

ADMINISTRATIVE ASPECTS OF REGIONALIZATION  
IN MEXICO

C o o r d i n a t o r :

Ignacio Pichardo Pagaza,

Member of the Board of Directors of the Mexican Institute of Public Administration and General Secretary of Government of the State of Mexico.

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*The Coordinator*  
*Ignacio Pichardo Pagaza*

## SUMMARY AND MAIN CONCLUSIONS

### *Summary*

1. With the purpose of studying the topic related to the administrative aspects or regionalization in Mexico, an interdisciplinary group was formed; the members of which were researchers in Public Administration, Political Science and Economics.

In order to cover the topic in a systematic fashion, it was decided that at least the following four aspects ought to be investigated: a) recent experience in Mexico regarding regional development; b) the types of organization which have been created to execute regional development plans; c) the administrative problems that the different organization types have encountered; d) based on the findings of the previous sections, the recommendations that could be formulated for the future of regionalization in México.

2. Many experiences regarding regionalization have been registered in the country during the last quarter century. After a preliminary study of the most important ones, a scheme was constructed that points up the pragmatic criteria which have been used in regional development. The most important among these have been geophysical, geoeconomic, ethnic-cultural, administrative and political.

3. Based on these and other more detailed criteria which are described in the body of the report, a multitude of organizations that operate regionally was identified. Such an identification led to two preliminary considerations: 1) that the inventory of regional organizations was more numerous than had been anticipated; 2) that the range of managerial structures in operation was very extensive.

4. A more careful analysis of the mosaic of regional organizations allowed for the selection of a few from which significant conclusions

could be obtained. In order to select an institution as a subject for study, it had to fulfill, at least, the following requirements: 1) that it represented a particular form of administrative structure, 2) that it typified at least one of the criteria for regionalization generally utilized, 3) that it covered a period of study that would allow the inclusion of recently created organizations and others with greater longevity.

5. An analysis was made of the following organizations: La Comisión del Papaloapan (the Commission of the Papaloapan), La Comisión del Río Grijalva (the Commission of the Grijalva River), and the Plan Chontalpa (the Chontalpa Plan), El Patrimonio Indígena del Valle del Mezquital (the Indian Patrimony of the Mezquital Valley), el Plan Huicot (the Huicot Plan), La Comisión Nacional de las Zonas Áridas (the National Commission for Arid Lands), el Programa Nacional Fronterizo (the National Border Program), Las Juntas Generales de Mejoras Materiales (the General Committees of Material Improvements), Los Nuevos Centros SOP (the New Centers of the Department of Public Works), the regional plans of several states, and the federal, state and municipal governments in the urban area of the Valley of Mexico.

6. The partial reports that contain the field research relative to each of the mentioned organizations do not form part of this document; however, they are also available for reference. The body of the document is made up of a summary of these reports in which only their essential aspects are indicated.

The intent of the research is that the analysis of the existing organizations function as a platform of reasoned speculation of what ought to be the future of regionalization in México.

7. A priori of the speculative reflection, it is useful to indicate which are the major trends which are current in the country regarding regionalization policies.

8. The first observable trend is *a desire to strengthen certain existing regional organizations*. This means, as would be expected, that there have been both positive and negative experiences in regionalization during the past years. In the evaluation of its regional organizations made by the federal administration, it was concluded that some performed productively and as a consequence have experienced increased political and economic supports for their activities. An outstanding example is the Commission of the Grijalva River.

9. Another important trend at the present is *to create new regional organizations as instruments of administrative coordination*. To illustrate, a case in point is the Huicot Plan and another, still more recent, is the creation of State Commissions for Economic Development. These are not implementative organizations but rather they function as instruments for the coordination of the activities of several Bureaus (especially Secretariats and Departments of State).

10. The third trend in this field can be seen in decentralization being implemented by some federal institutions. This in fact has to do with a phenomenon of *administrative deconcentration*, properly speaking. The conclusion is that federal organizations are giving back to their own regional administrative divisions functions that were formerly concentrated in the central offices. This trend can be observed along with a parallel development of greatest interest which is the regional administrative deconcentration by some of the secretariats of the federal government within the political framework of each state. In other words, it constitutes the incipient introduction of the concept of a federal region-state.

This last observation of what is happening at the present moment marks the beginning of our thoughts for the future.

### *Main Conclusions*

1. A general survey of the results that have been obtained in the last twenty-five years through various policies of regionalization includes, even though it is risky to say so, the following two assertions: First, for the majority of regional programs that were studied, an improvement could be detected in the living conditions and general welfare of the region's inhabitants. Obviously there were differences in the administrative efficiency of the different organizations and, consequently, in their impact on the regions. It was not possible to quantify how different the living conditions would have been under other administrative structures. Second, it can be affirmed that, from the point of view of balanced development of the different regions of the country, the effects of these regionalization efforts have been insignificant. In other words some success has been achieved, from an intraregional perspective, but the impact is not significant from the interregional point of view, that is, of uniform national development.

2. The present trends insofar as the policies of regionalization that were mentioned above are concerned, will prove to be insufficient for achieving a more pronounced development, both intra and interregional. It is indispensable to complement these policies with other measures of more importance. The principle of these measures is the need to consider that all future policies of regional development have to start from the premise that the natural regions are the states themselves. The recognition of this basic fact will precipitate an administrative reform in governmental levels.

3. The economic regions into which the country has been divided have not recognized political borders. Nevertheless the error of forming regions in which the state is not the unit of integration must be avoided. Notwithstanding the above, experience has shown that practically none of the regional development plans that encompassed more than one state prospered beyond a few meetings of coordinating groups. *Even though the economic regions are well-defined in the country, it is indispensable that future approximations to regional planning be made on the basis that each state is a region in its own right.*

4. Based on the premise that the state is the modular unit for planning, the observation that immediately has to be made regards *the need to revise the economic-administrative* relationships between the federal government and the states constituting the union.

Speaking of the revision of the relations between federal and state governments does not suggest the creation of multilateral organizations specifically created to design such a revision. Rather, the suggestion here is in the line of a change in the emphasis, approach, and/or philosophy of the central government when dealing in matters pertaining to domain of both levels of government. It is necessary to increase the awareness of the nation that it is in the national interest that the state-regions be strengthened both economically and administratively.

5. Those areas most susceptible in which to begin the revision of the relations between the federal and state governments are the financial and economic on the one hand, and the administrative on the other.

*In the financial area, it must be pointed out that the strengthening of the states' budgets is one of the measures of regional development of heaviest impact.*

Such a strengthening must be developed through two different kinds of measures.

a) The indispensable supposition for the application of these revised measures is the strengthening of tributary administration on the part of the states. The revision of fiscal relationships between state and federal levels of government, by means of a national fiscal convention, will have as its purpose that of broadening the tax base of the states and municipalities. This purpose cannot be achieved by use of "participations" or grants-in-aid, in which the federal government imposes a continually increasing number of taxes which it then shares with the states. It will only be achieved through a broadening of the tax base of the states and municipalities themselves, that is, revision of the areas of fiscal concurrence without fearing that the states will take over areas of taxation which have constitutionally been reserved to the federation. New taxes which are contemplated should not be limited exclusively to the federal domain.

b) On the other hand, it is convenient to analyze the establishment of a system of automatic cash subsidies which the federal government apportions to state and municipal programs. In other countries this mechanism, widely used, is known by the name "system of transfers" (grants).

Such a system of automatic transfers, not fiscal "participations", would be a desirable substitute for the multitude of federal programs carried on states and municipalities. Some examples are: potable water systems, drainage, programs of rural development, roads built mostly with hand work, and a myriad of federal activities which can and should be implemented by the state and/or municipal governments.

6. From the point of view of the administrative relationships, it is indispensable to study once again the constitutional norms that will determine the sphere of influence between the federal government and the states. From the point of view of the fundamental constitutional principle that indicates that everything which is not expressly stated as being in the domain of the federal government, should be reserved to the spheres of action of the states.

*7. Regional development requires that state and municipal governments become the executors of an increasing number of activities assigned to the public sector.*

There is little doubt that on the regional level, each state can carry out more efficaciously administrative and economic activities which,

by their very volume, result increasingly burdensome for the federal government. On the one hand certain traditionally public functions such as education, which because of the population explosion can no longer be effectively carried on from the central offices of the federal government. Thus, the indispensability of the decentralization of this function to the levels of the state-region and the municipality. On the other hand, every day the realm of public welfare acquires new tasks. Such is the case with the fundamental action of improving the quality of life, the preservation of natural resources, efforts against pollution, especially water contamination, and other tasks related to abrupt changes in ecological equilibrium which have begun to occur in many areas, the thesis is that these types of activities are becoming more important and that they may be undertaken with greater efficiency by local authorities.

8. The list of activities which the federal government should decentralize is enormous and is growing everyday. It should not be understood that by calling for decentralization one implies the return of activities that federal institutions realize centrally to the level of regional offices. This latter activity, without a doubt of great administrative utility, should not be understood as deconcentration. Rather, decentralization refers to the release of large blocks of functions and programs which federal organization carry out (or try to carry out) day by day, to be incorporated in the sphere of action of the local authorities. By way of example, the following functions and programs may be mentioned: small road programs; small irrigation programs and the formation of small irrigation districts; programs of potable water and sewer systems; programs of community development and health. With respect to the functions, besides those of education and the improvement of the quality of life which have already been mentioned, reference is made here to forestry and agricultural extension.

*In summary, regionalization in México should be a policy of real decentralization of programs and functions which today have a federal character and in the future will be state or municipal, with the corresponding federal financial support.*

The tendency which is noted in the foregoing conclusion should be reinforced by means of regionalizing the activities of the large ministries and federal institutes. In other words, the administrative decentralization of the secretariats of state to the level of state offices should be stimulated by all means possible.



9. *The formation of large metropolitan areas in diverse points of the country demands the creation of real urban and regional plans and is a fundamental exception to the principle of a regionalization based solely upon the federal entity.*

The metropolitan areas of the country, especially the Valley of México, present the greatest problems of regional development which until this moment, economists, political scientists, planners, and politicians have had to face. Urban development of the metropolitan areas necessarily implies the formulation of regional plans of high technical quality which revolve around delicate coordination mechanisms between diverse levels of federal, state, and local government.

10. The final conclusion is that the policy of regionalization in México, from the point of view of its administrative aspects, presents very positive and convenient tendencies for the present, but which definitely requires a complementary relation with other decisions. The recommendable measures for the present and those which should be developed in the future may be summarized in the following manner:

I. *Administrative Aspects of Present Regionalization Which Are Recommendable:*

- a) Strengthening of regional organizations which have shown themselves to be efficient.
- b) Creation of new regional organizations only as mechanisms of administrative coordination.
- c) Deconcentration of the activities of the large federal agencies to state agencies.

II. *Administrative Aspects of Regionalization Which Should Be Implemented in the Immediate Future:*

- a) Identification of the federal states as "natural" regions.
- b) Revision of the financing and administrative relations between the government of the union and the local governments.
- c) Strengthening of the state budgets by means of new tax measures which serve to increase the inventory of taxes and duties.
- d) Decentralization of federal programs to be transformed into state and municipal programs, in conjunction with the creation

of a system of automatic transfers which will give them the necessary financial support they require.

