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**STALLED ADMINISTRATIVE REFORMS
OF THE MEXICAN STATE**

Abstract

Transition over the last two decades to more open politics and markets generated pressures for administrative change. Administrative reform in Mexico made little headway in the 1990s. Arellano and Guerrero argue that the key obstacle to bureaucratic modernization (particularly of the Weberian variety) was the close historical fusion between political and the administrative elites. Mexican reformers opted for a superficial managerial reform as a way to improve efficiency without upsetting one of the cornerstones of the PRI-Dominated regime.

This document provides an overview of Mexico's public administration, a thorough survey of recent reform initiatives, and a detailed case study of the failed attempt to create a career civil service in the late 1990s. The general guidelines of the Zedillo government for administrative reform were: citizen participation and service, administrative decentralization, evaluation and measurement of public management, and professionalization and ethics (this is civil service component).

The paper offers three alternative Hypotheses: 1) the integration of party and bureaucracy thwarts reform; 2) successful reform requires horizontal accountability; and 3) if the real rules of bureaucracy are informal than merely formal reforms will fail.

Resumen

La transición que se ha dado durante las últimas dos décadas a una política de mercado más abierta ha generado presiones para un cambio administrativo. La reforma administrativa en México tuvo un pequeño progreso en los años noventa. Arellano y Guerrero argumentan que el obstáculo crucial de la modernización burocrática (particularmente de la diversidad Weberiana) fue la cercana fusión histórica entre los políticos y las elites administrativas. Los reformadores mexicanos optaron por una reforma directiva superficial como una manera de mejorar la eficiencia sin perturbar uno de los principios básicos del PRI- controlando el régimen.

El documento proporciona una apreciación global de la administración pública en México un estudio completo de recientes iniciativas de la reforma, y un detallado estudio del caso de el fallido esfuerzo para crear un servicio civil profesional en los tardíos 90s. Las pautas generales del gobierno de Zedillo para la reforma administrativa eran: la participación del ciudadano y servicio, descentralización administrativa, evaluación y medición de la administración pública y profesionalismo y ética (este es el componente de servicio civil).

El trabajo ofrece tres hipótesis alternativas: 1) la integración del partido y la burocracia frustran la reforma; 2) la reforma exitosa requiere de responsabilidad horizontal; y 3) si las reglas reales de la burocracia son informales las reformas meramente formales fallarán.

Introduction

This paper¹ describes the administrative reform of the Mexican state (called administrative modernization in Mexico) as a superficial reform. This reform can be called superficial because it has not changed or affected the institutional and political factors that have made the Mexican public administration an instrument of the ruling political group until 2000.

The study has five parts. The first part contains some basic background about the Mexican political system and discusses the important transition it is currently undergoing. This part argues that the *old* political system is almost dead but some of its institutions are still important and influential, while the *new* political system is still taking shape. This *interregnum* provides a rich and complex environment for any reform effort and is important in understanding the characteristics of past and current administrative reform attempts.

Within this context of transition, the second part argues that the administrative reform has taken place as a result of the economic and political reforms. Each of these reforms has its own histories, strategies, and timings, making it difficult to argue that there exists a congruent and explicit general project of reform for the administrative system in Mexico. In any case, the reforms that have been grouped in Heredia and Schneider 's paper as second wave reforms failed (civil service, managerial reform), or were completely absent (accountability).²

In the third part, the concept of a *managerialist* administrative reform is developed. According to this concept, the improvement of administrative procedures and the implementation of some advanced administrative techniques substitute, during a certain period of time, a deeper transformation of the administrative structure. Thus, the paper argues that a *managerialist* administrative reform might be a strategy to change some administrative institutions and mechanisms without affecting the traditional relationship that exists between the political system and the public administration in Mexico.

In the fourth section, a recent attempt to implement a civil service system for Mexican public servants is described. The case study corroborates the general arguments of the preceding sections regarding the difficulties in overcoming the resistance of the political system to changes in the role of the public administration in a framework of strong, non-democratic, presidential power.

In the last part of this paper, some hypotheses are proposed concerning the necessary conditions for successful administrative reforms in countries like Mexico.

¹ The research for this paper was conducted as part of a research project lead by Blanca Heredia and Ben R. Schneider called *The Politics of Administrative Reform in Developing Countries*. A book on the issue should be printed in 2001.

² Blanca Heredia y Ben R. Schneider, "The Politics of Building Administrative Capacity in Developing Countries", México/Evanston, CIDE/Northwestern University, 2000, (mimeo).

Part One

The Mexican Political Transition: Background

The Mexican state reform has made great progress in the economic field, advanced significantly (through a defensive governmental position allowing the opposition to take an increasingly active role) in the electoral and political arena, but has made little headway on social issues, and even less in the administrative system.

There is some basis for thinking that the main explanation for this lack of administrative reform is that the economic and political reforms have generated new dynamics, allowing the formation and strengthening of new groups, developing little by little by similar power frameworks, and transforming old networks of power. Under these conditions, the administrative system, which worked under the former political and economic circumstances, will be able to change without the need for a specific reform effort. The administrative system will have to adapt to these new conditions in order to respond better to the different dynamics generated through the other reforms. In other words, administrative reform (how government works) is an inevitable consequence and inseparable part of economic and political reforms. If we accept this explanation, then a separate administrative reform might not be necessary as a goal in itself.

However, at least for Mexico (and perhaps for other countries as well) the transformation of the administrative system will probably be as difficult to achieve as the other reforms. The most important reason why the difficulty of administrative reform has been so underestimated is that analysts often think of the governmental apparatus as an instrument, as a set of organizations, rules, institutions, and persons which automatically obey orders (Denhardt, 1993; Gortner, Mahler & Nicholson, 1987). Nothing could be further from the truth, as can be seen from the following brief description of the *old* Mexican political system.

