. However, amendments to this article in

²⁹ Boris Graizbord, ‘United Mexican States’, in Nico Steytler (ed) *Local Government and Metropolitan Regions in Federal Systems* (McGill-Queen’s University Press, 2009) 200–233.

³⁰ Most other municipalities denominate rural areas outside of the urban or municipal seats as delegations that get to elect the representatives who execute the city council’s decisions.

³¹ Salvador Valencia Carmona, *El municipio mexicano: génesis, evolución y perspectivas contemporáneas* (Secretaría de Gobernación; Secretaría de Cultura; INEHR; Universidad Nacional Autónoma de México, 2016).

³² A decade long series of armed regional conflicts, which ended with the 33-year dictatorship of Porfirio Díaz and established a constitutional republic. See Alan Knight, *The Mexican Revolution. Volume I Porfirians, Liberals and Peasants*, (Cambridge University Press, 1986).

1983 and 1999 sought to fill in the various gaps in the 1917 version. These included lack of clarity on municipalities' taxing powers (since 1983 municipalities are entitled to collect taxes and levies on real estate) and expenditure assignments, as well as on ways in which to resolve disputes between states and municipalities.³³ The amendments were intended to deepen fiscal and administrative decentralisation, but de facto local self-government has proved difficult to attain. In this regard, municipalities still differ significantly, with their socioeconomic characteristics and institutional capacity being key factors that determine the extent of their autonomy and efficacy of performance.³⁴

Article 115 delineates the main institutional arrangements for local governments in eight sections. Section I deals with the most salient governance issues. Municipalities are *governed*—a term with specific value in context³⁵—by a municipal council (*ayuntamiento*) composed of a mayor (*presidente municipal*), a receiver (*síndico*), and several councillors (*regidores*),³⁶ all of whom are democratically elected. There is no intermediate authority between the municipal council and the state government and state constitutions must allow immediate re-election for mayors and councillors for up to one additional term. This last provision is one of the most recent and meaningful changes made to local political institutions: the first re-elected mayors and councillors began their second terms in 2018.

³³ Jorge Carpizo, *Estudios constitucionales* (4th edition, Porrúa-UNAM, 1994).

³⁴ Carlos Moreno-Jaimes, 'Los límites políticos de la capacidad institucional: Un análisis de los gobiernos municipales en México' (2007) 26(2) *Revista de Ciencia Política* 131–153.

³⁵ The 1999 constitutional reform changed the wording of article 115 section 1, which previously stated that 'municipalities are *administered* by a municipal council ...' and now states 'municipalities are *governed* by a municipal council ...' (emphases added). Some argue that this was a big step in recognising municipalities as a government unit; according to others, it was just a cosmetic change, given that municipalities still lack the most basic governing functions, such as legislating. See Blanca Acedo, *A cien años del municipio libre como institución constitucional, 1914–2014* (Senado de la República, 2015).

³⁶ The receiver is responsible for legal affairs and supervises the appropriate use of public resources. Councillors are citizens' representatives. See Antonio Sánchez Bernal and Jarumy Rosas Arellano, 'Los gobiernos locales en México', in José Manuel Ruano De la Fuente and Camilo Vial Cossani (eds) *Manual de Gobiernos Locales en Iberoamérica* (Universidad Autónoma de Chile, Centro Latinoamericano de Administración para el Desarrollo, 2016).

Section II establishes the legal capabilities of municipalities, namely the issuing of laws and norms in line with state laws. Municipal laws provide the general basis for public management; they also set out administrative procedures between the municipal council and citizens, rules for cooperation between states and municipalities in the provision of public services, and norms that guarantee citizen participation. Section III lists the tasks and public services to be performed by municipalities; section IV deals with the rules governing municipal public finances; section V specifies the authority of local government in regard to urban planning issues; and section VII concerns public safety provisions.³⁷

Local governments in Mexico are treated equally under the Constitution. While the capital city is subject to a number of special provisions, recent changes have, to some extent, standardised its legal treatment—like states, Mexico City now has a constitution, and its government is divided between executive, legislative, and judicial powers that must be exercised in republican, representative, democratic and secular fashion. The general principles and institutional basis of Mexico City are set out in article 122 of the Constitution.

Mexico City's 16 mayoralties (*alcaldías*) are political and administrative bodies made up by a mayor and a number of city council members who are elected on the principles of relative majority and proportional representation. They hold three-year terms and (as in municipalities) can be re-elected for a consecutive term. Mexico City's budget and administration are unitarian. The taxing powers reside in Mexico City's government, and not in the mayoralties. Mexico City's chief of government must get the approval of the legislature on real estate-based contributions, such as tax rates and cadastral values. *Alcaldías* must have their budgets approved by the city's legislature and are not entitled to incur debt directly. Mexico City's constitution provides the basis and criteria for determining the budget allocation for the mayoralties. Given the city's status as the capital, the federal lower chamber can approve ad hoc resources for inclusion in Mexico City's federal budget, this to cover the costs of its being the country's capital.

Beyond its political boundaries, Mexico City's metropolitan region encompasses a further 60 municipalities, one in the state of Hidalgo and 59 in the state of Mexico. Together these have an aggregate population of

³⁷ These are discussed further in Sects. 4–6.

almost 22 million. Article 122 (section C) of the Constitution recognises the urban challenges posed by such a conglomerate and specifies that the national congress must set legal terms to ensure coordinating mechanisms for urban planification and public service provision at the regional level. It also proposes the creation of a metropolitan development council to establish the necessary agreements for human settlements, environmental protection, ecological preservation and restoration, potable water, sewer, transportation, waste management, and public safety. However, no law concerning the metropolitan governance of Mexico City has been issued.

4 GOVERNANCE ROLE OF LOCAL GOVERNMENT

Article 115 of the Mexican Constitution establishes that municipalities are responsible for providing (a) potable water, drainage, sewer, wastewater disposal, and treatment; (b) street lighting; (c) collection, transportation, treatment, and disposal of solid waste; (d) public markets; (e) cemeteries; (f) slaughterhouses; (g) roads, parks, and equipment; (h) public safety, preventive, and transit police; and (i) other responsibilities that state legislatures consider appropriate to municipalities' socioeconomic conditions and fiscal and administrative capacity.³⁸ The article also establishes the legal framework for municipal associations and coordinated service provision among several local governments, and for agreements between local and state governments for joint service provision.