- e) Revision of the sphere of action of local authorities so that they—and not the federal government— may carry out some traditional public functions and others of recent conception.
- f) Specific treatment of the problem of urban areas by means of regional plans which impinge upon the federal government and several local authorities.

## INTRODUCTION

### *Regional Programs in México*

Once a nation has achieved internal peace and is reasonably sure of its national borders, one of its principal priorities becomes that of promoting socio-economic development, and it is safe to say that a majority of governmental acts are made with this goal in mind.

There have been differing criteria offered by which to measure development; but all have in common the idea of moving from one state of affairs in which some limitations are felt to another more desirable state. The very idea of conceptualizing a movement from one condition to another esteemed superior inevitably includes the notion of formulating some plan or strategy of how to achieve this desired change.

On the national level, the planning of this desired development has as corollaries ideas of regionalization and regional development, since planning involves decisions of what to produce and where to produce it; the "where" implies a region suited to the product and the "what" implies the emphasis of certain sectors of production.

There are two justifications frequently offered for regionalization; the one economic, the other social. The economist concerns himself with cost of congestion associated with having production centers located in a single area. When it is determined, empirically or in the judgment of government officials, that the marginal costs of congestion (the social costs generated by the addition of a new production plant) exceed the marginal benefit (social benefits generated by a new production plant) it then becomes recommendable to shunt the new plant to some other region where production resources are less concentrated and there are less problems from congestion factors.

There is evidence that the industrial and urban growth of the Valley of México has reached that condition in which the marginal costs of further growth exceed the marginal benefits. For example, in 1967

the per capita costs of services rendered by different levels of government in the Federal District was nine times higher than in the state of Oaxaca, 18 times higher than in the state of Guerrero, etc., while the per capita indices of production in the Federal District in 1960 showed productivity 6.5 times higher than in Oaxaca, 5.5 times higher than in Guerrero, etc. Summarized by Carrillo Aronte, this means that:

the Mexican government invests almost three times as much, relatively speaking, in each inhabitant of the Federal District, for peso of production, than in the poorer states of the country, which shows us again how costly has resulted for the nation the apparent "high productivity" of the inhabitants of macrocephalic central valley.<sup>1</sup>

One concludes, then, that it is neither economically efficient, nor socially desirable, nor politically viable that in a single nation there should exist such marked differences in per capita income among different regions. The Federal Government has followed a policy of apportioning resources dedicated to social and economic development of the poorer regions. The questions we have attempted to resolve in the study to be reported relate to the efficient administration of these resources and to their impact on regional development.

### *Regional Planning in Mexico*

Shafer reports that there have been federal studies and limited action in relation to regional problems in Mexico since the 1920's, but that the idea of regional planning was not highly publicized until the creation of the first river basin authorities in 1947.<sup>2</sup> Since then, the idea of planning for regional development seems to have taken root possibly because it appeals to the idea and understanding that there are 'many Mexicos', that the hinterlands should be better developed in relation to the Federal District, and to a growing belief in political federalism as against centralism. Use of the regional approach also appeals to national interest in irrigation and the development of hydroelectric resources.<sup>3</sup>

<sup>1</sup> Ricardo Carrillo Aronte, *La Estrategia del Desarrollo Regional de México: Evolución, Magnitudes y Perspectivas*, (México: Plan Lerma de Asistencia Técnica, sin fecha), pp. 30-31.

<sup>2</sup> Robert Jones Shafer, *Mexico: Mutual Adjustment Planning*, (Syracuse: Syracuse University Press, 1966) p. 96.

<sup>3</sup> *Ibid.*

### *The Definition of Regions*

Methodologically and technically speaking, planning for national development inevitably involves subdividing the country into regions in order that the plans may suit the characteristics and resources of different areas. This leads easily to the generalization that regions are defined on the basis of perceived homogeneities, and that the homogeneities selected for a given regional definition can vary widely, according to the designs of the political and economic planners.

The most extensive work done in Mexico on geo-economic regionalization of the nation to date has been carried on by Dr. Angel Bassols Battalla, who in his book, *The Economic Division of Mexico*,<sup>4</sup> discusses many of the factors entering into a geo-economic definition of regions. These include:

- 1) the preponderant groupings of phenomena related to production, distribution and consumption; with respect to production it is important that it be specialized on a national scale in which natural and economic factors are linked to integrate a significant area in the national economy;
- 2) The relatively autonomous existence of a region, in the sense that it possesses sufficient resources for its own present and future development so that it can integrate industry and agriculture in a way that satisfies local needs, providing human and natural resources on a scale that permits specialization.

He goes on to list some of the geographic and economic factors which enter into the process of establishing boundaries for a region; the topography, climate and soil; natural resources; density of the population; type and number of enterprises; raw material needs; technical manpower needs and availability; types of agriculture; distribution of private property; distribution of wealth; efficiency of communication networks; types of available transport; etc.

Considering these factors, Bassols Batalla divides the nation into eight zones for economic and social planning; each zone is divided into typical economic regions, and each economic region into sub-regions and micro-regions. Although theoretically sound from an economics standpoint, Bassols Battalla's work has had difficulty in being incorporated into national plans because he did not pay any attention to political boundaries.

<sup>4</sup> Angel Bassols Batalla, *La División Económica Regional de México*, (México. D. F.: U. N. A. M., 1967).

In another study, Carrillo Arronte takes into account many of the same factors as Batalla, but recognizes the need of an "optimal conciliation" among many factors of importance to the political decision makers. He then introduces the concept of the "unit-state" as a consideration of importance to national planning. His four principal points in defining a "region-for-planning" are:

- a) Continuity (a continuous geographical space).
- b) Homogeneity (definable in diverse ways).
- c) Statistical limitations (in existing data and its collection).
- d) Political-administrative limitations.<sup>5</sup>

The results of this analysis are the emergence of 10 Mexican 'regions-for-planning' that have been subsequently utilized by Nacional Financiera, S. A. in its studies and investment planning. Although many federal dependencies and agencies have utilized notions of regional systems in order to integrate development planning, Carrillo Arronte's scheme has not yet been applied at the national level. The majority of regional planning in Mexico has been done by sectors, according to the organization of the federal government secretariats charged with administrating each sector; i.e., Secretariat of Agriculture and Animal Husbandry, Secretariat of Public Works, etc.

### *Regional Planning in Latin America*

On the basis of a study of approximately 75 regional programs carried on in 14 different Latin American countries, Walter Stohr develops the concept of prototypical regions based on economic and resource factors, and making use of the notions of "center-periphery" which he calls:

- a) *Polar regions*, consisting of population centers enjoying political and economic power, and which absorb the economic potential of the peripheral areas in exchange for innovations, investments, administrative coordination, commerce, etc.
- b) *Areas of natural resources*, which, because of the high value of their resources to be exploited, are able to attract capital, technology, and qualified manpower at favorable rates of exchange.

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<sup>5</sup> Ricardo Carrillo Arronte, *Ensayo Analítico Metodológico de Planificación Interregional en México*, (Méx., D. F.: Fondo de Cultura Económica, 1973) p. 78.

- c) *Regions of slow or stagnant development*, which run the gamut from zones of marginal agriculture to older industrial areas whose competitive capacity has declined to the points of stagnation because of external market conditions effecting the value of resources, products and/or transport.
- d) *Deprived regions*, which owing to the lack of natural resources desired by external markets and/or urbanized areas, suffer a loss of factors important to their development, including the drain of economically active population, economic loss due to unfavorable conditions of exchange, and the absorption of decision making by "polar regions."<sup>6</sup>

Dr. Stohr, together with the classification suggested above, also recommends differing strategies of planning and policy for each of these categories, aimed at raising the economic conditions of the region or zone to a level of self-sufficiency.

Mexican experience in regional planning, however, does not always fit too well into these economic categories, possibly because a majority of them have been financed from the federal treasury with the intent of relieving seriously deprived areas of poverty and backwardness exacerbated by remoteness, inclement climate, perennial flooding or other problems amenable to amelioration by the construction of basic infrastructure supports; roads, dams, irrigation, schools, etc. That is, there is evidence that many regional development programs have been undertaken for overriding reasons of attempting to improve socio-economic conditions for the residents of the region rather than with strict economic criteria of self-sufficiency in mind.

Withal, we believe that Mexican experience in regional planning and development programs can provide important and interesting lessons for the Third World, and it is with this desire that we have carried on the study herein reported.

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<sup>6</sup> Walter B. Stohr, *El Desarrollo Regional en América Latina: Experiencias y Perspectivas*, (Buenos Aires: Ediciones SIAP, 1972) pp. 127-133.

# I

## METHODOLOGICAL REMARKS

After making a more or less complete inventory of the various development commissions formed since 1950, we selected a dozen or so cases for careful study, with special interest in tracing the evolution of structural and administrative utilized in their implementation.

Since we wanted to make use of the technical literature treating such programs, we kept in mind the academic disciplines under which many of the homogeneities defining regions are studied. Our inventory revealed experiences of having created development region on the basis of:

- 1) Climatic similarities, such as the National Commission for Arid Zones.
- 2) Geo-economic factors, such as the Chontalpa Plan and the National Frontier Program.
- 3) Hydrological factors related to river basin development, such as the Papaloapan River Commission and the Grijalva River Commission.
- 4) Ethnic-cultural factors, such as the Huicot Plan and the Commission of the Indian Patrimony of the Mezquital Valley.

The examples mentioned above transcend political jurisdictional boundaries; they generally cover geographic areas larger than a single state, which may have been a contributing factor to the creation of *ad hoc* commissions charged with stimulating and coordinating development plans for each of these regions. However, it should be noted that we also found this same structural format used in several intrastate projects, especially when the project had economic importance for the entire nation. A case in point is the steel plant being built at Las Truchas, Ciudad Cárdenas, Michoacán, and several dams capable of generating considerable hydroelectric energy.



Since the principal focus of the study was on administrative aspects of regional programs, we felt it convenient to include some examples of federal attempts at decentralization by establishing regional offices in our study in order to compare these with *ad hoc* agencies, already mentioned. The Secretariat of Public Works has the responsibility of infrastructure construction in the entire Republic, and because of distances and geographic variation in programs to which it must adapt, it has been creating regional offices in each of the state capitals, and we felt it useful to look at the functioning of this system.

Another relatively recent attempt to improve administrative coordination among federal dependencies involved in multiple programs all over the nation has resulted in the creation of intersecretarial commissions. We wanted to learn if such commissions have been able to solve serious problems of coordination among dependencies supposedly working together on specialized aspects of regional programs.

### *Administrative Structures for Regional Programs*

The selection of an administrative structure specifically suited to a given regional project presents a modern bureaucracy with a classic dilemma. First of all, the bureaucratic form of organizing the efforts of a large number of functionaries, whether in the public or private sectors, achieves its supposed efficiency by means of reducing complex processes and procedure to a number of relatively simple operations of fairly short duration. With this subdivision of tasks, it becomes fairly easy to train the employee in the specific step which he will repeat with each operation time and again. The system, the classic bureaucracy described by the famous sociologist, Max Weber, can only function through the standardization of structures, procedures, paperwork, and job norms.