Traditionally, Mexico has been known as a presidential regime because the three-branch system does not work in practice. The executive branch has had so many powers (formal and informal), that the legislature and the judiciary have had to accept presidential decisions. Before 1997, the system of political parties consisted of a hegemonic party (PRI, Institutional Revolutionary Party) that controlled the president, Congress and most of the states, and a number of fragmented and weak opposition parties. Electoral processes existed but they were not crucial to defining political representation or distributing power among political groups, because of the particular government and party relationship that existed with all other sectors of society: groups representing peasants, workers, members of the middle class, teachers and bureaucrats were included in the central party structure. These groups, and, in particular, their leaders, were all looking for something: a job, relations, political support, or a recommendation. Since government and party were

the same, the PRI was able to fulfill most of these expectations in return for political support.

The relationship between high administrative officials and politicians was not clear under this system, since making a political career was synonymous with making an administrative one. The political system made this possible because presidential authority prevailed over legislative power and was supported by strategies of competition for power other than democratic electoral mechanisms.

The unchallenged power of the Mexican presidency as an institution has affected the administrative structure mainly because, since real opposition did not exist at the national level until recently, executive power determined political institutions and their procedures.

Without an opposition, presidential control over federal administration was practically absolute. This huge political power allowed the president to freely appoint (or at least influence the appointment of) the highest administrative officials, ministers, governors, deputies, senators, and judges, and to use freely national resources to run a reward and punishment system. As a consequence, the administrative structure became the arena in which contenders competed for the presidency and became the main channel through which conflict among social sectors was managed.

In this sense, the Mexican bureaucracy seems more in tune with political procedures and activities than administrative ones. However, the Mexican bureaucracy can be considered more or less effective and stable. This is because of the existence of an informal system of different levels of bureaucrats that rotate among the different government agencies and ministries with some regularity. Anyway, mobility and political influence over the administrative apparatus is very high, despite the informal system described above.

In order to analyze this system, Mexican bureaucrats can be divided into three semi-formal levels of bureaucracy: high, medium and base. High-level officials are politically involved with their bosses (the President and the ministers). If a minister is moved to another agency or ministry, all the high-level members accompany him/her to the new position. Semi-independent professionals in charge of the technical, legal, and administrative functions of the agency form the medium level. Usually, they do not have any political attachment to their bosses. They are hired because of their technical capacity or experience. Usually they leave the agency or ministry when their bosses are moved (they, formally, *resign for personal reasons*), but without necessarily having a promise from their former boss of a new position. In time, these bureaucrats often find a similar position in another agency. Generally speaking, they are hard workers, with fairly decent salaries and work from 10 a.m. to 10 p.m., often Saturdays or Sundays. Finally, the low-level bureaucrats that belong to a "corporatist" union form the base level. Usually, they have very low salaries and hardly work at all. Movements among bureaucrats at the middle and upper levels do not affect them. Therefore, we cannot speak of a *bureaucracy*, rather

we must analyze the many bureaucracies supporting different groups and particular interests.³

Thus, in general terms, the bureaucracy is highly attached to the political system, it is subordinate to presidential political will, and it changes every six years, generating uncertainty throughout the public sector. Besides, public administration is overregulated and this complex legal framework allows bureaucrats' control over citizens that do not know about administrative processes and rules. All these factors: political interest, labor uncertainty and overregulation generate corruption, inefficiency, and obstacles to control and performance supervision.

Important changes in the political system began to consolidate during President De la Madrid's presidential period (1982-1988). During his presidency, and in the years thereafter, several political changes have taken place: two political parties have consolidated their position against the Institutional Revolutionary Party, economic constraints reduced the president's ability to manage a reward-punishment system over the whole political structure, policies of downsizing and of decentralization had reduced the size of the state's administrative structure, and after the 1997 federal elections Congress was no longer the president's unconditional servant, and Mexico City was ruled by a member of opposition party. Finally, in the 2000 presidential elections, the Institutional Revolutionary Party lost the presidency for the first time in seven decades, in what amounts to the culmination of a long process of democratization.⁴

It is important to emphasize that, until the year 2000, all these changes did not result in a *new* political system. The Mexican state, the political system, and the public administration as a whole are currently engaged in a complex transition process. Thus, several features of the *old* system remain and coexist with new trends in the political, economical, and social spheres. For example, the President's image was still very important and, in many governmental areas he remained the key decision-maker. However, he faced new constraints in other areas since the Congress was no longer dominated by his own party. In addition, during the nineties and in parallel with the process of economic and trade liberalization, new independent agencies were created to regulate specific markets and their performance was evaluated based on technical criteria rather than political interests⁵.

³ We will give figures on this matter in the last section of this chapter.

⁴ The loss of the presidency by the PRI encourages the emergence of a set of new rules for federal political —administrative operations in Mexico. However, the winning party in the July 2000 presidential elections, the National Action Party, did not win an absolute majority in Congress, nor did it take Mexico City, clearly limiting the presidency. In our view, these elections not only marked alternation in power, but a total change of political regime that will bring with it new rules and new actors. Where relations among the president, his party and the public administration are concerned, this change is fundamental because it breaks the historical link between the political elite and the bureaucratic elite.

⁵ Since the early nineties, several autonomous agencies with regulatory purposes have been created: the Competition Federal Commission, the Energy Regulatory Commission, the Federal Commission for Telecommunications. Some other existing agencies had their legal framework

However, the reward-punishment system continued to maintain clientelistic networks between government and organized groups (teachers, peasants, labor workers). At the same time, the government's economic constraints have reduced its ability to reward, and the rate at which new independent groups appear has increased, thus increasing the demand for "rewards". In short, the transition process in Mexico seemed to be leading to more open and transparent schemes of public decision making, and to more democratic, competitive and fair electoral procedures. Nevertheless, all these remained emergent processes rather than consolidated realities, with both old and new systems coexisting.