Article 115 places preventive policing under the power of mayors in accordance with state public safety law. Yet governors can supersede mayors if they deem it necessary. As in other areas, the lack of municipal resources takes its toll. The members of the local security forces receive low wages, have low education levels, are not formally trained, and

³⁸ A notable case is worth mentioning. *Luz y Fuerza del Centro* was a decentralised public agency in charge of energy provision in central Mexico, including all of Mexico City, 80 municipalities in Estado de México, five in Hidalgo, two in Morelos, and two in Puebla. It was abolished in 2009 by presidential decree and subsumed into the Federal Electricity Commission (CFE, for its acronym in Spanish), a state company in charge of energy provision across the country. Although they were contested, the arguments informing this decree included economic stagnation and inadequate collection from large consumers, including municipalities, universities, public offices, industries, and banks.

have little in the way of employment security.³⁹ This has resulted in high levels of corruption in many municipal police forces, and even in collusion with organised crime. Under these conditions, some rural and indigenous municipalities have seen a need to form self-defence units (in Michoacán and Guerrero, for example). Given the pressing safety concerns, it has been proposed that local police forces be replaced by state or federal leadership (*mandos únicos*).⁴⁰

Under article 115, municipalities also have authority over urban planning matters, although local intervention must remain in line with federal and state urban laws. Local governments can draft, approve, and manage zoning and urban development plans; authorise and monitor land use; regulate urban land tenure; grant licences and construction permits; participate in the determination of territorial and nature reserves; and participate in the drafting and implementation of public transport programmes within their territory.

Given the federal level's increasing difficulties in taking sole charge of complex matters such as health, education, and environmental protection, and due to an increasing dispersion of power, the distribution of capacities between different government levels has been made more flexible thanks to the existence and coordination of concurrent powers. While powers have generally been transferred to states rather than municipalities, municipal coffers have grown considerably since the 1990s. This has been due mainly to federal and state transfers, which together account for almost three-quarters of municipal revenues, though property taxation makes up the bulk of resources raised directly by local governments. Nationally, however, about 36 per cent of such levies stem from Mexico City, and rates of collection are low compared to other countries. Property tax collection as a percentage of GDP is only 0.3 per cent in Mexico, compared to 1.1 per cent in Chile, 1.5 per cent in Brazil, and 1.6 per cent in Colombia. Not surprisingly, less than 2 per cent of public revenue comes from local governments, although they account for a little more than 8 per cent of public spending. Thirty-five per cent of public spending

³⁹ AN Redacción, 'Policías y tránsitos ganan en promedio 8 mil 774 pesos mensuales y trabajan más de 65 horas a la semana: Inegi', *Aristegui Noticias* (11 July 2017), <https://bit.ly/3sRZw2n> (accessed 11 August 2021).

⁴⁰ José René Olivos Campos, *Derecho municipal* (Universidad Michoacana de San Nicolás de Hidalgo, 2011).

goes into paying municipal staff; 23 per cent goes to public investment; and 17 per cent to the management and maintenance of municipal facilities and assets.⁴¹

Municipalities are governed chiefly by a council composed of councillors and trustees. These are elected through a system of direct and popular vote, balanced by relative majority and proportional representation so as to better represent the country's increasing political plurality. In actuality, however, there are often artificial majorities among council members. These have a tendency to follow the agendas and political directions of the mayors, inhibiting the independence and counterweight roles that are meant to exist between the two. Real issues of accountability and representation continue to exist,⁴² and there remain limited opportunities for independent civic groups or individuals to run for office without the support of an established political party.⁴³ In 2016, for instance, there were only 308 independent candidates for the 1819 disputed local offices, and only nine independents won in elections. In theory, municipal re-election is intended to promote medium- and long-term policy-making, the professionalisation of public service, and accountability through electoral endorsement by citizens; but, in practice, mayors can run for re-election only if backed by their political parties, thus inhibiting voters' abilities to reward or punish local administrations through the ballots.⁴⁴

One exception to this general situation deserves mention: the case of municipalities governed by internal regulatory systems, commonly called *usos y costumbres*, or indigenous customs. Here the representatives are elected by assemblies and can remain in office for one to three years.⁴⁵ The Zapatista uprisings in Chiapas pushed for the inclusion of indigenous rights in the Constitution, including the right of municipalities with

⁴¹ IMCO, *Barómetro de información presupuestal municipal 2020* (2020).

⁴² The same political dependency obtains between mayors and their state governors, and is due in part to the alignment of local and state elections. As political pluralism has expanded, however, increasing political tension and confrontation has often hindered intergovernmental coordination.

⁴³ Juan Fernando Ibarra del Cueto, 'Desarrollo reciente y perspectivas de reforma del gobierno local', in Antonia Martínez and José Francisco Parra (eds) *El Estado posttransicional en México: Un análisis sobre los cambios políticos y sus efectos en actores e instituciones* (Fundación Ortega y Gasset, 2010).

⁴⁴ César Resendiz, *Reelección municipal y rendición de cuentas: ¿Cómo lograr el círculo virtuoso?* (Instituto Mexicano para la Competitividad AC, 2016).