We will not here speak of the costs of such a system, which invariably produces the "bureaucratic syndrome" in the behavior of the functionaries organized according to the rules; their boredom with their repetitive tasks, the dehumanizing aspects of hierarchical treatment of employees, the cynicism toward the public they are supposedly serving, and the excessive preoccupation with forms and paperwork. The predominating reasons which seem to obligate the use of bureaucratic systems in complex organizations (as modern governments are) are the needs for "rationality" and "efficiency" which comes from the

standardization of procedures and structures, and which, by themselves, obligate a minimum level of internal coordination of functions.

When considering an administrative structure for a specialized regional program, the bureaucracy is immediately presented with the dilemma: shall we apply our standardized procedures to this new problem, or shall we recognize that its conditions are sufficiently novel so as to require another format? Our studies of regional programs in Mexico reveal that there has been experimentation with a variety of structural formats, and we have proposed to attempt to evaluate them in their historical, political and geo-economic contexts.

### *Administrative Problems to be Resolved*

#### *1. The Kind of Structure to Utilize:*

There are a number of contextual factors to take into account for the selection of an organizational structure; these revolve around the goals to be achieved, technology utilized, decisional autonomy to be assigned, physical and budgetary dimensions of the program, psycho-cultural factors for both functionaries and beneficiaries, relationships with dependent governments at different levels, etc.

#### *2. Functions, Limitations, Authority:*

How much administrative autonomy will program administrators be given? Can they only coordinate the efforts of other federal dependencies assigned to do the actual work, or will technicians and operating manpower be employed to perform the program functions? What are the budgetary and time limitations in relation to achieving certain objectives? Will the project chief have hierarchical rank enough to be able to oblige cooperation, or will he be reduced to begging cooperation from other agencies critical to the project?

#### *3. Political Relationships:*

What forms does the political representation necessary to the regional project take, both upward as well as downward, towards the grassroots?

#### 4. *Budgetary Considerations:*

What kind of a system is created to control the use of financial resources in the achievement of project goals? From whence come initial as well as continuing financial resources? Is there any attempt to develop a budgetary control system linked to a cost/benefit evaluation of work already done?

Utilizing the above as categories of analysis, we will now proceed to an abbreviated description of the program studied, noting, when possible, comparisons and contrasts in their administrative structures and functioning. We will begin with one of the early attempts in Mexico to develop a river basin by means of the creation of a special commission.

## II

### HYDROLOGICAL REGIONS

#### *The Commission of the Papaloapan River*

The *Diario Oficial* of April 24, 1947 announced the creation of a technical and administrative agency, within the Secretariat of Water Resources, charged with planning, design and construction of works necessary to control and channel the waters of the Papaloapan River, located principally in the State of Veracruz but with branches in Tabasco and Oaxaca. The Commission was responsible for the planning and integrated development of a vast zone, including the construction of dams, irrigation systems, generation of hydroelectric power, drainage and sewage systems, provision of potable water, drainage of swamp areas, campaigns to control insect plagues, etc. Related work to be realized included construction of ports and navigable channels, roads, railroads, telegraph and other communication links, etc. The Commission was also made responsible for colonization of newly developed areas, agricultural and industrial development, as well as population centers.

Barkin and King, in their study of regional development in Mexico, comment that the Papaloapan Commission was the initiation of a new focus in Mexico as concerned problems of regional development. Its organizational structure was modelled after the Tennessee Valley Authority, but with less autonomy and a wider range of responsibility since its charter included the promotion of socioeconomic development for the inhabitants of the area, the restructuring of land tenancy practices, alphabetization and education, etc.<sup>7</sup>

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<sup>7</sup> David Barkin and Timothy King, *Desarrollo Económico Regional* (México, D. F., Siglo XXI Editores, 1970) p. 97.

### *Administrative Structure:*

The Commission was headed by a chairman, who was also the Secretary of Water Resources, and two members appointed by the President of Mexico. The executive member looks after the interests of the Secretariats of Finance and Public Credit, and National Properties and Administrative Inspection in connection with the Commission's activities.

This Commission was given authority to employ technical and operating personnel necessary to the carrying on of their work, which resulted in development of a technical group capable of planning, design and construction of the different segments of the program.

### *Functions, Limitations, Authority:<sup>8</sup>*

During its evolution, the Commission seems to have passed through the classical stages of the development of regional planning, that is:

a) an *ad hoc* organism is created to respond to specific problems occurring in a well-defined region;

b) the agency proceeds with an evaluation of diverse problems affecting the area and its sub-regions, such as flooding, erosion, insolation, low standards of public health, lack of schools, etc., for each of which plans and strategies are elaborated which orient proposed work projects;

c) implementation of the plans begins, with continuing concern for the integration of program in diverse subregions, and taking into account the interrelations and impacts of a socioeconomic nature;

d) a number of the major projects are completed as funding permits, with major attention placed on solving immediate physical problems by means of the construction of infrastructures necessary, in this case, for flood control, irrigation, communications, agriculture, etc.

This last stage requires the creation of a regional administrative structure capable of anticipating and solving complex problems of

<sup>8</sup> Data relating to the Commission Papaloapan based on a study by Ing. Abelardo López Suárez, Feb-Mar, '74 (Institute of Urban & Regional Development, Toluca, México).

coordination, the assignment of functions, the creation of temporary units for specific needs, etc.

### *Political Relationships:*

At the time the Papaloapan Commission was created there were no previous models of organizational structures designed for regional development programs in Mexico. Since the major problems of this particular project were related to river basin development, and their resolution depended mostly upon engineering operations, it was very natural that this project be placed within a single federal secretariat with demonstrated competence in this field, that of Water Resources.

Furthermore, the project began with a clear mandate with respect to priorities, objectives, and geographical limits. And since the funding was entirely handled by the federal treasury, the fact the geographical area covered more than one state and a number of municipalities did not seem to cause problems too difficult for the Commission to resolve. At times, this involved working closely with local political authorities, respecting their autonomy in decisions affecting the lives and property of inhabitants of the area. In one example, when for technical reasons it was deemed necessary to construct a flood control dam in a place called "Cerro de Oro," the inhabitants of the basin expressed their opposition to the idea. But after a number of meetings with local authorities and the people themselves in which the objectives were clearly explained and they understood the compensations and benefits for themselves as well as the entire region, there was unanimous approval to continue.

### *Financial and Budgetary Considerations:*

During the first 25 years (1947-72) of the project, \$ 1,236 millions of pesos (\$ 80,000 US dollars per million pesos; \$ 98.8 million dollars) were invested in the projects, divided as follows:

Hydraulic projects	41%
Communications	24%
Social programs	11%
Administration	10%
Planning studies	5%
Agricultural programs	4%
Miscellaneous	5%

Work realized by the investment of these resources include several dams providing both hydroelectric power and irrigation for a large area, construction of 2,083 km. of roads and a number of airstrips, dikes and levees along the river in many areas totalling 171 kms., and many installations providing potable water, schools, sewer systems, etc.

### *Evolution of Functions and Structure:*

After 25 years of operations, in 1973 a special commission was named to restudy the problems currently existing in the Papaloapan valley as well as the work of the Papaloapan Commission in recent years. The Commission's budget was suspended while the study went ahead. When the study report was turned into the Presidency, it was resolved that the Papaloapan Commission should continue to function with much the same responsibilities and organizational structure as was given it at the time of its creation. The report itself was not made available to us, but public documents indicate that the Commission was charged to develop short, medium and long range plans for the continuing development of the area, giving special attention to its industrialization. The decree announcing the presidential decision for the Commission to continue with its work gives specific orders for the restructuring and enlargement of a paper plant, two sugar mills and a packing plant, as well as a number of other public enterprises related to the agricultural production of the area.

A look at the short, medium and long range plans which were developed by the Commission staff indicate that more emphasis has been placed on socioeconomic development of the zone, now that basic infrastructures have been largely completed. Some of the new projects include: a) the promotion and development of agriculture, forestry, and rural handicrafts; b) education, with emphasis on the development of youth programs via youth clubs; c) health and welfare, improving the home and nutrition, and providing better health care; d) continuing to build small irrigation projects, water supplies for small communities, school buildings, electrification projects, etc.

The actual carrying out of these programs is now the responsibility of a number of federal agencies; Agriculture, Education; Industry & Commerce; Public Works; etc. This means that the Commission has changed from a relatively autonomous agency which used to carry out a lot of its own projects in early years to a coordinative function,

with only a planning staff and a small amount of technical advice to the operating agencies specifically responsible to implement their respective parts of the plans. We shall see that this is the operating model of the current President of Mexico in our study of the creation of more recent agencies to promote regional development in other areas of the Republic.

Information on current funding to the Commission was not available; public documents indicate that the federal government will invest a total of \$ 1,348 million pesos in the state of Oaxaca during the current administration (1970-75); \$ 187.6 millions during the current year (1974). It is understood that these are operating and construction costs to be spent by the different federal agencies within the state; there is no breakdown of just how much of this is included for the implementation of the development plans under Commission supervision.

### *The Río Grijalva Commission and the Chontalpa Plan<sup>9</sup>*

The Chontalpa Plan was conceived in the early 1960's as an integrated program for the development of an area in the state of Tabasco called La Chontalpa. Covering about 800,000 hectáreas of very fertile soil, agricultural production was severely limited because of constant flooding due partly to overflowing rivers and partly to the lack of natural drainage channels. The investments needed to correct these problems were of such dimensions that only the federal government was able to plan for it.

The Río Grijalva Commission, created in 1959 to develop the Grijalva river basin by means of the construction of dams for hydroelectric power, flood control and irrigation program, is the operating agency responsible for the implementing of the Chontalpa Plan.

### *Conditions at the Beginning of the Project:*

It is reported that the Chontalpa region suffered a general condition of poverty and backwardness; rural dwellings had mud floors and thatched roofs, there was no potable water system available, and 40% of the adult population were illiterate. Agricultural and indus-

<sup>9</sup> Data taken from a study by Dr. Hermógenes Moreno and Lic. Gordon Linden, of the Institute of Urban & Regional Development, Toluca, Méx. (March, '74).



trial production were nil and without prospects of any remedy due to the frequent overflowing of local streams.

### *Objectives:*

According to documents related to the Grijalva Commission, the principal objectives of the river basin project, begun in 1959, were to elevate the productivity of the zone and by projection the income and levels of consumption of rural families inhabiting the area. Another version of the objectives, obtained from a number of personal interviews with employees of the Commission, is that they are charged with the integral development of the area. This latter definition would seem to be the more descriptive of the actual activities of the Commission, since investments of resources have not been limited to the agricultural sector associated directly with raising the productivity of the area. Money has also been invested in housing programs for rural families, potable water and sanitation systems, electrification, schools, and health clinics in nearly all of the population centers constructed under Commission auspices.