Within this context, at least two further characteristics of the Mexican political system are important to an understanding of the complexity of an administrative reform: that the government apparatus is still a basic part of the power structure and that it is not a harmonious set of organizations within a congruent network. In this paper we emphasize the first factor. During the discussion that follows it should be kept in mind that the Mexican political and administrative system is changing rapidly and some of the characteristics discussed here are currently in transformation. However, we think that these changes do not affect fundamentally the discussion or our conclusions.

As mentioned above, the Mexican public administration was permeated and defined by corporativism and presidentialism. Since elected public officials were actually appointed by the PRI and particularly by the President, the structure of accountability and oversight was almost non-existent. Congress' capacity for vigilance and control was still fragile and underdeveloped. Public officials remained accountable mainly to their bosses (within a political or administrative, formal or informal, network). The President and his cabinet could appoint, remove, or redefine their teams almost at will⁶. Public resources could be manipulated with almost no constraints and could be used freely to support hidden political agendas⁷. An open, complete system of government information accessible to the public was weak and untested: it was not clear to what extent government officials could be forced to yield information to the public. In this sense, society and other political subjects do not have easy access to systematic and complete information regarding public programs, expenses or effects, and the evaluation of the impact of public policies. Public resources are thus instruments for agendas of political *camarillas* (teams). A public organization was only rarely evaluated for its outcomes and impacts; more commonly, it was evaluated for the capacity of the administrator to perform

reformed in order to increase their administrative autonomy, like the central bank (Bank of Mexico) and the Bank and Assets National Commission.

⁶ Since the early nineties, one exception is the General Attorney, whose designation needs to have the ratification of the Senate.

⁷ There has been a significant, but still insufficient, effort towards transparency in the budget, particularly in some controversial social programs. More on this issue in Casar, Guerrero, Revilla, *Algunos aspectos relevantes del presupuesto 2000. Negociación política, análisis de ingresos, transparencia en gasto*, information brochure of the Program on Budget and Public Spending, CIDE.

particular political duties within the political network. All these gave hegemonic political groups a huge discretionary capacity for control. They could manipulate and use public resources and agenda without having a system that held them accountable to society.

In other words, the public administration system was a strategic tool for political control. This could be said for many other countries. However, in the Mexican political context it holds particular significance given the lack of checks and balances and the weakness of the legislative branch, the lack of transparency and absence of a system of accountability, and the weakness of the judicial branch, which explains the shortage of observance of the rule of law. Within this context and giving the assumption of administrative subordination, it is not surprising that administrative reform has been largely postponed. Simply speaking, to generate a transparent, accountable, honest, and externally controlled public apparatus would jeopardize the political control that the dominant political group has enjoyed during past decades.

In conclusion, we are going to describe four points that characterized Mexico's federal public administration until the loss of the presidency by the PRI⁸.

1. At least until 1994, the public administration was the arena for political struggles, especially presidential succession, where the secretaries of state were the main contenders. This was the arena in which political groups mobilized resources and prepared strategies to fight for the presidency, compromising to a large extent the administrations under their command.
2. Public administration was the place for corporatist and clientelist representation, and replaced Congress' representative role. In addition, apart from being the link between political power and the social sectors, public administration was a means of channeling resources to those social sectors and where the allocation of those resources was negotiated. The sectors were not represented in Congress and negotiation did not take place in the offices of the legislators. The allocation of resources was not negotiated with district representatives or on a territorial level either. All this went on in the departments of the secretaries of state and in their administrative apparatus. From the viewpoint of the secretaries of state, the loyalty of the bureaucrats was essential to dealing with the clientele and political support groups, and to favoring their individual objectives of political promotion. And as has been said, the fight for the presidency was played out on this stage.
3. The system of incentives for civil servants, individuals and social sectors (the opportunity costs of fully obeying the rules and the failure to enforce sanctions) widely encouraged mutual arrangement through a hodgepodge of private, economic, and illegal channels. The public administration was the ideal means

⁸ A more detailed analysis of these points may be found in Guerrero, 1999.

for the enrichment of the social sectors that comprised it. By the same token, the bureaucracy gained internal cohesion thanks to its collusive transactions. Mutual complicity bred a powerful factor of internal cohesion within the bureaucracy and in the face it showed to the outside, while it ensured bureaucrats enjoyed little independence within the system and next to their superiors.

4. Finally, the public administration was the president's unconditional right arm. This is a two-edged sword: on the good side, the secretaries (and the president) maintained strict and vertical control over the administrators of the programs and policies in those cases of most interest to the hierarchical chief. In this case, the risk of application not faithfully reflecting the objectives sought by the higher levels (which are not necessarily the most desirable aims for those affected by the policy) was substantially reduced. But there was the other side: when the heads were not personally—or with their closest teams—supervising the execution of the policy, it was extremely difficult to control the administrations. And so they were easily caught by the individual interests of self-interested social sectors or minor bureaucrats themselves, and were easy prey for corruption (this is the case of the police, agencies responsible for permits, supervisory bodies, the administration of justice, etc.)

Part Two

Mexican State Reform: An Incremental History

Since the economic crisis that began in 1981, Mexico's government has made enormous efforts to transform the rules, institutions, and actors that have characterized the economic and political system since the early post-revolutionary years.

In 1981, the economic model could be characterized as typical for Latin America: highly protected industries, basically dependent on a modest domestic market and on raw material exports. Government intervention in the economy was very high through the existence of several state enterprises (more than 2000) emphasizing endogenous development protected from international competition⁹.

In the political field, the system was in appearance democratic, with formal political elections, based on the separation of powers within a federalist state. In reality, the system was centered on a dominant party, controlled by a set of groups linked by *clientelistic* advantages, making government domination a "right" and the legitimate "property" of some political groups.