⁴⁵ Olivos Campos (n 40).

significant indigenous populations to elect their authorities outside of the conventional political party system. Municipalities in Baja California Sur, Chiapas, Guerrero, Michoacán, and Oaxaca now elect authorities through this system, with Oaxaca performing particularly well. Close to 75 per cent of the 570 Oaxacan municipalities elect their representatives under this scheme, and, in 1995, the Oaxacan State Congress approved a legal reform to allow this and reflect the pluralist culture and identity of the state.⁴⁶

To return to the regular municipal councils, they enjoy approximate legislative functions, approve municipal budgets, and oversee the approval of policies and programmes. Their size varies according to state law and municipal population. Mayors, while also part of the municipal councils, are generally responsible for leading public administration, commanding the municipal police, convening and presiding council sessions, legally representing the municipality (although this can be delegated to council), enforcing normative provisions (for example, tax collection and management), and implementing municipal programmes.⁴⁷

The question of civic participation remains largely unaddressed. A third of states do not have regulations for municipal referenda, and only a third of them even consider the question of local consultations within their regulatory frameworks. In 2014, political reforms enabled citizens to introduce bills and call and vote on public consultations. States may establish other participative initiatives, such as neighbourhood consultations, citizen comptrollers, public hearings, and participatory budgeting, but their use varies widely across the country. Mexico City has the largest number of participatory mechanisms in its civic participation law (ten provisions), while Campeche, Nuevo León, and Puebla do not have a parallel law and only regulate for one participatory initiative each. In addition, some states place actual barriers to civic initiatives. Nayarit requires that 5 per cent of voters sign any petition to introduce a bill; this restriction is notably higher than the 0.13 per cent federal requirement. Referenda are also virtually inoperable in some states due to a lack of

⁴⁶ Instituto Estatal Electoral y de Participación Ciudadana de Oaxaca, 'Sistemas Normativos Indígenas: Catálogo de Municipios Sujetos al Régimen de Sistemas Normativos Indígenas 2018', <https://bit.ly/3H6poN0> (accessed 11 August 2021).

⁴⁷ Jorge Fernández Ruiz, *Las Elecciones Municipales* (Tribunal Electoral del Poder Judicial de la Federación, 2010).

legislation for regulating them, while in others, diverging requirements—ranging from 0.4 per cent (Mexico City) to 25 per cent (Tlaxcala) of their electorates—make it difficult for some constituencies to conduct a plebiscite.⁴⁸

5 FINANCING LOCAL GOVERNMENT

Since the 1983 constitutional reform to article 115 (which increased municipalities' fiscal autonomy), decentralisation and democratisation processes have transformed local government in Mexico.⁴⁹ Currently, local governments are free to administer their own finances. Municipalities can raise funds through licences, permits, fines, charges, fees for services, property taxes (including different kinds of value capture), the enforcement of private law (for example, financial products or the sale or lease of real estate), and income collected by public law functions (other than taxes and duties). Local governments' comprehensive annual financial reports must be audited by the state legislatures' auditing body.⁵⁰

The property tax is the main municipal tax. It currently accounts for, on average, 9 per cent of total municipal revenue and represents 0.2 per cent of GDP⁵¹ and was transferred to municipal governments in the early 1980s. At first, municipalities had to sign agreements with state governments to get their support in administering the property tax.⁵² The states charged a lot for this. Municipalities began to improve their capacity to administer it themselves, with the result that such agreements were on the

⁴⁸ Resendiz (n 44).

⁴⁹ Jesús Silva Herzog, 'Diario de los debates de la Cámara de Diputados del Congreso de los Estados Unidos Mexicanos, LII Legislatura' (11 December 1982) 49(1), <http://cronica.diputados.gob.mx/DDEbates/52/1er/Ord/19821211.html> (accessed 11 August 2021).

⁵⁰ See Sect. 6 for more on the role of the Chief Audit Office.

⁵¹ The amount collected in property tax by Mexican municipalities is extremely low in comparison to other similar Latin American countries. See Mónica Unda-Gutiérrez, 'Una hacienda local pobre: Qué explica la recaudación predial en México' (2021) 36(1) *Estudios Demográficos y Urbanos* 49–88; Mónica Unda-Gutiérrez, 'Los límites de la recaudación predial en los municipios urbanos de México: Un estudio de casos' (2018) 33(3) *Estudios Demográficos y Urbanos* 601–637.

⁵² Salvador Santana, 'Acciones necesarias para la implementación de la reciente reforma al artículo 115 constitucional: Aspectos hacendarios' (2000) 72 *Hacienda Municipal* 15–22.

way out by the late 1990s. In 1997, municipalities attained the capacity to propose rates and assessment methods for property taxes to state legislatures (which enjoyed the right to grant approval for cadastral values and tax rates). But in 2013 the Fiscal Coordination Law granted incentives to municipalities to sign agreements with their state governments and to cede property tax administration to them again, thus reversing some of the fiscal decentralisation gains that municipalities had made.

Despite legal changes intended to promote fiscal decentralisation, the capacity of states and municipalities to increase their own revenue levels remains low. In 2017, 94.3 per cent of tax revenue was collected by the federal government, 4.1 per cent by states, and only 1.6 per cent by municipalities.⁵³ Figure 1 shows the limited extent to which municipalities self-finance their budgets, namely 22.6 per cent (a third of which comes from the property tax). States fare even lower in this regard, at 9.5 per cent.

The decrease in self-generated revenue as a proportion of the total municipal revenue since 1970 is explained largely by the drastic growth of fiscal transfers, almost all of which are entirely provided by the federal government (Fig. 2). Earmarked and non-earmarked transfers to municipalities grew by 15 per cent annually between 1982 and 2015. Both types

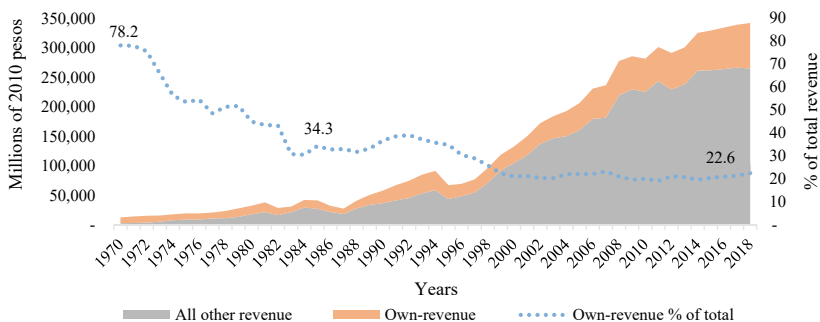


Fig. 1 Municipal own revenue (*Sources* Authors' own calculations, based on INEGI, 1984, 1985, and 1990 and the INEGI database, 'Estadísticas de Finanzas Públicas Estatales y Municipales')

⁵³ OECD Fiscal Decentralisation Database, www.oecd.org/tax/fiscal-decentralisation-database.htm#C_3 (accessed 11 October 2020).