### *Administrative Structure Utilized:*

The Grijalva Commission is described as a "decentralized" agency established within the Secretariat of Water Resources. Decentralized in the Mexican context generally refers to a liberal measure of autonomy given to a public enterprise charged with the management of such agencies as the national petroleum company, PEMEX, the nationalized railroads, electric generating and distribution systems, telephones, as well as a number of commercial operations created to protect the farmer from unscrupulous middlemen and the working man from price gouging in the purchase of primary product needs.

In the case of the Grijalva Commission, it is constituted by the titular Secretary of Water Resources and two members named by the President of the Republic. Operating and technical personnel are organized into four departments: Technical, Administrative, Social Promotion, and Operation and Maintenance.

It was hoped that in structuring the Commission as a semiautonomous agency within a single Secretariat, that problems of coordination experienced in intersecretarial committees could be overcome.

The language of the decree which created the Commission justifies this kind of organization as follows:

even placing it within this Secretariat would be prejudicial to the effective and coordinated development of all of the projects to be done if they were divided among the different dependencies, each having its own responsibilities, and thereby losing the unity of action required; judging it convenient to create an agency which from within the Secretariat of Water Resources will be able to develop the studies and designs of the projects to be realized under their own responsibility, while attending to the suggestions of all and each one of the other Secretariats and taking advantage of their cooperation in respect to their functions; so that this agency will have the necessary powers to make decisions and the necessary liberty for the administration of funds in order to make it easier to realize its work.

The language of the decree, however convoluted, causes us to conclude that problems of coordination among specialized functions to be realized by different federal operating agencies was already a problem requiring some thought and administrative adjustment. In creating the Grijalva Commission, there was some idea of experimenting with a more autonomous agency to see if some of the coordination problems could not be overcome.

#### *Comparison Between the Two Commissions:*

One can observe a close similarity in the structuring of the Papaloapan and Grijalva Commissions, one created in 1949 and the other in 1951. Both regional programs were centered around engineering projects to control river waters, so that the type organization formed and its placement in the federal hierarchy as a dependency of Water Resources seems a wise decision. Our investigations, made after more than two decades of functioning, indicate that at least as far as infrastructure construction is related to regional development, these organizations gave adequate results.

We must indicate one fundamental difference between the two programs, however. While the Papaloapan Commission engaged in a wide range of operating functions, including planning, in the early phases of their project, in the case of the Grijalva Commission the IDB (International Development Bank) gave loans covering 47%

of the initial \$ 775 million pesos invested, and all of the construction projects were subcontracted out to the private sector. Prior to granting the loans, the IDB, as is customary, insisted on well-developed plans covering short, medium and long range aspects of the program.

### *The Plan Chontalpa Trust*

Once some of the basic hydraulic projects initiated by the Grijalva Commission were completed, the government created a "fideicomiso" or trust to administer the funds assigned to the socioeconomic development of the Chontalpa region. While the functioning of the Commission seems fairly straightforward, given the engineering nature of its major assignments and its uncomplicated arrangements within the Water Resources Secretariat, the Trust was given the responsibility of programming and coordinating a great variety of activities to be carried on by a number of different federal agencies in an attempt to achieve the "integral" development of the area. The Trust created a technical committee to make resource allocations and operating decisions regarding its own work: this committee also attempts to channel functions carried on by other federal entities responsible for schools, health clinics, electrification, agricultural development, etc. so that there is some sense of coordination within the guidelines of the development plan for the region. The technical committee also achieves coordination with local political authorities by naming as its president the governor of the state of Tabasco; representatives from Water Resources and Agriculture constitute the other members of this committee, together with other related dependencies when their resources are needed.

### *Agricultural Development:*

The Trust has developed a program of agricultural credits and loans to the "ejidos" or communal farms of the region, and by means of credit guidelines, manages to exert some control over the combination of crops which are seeded from year to year in relation to market conditions and national needs.

### *Coordination of Communal Farming*

It was of considerable interest to our researchers to observe how the *ejidos* have become one of the crucial elements of socioeconomic development of the region. These are operated as an agribusiness enterprise under their own internal charter and regulations. There are now 22 of these collective farms covering 81,000 hectáreas as a result of the first phase of the development plan. Each *ejido* consists of approximately 200 families and each family has rights to 13 hectáreas (app. 37 acres). Each collective farm is managed by a general assembly made up of *ejido* members, which in turn elects an executive junta which is placed in charge of daily administrative decisions. The elective slate which loses a given election is automatically constituted as the vigilance committee. These farming enterprises can request technical advisement from the technical staffs of the Grijalva Commission as well as the Chontalpa Plan Trust.

### *Functions, Limitations, Authority:*

To sum up, the Grijalva Commission was organized in 1951 as a decentralized enterprise within the Water Resources Secretariat, and subsequent experience seems to have demonstrated its efficiency as an investment agency for river basin development. Its small number of administrative levels has given it a certain flexibility in functioning, and its ability to survive a number of successive presidential periods would indicate that it has been able to satisfy the aspirations of the different public and private sectors associated with the region.

In contrast, the Chontalpa Trust, has been limited to coordinative functions, but backed by its control over investment funds. It has successfully stimulated agricultural and socioeconomic development in the region through such devices as loans and credits, restructuring of land tenancy, an extensive infrastructure, support systems, etc., while leaving responsibility for local economic progress to the *ejidos* (collective farms).

### *Political Relationships:*

The Grijalva Commission seems to have resolved political problems in two ways: a) it has enjoyed the open support of the President and

high level functionaries continually, and b) it has been careful to establish communication links with state and local government officials in the region for prior consultation as regards the location of important infrastructure projects. Since all of the funding has come from federal sources, local authorities see themselves as beneficiaries of the program and tend not to stand in the way of the individual projects.

*Budgetary Considerations:*

For comparison, we produce below a table showing yearly investments in the Papaloapan and Grijalva programs. They represent funds channeled through the Commissions themselves, and do not include the value of other public projects realized in the area.

INVESTMENTS IN THE PAPALOAPAN AND GRIJALVA  
PROJECTS

(millions of pesos).\*

<i>Year</i>	<i>Papaloapan</i>	<i>Grijalva</i>
Total	\$ 1,023.8	\$ 1,043.0
1947	7.8	
1948	16.0	
1949	21.0	
1950	37.5	
1951	77.9	
1952	11.6	
1953	115.1	5.0
1954	99.7	9.9
1955	96.6	13.6
1956	88.9	26.3
1957	89.0	28.0
1958	102.8	34.8
1959	40.8	24.3
1960	24.3	57.9
1961	30.0	49.4
1962	21.1	246.9
1963	23.7	412.3
1964	20.0	135.0

\* Current prices, adjusted to the index of public investment costs, *Manual de estadísticas básicas*, Banco de México.  
SOURCES: David Barkin and Timothy King, *Desarrollo Económico Regional* (México, D. F.: Siglo XXI Editores, 1970), p. 97.

A perusal of the chart will show that in 1959 investments allocated to both projects dropped appreciably; the large increase in the Grijalva program in 1962-64 is believed to be due to the loans from the International Development Bank. After the review and study by special commission of the Papaloapan project in 1973, new funding was allocated to that area for industrial development projects as noted earlier.

Our studies and interviews have not revealed the existence of any budgetary system developed and used internally by any of the projects which links expenditure controls to cost/benefit analysis. There seems to be periodic reporting of achievements to agency headquarters and to the Office of the Presidency, which undoubtedly doublechecks these reports with information from other reliable sources. However, such reports and decisions are not made public and were not made available to us for the purposes of our research.

#### *Evaluation of Economic Effectiveness: Chontalpa*

A review of the data on agricultural production in the Chontalpa zone reveals that the programs have definitely resulted in increased production, and by extension, the levels of income and of consumption of the inhabitants. Some of the data is presented in the chart which follows, where it can be noted that from 1968 to 1971 average production doubled each year; from 1971-73 the rate of increase dropped to 16% per year.

Another indicator of the economic development of the region is the increase in per capita income; in 1968 the figure given was \$ 900 pesos (\$ 72 US dollars) or roughly 1 500 pesos (\$ 40 US) per family. In 1972 the per capita income had grown to \$ 1,200 (\$ 100 US). The Commission planners remind us that many of the development projects will not mature for another 20 years, during which time there should continue to be a regular improvement in individual and family incomes.

Industries processing agricultural products are being installed in the Chontalpa region. These include a sugar cane mill with a capacity of a million tons per year; five banana packing plants in different collective farms; state-operated grocery stores catering to basic needs; and drying/fermenting plants for cacao. Plants are drawn for the construction of meat packing plants, rice mills, grain mills producing stock feed, refrigerated trailers, and banana dehydrating plants. It is understood that these projects will take time before the zone begins to feel the economic multiplier effects of their operation.

*Regional Exports*

Regional development theories speak of the promotion of local products which might have a comparative advantage in production costs in relation to the national (and/or international) markets. In the Chontalpa region, the banana seem to be the product most likely to have a comparative advantage in terms of a wider market. The banana production in the Chontalpa area represents 70% of the total production of the state of Tabasco, and constitutes 18% of total national production. The region and the state export bananas to other areas.

AGRICULTURAL PRODUCTION IN THE CHONTALPA REGION  
(millions of pesos)

1968	\$ 1.5
1969	4.1
1970	18.6
1971	40.3
1972	46.0
1973	56.0 (estimated)

SOURCE: Commission of the Grijalva River.

There is no doubt that the inhabitants of the area live better as a result of the Chontalpa programs. About 4,000 families have been directly benefitted; these now live in the 22 population centers associated with the collective farms (*ejidos*). Secondary and tertiary effects are also being felt as a result of the generation of new industry and commerce. An example is the city of Cárdenas, Tabasco, where the Grijalva Commission is headquartered; it has grown from 6,000 inhabitants in 1965 to 25,000 in 1973; a rate of growth of 19% per year.

*Recovery of Investment*

Assuming that the gross product from the area will continue to grow at the rate of 16% yearly, and not considering the interest on the IDB loans, it can be calculated that the investment costs of \$ 775 million pesos could be recovered in about 20 years, that is, by 1987.

However, such calculations do not represent the reality of the case, since the figure of 16% represents the gross product of the region, from which it is necessary to discount the cost of raw materials in order to calculate net growth, or the "added value" to the region's production. If we estimate the added value at 50% of the gross product, then the region will take 35 years to recover the investment costs of \$ 775 millions, that is by 2,002. Looking at these figures, one is left to wonder if the nation might not have invested in other projects which would have given a better return to the entire country.\*

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\* Calculations on investment recovery done by Dr. Hermógenes Moreno, Institute of Urban & Regional Development, (Toluca).



### III

## ETHNO-CULTURAL REGIONS

Our examination of regional programs up to this point has been limited to examples oriented around the development of river basins, where the principle investments have been assigned to engineering projects such as the building of dams, roads, irrigation systems, etc. We now move to the study of two different projects of regional development in which the sense of "region" depends the fact that the area is inhabited by people of an appreciably different culture than that which is commonly shared in the rest of the country.