⁹ To illustrate, while Total Net Spending, the overall federal public spending including service of the debt, represented more than 43 % of the Gross Domestic Product in 1987, with a public deficit greater than 15% of GDP, for the 2000 fiscal year of 2000 it is estimated that Total Net Spending will represent only 22.8% of GDP, with a 1.25% deficit.

The administration of the state was flexible, with high level bureaucrats firmly attached to political power structures and subordinate to political frameworks and their struggles. A government position was used to “reward” some players or was the result of a good relationship with key players. In other words, we found a system that could be identified as a spoils system, where service career accountability hardly existed and where a civil service career was rare.

Since the arrival of a new political group, which occupied key government positions in the administration of former President Miguel de la Madrid (1982-1988), important state reforms were launched in various areas, most of them applied or designed in an incremental way, and clearly affected by circumstantial political events. However, it was clear that economic reform was the priority of these groups. Important transformations occurred, beginning with the idea that government could no longer be the unique “motor” for development. Privatization of public enterprises, downsizing (dismantling a “fat government”), balancing the public finances and economic transformation through opening up the economy to international competition were advocated as the goals for the implementation of a new strategy, all these in the middle of a severe economic and political crisis that also forced the government to define new rules for elections, to admit opposition victories at the local level to change the composition of the legislative power, in order to reduce discontent and recover political legitimacy.

In terms of public administration, the decentralization of different institutions and resources (the health and education system were among the most important sectors to be reformed) was defined as an important objective, even though efforts were limited in practice by political and administrative resistance and difficulties. In this context, a strengthening of the role of the municipalities, mainly vis-à-vis the state government, was undertaken. Another important goal defined in that administration was the “moral restoration” of society, where corruption of public officials was the main target. Basically, new controls were imposed on budget management and public servants’ activities in order to constrain the deviation of public resources. To implement these goals, a new ministry was created (The Ministry of the Comptroller General of the Federation, SECOGEF) in order to tackle social discomfort due to several corruption scandals during the previous presidency (José López Portillo).

Under the administration of President Carlos Salinas (1988-1994), the economic reforms were consolidated and the transformation deepened. The economy began to recover from the crisis, allowing this administration to strengthen the model of a “small” but agile government more capable of responding to social demands and supported by important levels of national and international private capital.

In political terms, the Salinas administration negotiated three different “political reforms”, mainly of the system for the organization, administration and control of elections. These reforms sought to regain the credibility in the political system after the broadly questioned 1988 presidential elections. Administratively, a

decentralization effort was maintained, still facing strong opposition from actors like unions, *caciques*¹⁰, the administration itself or pressure groups, and other difficulties (i.e. in education, health, and devolution of power the reforms implemented were stalled or dramatically failed). Moreover, more precise ways to control the use of public resources were developed, defined through new norms and laws, with the main goal of reducing the public deficit by means of centralizing budget control in the Finance Ministry (Secretaría de Hacienda y Crédito Público, SHCP).

All the different initiatives designed during this period can be characterized within what has been called the Mexican State reform. However, this reform hardly can be explained as a single, rational, and uniform process. Actually, the reform consists of a set of processes imposed by the higher levels of government, using the broad informal and formal discretionary capacities of the President (Elizondo, 1995, pp. 95). Also very importantly, these processes have helped to generate a new system of alliances in order to redefine certain rules of the political and economical systems, but often using the same “clientelist”, “presidentialist”, and authoritarian channels (Heredia, 1994, pp. 45).

As the OECD has stated there is no unique model nor one unique solution to the problems of governments (OECD, 1995, p. 19). For the Mexican case, we can say that the state reform that began in 1982 has been conducted to a large degree in an incremental way, firmly conducted in the economic field, defensive in the political one, and almost limited in the administrative part¹¹. As Kaufman (1997) explains, it seems easier to change governmental objectives than legal and administrative frameworks.

Given the political changes which the country has undergone since 1982, this situation of apparent unbalance among the different reforms launched in Mexico is understandable. First, the group that gained power in 1982 was part of the economic-financial governmental institutional network (Central Bank, Treasury, and Programming and Budgeting). This is important because it gives them a common background and economic ideologies. Second, this group has also developed a network of alliances with international financial community members and institutions (the struggle between so called technocrats and traditional politicians and bureaucrats has been discussed since 1982, Pardo, 1991, Langston, 1994). For the most part, all these elements must be understood in a context of a severe fiscal crisis, where government deficits began clearly to become a huge obstacle to development. In other words, there were few alternatives but to fix the economic disarray.

The review of the economic reform makes clear that the economic project's goals have been transparent since the beginning: stabilization of the economy, the balancing of public finances, privatization, fiscal reform, economic deregulation,

¹⁰ Local traditional leaders.

¹¹ Different administrative modernization efforts have been made in Mexico before 1982. For a detailed explanation see Pardo (1991).

financial reform, trade liberalization, and renegotiation of the foreign debt (Aspe, 1993, p.11; Rebolledo, 1993, pp. 115-144).

However, political reform (basically electoral system reform) has been called for by different pressure groups. Essentially, the government and the dominant party (PRI) acted defensively looking to maintain their control over resources, rules, and institutions. During the administration of Miguel de la Madrid (1982-1988), a new code for the regulation of electoral activities was implemented after the electoral crisis of 1986 when an opposition candidate from the PAN (National Action Party) lost the governor's elections in the State of Chihuahua. Many opposition politicians and academic analysts thought that those elections were managed through fraud strategies by federal government and the PRI. Under the administration of former President Salinas (1988-1994) three electoral reforms took place (Prud'homme, 1996, p. 93), all driven by different political pressures, and all facing strong resistance from government and the PRI, who were unwilling to yield control over resources, rules, and electoral institutions.