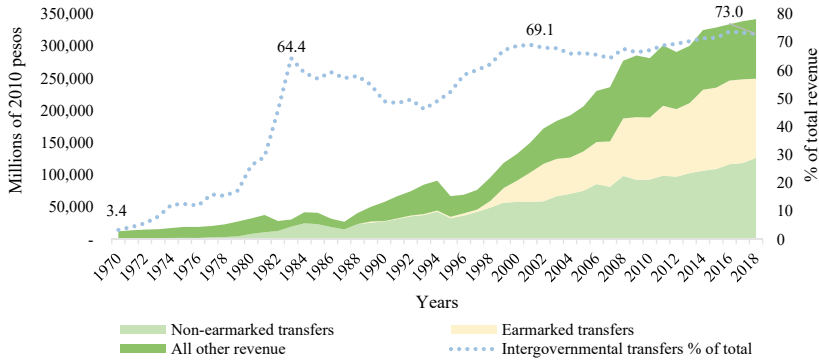


Fig. 2 Municipal earmarked and non-earmarked fiscal transfers (*Sources* Authors' own calculations, based on INEGI, 1984, 1985, and 1990 and the INEGI database, 'Estadísticas de Finanzas Públicas Estatales y Municipales')

of transfers currently provide 73 per cent of the total municipal revenue.⁵⁴ This vertical fiscal imbalance is one of the most outstanding characteristics of municipal budgets in Mexico.

Municipalities are greatly dependent on higher levels of government.⁵⁵ Non-earmarked fiscal transfers are rooted in the National Fiscal Coordination System (SNCF). In terms of this system, which originated in the early 1980s, states and municipalities gave up some of their tax powers in exchange for compensatory non-conditional grants. These were sourced from the main federal taxes: income tax, value-added tax, and excises.⁵⁶

In 1997, a reform to the Law on Fiscal Coordination formally enacted earmarked fiscal transfers (see Fig. 2). These are managed by two main funds: the fund for the strengthening of municipalities (FORTAMUN)⁵⁷

⁵⁴ An additional 4% of municipal revenue comes from financing (debt).

⁵⁵ Jorge Ibarra Salazar, A Sandoval Musi, and L Sotres Cervantes, 'Participaciones Federales y Dependencia de los Gobiernos Municipales en México 1975–1995' (2001) 61(237) *Investigación Económica* 25–62.

⁵⁶ Mónica Unda-Gutierrez and Carlos Moreno Jaimes, 'La recaudación del impuesto predial: Un análisis de sus determinantes económicos en el período 1969–2010' (2015) 60(225) *Revista Mexicana de Ciencias Políticas y Sociales* 53–84.

⁵⁷ Resources from FORTAMUN are allocated to financial obligations, water waste management, the modernisation of revenue collection systems, and public safety. Most of the FORTAMUN is used to cover the payroll of police forces and debt obligations.

and the fund for municipal social infrastructure (FAISM).⁵⁸ This kind of funding is aimed at equalising municipalities by reducing horizontal imbalances between municipalities.⁵⁹ Not surprisingly, it is the rural and less populated municipalities—which tend to experience higher levels of poverty, illiteracy, and lack of electricity and water access⁶⁰—that are more dependent than others on these conditional transfers. Smaller municipalities spend more on investment and public works than larger ones. This is clearly an effect of the importance that conditional transfers (to be spent on public works, for instance) have had in municipal budgets since 1998, particularly for municipalities with less than 250,000 inhabitants; thanks to the conditionality of federal funds, they now seem to invest more.

The Law on Fiscal Coordination changed the formulas behind the distribution of non-earmarked transfers in 1991 and again in 2007 so as to neutralise the potential disincentive that such transfers could pose for own revenue levies. As a result, property tax revenue and water fees, among other variables, determine the amount of resources transferred to municipalities.⁶¹ Municipalities that collected more could receive more earmarked transfers.

It is important to note that state legislatures are entitled to determine the criteria for allocating unconditional transfers to municipalities. The Law on Fiscal Coordination provides that states must pass on to municipalities at least 20 per cent of what they receive in unconditional transfers (very few states share more than the mandatory 20 per cent and most just

⁵⁸ Resources from FAISM are allocated to potable water, sewage, drainage, rural lighting, basic infrastructure in clinics and schools, housing improvement, and infrastructure maintenance.

⁵⁹ For more on the criteria to distribute earmarked transfers and the consequential effects, see Jorge Ibarra Salazar, 'Fundamentos de la Nueva Fórmula de Asignación del Fondo de Aportaciones para la Infraestructura Social en México' (2018) 85 (1) *El Trimestre Económico* 195–218.

⁶⁰ Mónica Unda-Gutierrez, *Finanzas Municipales en México: Porqué unos Municipios Recaudan más y Gastan Mejor* (Lincoln Institute of Land Policy, 2019) 84–87, 89.

⁶¹ According to Unda-Gutierrez and Moreno Jaimes (n 56) and Unda-Gutierrez (n 51), these changes have probably been effective, given that fiscal transfers do not disincentivise property tax collection.

replicate the formula used by the federal government to distribute unconditional transfers).⁶² In addition, in terms of article 46 on conditional transfers, the legislatures' auditing body (namely the states' Chief Audit Office) and federal government, through the Ministry of Finance, have the power of oversight to ensure that conditional resources are indeed spent on what they have been earmarked for.⁶³

The legal framework for subnational debt is provided by article 117 of the Constitution and the 2016 Law of Financial Discipline of States and Municipalities. Section VII of article 117 stipulates that states (i) cannot acquire debt directly from international creditors; (ii) should incur debt only to finance investment or debt restructuring; and (iii) require a two-thirds vote in their legislatures for approving the debt limits and conditions for both states and municipalities.