### *The Indian Patrimony of the Mezquital Valley*<sup>10</sup>

Approximately 100 km. north of Mexico City is found a region called the Mezquital Valley, traditionally inhabited by two ethnic groups, Otomí Indians and many "mestizos" or mixed-blood descendants. The region include 32 municipalities of the State of Hidalgo, covering an area of 989,000 hectares. The climate is variable, but generally hot and dry. Population is estimated at 460,000 inhabitants.

The Otomís, in spite of living within reach of Mexico City, have been slow to adopt the Spanish language and predominant culture of the rest of the nation. Their communities have suffered from conditions of general porverty, unenployment, lack of basic services such as potable water systems and drainage, illiteracy, poor nutrition and meager health services, excessive fragmentation of private and comunal property, etc.

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<sup>10</sup> Based on data from a study done in March-April, '74 by Dr. Humberto Tapia Sánchez and Lic. Jon Roybal (Institute of Urban & Regional Development, Toluca, México).

The *Patrimonio Indigena del Valle de Mezquital* (PIVM) which can be roughly translated "The Indian Patrimony of Mezquital Valley", was created in 1951 to design and implement a program of economic development for the entire region covering the central part of the state of Hidalgo on the southeast corner of the central plateau.

The historical development of the PIVM dates from 1935, with the creation of an Institute of Social Research in the El Mexe School, located in the Mezquital Valley. The work of the Institute was directed by a distinguished anthropologist, Manuel Gamio; later by Alfonso Fabila. The research produced a collection of socio-economic studies of the Mezquital Valley.

Another early institution contributing to the PIVM was the establishment in 1936 in Ixmiquilpan, principal settlement in the valley, of a "*procuraduría de comunidades indigenas*", an organization formed to defend the legal rights of the Otomíes and to promote their development. These initiatives, through various organizational changes over the years, resulted in a Presidential decree dated December 21, 1951, which created the PIVM and whose principal objectives were to promote the integrated development of the Indian settlements of the region.

### *Organizational Structure:*

The PIVM was created as a decentralized agency, with its highest authority placed in a council formed of representatives of a number of federal agencies and departments: Finance, Agriculture, Water Resources, Education, Health, Communications, the Department of Agricultural Promotion, the Olive and Desert Zones Commissions, the Indigenous Institute and the State of Hidalgo. Executive authority was vested in a "*Vocal*" named by the President himself, but the organizational charter requires the PIVM to work principally as a promoter and coordinator of different development projects which are actually implemented by federal agencies named.

### *Planning Philosophy:*

Marzal Fuentes, in a thesis study of the PIVM published in 1968, traces the philosophy underlying the basic development planning for the region to anthropological and social premises developed over the

years in the National and International Indian Institute, and which he states as follows:

- a) A basic supposition is that the Otomí should not be removed from the Mezquital Valley.
- b) The PIVM's role is that of overall coordination of work done by the different federal agencies.
- c) To avoid paternalistic dependency by the Indian on the PIVM as an institution, there will be a charge for its services.
- 4) PIVM programs should be subsidiary to individual development; that is, it should place the Otomí in situations which will develop his own resources.
- e) PIVM interventions should be regional, integrated, and temporary in the sense of being halted when local development makes them no longer necessary.<sup>11</sup>

*Functions, Limitations, Authority:*

The principal objectives of the PIVM, as we have said, are to promote integrated development in the Indian settlements in the Mezquital Valley. It has been given its own budget with decisional autonomy in its use, and with which it carries on socio-economic studies as bases for planning and coordinating programs implemented by a number of federal agencies. Generally, agency technicians from the different departments generate sub-programs touching the fields of specialization of their agencies, which are then submitted to the executive member and the council for approval and coordination with other on going programs. Actually there are more than 20 federal agencies, institutes, commissions, committees, boards of patrons, universities, etc., now working in the valley.

We learned from interviews with PIVM functionaries that the administrative style can be characterized as "democratic and collegiate" rather than bureaucratic-hierarchical which is so common in government structures. We were told that there are no privileged departments of the PIVM in decision making; the department heads meet together on a collegiate basis, and function as a technical council for advisement to planners as well as working with the research department in the anthropological studies carried on by personnel from the National University.

<sup>11</sup> Manuel Ma. Marzal Fuentes, "La Aculturación de los Otomíes del Mezquital", (Méx. D. F.: Universidad Iberoamericana, unpublished Masters Thesis, 1968) pp. 72-73.

*The Executive Member:*

The critical importance of leadership style to the smooth functioning of an organization like the PIVM can be observed by looking at the role of the executive member. In 1971 Maurilio Muñoz Basilio was named to this post. He is a professional anthropologist with experience in different coordinating centers of the Indian institute in Chiapas, Tlapa and the Sierra of Tarahumara. He enjoys the personal attributes of a natural leader with considerable executive capacity. Furthermore, he is an Otomí Indian, thereby representing a model worthy of imitation to the residents of the region, all of which considerably facilitates his functioning whether it concern resolving local complaints of residents or giving high-level guidance at the top.

*Political Relationships:*

The demonstrated ability of the executive member coordinate the work of so many different agencies has earned the approval of the President himself as well as that of the Secretary of State. At the grassroots, he also enjoys the approval and support of the Otomíes, with whom he functions much as would an elected deputy or representative.

The personality and political support in high places of the executive-member has enabled him to attract and multiply financial resources for the PIVM in order to continue with its development programs, as will be seen in the following section.

*Budgetary Considerations:*

The average operating budget of the PIVM over the years has been about \$ 17 million pesos, but owing to the initiative and success of the current executive coupled with a renewed interest at the presidential level, in 1973 the budget was increased to \$ 26 million pesos, and in 1974 to \$ 34 million. These amounts do not include the value of investments in specific programs carried on by the federal agencies, which total much more than the internal budget of the PIVM. The President continues to show a keen interest in promoting the economic development on the Mezquital Valley, which is reflected in considerable activity in the area by the different agencies operating from the federal budget.

### *The Huicot Plan*<sup>12</sup>

We felt it would be useful to study another regional program oriented around ethnic-cultural aspects, but of much more recent creation, to see if two decades of experience might have produced an organizational model capable of more efficient functioning. The Huicot Plan, created in 1970 as the Coordinating Center for the Development of the Huicot Region inhabited by Huichol, Cora, and Tepehuane Indians, together with *mestizo* descendents, was selected.

#### *Historical Background:*

The geographical region covers parts of four different states; Nayarit, Durango, Jalisco and Zacatecas, representing about 27,000 square kil6meters. The topography of the entire area is one of the most broken and rugged of all the Republic, being located in the western Sierra Madre mountains and including the western end of the Lerma-Santiago river basin. There are Indian communities scattered throughout the region, including Coras, Huicholes, Tepehuanes, Mexicaneros, Tepecanos and *mestizos*, totalling approximately 70,000 inhabitants.

#### *Historical Antecedents:*

In mid-1965 a group of technicians from the *Plan Lerma de Asistencia T6cnica* (PLAT), concerned with the protection and development of the vast Lerma River Basin, conceptualized what they named "Operation Huicot" to promote the socio-economic development of the indigenous inhabitants occupying this particular area. Their focus was to gather together all of the basic information necessary to an integrated plan designed to stimulate and develop the economic and productive potential of the region.

As a response to PLAT's Operation Huicot, in 1969 the governor of the state of Nayarit, together with his counterparts from Durango, Jalisco and Zacatecas, formed an interstate Committee for the Development of the Western Sierra to begin to implement some of the projects suggested in the Operation Huicot planning. Representatives of PLAT, through relationships at both federal and state levels, promoted the

<sup>12</sup> Based on data from a study done in March, '74, by Dr. Humberto Tapia, of the Institute of Urban & Regional Development, Toluca, M6xico.

“federalization” of the plan in order to tap federal resources and provide a stronger institutional base for the operations. President Echeverría responded by creating the Huicot Plan by presidential decree in 1971.

### *Objectives:*

Policy guidelines for the socio-economic integration and development of Mexico's indigenous populations have been largely formulated by the National Indian Institute. Noting the great differences in the socio-economic levels of the indigenous population as compared to the national average, the institute promotes intensive programs designed to accelerate the rhythm of economic development in indigenous communities, while at the same time attempting to preserve basic cultural values of the people by buffering, preventing or avoiding, when possible, the intercultural frictions which are bound to occur. Whether or not these objectives are viable and compatible, the strategies emerging from this policy have the value of coming out for the preservation of traditional values while the beneficiaries themselves struggle with an adjustment to new socio-economic conditions with the passage of time.

### *Organizational Structure:*

The organizational structure assigned to the *Centro Coordinador para el Desarrollo de la Región Huicot* seems to have been modelled after that utilized for many years by the National Indian Institute in small projects among different indigenous groups all over the country, Maximum authority is located in a technical council constituted by the Secretary to the President, the General Director of the National Indian Institute, and an executive member, all named by the President (who also figures as head of the Council itself.)

### *Functions, Limitations, Authority:*

The executive member, who is responsible for the coordination of all work carried on by different federal agencies, has no formal authority which would enable him to pressure the different Secretariats to adjust

their programs and activities to the plans and guidelines suggested by the Technical Council of the Huicot Plan. He is left to depend upon his persuasive abilities in order to get these agencies to collaborate with each other to meet the month-by-month requirements of the regional program needs.

What has actually happened is that the Coordinating Center has assumed the function of providing logistic support to the executive heads of the federal agencies involved in different projects. Given the broken topography of the region, this generally involves specialized air transport for personnel in order that they can visit operational units in the field.

Most of the activities carried on by the federal agencies to date have been oriented towards the creation of infrastructure supports, basically roads, school buildings, communications links, etc. In all of these projects the strategy has been to hire local people and to carry out the projects in a labor-intensive way so as to incorporate labor investments into the monetary economy of the region. At this point in time, they estimate that 90% of the infrastructure work has been completed, and they are concerned with systematically moving the labor force into agricultural, handicrafts or commercial activities.

#### *Political Relationships:*

The program seems to enjoy high-level support from the Presidential Secretariat, which seems to produce a somewhat curious response on the part of agency heads. Information given in interviews commented on the different agencies competing with one another to report projects completed or under way in the region to the presidential offices.

Relationship toward the grassroots, toward the supposed beneficiaries inhabiting the region, is another story. There seems to be continued resistance, more marked in some settlements than in others, to the plans and designs of the coordinating committee which are viewed as producing undesired changes in the traditional culture and life styles of the inhabitants.

#### *Budgetary Considerations:*

The power base for promoting the implementation of the Huicot Plan lies in the presidential offices, and in his influence over the federal

agencies charged with carrying out the projects conceived in the plan. Each of these agencies exercises internal control over operating budgets, and can either promote or halt specific programs in the Huicot region as they desire. At the time of our study, the Secretary of Public Works had suspended further road building. A primary information source spoke to our researcher of "perversion of objectives", which was the name he gave to the tendency on the part of some of the agencies to carry out projects in the Huicot only because they wanted something to report to the Presidency rather than being truly concerned about the integrated development of the region and its inhabitants.