Several "political reforms" have been developed since 1978 in Mexico. However, it is symptomatic that it is in the period when social conflict and pressure gained strength (since the conflictive elections in 1988 when Carlos Salinas came to power amidst severe doubts regarding the legitimacy of his electoral victory) that we also find the most important advances achieved in electoral independence and transparency (Méndez, 1994, pp. 195-196). Political reform in Mexico, apparently, had not been an integral part of the intentions of government reformers, at least not at the same level as economic reform. Perhaps political reform has been part of a defensive tactic, seeking to maintain control over political system and government resources as long as possible, while maintaining legitimacy by deepening the democratization process.

The administrative reforms which have taken place in the last two administrations are actually more difficult to understand than the economic and political reforms. A responsive and accountable government are concepts that have appeared only secondarily within all these processes of reform. Following the assumption that government institutions are designed and reformed to serve political ends (Haggard, 1996, p.4), the apparent comparative insignificance of administrative reform efforts could be understood in the light of the importance of economic and political reforms. Two general factors might explain this situation:

1. The costs, pressures and demands generated by economic and political reforms, normally lead countries to realize that the government administrative apparatus also needs reforming (Heredia & Schneider, 2000). In other words, the Mexican reform has now matured and the time for an administrative reform has come. President Zedillo's administration (1994-2000), including the official Program for the Modernization of Public Administration (1996), which indicates the government's intentions (civil service, accountability systems, improvement of service culture within public offices, and indicators for performance evaluation,

for example), point towards an increasing awareness that the time for a “second step” has come.

2. However, in the Mexican case, the institutional, cultural, and political particularities of public administration lead to a different interpretation. The “second step”, an administrative reform that truly transforms the government apparatus into a responsive, professional, and accountable organization might jeopardize the political control over resources, institutions, and persons that groups in power used to have.

Among the administrative reforms proposed, there is one strategy that might be implemented without excessively affecting the political structure embedded in Mexican public administration: the *managerialist* strategy. By this, we mean a strategy that emphasizes the implementation of better techniques to transform the bureaucracy into the cannons of the post-bureaucratic paradigm (Barzelay, 1992; Osborne & Gaebler, 1992). The hope of this managerial proposal is that freeing bureaucrats from micro-management (or over-involvement of Congress or controller agencies in specific management of the agency), pushing them towards evaluation of performance and competition, the administrative apparatus would be more efficient and responsive to society. This strategy, based for example on re-engineering, total quality management, and a service-oriented bureaucracy, might allow an administrative reform that would yield some improvements in efficiency and efficacy, without really transforming public administration in such a way as might jeopardize the traditional political system of control.

In other words, a possible option might be to implement an intermediate non-dangerous step, a “neutral” reform that technically improves government efficiency through administrative techniques. The *managerialist* agenda includes aspects such as: corporate planning that clearly specifies what each department should do; budgetary planning that assures the efficient distribution of scarce resources; a service-driven bureaucracy that assumes that the citizen deserves value for money; and teamwork among bureaucrats to improve efficiency and motivation (Hughes, 1994).

It is possible that the “second step”, the administrative reform launched by Ernesto Zedillo’s administration (1994-2000), will be unable to fully implement a civil service system and complete procedures for effective accountability. If this is the case, the managerialist strategy seems an important option, not only because it is easier to implement and it is apparently politically “neutral” (because its basic arguments are related to technical procedures), but also because, at least at the beginning, it does not jeopardize the traditional way the government controls the public administration or affect the public administration’s traditional ways of functioning.

Part Three

The Mexican Administrative Reform: A Managerialist Reform

The administration of President Zedillo has launched important projects of administrative reform, perhaps the most (at least formally) ambitious and comprehensive ever. They are known as PROMAP or Program for the Modernization of Public Administration 1995-2000 (1996), SIAF or Integral System of Federal Financial Administration, NEP or New Programmatic Structure, and SED or Performance Evaluation System. The PROMAP, for example, introduces words long forgotten in the Mexican public sector: accountability, citizen's rights, information rights, and evaluation. After a limited diagnostic, the program proposes two objectives:

1. Transform the Federal Public Administration into an organization that acts efficiently and effectively through a new culture of service.
2. Fight against corruption and impunity, through control mechanisms and the promotion of human resources skills.

The program proposes four different sub-programs: Citizen Participation and Service, Administrative Decentralization, Evaluation and Measurement of Public Management, and Professionalization and Ethics of Public Officials.

The program's discourse emphasizes the question of accountability, both in its presentation and in the diagnostic. However, the subprograms barely refer to the impact of actions upon this issue. Action in the citizen participation subprogram refers basically to better information regarding public services, the reduction of required procedures and the need for public agencies to follow up their "clients". There is no attempt at requiring a large transformation of the way government controls information regarding impacts, costs, and budgets assigned to programs or services. There is no action planned where "clients" could have real control over the process and results of the evaluation of the public agency.

The actions of the decentralization subprogram emphasize the improvement of conditions for the supply of public services and the flexibility public institutions should have to attend new needs efficiently. The apparent assumption is that more accountability would be naturally produced by the better technical distribution of resources and responsibilities. Accountability is kept as an internal affair, where efficiency is more important than a wide-open system of information for the public. The actions of the Evaluation and Measurement of the public management subprogram describe the need to develop an integral system of information and new performance indicators. However, the subprogram proposes the following systems for internal control: better information to improve internal management, clear objectives and measurable outcomes for internal evaluation, and performance indicators to guide the management decision-making process. There is no proposal

regarding better ways for citizens or Congress to control public actions, for example. No reference is made to an external evaluation of the impacts on society of public programs. The basic emphasis is upon internal management decision-making process.