The Law of Financial Discipline aims to foster sustainable subnational finances by promoting financial discipline, responsible debt use, and transparency of financial information. Its article 19 provides that municipalities should operate on the principle of having balanced budgets.⁶⁴ The law also institutes a warning system to flag debt-related risk in states and municipalities; aims to ensure that debt is acquired at the lowest possible financial cost; and determines that the federal government can provide collateral for states and municipalities to access better debt terms.⁶⁵ At the end of 2020, the municipal debt balance as a proportion of subnational debt was 7.2 per cent, with 25 municipalities constituting 55 per cent of this.⁶⁶ 50 per cent of municipal debt is contracted with commercial

⁶² By doing so, state governments have missed the opportunity to influence municipal governments' tax performance (that is, through incentives that grant more funds to those that collect more through own revenue sources).

⁶³ See Sect. 6 for more on the auditing role of federal and state governments.

⁶⁴ Ley de Disciplina Financiera de las Entidades Federativas y los Municipios, Diario Oficial de la Federación, 27 April 2016 (last reformed 30 January 2018).

⁶⁵ Centro de Estudios de las Finanzas Públicas, *Deuda Federal y de entidades federativas* (Cámara de Diputados LXIII Legislatura, 2016).

⁶⁶ Six hundred and eighteen municipalities report their financial obligations, as part of the alert system, in the Single Public Record (*Registro Público Único*) of the Ministry of Finance.

banks; 42 per cent with development banks; and just 3 per cent through bond markets.⁶⁷

6 SUPERVISING LOCAL GOVERNMENT

Local governments in Mexico are supervised primarily by the federal government (through national laws such as the Law of Financial Discipline of States and Municipalities) and by the ample regulations provided by state legislatures. Article 115 of the Constitution defines the main tenets for the supervision of local governments. A 1999 amendment to this established that state legislatures should determine what procedures to follow in cases of conflict between municipalities and states concerning (i) agreements to provide services assigned to municipalities signed by both entities; (ii) budgetary issues; and (iii) public safety policies. Prior to this amendment, local governments did not have a clear legal route to challenge state legislatures in cases such as the rejection of property tax rates, or the cadastral values proposed by municipalities.⁶⁸ In addition, the state legislature must approve the municipal annual ‘revenue law’ and audit the comprehensive annual financial report.

Local governments are the least autonomous of the three tiers of government. Nonetheless, there are significant variations in the type of supervision exercised by states, the formulation of local laws and codes, and the level of accountability demanded of municipalities.⁶⁹ In the last thirty years, decentralisation and democratisation processes have made municipalities wealthier and more independent. Consequently, the more developed municipalities are now in a better position to challenge the control and supervision exercised over them by state and national governments.

The role of the Federal Chief Audit Office (ASF) is important. This technical body oversees and controls the use of public money through audits. The ASF audits comprehensive financial reports from a sample of municipalities every year. These reports are public and concentrate on

⁶⁷ Centro de Estudios de Finanzas Publicas, *Obligaciones Financieras de los Municipios de México: Tercer Trimestre de 2020* (Cámara de Diputados LXIV Legislatura, 2020).

⁶⁸ Such as the dispute the Supreme Court of Justice resolved between the state of Queretaro and the municipality of Queretaro in 2014. The Supreme Court ruled in favour of the municipality.

⁶⁹ Graizbord (n 29).

the municipal use of federal funds. The most relevant ASF reports on municipalities are those on the two main earmarked transfers: the fund for the strengthening of municipalities (FORTAMUN) and the fund for municipal social infrastructure (FAISM). In 2019, irregularities mainly consisted in failing to supply supporting documentation for expenditures: 56 per cent of FORTAMUN and 40 per cent of FAISM funds in the sample analysed by the ASF did not comply with this requirement. In addition, 33 per cent of FAISM funds were found to be invested in public works that were not in use.⁷⁰

7 INTERGOVERNMENTAL RELATIONS

Since the early 1980s, when the pool of tax revenue that provides for intergovernmental transfers and the formulas that determine the distribution of fiscal resources were established, the National Fiscal Coordination System (SNCF) and the Law on Fiscal Coordination set the principles and norms that regulate fiscal intergovernmental relations.⁷¹ The SNCF consists of a pair of committees of fiscal or tax officers, the INDETEC⁷² (an institute created in the late 1970s to support the professional development of subnational finance ministries) and (since 2014) the largest association of Mexican municipalities, the CONAMM (*Conferencia Nacional de Municipios de México*).

Beyond the fiscal and financial ties that exist among the different tiers of government, municipalities must also take part in the design, implementation, and evaluation of public policies on public safety, urban planning, education, and social development. In some cases, constitutional provisions set out the main guidelines that shape relations between municipalities and the higher levels of government; in other cases, national or

⁷⁰ ASF, ‘Fondo de Aportaciones para la Infraestructura Social, Cuenta Pública 2019’, <https://informe.asf.gob.mx/> (accessed 12 August 2021).

⁷¹ For more on the historical evolution of fiscal federalism in Mexico, see David Colmenares Páramo, ‘Retos del federalismo fiscal mexicano’ (1999) 49(5) *Comercio Exterior* 415–431; Thomas Courchene, Alberto Díaz-Cayeros, and Steven B Webb, ‘Historical Forces: Geographical and Political’, in Marcelo Giugale and Steven Webb (eds) *Achievements and Challenges of Fiscal Decentralization. Lessons from Mexico* (The World Bank, 2000) 123–138; Luis Aboites, *Excepciones y privilegios: modernización tributaria y centralización política 1922–1972* (El Colegio de México, 2003).

⁷² Instituto para el Desarrollo Técnico de las Haciendas Públicas, www.indetec.gob.mx/ (accessed 12 August 2021).

general laws dictate the ways in which the three tiers of governments should interact.

However, there are many grey areas when it comes to regulating how municipalities should engage with state and federal governments in service provision and public policy matters more generally. As is widely understood, while the Constitution establishes concurrent responsibilities among levels of government in different domains, it does so without establishing precise competences for each level of government. This fault is replicated in secondary laws and regulations, and is one of the main problems facing Mexican federalism.