### *Budgetary Controls:*

The only visible instrument of control is the faculty to approve or modify the annual plan of operations to be realized, which is exercised by the Secretariat of the Presidency. Since that department does not have a technical staff with access to an information base necessary to rational decisions on this matter, this seems to be a fairly weak control mechanism.

It can be supposed that some informal control mechanisms also operate through political channels, since information regarding the local impact of different operations filters up to the top via the local and state political authorities, but it has been generally observed that these tend to operate only in the negative sense, to shut something down that is offending local interests.

### *Comparative Analysis of the Huicot Plan and the PIVM*

Having considered separately two cases of agencies created specifically to promote socio-economic development in regions constituted on the basis of ethnic-cultural considerations, it may be instructive to compare the organizational and administrative aspects of the two agencies to see if we cannot learn some inferences valid for a more general theory of the administration of regional programs.

### *Organizational Structures*

As previously noted, there are fundamental differences in the way the PIVM and the Huicot Plan organizations are structured. The PIVM



was constituted as a decentralized agency, with powers and autonomy to carry on its own internal administration and to allocate budgetary resources to the study and promotion of selected programs. In contrast, the Huicot Plan exists only as a coordinating center, with almost no autonomy of action, a limited budget dedicated principally to logistic supports, and total dependence upon the Secretariat of the Presidency and other federal agencies to carry on actual projects.

### *Leadership:*

At the present time, the hierarchical position of the PIVM executive director seems to be equivalent to that of agency heads; that is, his voice and vote are critical to whatever happens in the Mezquital Valley. He is given a fairly large operating budget from the federal treasury, as well as enjoying the collaboration of some 20 different agencies and institutes with specific interests in certain area projects.

In contrast, the executive member of the Huicot Plan finds himself in a clear position of subordination in relation to federal agencies. His budget is limited to administrative and logistic supports rendered to these agencies and their personnel, whose collaboration is necessary to the implementation of the Plan, but whose decisions to participate or not are dependent upon many factors exogenous to the region itself.

Both projects supposedly count on the personal support of the President, which should give them high priority. However, the continued interest for several decades by the federal government in the rehabilitation of the Mezquital has had an important impact on the region, and budgetary allocations continue to be much higher than for the Huicot region. Perhaps the "out of sight—out of mind" phenomenon is operating; the geographical proximity of the Mezquital Valley to the Federal District seems to have favored the continued support it has been receiving, while the Huicot region suffers from distance and inaccessibility. Undoubtedly other factors work against the Huicot as well; the relatively high cost of building roads and communications systems in its broken terrain, and the latent resistance of the different indigenous groups to some programs must surely have a negative impact on budgetary decisions.

### *Contextual Planning:*

One of the criticisms offered by our investigator after visiting the region of the Huicot Plan was that Plan technicians seems to have tried to impose one and the same on 5 distinctively different cultural

groupings, each with different levels of acceptance to outside influences and whose cultural idiosyncracies require varied approaches. In these conditions, the executive member has not been able to establish any rapport with his supposed constituency, and they continue to resist specific innovations introduced under Plan auspices.

This lack of programmatic flexibility is typical of large bureaucracies and paradoxically, is one of the principal justifications for creating regional agencies; that is, to introduce enough flexibility to be able to adapt to local problems and conditions. The fact that a single, generalized program proposed for the entire Huicot area is actively resisted by some of the groups would argue for a) more autonomy for the Plan, to allow it to make local adjustments within broad guidelines, or b) smaller regions, with plans and operations specifically suited to each one. It also causes us to question the widely-used strategy in Mexico of creating commissions to plan and coordinate programs whose actual implementers are federal agencies supposedly specialized in those functions. It would appear that administrative subdivision by function is not giving the local results that are needed for some of the reasons discussed above.

## IV

### OTHER REGIONS

Thus far we have considered cases of regional planning oriented around river basin developments and ethnic-cultural similarities. We shall next examine cases in which climatological factors, together with a few others, have formed the basis for constituting a region for development.

#### *The National Commission for the Arid Zones*<sup>13</sup>

During his electoral campaign travels, President Echeverría was given a series of petitions for projects and programs which seemed to have in common that: a) the needs required a program of several integrated steps or operations, and b) it was possible to define or limit the arena of action —because of the similitary of the problems—to the so-called “arid zones.”

It is easy to understand why, at the national level, investments from the private sector contributing to economic development tend to be concentrated in those areas where favorable natural conditions and ease of exploitation offer the fewest obstacles to their development. In the case of México, however, a bit of study reveals that 42% of the national territory is included within the definition of “arid zones”, and 17% of the national population inhabits them. Once the special character of their development problems were recognized, it was decided to make an effort to alleviate the difficulties and problems which have plagued the region until the present time.

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<sup>13</sup> Based on data proportioned from a March, 1974 study by Dr. H. Moreno and Lic. Gordon Linden, of the Institute of Urban & Regional Development.

The creation of the National Commission for the Arid Zones was announced in December, 1970, but it was not until April, 1973, that a decree was published which outlined the responsibilities and faculties of the Commission, together with specific programs to be implemented.

### *Area of Responsibility:*

The geographical limits of the region were established using the scientific definition of "semi-arid zones" as having between 250-550 mm. of annual rainfall, and "desert" having less than 250 mm. of precipitation. In Mexico these arid zones cover a total of 806,663.44 square kilometers, including parts of 19 states and 534 municipalities mostly in the northern reaches of the country.

### *Objectives:*

Public documents state the Commission's objectives to be:

The study, promotion and coordination of infrastructure projects and the industrialization of desert resources, in order to achieve better socio-economic development of the inhabitants, in close collaboration with the different federal and state agencies which will be the executors of the different works.

In order to achieve these objectives, the Commission was given powers to create and organize industries and enterprises which are deemed necessary to implement and develop specific programs of exploitation, and the industrialization and commercialization of products which can be obtained from national lands, ejidal properties and others included in the arid zones.

More specifically, the actual operations of the Commission have included the establishment of "machinery centers" to help with the agricultural programs of agricultural settlements; obtaining credit from national banks to promote economic development of benefit to the ejidal farms and communities of the area; creating regional training centers to train workers in collective farming, mechanization, and industrialization; establishing working agreement with universities, institutes and centers of higher education in order to promote research and obtain the services of graduates who need to give their year of

social service. An important part of the Commission's work has been to carry on feasibility studies prior to undertaking any specific projects.

#### *Administrative Structure:*

The Commission can be described as a decentralized agency answering directly to the President of the Republic via his Secretariat. Compared with other decentralized agencies established within one or another Secretariat (such as the Chontalpa Plan within Water Resources) the Arid Zone Commission theoretically enjoys a great deal of autonomy. However, it is important to note that the Secretary of Agriculture is the President of the Commission, and undoubtedly makes his influence felt in decisions which are taken.

Forming part of the Commission but in a more consultive role are representatives of 5 different federal agencies, 3 institutes and/or departmental heads, and designates from 17 different state governments. For actual operations, the Commission subdivides its personnel into four divisions: Technical, Socioeconomic Development, Industrial, and Legal. It has sufficient flexibility to increase or diminish the staffing of these operational units as requirements dictate.

#### *Functions, Limitations, Attributed Authority:*

As indicated earlier, the principal functions of the Commission are to initiate and coordinate different projects and programs, obtain credits and financing, promoting agrotechnification and industry and related commerce throughout the zone. Its technical staff selects areas or zones whose problems can be dealt with by a common program, makes studies to outline solutions to the problems, calculates a budget, and submits it to the Secretariat of the Presidency. Once approved at this level, both budget and operational responsibility are assigned to related agencies charged with doing the work. The Commission's technical staff continues to provide technical advice and coordination once the work is begun, but does not have control of the budget assigned to the project.

### *Financing:*

Some of the programs undertaken require financing from the national banking system. Almost always such projects are managed by *fideicomisos* or trusts specifically created to suit each case. The Commission itself has a budget limited to administrative and personnel costs.

### *Evaluation:*

Since at the time of our study the Commission has been functioning for only a year, evaluative data are unavailable. Preliminary information indicates that Commission efforts have already produced some tangible benefits for the zone. Infrastructure supports and other services are being provided to 11 different regional programs under way, many of which are related to small and medium-sized industry to develop autochthonous agricultural products. An interesting example is a program which is attempting to industrialize the production and use of a natural rubber produced by the guayule plant which grows in the desert. The Commission has carried on feasibility studies aimed at utilizing this natural rubber as a substitute for that imported from Brazil at the rate of 30,000 tons yearly.

### *Problems:*

Some of the problems encountered by the Commission to date include:

- a) the coordination of projects and programs in different areas which have not originated with the Commission, but with other public or private agencies, and which sometimes work at odds with Commission plans.
- b) the lack of institutionalized and stable policies and guidelines relative to the design and functioning of a wide variety of programs. In their absence, the Commission Director (Secretary of Agriculture) has been deciding about each on an *ad hoc* basis, based on his own experience and judgment. This manner of proceeding may have the advantage of flexibility, but it inevitably produces curious discrepancies and anomalies among procedures adopted for different projects.
- c) some resistance has been noted on the part of local and state poli-

ticians when their cooperation is requested for certain programs. When the regional boundaries were set according to meteorological criteria, political jurisdictions were forgotten. In practice, the Commission personnel have found it necessary to conform their plans and projects to existing jurisdictional boundaries, state or municipal, in order to receive the support of the local authorities.

d) other regional organizations, whose existence antedates that of the Arid Zones Commission, (such as the *Comisión para el Desarrollo Integral de Baja California*, CODIBAC) in some cases are responsible for the development of areas which overlap those of the Arid Zones Commission, running the risk of duplication of effort or of contradiction of purposes in some of their respective programs.

### *National Border Program*<sup>14</sup>

An interesting variation on the structuring of regional development commissions is to be found in the case of the National Border Program (ProNaF), which was constituted in 1961 as a *fideicomiso*, or trust, of the financial institution called *Nacional Financiera* in agreement with the Secretariat of Finance. Its founding director was Lic. Antonio J. Bermúdez, who continued in his functions until 1965. The program was given its own funding; during the first four years of operation \$411 million pesos were invested as follows:

Construction and urbanization	\$280 million pesos
Land investments and purchases	84    "    "
Administrative costs	47    "    "
<b>Total</b>	<b>\$411 million pesos</b>

When Lic. Bermúdez stepped down from his functions as Director, no new investments were made. From 1970 until the present, ProNaF has functioned as a management trust, administrating the industrial parks, commercial zones, lands, and border crossing facilities (with some "free port" privileges related to "*maquila*" or subcontracting labor-intensive work on the Mexican side of the border) which were constructed in the early years of its functioning.

It should be noted that ProNaF is not the only development-oriented

<sup>14</sup> Data from studies done in March & April, 1974, by Dr. H. Moreno and Lic. Gordon Linden, of the Institute of Urban & Regional Development, Toluca, México.

agency operating along the northern frontier. In 1966 the two Secretariats of Hacienda and Industry & Commerce initiated a Program for the Industrialization of the Northern Border designed to stimulate manufacturing operations built around the use of Mexican labor (*maquila*) by the use of fiscal incentives.