The subprogram for the Professionalization and Ethics of Public Service describes a long awaited mechanism for the implementation of a public service career in Mexico. Nevertheless, the program was very general, inducing all public agencies to define their procedures for hiring and training their human resources, and the Treasury Ministry developed a project in 1997. However, until now, the civil service career program has not been implemented. Thus, it is very important to analyze carefully the real possibilities and capacities of this proposal.

The SIAFF, NEP and SED also have been ambitious efforts to transform the traditional budgetary system into a performance-driven budget system. The basic idea is to provide public organizations with sufficient independence in order to avoid micro-management by controller agencies such as the Ministry of Finance (known as SHCP) or the Ministry of administrative modernization and control (known as SECODAM). Indicators of performance, performance agreements, and budgets defined in terms of the achievement of results (not only based on expenditure) have been the main instruments of modernization in this sense. However, its implementation began in 1997 (three years before the end of the current administration), and the process of consolidating the necessary consensus and technical capacity in order to have the entire public apparatus wholeheartedly back the project has been slow and full of obstacles. This part of the reform, the budgetary part, requires a huge political and technical effort in order to induce hundreds of public agencies to implement the proposed system homogeneously. Performance-driven budgets face the complex challenge of giving public agencies large degrees of independence without losing macro-economic and administrative consistency (Arellano *et al.*, 2000). The process of implementation is not going to be completed in 2000, the last year of the Zedillo administration, so it is uncertain whether this reform will be continued in the following years.

Our preliminary and speculative explanation for this apparent inability of the reform to actually transform the public administration into an accountable and externally controlled apparatus is simple: such a transformation would jeopardize political control. An obligation to give the public information, not only regarding information on public services procedures, but in terms of reliable budgets, impacts, evaluations, outcomes, and the flow of resources within agencies and departments, would reduce the use of discretion by some top officials to support particular political agendas through their agencies. Moreover, it would give information to other political groups regarding official program outcomes and impacts over specific social groups. Nevertheless, it would reduce flexibility in the reallocation of resources and manipulation (punishing or rewarding) of social and political groups. The development of specific regulations and institutional channels that would provide the public and Congress with the basic mechanisms for policy evaluation

would impose severe restrictions and limits on top officials regarding the design and implementation of public policies. The public policy decision-making process, nowadays basically developed within the offices of the ministries, would be affected with the “intrusion” of new groups and actors, if a truly open system of information were implemented.

The implementation of an integral and legitimate civil service system would reduce the almost total discretion over the agencies’ human and material resources that top officials now enjoy. This system would imply a different culture and values where appointed officials would have to negotiate with service bureaucracies, limiting their ability to manipulate resources for particular political agendas (legitimate or otherwise). Moreover, given the current Mexican political culture, a civil service reform could become the “hostage” of the still existing clientelistic and *corporatist* political network, yielding inflexible and closed bureaucratic *cadres*. With a traditional civil service the bureaucratic groups used to be accountable only to their bosses and having little incentive to yield information to other parts of society can become a powerful, immovable, and closed framework.

The implementation of a performance-driven budget would increase the visibility of public agencies’ impact and results, making it more difficult to hide political agendas in the manipulation of public organizations.

However, the current administrative reform, until now, is clearly looking for an intermediate alternative. It seems that the best solution in the eyes of government reformers would be to find a way of increasing efficiency and transforming the public apparatus to respond better to social demands without jeopardizing current forms of political control that traditionally depend on the manipulation of government agencies and power over information.

The language used in the program and some of the experiences of this administration seem to show that government reformers, as in many other countries, have found the alternative in what can be called *managerialism* (Lynn, 1996). To be succinct, *managerialism* is a currently worldwide tide of faith in the capacity of private management techniques to resolve the problems of bureaucratization of governments. Famous documents like those by Osborne-Gaebler (1992) and Barzelay (1992) proclaim the end of the bureaucratic era and the beginning of the post-bureaucratic paradigm era.

This is not the space to go deeper into the critique and analysis of *managerialism*. We have attempted that elsewhere (Arellano, 1995). However, it is possible to say that for Mexican reformers, *managerialism* not only responds to questions of improvement efficiency and effectiveness, but also allows “painless” administrative reforms to be defined and designed. Painless because *managerialism*, returning to the old politics-administration dichotomy, promises less politics and more administration through intensive doses of “neutral” techniques of management applied to public sector situations.

Managerialist techniques are relatively easy to implement, and at least in their initial phases do not require massive transformation in such issues as

accountability and civil service reforms. Making some procedures more simple, supporting team thinking within public agencies, developing efficiency indicators, and asking bureaucrats to be concerned about the needs of their “clients”, managerialism assumes that it is possible to arrive at an efficient entrepreneurial government without changing the current nature of the state and its policies.

Throughout this paper we have assumed that the transformation of administration is also the transformation of politics. We think that there exist severe political limitations to the implementation of an in-depth transformation or reform of the Mexican public administration. Being a basic element of political control, public agencies and their reformers would resist firmly yielding control over information and resources to society or Congress. This will be, surely, a long social struggle. A Mexican administrative reform would require several steps, as has been the case in the economic and in the political fields. The Mexican government, through the current official modernization program, has taken the first major comprehensive step, using managerialist ideas and avoiding facing the key problem of making government accountable.

To be able to analyze the successes and failures of these managerial strategies, it therefore seems important to maintain the assumption that an administrative transformation is also a political transformation. A civil service appears in this sense to be a strategic part of the reform. Both an efficient public sector and a good performance-driven system of budgeting depend on a well-defined behavioral structure for public servants. A civil service therefore appears to be a prerequisite for the modernization of the public administration. The in-depth analysis of the possibilities of the implementation of a civil service career, now that this administration is seeking to launch an important program to that end, appears also to be fundamental to an understanding of the future of the Mexican State reform.

The next part analyzes the obstacles and problems the civil service career system proposed in Mexico in 1995 by President Zedillo¹² has faced in its implementation.