While the issuance of general or national laws on specific domains does provide some clarity about the rules for intergovernmental relations in areas such as education, health, and social development, there are still many areas of uncertainty, albeit with exceptions. For instance, since 1993, the General Education Law has recognised municipalities in Mexico as educational authorities and consequently granted them—in theory, at least—more powers in this area. The most recent reform to this law, in 2019, clearly establishes that municipalities can promote and provide educational services; maintain state and municipal public schools; coordinate with the federal and state governments to unify their educational activities; identify regional needs; request curriculum changes to the Ministry of Public Education (SEP) to address local or regional contexts; and contribute to the editing of free public textbooks. In Mexico City, municipalities and their councils now help with the maintenance of educational facilities and the provision of safety, water, and electricity to them.

Since 2004, the National Law on Social Development has partnered municipalities with the federal government in its poverty-reduction strategy. In broad terms, this means municipalities can take part in the formation of social policy alongside state and federal governments. The Law on Social Development allows for the establishment of ad hoc agreements to frame collaboration mechanisms between municipalities and education or health providers. Both national and general laws normally entail the formation of national boards or committees on which different stakeholders (including municipal governments) take a seat. These national boards and committees help stakeholders work together in the design, implementation, and evaluation of specific public policies.

To add a further dimension to this messy array of intergovernmental frameworks, it is worth noting that at times specific funds are created

to tackle local issues in which the different levels of governments must necessarily work together. This is the case with both the Municipal Public Safety Fund⁷³ and the Metropolitan Fund. Finally, it should also be noted that in all of these partnerships, municipalities tend to play a subordinate role in which they follow orders and directions given by the state and federal governments.⁷⁴

8 POLITICAL CULTURE OF LOCAL GOVERNANCE

Competitive elections at the subnational level have been an emerging trend since the 1990s.⁷⁵ At the local level, since 2004 close to 60 per cent of municipalities have elected a mayor from a party different to that of the previous mayor, a trend that points to a high degree of alternation in political incumbency. In 2016, the landscape was dominated by three parties, the PRI, PAN, and PRD (the left-wing Democratic Revolution Party), but with the election in 2018, the president's party, MORENA (the left-wing National Regeneration Movement) became a major political force. In 2019, 37.8 per cent of the population was governed by a MORENA mayor, 25.2 per cent by a PAN mayor, 14 per cent by a PRI mayor, and 7.7 per cent by a PRD one. In 2019, 11 states were led by the PRI, nine by the PAN, six by MORENA, and two by the PRD.

The major national parties usually dominate the municipal and state elections, though new political parties are sometimes formed at the subnational level. Coalitions between the major national parties are also common. Occasionally, subnational parties form to support a particular gubernatorial candidate and/or group of mayoral or state legislative candidates. Since the 2014 electoral reform which allowed for this, it is now also more common for candidates for office to run as 'independents' without party affiliation.

⁷³ Programa de Fortalecimiento para la Seguridad FORTASEG, www.gob.mx/sesnspp/acciones-y-programas/programa-de-fortalecimiento-para-la-seguridad-fortaseg (accessed 12 August 2021).

⁷⁴ Rodolfo García del Castillo, 'Los Municipios Mexicanos: Evolución, Contexto y Desafíos Actuales' (2015) 11 *Revista Iberoamericana de Estudios Municipales* 115–143.

⁷⁵ On the impact of increasing competitiveness in municipal elections on the provision of public services, see Carlos Moreno-Jaimes, 'Do Competitive Elections Produce Better-Quality Governments? Evidence from Mexican Municipalities, 1990–2000' (2007) 42(2) *Latin American Research Review* 136–153.

The existence of large subnational budgets, together with the possibilities of discretion over spending, endows the posts of subnational executives with great power and importance. This is leading to mayoral and gubernatorial elections with high levels of campaign spending, media coverage, and voter turnout. Subnational elections have become increasingly competitive since 2000 and only a handful of states have yet to experience party alternation. Nonetheless, subnational elections tend to have slightly lower turnouts if they do not coincide with federal elections. Elections for governors, mayors, and state legislatures usually coincide with federal elections. Federal elections are held every three years, alternating between general elections (when the president is on the ballot) and intermediate elections, when only federal legislators (deputies and senators) are on the ballot.

Mexico is far from having equitable gender representation in politics. Historically, women have been kept in the margins of political power at all levels of government. To date, Mexico has not had a female president and has only nine female state governors. In 2002, the federal government adopted a new quota system. This required political parties to have women as at least 30 per cent of their nominees for national legislature competitions.⁷⁶ The system does have several loopholes, however, allowing parties to evade compliance despite the multiple reforms in place to strengthen quotas. Female under-representation is especially pronounced at the local level, where the percentage of female municipal presidents remains in single digits.⁷⁷

Subnational politicians are closely linked with their co-partisans at national level. In most states, the slate of candidates for municipal president under a given party is coordinated by state-level party organisations. The most common path to the governorship of a state is having served previously as a senator or mayor in the capital or other major metropolitan area in that state. Once in office, municipal presidents rely on federal and state-level politicians who exercise some discretion over budgetary transfers and infrastructure spending at the municipal level. Consequently, municipalities benefit in budgetary terms when the mayor and governor

⁷⁶ Jennifer M Piscopo, 'Leveraging Informality, Rewriting Formal Rules: The Implementation of Gender Parity in Mexico', in Georgina Waylen (ed) *Gender and Informal Institutions* (Rowman & Littlefield, 2017) 143–144.

⁷⁷ Verónica Vázquez García, 'Mujeres y gobiernos municipales en México: Lo que sabemos y lo que falta por saber' (2010) 19(1) *Gestión y Política Pública* 111–154.

belong to the same party.⁷⁸ The degree of control that national-level party leaders (including the president) exercise over subnational politicians of the same party has certainly declined as Mexico moves away from its dominant-party system. As the country began to transition to competitive multi-party elections in the 1990s and 2000s, the balance of power started to shift slightly towards subnational party organisations.⁷⁹

Mexican political culture, as is the case with many semi-institutionalised democracies, is characterised by a high degree of patronage. It is manipulated by powerful political figures (*caudillos*, to use the common Spanish term) who reward political allies. In the twentieth century, Mexico developed a sophisticated form of patronage-based *caudillismo* through the hierarchically organised dominant party, the PRI.⁸⁰ Although the PRI has suffered a significant decline as a political force in Mexico, its mode of governing remains entrenched. All too often, important decisions (government contracts, hiring of bureaucrats, selection of nominees for political office, criminal prosecutions) are motivated more by political loyalty than by objective criteria.