*Intersecretarial Commission for the Development of Frontier Zones*<sup>15</sup>

For still another variation on the same theme, there is the case of the creation in 1972 of the Intersecretarial Commission for the Development of Frontier Zones, constituted by representatives from the Secretariats of Finance, Industry and Commerce and Agriculture. This Commission has the same objectives as ProNaF, but without its own financing, in the form of funds and properties held in trust. Rather, it is limited to the use of fiscal and political incentives in trying to induce existing agencies to intervene by building or investing resources where it is deemed necessary or convenient. An example would be the construction of roads and communications by Public Works.

*General Committees of Material Improvements*<sup>16</sup>

Yet another type of agency which has been recently activated in order to promote development along the frontier is a series of "juntas" of federal, state, and municipal authorities, together with representatives from the private sectors. These juntas concern themselves with the promotion and construction of public works, with funding partly from government subsidies and partly from taxes generated at the frontier in import-export operations.

*Objectives:*

Several purposes have motivated this special attention given to the frontier belt in the creation of a number of agencies. From the point of view of the national economy, in 1960 the inhabitants of this region consumed goods and services whose value was calculated at \$221 millions of pesos, but a large part of this demand was being satisfied

<sup>15</sup>, <sup>16</sup> Ibid.



across the border in the United States market. By improving roads and transport linking the north with productive facilities located in the central region of Mexico, this market could be satisfied by Mexican products, thus avoiding foreign exchange imbalances.

Tourism from the north could also bring economic benefits to the region and the nation. By improving highways and the esthetic conditions of the points of entry, the country could promote an increase of visitors from its northern neighbors, thereby improving economic conditions through the provision and sale of goods and services in the tourist market as well as foreign exchange. By and large, these strategies have been successful.

#### *Economic Benefits:*

In 1961 the consumption of Mexican products in the frontier region was estimated to total \$434 millions of pesos; partly as a result of the programs just described, in 1970 consumption of Mexican products had increased to \$1,934 million pesos, representing an annual increase of 18%.

Another successful program has been the promotion of subcontract manufacturing along the frontier, locally called "*maquila*". By mid-1973, more than 250 such plants and operations were functioning, employing more than 40,000 persons and representing a total investment of over \$400 million pesos.<sup>17</sup>

#### *Administrative Problems:*

It cannot be denied that there have been administrative problems in the operations of ProNaF, which include: a) the fact that the agency was created at the petition of a single powerful figure; so much depended upon his personal intervention that when he left, there were hardly any institutionalized relationships with local, regional and national political decision makers; b) the activities and functions of the trust were established without envisioning any future role as a promoter of new projects, and there were no long range plans produced; c) the techniques selected to achieve immediate objectives seemed adequate for the short run, but when new needs arose, the

<sup>17</sup> Source: Fideicomiso de Conjuntos, Parques, Ciudades Industriales y Centros Comerciales; Nacional Financiera, S. A.

organization could not respond with innovative solutions. As a result, political authorities felt it necessary to establish new *ad hoc* agencies designed to meet specific needs.

At the present time the multiplicity of agencies operating in the frontier region requires an impossible amount of coordinative effort if any integration of their activities is to be achieved in the development of the region. This very problem was anticipated by Antonio Bermúdez at the time of the creation of ProNaF (1961). His recommendation was to create a Secretariat of Border Affairs in order to watch over and coordinate the integrated development of the entire region. Given the nature of Mexican political and administrative relationships, this might have been a more adequate solution, since a Secretarial level agency might have been able to wield enough authority to effectively sponsor and coordinate such a variety of enterprises. However, the response of the private sector in building industrial and commercial facilities was never anticipated 15 years ago. As it is, perhaps much less government intervention was necessary than was actually provided, and all that might have been necessary was a coordinated management of incentive programs.

### *The Complex Process of Developing a New Region*<sup>18</sup>

One of the most recent major development programas to be undertaken in México is related to the creation and coordination of an entire system of agencies and operations which will result in a modern steel plant located in a previously undeveloped area of México. When completed, this development programa will include:

—the exploitation of a rich and previously undeveloped source of iron ore, with reserves estimated at 130 million tons; (approximately 1/3 of the known national iron ore reserves)

—the largest, most modern and productive steel plant in México;

—a completely new seaport which may become the most important on Mexico's Pacific one/coast;

—a new system of highways, railroads and air routes linking the previously undeveloped region with the rest of the nation;

—a new city whose population is estimated to reach 250,000 within the first 20 years.

<sup>18</sup> Based on data developed in a study by Lic. Christian Mari, of the Institute of Urban & Regional Development staff, April-May, 1974.

As might be expected, the development of so vast and varied a project involves supervision by a great number of different public and private agencies in different aspects of the operations. To date, (and unexplicably) no single agency has been charged with overall coordination of the program, although there are rumors that such an agency will be announced in the near future.

### *History of the Project*

The iron ore deposits located in an area called Las Truchas, Michoacan State, were discovered many years ago, and there have been prolonged efforts to begin exploiting them. In 1948 they were incorporated into the national reserves under public ownership. General Lázaro Cárdenas, former President of the Republic and also active as executive director of the river basin development Commission of Tepalcatepec and Río Balsas, played a very important role in the factors leading to the conception of this modern steel complex. During more than 35 years plans have existed for the integrated development of a new region which included most of the elements now being realized by the labors of more than two dozen federal and state agencies, commissions, institutes, banks, departments, public enterprises, etc. They were originally conceived by Cárdenas and a team of technicians when he was executive director of the Commission of the Río Balsas. General Cárdenas is now dead, but members of his original team still function in the trust created by *Nacional Financiera*, S. A. to promote the development of the project.

### *Organizational and Structural Network:*

Among the many agencies operating in the area on related projects, four can be named who have principal roles: *Siderúrgica Lázaro Cárdenas-Las Truchas, S. A. (SICARTSA)*; the *Fideicomiso NAFINSA Cd. Lázaro Cárdenas*; the Secretariat of Marine Affairs; and the Commission of the Río Balsas.

SICARTSA was created in 1969 as an enterprise with both public and private participation; 5% of the stock is held by the government and the remainder by financial institutions and private investors. Its holdings will be worth \$3,750 million pesos at the completion of the first phase of construction of the steel plant, capable of producing

a million and a half tons of steel per year, and scheduled to begin production in 1976. In 1977 the second phase of construction will be undertaken, with completion scheduled for 1980, thereby doubling plant capacity. Ultimately annual production is programmed for 4.5 million tons of steel.

The *Fideicomiso NAFINSA* was created in 1973 in order to finance and coordinate the creation of a new city, to be called Lázaro Cárdenas, Michoacan. Federal agencies are responsible for the actual construction and improvements on 9652 hectáreas expropriated for the new municipality.

The Secretariat of Marine Affairs is responsible for the construction of a new port at Lázaro Cárdenas, which will be opened to navigation in mid-1974. The port is located at the mouth of the Río Balsas, will accept deep draft shipping, will be the most modern and best equipped in México, and the closest Pacific port to the Central Valley and Federal District.

The *Río Balsas Commission*, created in 1960 and headed by General Cárdenas for a number of years, developed the river basin planning for the Río Balsas valley, including hydroelectric dams and the port at its mouth. It shares a number of other administrative and operational characteristics already discussed in earlier sections on the Papalopan and Grijalva Commissions.

### *Evaluative Comments:*

In spite of the dimensions and complexity of the project, it seems to be moving along surprisingly well, with indications that the plant construction, the harbor, the new city and an irrigation district will be completed pretty much on schedule by 1976. Although there exists no visible coordinating agency, the project has had very strong support from President Echeverría which probably makes up for any lack of administrative coordination; it has not lacked financial resources, and the short run major decisions seem to be well taken.

Our researcher comments on what seemed to him an evident lack of long-range prevision for the population growth which is predicted for the area. For instance, in spite of the fact that the new city of Lázaro Cárdenas is expected to grow to 250,000 inhabitants within 25 years, the plans from which they are now working will only accommodate a maximum of 100,000 due to terrain limitations.

There does not seem to be any coordination at all with the state

government of Guerrero in relation to any measures to control the rate of population growth in this new area.

At the present time there seems to be an adequate coordination between the builders of the plant and the builders of the city, but the strict separation observed by the two agencies coupled with separate funding for each could lead to insoluble problems if something unexpected comes up.

In regard to the economic development of the entire region, there is a concern that the many benefits to be realized by the creation of a new "growth pole" might be diminished or lost because of a lack of overall coordination. The Lázaro Cárdenas Trust was concerned enough about this problem to create its own Regional Development section to study such problems and began rational responses to them. Since this action was taken, there has been some pressure to create a coordinating agency responsible for design and planning of the entire región.

In conclusion, Lic. Marí comments that he found it interesting that after so many years of experience in regional programs, the Mexican government still has not learned to anticipate administratively the needs and problems associated with creating a new growth pole. They have simply continued to use the same classical structures whose limitations are well demonstrated in earlier less complex projects. His hypothesis is that political concerns continue to overshadow economic-administrative aspects of regional development, to the detriment of economic growth.

## FRAMEWORK OF ADMINISTRATIVE PROBLEMS

*Summary and Evaluation*

The projects we have studied indicated that in the early years of regional development programs, the federal government utilized the organizational device of a "decentralized" or semi-autonomous agency to study, plan, and implement many aspects of the programs. With the passage of time, the tendency has been to give less autonomy to these *ad hoc* agencies, and to assign them an entirely coordinative role with the federal agencies actually implementing the projects.

In terms of administrative theory, this philosophy of the federal government has emphasized what is known as "functional" subdivision of its programs, arguing that if Water Resources has specialized competence in digging ditches, building dams and canals, then wherever in the country there is a project requiring this type of work, Water Resources should be assigned to do it rather than creating a new agency or assigning the work to anyone else. In projects which largely depend upon infrastructure construction, this organizational format seems to have worked fairly well, although we have no way of comparing the cost/benefit efficiency of federal agencies building hydroelectric projects or roads or school buildings in relation to private contractors, for instance.

*A Taxonomy of Administrative Responses*

The coordinators of the conference theme: "Administrative Aspects of Regionalization", have suggested that there are three families of responses to problems of regional development administration:

- A) the central government tries to adjust the organization and functioning of its traditional agencies to regional requirements;
- B) the central government creates *ad hoc* or specialized agencies which are made responsible to meet the varied needs of different regional programs;
- C) as national experience in regional programs matures, the country learns how to develop a system of territorial units which can function as intermediaries between central government authorities and those of the states and municipalities.

Our study of regional development programs in México leads us to observe that in nearly all cases they have resorted to the device of creating a new *ad hoc* agency for new problems, multiplying the administrative apparatus and the number of decision centers to more than 900 separate agencies at the present time. A growing chorus points out that this strategy has produced a great deal of duplication and overlap, with their resultant inefficiencies. The response of the central government has been to announce an administrative reform whose main theme is "decentralization" of the federal agencies; that is, a movement toward Category A above. We will discuss these efforts in the following section.