¹² However, it is not the first time the Mexican government has proposed to implement a civil service. An important civil service program initiative appeared as a consequence of the 1982 economic crisis. However the proposal faced two main obstacles: trade union power and high-level officials' opposition to being closely controlled. In 1985, the government created a new commission to include union proposals in the civil service project; central government pursued union cooperation because an administrative reform would change the legal framework decreasing public servants' union power. However, unionists didn't agree with the reform proposal because they considered that government authorities controlled it too tightly. Later, the project was included in the agenda of the government of President Salinas mainly due to the explicit goal of making Mexico a member of the OECD and therefore complying with the Organization's standards. The union proposed that the president instead review public servants' responsibilities and salary structure. Salinas agreed in principle, but actually no review or change were implemented during his period.

Part Four

Case study: obstacles and problems FACING the implementation of a civil service career system in Mexico

This case study describes efforts to create a federal civil service in Mexico, identifying and describing the main actors involved in the project, including their preferences—insofar as administrative reform is concerned—, their interests, their strategies, and their specific proposals for administrative reform. The case also discusses some structural characteristics of the actors' social and political contexts, as well as the economic problems that have affected their scope for action.

First, we must point out that a civil service career does not exist in Mexico at any level of government. The few areas where a civil service exists are isolated: the Foreign Service, and teachers in the public school system. Currently, the Office of the Attorney for Agricultural Affairs, which resolves legal disputes involving land ownership, the National Statistics, Geography, and Informatics Institute (INEGI), the Judiciary, the Tax Administrative System (newly created, following the American Internal Revenue Service model) and the Federal Electoral Institute (IFE) are in the process of implementing civil service systems.¹³

The current Mexican bureaucracy's system is organized formally into two categories of public officials. On the one hand, there are the low level employees (*empleados de base*), who are unionized and cannot be fired. This group comprises drivers, maintenance staff, secretaries, archivists and lower level technical staff, who generally lack a university-level education. On the other hand, there are the medium and high-level public officials, called *funcionarios de confianza* (similar to political appointees in the U.S.), who are responsible for all the substantive areas of public administration. These public servants traditionally have been accountable for their performance only to the official who hired them, and who can also fire them without difficulty when they cease to be useful, or when they no longer have the trust of their boss.¹⁴ The low-level employees have little chance of being promoted or making a

¹³ The results of these attempts at professionalization have been variable. The most systematic, open and meritocratic system is undoubtedly that created in the independent agency that organizes elections, the IFE, which is due both to this institution's independence of the federal government and the role played by the opposition parties on the Institute's decision-making body, the General Council, where they insistently pressed in favor of professionalization. It would be hard, as yet, to evaluate the other career services, but in general they suffer from design faults, especially endogamy and closedness. In all cases, including the IFE, by design accountability is undermined.

¹⁴ In 1997, there were 27 secretaries (ministers), 62 under-secretaries, 16 officials major (head officials for the administration of each ministry), 37 unit head, 152 general coordinators, 343 directors general, 563 (area) directors, 5,463 under-directors and 10,152 department heads at the Federal Government level, not considering the decentralized bodies of the administration. The total number is 19,986 "confidence" public officials from the first decision-making level (head of department) to minister. These positions, considered in the Federal budget (1997), account for

career in public administration, while political appointees are in charge of making decisions, and controlling budget and resource allocation. For the first group there is labor stability. For the second, better salaries and resources, and political projection.

The federal government employed almost 2,900,000 public officials in 1999, 30% of whom worked in the federal government, 24% in public entities (parastate agencies like the national oil company, Pemex, and the federal electricity agency), and 46%, the largest group, in the health and education services that were decentralized in the nineties, but who remain on the federal payroll. In fact, a different breakdown of the same group shows that out of the total, 51% was occupied in the education field either at the federal or at the decentralized level, 23% in health and social security activities, and 10% in civil and military personnel for national and public security. Mainly unionized staff and political appointees occupied the remaining 16%, i.e. 450,000 posts. As mentioned before, about 20,000 political appointees are employed in the federal government.

The Federal Public Servants Act (1963), considered the main source of power for the public servants' union, regulates all these conditions. This law allows only one public workers union, the *Federación de Sindicatos de los Trabajadores al Servicio del Estado (FSTSE)*¹⁵; this means that union holds a monopoly on representation of public servants. The right to strike is ruled out for public servants. Finally, the bureaucrats' union belongs to a countrywide union group (Confederación de Trabajadores de México —CTM) that is one of the main sectors constituting the PRI¹⁶. Therefore, the power relationship between the presidency and the executive branch bureaucracy is considered part of Mexico's traditional corporativism, in which one group represents a complete sector, holds monopolistic representation and assures social control in exchange for political and economic privileges for the leaders of the group.

The first attempt to establish a civil service career system in Mexico took place during the early 1980s: the impetus behind the attempt was mainly an effort to reduce government spending on salaries, following the economic crisis which broke out in 1982. In 1983 the General Bureau of the Civil Service was created in the Treasury Ministry with the mandate to propose policies for a more efficient management of bureaucratic personnel.

approximately one tenth of the total costs of the centralized public sector, without counting base employees. Roughly, it is calculated that there are between 200 and 300 thousand non-unionized bureaucrats in the Central sector (excluding Parastate companies, like PEMEX or the Federal Commission for Electricity).

¹⁵ The FSTSE includes all the unions of low-level federal government workers. This monopoly on representation has its basis in a law passed during the corporativism years of the 1940s, which also imposes one and only union in each area of the government. The FSTSE represents only lower-level government employees.

¹⁶ Until the Nineties reforms of the ruling party, the PRI's system of representation was organized by three main social groups, gathered in corporations, or *confederations*: the workers in the CTM, the peasants in the National Confederation of Peasants and urban and middle-class organizations in the National Confederation of Peoples' Organizations.