Federal and state-level politicians routinely abuse their discretion to stack the deck in favour of their allies at the lower levels of government. Hence the uneven approach to confronting organised crime by the federal government under Felipe Calderón (PAN, 2006–2012), as well as the many examples of preferential intergovernmental transfer to co-partisans. Calderón's administration executed a strategy of cooperation only with co-partisan subnational officials to reduce violence and prosecuted many for participation in organised crime as an electoral strategy.⁸¹

⁷⁸ Jorge Ibarra Salazar, Héctor González, and Lidia Sotres Cervantes, 'Aspectos Políticos de la Dependencia Financiera en los Municipios Mexicanos' (2013) 3(217) *Revista Mexicana de Ciencias Políticas y Sociales* 139–170.

⁷⁹ Joy Langston, *Democratization and Authoritarian Party Survival: Mexico's PRI* (Oxford University Press, 2017).

⁸⁰ Brian Palmer-Rubin, 'Evading the Patronage Trap: Organizational Capacity and Demand Making in Mexico' (2019) 52(13–14) *Comparative Political Studies* 2097–2134; Brian Palmer-Rubin, Candelaria Garay, and Mathias Poertner, 'Incentives for Organizational Participation: A Recruitment Experiment in Mexico' (2021) 54(1) *Comparative Political Studies* 110–143.

⁸¹ Guillermo Trejo and Sandra Ley, 'Federalism, Drugs, and Violence: Why Intergovernmental Partisan Conflict Stimulated Inter-Cartel Violence in Mexico' (2016) 23(1) *Política y Gobierno: México* 11–56.

9 COVID-19'S IMPACT ON THE ROLE OF LOCAL GOVERNMENT

Local responses to the many challenges of the Covid-19 pandemic have been limited by the simple fact of limited local capacity, which is particularly evident in health-related matters. Municipalities have been urged to replicate the health and safety strategies outlined by the federal and state governments, namely, social distancing protocols, sanitisation of public offices and spaces, closure of non-essential business, and dissemination of information. The Mexican Network of Municipalities for Health agreed to support the health sector in case detection, with training provided in schools and medical units, and by ensuring the suspension of classes at all educational levels on 20 March 2020.⁸² On 7 June 2021, in-person classes were voluntarily resumed in more than 24,000 basic and higher education schools (receiving over 1.6 million students) in 15 states at low epidemiological risk. At the time of writing, the new face-to-face school cycle was scheduled to start on 30 August 2021.

In 2020, local governments tended to focus on containing the economic repercussions of the pandemic. They did so (with some regional variation) by providing modest financial relief to small businesses; tax exemptions; payment extension; discounted service provision and instalment plans; lower rents in public markets; and food supplies. Few local governments imposed fines (or used force) on those who violated curfews. At the same time, some states supported municipalities with advanced or special transfers for personal protective equipment or through tax forgiveness—such measures helped to strengthen coordination between state and local governments and the private sector.⁸³

With internet access being limited in Mexico (particularly so among rural and low-income households), the pandemic and social distancing protocols have highlighted the need for local administrations to use the internet, digital communication, and social media to modernise their management of service provision. This move reinforced the international

⁸² Martha Patricia Patiño Fierro and Gerardo Cruz Reyes, *Las medidas adoptadas por las entidades federativas ante la emergencia del Covid-19* (Instituto Belisario Domínguez, 2020).

⁸³ Ibid.

push to promote transparency and automated record-keeping in government procedures on the grounds that systematic information-gathering enables better future decision-making.⁸⁴

From January 2021, local governments and private businesses were allowed to buy vaccines from the approved pharmaceutical brands, Pfizer-BioNTech and AstraZeneca-Oxford. Local governments, as businesses, were encouraged to vaccinate their own employees and had to specify where they would provide such vaccines to the federal health minister to avoid overlap with the National Vaccination Plan. While this decree was intended to expand choices, the federal government also encouraged local governments to contribute to the National Vaccination Plan's purchase of vaccines, so that federal resources might go to other needs.⁸⁵

10 EMERGING ISSUES AND TRENDS

Mexico has been a predominantly urban country (in terms of population) for several decades. Close to 85 per cent of the country's urban population (over 75 million people) live in metropolitan areas, which have grown significantly since the 1990s. There were 37 metropolitan areas in 1990, which increased to 55 in 2000, and 155 metropolitan municipalities in 1990 compared to 345 in 2005.⁸⁶ Today, all Mexican states have at least one of the country's 74 metropolitan areas, defined as such given their relatively large population sizes and the number of municipalities that they functionally and socioeconomically integrate—417 in total. As a result of growing suburbanisation in the last 20 years, the peri-urban municipalities that house residents who work in the urban cores have also been incorporated into the metropolitan areas, even though they are often located at some distance from them.⁸⁷ Metropolitan areas are

⁸⁴ Oscar Y Carrera Mora et al., 'E-Gobierno local en México en tiempos de Covid-19' (2021) 26(94) *Revista Venezolana de Gerencia* 678–695.

⁸⁵ Emilia López Pérez, 'México autorizará que empresas y gobiernos locales puedan adquirir vacunas COVID: AMLO' *El Financiero* (22 January 2021), www.elfinanciero.com.mx/salud/mexico-autorizara-que-empresas-y-gobiernos-locales-puedan-adquirir-vacunas-covid-amlo/ (accessed 12 August 2021).

⁸⁶ Alejandra Reyes, *From the Top Down: The Governance of Urban Development in Mexico* (IMFG at University of Toronto's Munk School of Global Affairs & Public Policy, 2020).

⁸⁷ The criteria for incorporation are a proximity of 15 km or less to the urban core and an average urban density of at least 20 inhabitants per hectare.

defined as having more than 100,000 inhabitants and bringing together two or more municipalities whose socioeconomic functions and activities necessitate shared planning and urban policies. Since 2013, the Ministry of Rural, Regional, and Urban Development (SEDATU) has been placed in control of metropolitan delimitations. It is responsible for establishing the framework for the planning and management of metropolitan development across the three levels of government and facilitating systematic information gathering.