### *The Decentralization Reform*

Since 1971 President Echeverría has been announcing an administrative reform as an important part of this development program for the nation. As explained in the *Diario Oficial* of April 5, 1973, the purposes of the reform include a search for greater efficiency in the administration of government functions, "especially those which are related to the promotion of national development, the redistribution of wealth, and lowered dependence upon world markets."

A closer look at the functional aspects of the administrative reform indicate an emphasis on the delegation of faculties in central agencies to regional offices, that is, allowing the heads of regional offices to make many more decisions within policy guidelines without requiring the counter-signature of the central offices in México City.

Further explaining this strategy, the present Secretary of the Interior in a speech entitled "Federalism and Administrative Decentralization" declared:<sup>19</sup>

<sup>19</sup> Mario Moya Palencia, "Federalism and Administrative Decentralization" (undated).

Centralized states have had to instrument mechanisms of decentralization, forced by strictly operational demands, in the face of the impossibility to deal with the great variety of local situations which a monolithic apparatus with rigid hierarchization obstructs or delays. . .

A great variety of public functions require local initiative, both for the necessary adaptation to local conditions as well as the choice of means of realization, and because personal contact with the beneficiaries is a proven need.

Thus, the policies announced for the administrative reform based on decentralization seem to indicate a realization that the nation has arrived at a stage in its development in which it is necessary to learn to develop and use regional administrative forms and structures which depend less upon the political and administrative authority of a few high-level functionaries whose custom traditionally has been to counter-sign every decision of importance.

#### *The Secretariat of Public Works:*

As one example among many of this program of decentralization, we examined its impact on a federal agency engaged in operations all over the Republic, that of Public Works. We found that in concrete terms, the reform has resulted in the establishment within the agency (as in all other federal agencies as well) of:<sup>20</sup>

- 1) Internal commissions of administration
- 2) Organization & methods units
- 3) Programming units
- 4) The delegation of faculties to lower-level functionaries.

The Secretariat of Public Works (SOP) reports favorable results from this internal reform, including "a more flexible functional delegation; better internal communications; budgetary and acquisition reforms; training courses for personnel; and 'the programming of the SOP as a whole'" which "considers all federal resources as being in a single pocket to be used indiscriminately according to the needs of the case" without recognizing traditional bureaucratic frontiers between

<sup>20, 21</sup> Data taken from a study by Lic. Antonio Vélez, "La Descentralización como Factor de Desarrollo Regional", (Toluca, Méx.: Secretaría del Estado de México, 1974) pp. 60-64.



agencies in regional programs, for instance. They report that this practice has had the effect of augmenting the number and quality of resources used in a more rational way.<sup>21</sup>

### *Decentralization vs. Deconcentration*

Without diminishing the value of the structural changes being introduced in the current reform, it seems to us that we are not seeing a true case of "decentralization" but rather what the French have categorized in their Administrative Law as "desconcentration".

According to a definition offered by Manuel María Díez, deconcentration is characterized by:<sup>22</sup>

a system of administrative organization in which the power of decision and the competence to realize juridical acts which correspond to the public person are attributed permanently to agencies which are hierarchically subordinate.

That is, as long as the delegated faculties remain within the legal and regulatory framework of normal practice of the agency, the delegation comes under the category of "deconcentration".

According to Roberto Ríos Elizondo, true decentralization is characterized by:<sup>23</sup>

a juridical system of state organization which has as its object to transfer faculties or attributes which are decisional or executive, whether of an economic or a service character, to another already existing legal agent.

True decentralization, then, we understand as a delegation much more radical and permanent than is mere deconcentration. In the case of the SOP, just discussed, since the delegation of faculties remains within the regulatory framework of the Secretariat itself, and regional office chiefs are always subject to the decisional authority of the central office, we are observing a phenomenon of deconcentration rather than decentralization. Dr. Enrique Tejera Paris says it very clearly:<sup>24</sup>

<sup>22</sup> Manuel María Díez, *Derecho Administrativo*, Tomo II, Cap. 2, pp. 71 y ss.

<sup>23</sup> Roberto Ríos Elizondo, "Desconcentración Administrativa: El Caso de la Ciudad de México", (Xerografiado, México D. F., 1974 p. 15).

<sup>24</sup> Enrique Tejera Paris, *Organogramas*, (San José, CR: ESAPAC, Material de Trabajo, 1955) p. 23.

The creation of field offices is called deconcentration and not decentralization, since the latter signifies the abandonment of some authority or attribute by the Central Power in favor of a state, provincial or municipal authority.

### *Centralism and Regionalization:*

Our studies of the evolution of regional development programs in México give no evidence that the central government has learned to delegate any of its decisional attributes or authority to state, or municipal representatives; and in the cases of the *ad hoc* agencies created specifically to oversee regional development programs, the tendency has been away from agency autonomy and towards operational control by heads of central agencies. Justification for these trends is offered by the administrative rationale that one should not duplicate administrative agencies having similar functions as a basic rule of good administration.

Moya Palencia, in the speech earlier cited, comments that 60-100 years ago there were a number of powerful reasons for concentrating political and administrative authority in a centralized government: lack of communication, cultural heterogeneity, exacerbated party interests, lack of civic consciousness of belonging to a single national entity, lack of qualified personnel in the provinces, local inertia and disorganization, lack of initiative for development in the peripheral areas, etc.

Carrillo Arronte remarks that in 1924, political centralism happily coincided with economic development needs of that era, but as of 20 years ago it can be noted that the economic system has developed a great deal, but the political system is still dead-centered where it was several decades ago.<sup>25</sup> There are some indications, he believes, that political leaders sense a period of crisis which could be the precursor of an important political advance, and that the economic, technical and political sectors of the nation are now in a "favorable conjunction" to achieve such an advance. Political decision makers seem to no longer fear that the planner or the technician is taking away their decision options, and future decades should see the emergence of regional and national planning on a truly democratic basis.

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<sup>25</sup> Roberto Carrillo Arronte, interview April 6, 1974.

*Federalism and Regionalization*

Saldaña points out that at the present time the expenditures budget of the federal government runs at \$231 billion pesos; approximately 18 times more than all the expenditures put together of state and municipal governments. He believes, along with many others, that administrative macro-cephaly is an endemic problem in México, which tends to stifle regional development as long as it continues to take the lion's share of the tax resources and to apportion and control their use from the center. That at this point in the economic development of the nation, such centralism leads to a great deal of inefficiency, both administrative and economic, and that it is high time to begin to take advantage of economic decentralization afforded by the existing federal constitution.<sup>26</sup>

He argues that the existing duplication and triplication of administrative apparatus (for instance, there are cases of educational facilities in the same town, some operated by the municipality, some by the state, and some by the federal ministry) has resulted in a "bureaucratic explosion" with consequent excessive growth in operational costs, etc. He points out that "comparative advantages" are to be had by rationally assigning given functions to that level of government best able to manage it because of their inherent characteristics and natural way of operating.<sup>27</sup> As the system now operates, he argues, local authorities will always be frozen out of regional planning.<sup>28</sup>

He proposes that México celebrate the 150th anniversary of its federal constitution by making its principles and provisions operational in assigning to the several states the faculties and resources necessary to regional development.<sup>29</sup> This would not limit the central government's ability to compensate for economic imbalances or rates of development vastly different among different regions. As for the argument that the States lack both initiative and technical competence to carry on development projects in their spheres of influence, it is pointed out that as long as the taxing policies funnel nearly all of the economic resource to the federal government, the states have neither opportunity to show their initiative nor to develop their own technical competence in regional projects. Some observe that the industrial and economic development of the last decade has produced a vastly increas-

<sup>26</sup> Adalberto Saldaña H., "Aspecto Administrativo de la Regionalización Política", Secretaría General del Estado de México, xerografiado, sin fecha, pp. 6, 9.

<sup>27</sup> *Ibid.*, pp. 12-16

<sup>28</sup> *Ibid.*, p. 20.

<sup>29</sup> *Ibid.*, p. 20.

ed number of capable technicians so that they are no longer limited to the Federal District. Saldaña recommends a two-stage procedure in beginning to use the states as regional development entities; a) federal grants to the states for specific regional programs, to accelerate the growth of their administrative capacity, b) followed by an eventual distribution of resources and responsibility for area development to municipalities,<sup>30</sup> even though it may be necessary to redistribute proportionally right away to avoid that the state governments make the same mistake of centralism, as did the Federal government.

### *Central Planning*

México does not now have a central planning agency, and opinions differ as to what should be done. From a functional point of view, the arguments for regional development programs utilizing a system of federal grants to the States, which themselves implement the projects naturally calls for some central planning agency or commission which has the data and the political authority to oversee coordinated national development. Many believe that a Ministry of Planning would merely perpetuate problems which are already too familiar in the effective administration of regional development, since it would continue to utilize the federal agencies which are organized along functional lines for actual implementation.

It is necessary to find another formula that is more consistent with Mexican political idiosyncracies for achieving effective overall coordination of regional development. A proposal would be a cabinet-level "council of ministers" limited to a total of 12-15 representatives of the most important federal secretariats and decentralized enterprises responsible for control and development of national resources (PE-MEX, etc.). This group would be served by a small technical planning staff to prepare the necessary studies and documentation, but in constant interaction with the council *vis-a-vis* the political and economic feasibility of their recommendations. It is believed that this group would be able to do what is demonstrably very difficult for the national President; that is, the effective coordination of 15 existing Federal Secretariats, 28 state governments, and several dozen public enterprises operating in the entire nation and controlling vast amounts of public resources.

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<sup>30</sup> Saldaña, *op. cit.*, p. 27.

*The Emergence of Regional Agencies as "Intermediaries"*

Based on the evolution of regional structures in countries with a longer experience in regional governments such as Britain, France, and Germany, maturity in regional administration is marked by the appearance of regional agencies or governmental bodies which serve as intermediaries between the designs of the central government and the more local interest of state and municipalities. It would appear that the emergence of such intermediary agencies is past due in the Mexican context, and will certainly be a necessity if and when the states begin to exert a more important position in relation to regional development programs.

There are already a few examples of the functioning of such bodies in Mexico; for instance, the meetings of the governors of the four states of Nayarit, Durango, Jalisco and Zacatecas which eventually gave rise to the Plan Huicot can be considered a precursor of such intermediate agencies. Another functioning case would be that of the General Committees of Material Improvements, which bring together federal, state, and private sector representatives to promote specific projects of interest and benefit to an area region. We see these as a necessary counterpart to any national planning agency, whether it be a cabinet-level committee or a more planing ministry.

The general maturing of regional development planning and implementation is of transcendent importance to the future economic development of México. We have tried to illustrate in our study of cases that already the size, scope and complexity of regional programs has outstripped the ability of the federal administrative apparatus to effectively coordinate and administer them through existing structures and practices, and have concluded that true decentralization and delegation of responsibility to federative agencies for many such programs can bring improvements in efficiency of operations as well as being consonant with the best democratic traditions and precepts incorporated in the national constitution.