The 2016 General Law on Human Settlements, Regional Management, and Urban Development also provides a definition of metropolitan areas. These are defined as population centres or conurbations containing intricate and significant socioeconomic interactions that result in a regional unit of strategic influence and importance for national development. As a result, this law opened up the possibility of the institutional management of these regions and consequently of supporting local governments in fulfilling their urban development responsibilities when their capacities are limited.⁸⁸ Specifically, it prescribes that metropolitan commissions should coordinate the formulation, approval, management, evaluation, and compliance of metropolitan programmes, whereas metropolitan advisory councils should promote public and interinstitutional consultations during such processes.

The commissions as well as councils must be composed of representatives from the three levels of governments, but councils should also include experts and members of civil society. In interstate metropolitan areas, commissions must be made up of representatives from each state and municipality in the area, with a SEDATU chair for the purposes of institutional coordination.

Once metropolitan⁸⁹ programmes are approved, municipalities have a year to issue or adapt their urban development plans and programmes so that they align with metropolitan ones. As of 2021, metropolitan planning institutes within the 2016 law are defined as agencies to be formed and operated in coordination by states and municipalities that make up a given

⁸⁸ SEDATU-CONAPO-INEGI, *Delimitación de las zonas metropolitanas de México 2015* (2018).

⁸⁹ Metropolitan programmes may deal with land-use planning, mobility, public space, housing, urban infrastructure, water management, ecological preservation, waste management, climate adaptation, security, and other actions proposed by the commission.

metropolitan area, although the federal government should also promote and support them.⁹⁰

Regional efforts to promote metropolitan governance have emerged before, and one in particular merits attention. The state legislature of Jalisco promoted and ratified changes in the legal and regulatory frameworks in 2012 to strengthen the capacity of the Metropolitan Planning Institute (IMEPLAN) of its capital, Guadalajara, the second largest metro area in Mexico. While there are a few other metropolitan institutes that carry out research and provide policy recommendations, Guadalajara's IMEPLAN has become a national model. This is because of the legal and administrative powers it enjoys to improve service and infrastructure provision; manage urban growth and the associated risks; and address other environmental and socioeconomic concerns. While the IMEPLAN cannot override local plans, it can revise their alignment with the metropolitan land-use plan (previously approved by the nine municipalities within the metropolitan region).

A source of contention has been that the state government and large core municipalities have been disproportionately influential in agenda-setting, mainly due to their larger financial and institutional capacities. Nonetheless, all municipalities enjoy the same voting power. The institute is financed by a trust funded by the state. Federal funds have also been channelled to it in the past, and there was an unsuccessful initiative to add proportional municipal contributions. However, the feeble nature of municipal finances thwarted this effort.⁹¹

IMEPLAN has also entered into meaningful agreements with other institutions at various levels, ranging from the state's Human Rights Commission to UN Habitat. International collaboration has resulted too in funding for the institute, mostly for research purposes. The state of Jalisco's metropolitan coordination law facilitated the creation of a metropolitan board composed of the IMEPLAN, municipal mayors, the governor, a metropolitan citizen council, and a metropolitan planning advisory council.⁹² The state (through its inter-municipal system of waste

⁹⁰ Ley General de Asentamientos Humanos, Ordenamiento Territorial y Desarrollo Urbano, Diario Oficial, 28 November 2016 (last reformed 1 June 2021).

⁹¹ IMEPLAN, www.imeplan.mx/en/home (accessed 12 August 2021).

⁹² Ibid.

management) also entered into an agreement with France to exchange best inter-municipal practices.⁹³

Alongside civil society's general support of such an initiative, the Guadalajara/Jalisco case points to the importance of political will and the need for budgetary allocations at the state level to promote metropolitan governance. While this model of governance has begun to be replicated elsewhere, metropolitan coordination efforts at the national level have not yet appeared. Local governments are not always willing to come together or reach a compromise. This failure is often due to their very different financial conditions or their party-political divisions. In addition, the delineation of what metropolitan governance needs to accomplish is contentious, particularly so around topics such as redistribution, affordable housing, and land-use management.⁹⁴ Metropolitan coordination mostly occurs when pressing and shared issues at stake, such as those around service provision. It rarely takes place over matters arising from medium- and long-term needs, such as minimising negative externalities, promoting redistribution, or managing environmental concerns. However, it is the case that, both nationally and globally, 'increasingly pressing and shared issues are making more and more cities join forces to address and collaborate on joint or metropolitan agendas'.⁹⁵

Despite the pressing need to coordinate and centralise certain functions, Mexico's federal and state governments continue to promote a top-down model of local governance. In this vertical fashion, the last federal administration imposed Urban Growth Boundaries (UGBs) on 394 Mexican cities or towns. This measure was intended to counteract urban sprawl and to follow the global trend of promoting compact and connected urban development. However,

the lack of local consultation to implement the UGBs exposes the political and administrative centralization still prevalent in Mexico, as well as the extent to which federal and state-level policies continue to overshadow local administrative and fiscal capacities. Despite being a federalist country, Mexico continues to centralize many of its functions and policy. On the

⁹³ Gobierno de México, 'Acciones de Cooperación Internacional con Gobiernos Locales', <https://bit.ly/36v6i6V> (accessed 12 August 2021).

⁹⁴ Reyes (n 27).

⁹⁵ Ibid., 14.

other hand, local governments have been slow to innovate fiscal, regulatory, and land-use mechanisms to improve their finances and capacities, and to manage adequately matters such as urban development.⁹⁶

Given the *de facto* power of the executive branch in Mexico, the recent shift to allow for mayoral re-elections may help to incentivise further the local transparency, accountability, innovation, and long-term planning that was previously hindered by short three-year administrations. For significant improvements to occur, the federal and state governments would also have to relinquish more of their administrative and fiscal control and move to supporting the smaller and poorer municipalities—irrespective of the political affiliation of their mayors.

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⁹⁶ Ibid.