The huge public finance deficit made a sharp reduction in government expenditure necessary. Five months after the creation of the Direction, an Inter-Ministerial Commission on the Civil Service was created, and put in charge of controlling budgets, the legal aspects and the follow-through, at least on the fiscal level, of the programs decided on by the General Direction of the Civil Service¹⁷. The Commission was in charge of encouraging the implementation of specific parts of a career civil service program, and to standardize and systemize administrative methods, in order to eventually install an integrated federal civil service. But neither a more specific mandate nor deadlines were ever decided on.

For mainly budgetary reasons,¹⁸ the Commission formulated a civil service program in 1984¹⁹, which called for a centrally controlled civil service. But since it proposed a single format for working conditions, eliminating *de facto* the special status of the unionized workers, it was rejected by the FSTSE. Although it recognized the need for a civil service for government workers, the Union insisted that any such initiative comply with the rights of government workers enshrined in the Federal Responsibilities of Public Servants Act, which basically protects unionized workers from being fired²⁰. As a result of this rejection, the SPP project was put on hold, and no law was proposed.

When Ernesto Zedillo came to office in 1994, his term was soon marked by an economic crisis that caused further delays in the civil service reform. However, a new modernization program for the administrative system was presented in 1995. The program called for a gradual implementation of a civil service system, based on a legal framework which was supposed to be in place by 1997.

As already mentioned, the general outline of this public administration reform can be found in the Federal Public Administration Modernization Program (Promap, 1995-2000).²¹ Many actions were undertaken by different government

¹⁷ Members of the Commission included the Comptroller General of the Federation, the Secretary of the Hacienda and Public Credit (SHCP), the Secretary of Labor, the Secretary of Budget and Programming (SPP), the Secretary of Public Education, and the General Secretary of the FSTSE. The objective of the Commission was to advise the President on the civil service. The SPP presided over the Commission and a technical secretary from the General Direction of Civil Service was coordinator.

¹⁸ Following the arguments of Stephan Haggard, "The Reform of the State in Latin America", mimeo, 1997, p.15.

¹⁹ With very general objectives aimed at "modernizing public administration, promoting efficiency, and encouraging a vocation for service", the program had strong centralizing tendencies, which included centralized classification of posts, hiring of personnel, a single pay and promotions policy, information systems, and personnel development. The goal of this program was to guarantee a "meritocratic system and to encourage professionalization", by guaranteeing the job stability and security of public employees. See Jesús Amado Tiburcio "Relaciones laborales en el sector público", *Documentos de Trabajo* 37, Friedrich Ebert Stiftung, México, 1992, p.32.

²⁰ For efficiency reasons, the government proposal included the possibility of worker separation.

²¹ Some of the problems in Public Administration identified by the Program itself are: labor inequality between high and lower posts, overall low salaries, uncertainty regarding job permanence,

agencies to launch and support the administrative reform. But the main actors for design and implementation were the Finance Secretary and the Comptroller and Administrative Development Secretary. And as far as establishing the civil service was concerned, the main role was given primarily to a newly created Civil Service Unit (CSU) within the Finance Ministry. This unit had to design the draft bill, which would need the endorsement of the Comptroller General, before presentation and discussion with the President²².

In a study that preceded the bill, it was shown that public officials' salaries were too low, and that the monetary compensation system, in which total payments are divided into a very low base salary and much higher bonus payments (the size of which is determined by an employee's superiors) did not provide a clear incentive structure to improve bureaucrats' performance. It also criticized the fact that hiring schemes varied among public organizations so that training, developing, and firing procedures were neither uniform nor regulated.

The main reforms proposed by the CSU included an open and clear recruitment system where new aspirants to any branch of federal government must take a general exam, a psychometric test, and an exam specific to the job being applied for. The first two tests would be the same for all public organizations and the CSU would be responsible for them. The last one would be developed by each public organization according to its specific technical needs. Other CSU proposals included the generation of a new classification for non-unionized bureaucrats, a mechanism that would allow only half of the highest level positions to be appointed by the ministry head, while the other half would be career public servants. The monetary compensation system would have three constituents: salary, incentives, and rights, and would be regulated by the CSU. Promotions would be of three types: by group, increasing salary, and grade or responsibility (including group and salary). A new evaluation system based on performance, better customer service and expertise would be implemented. Firing processes could be based on several causes: voluntary, misconduct, bad performance, lack of promotion in seven years and, economical constraints or downsizing. Training would be systematic for existing and new public servants at all hierarchical levels.

The CSU project provided three different options for unionized workers: one, changing the status of union membership so that base employees could be integrated into the new civil service system; two, keeping the separation between base and confidence officials but allowing union members to resign their union membership

lack of accountability, and a culture that encourages inefficiency, bureaucratic misbehavior, and corruption.

²² The reason why the Finance Secretary was in charge of the civil service reform was because it was formally responsible for the general management of the government personnel. Many other key tasks fell into this Secretary control, like the budget allocation and implementation reform. In fact, this Secretary is involved in all finance and budget issues, while the Comptroller Secretary deals with administrative matters. Since both activities are constantly linked, there are frequent problems of coordination between the two secretaries.

in order to pursue a career in administration; and three, designing two civil service careers, one for political appointees and the other for base employees.

This model left a great deal of responsibility in the hands of the CSU, with centralized controls over three main points: hiring, pay, and the criteria for job termination.

After the project was developed, it still needed the acceptance of the Secodam. At this stage, the bill was stalled because both ministries, the Treasury (Hacienda) and the Secodam, could not reach an agreement. At first, the points of disagreement seemed to be mere legal points of little practical importance. But gradually, as negotiations progressed, it became clear that the difference of opinion was substantial²³.

For Secodam, the Treasury CSU's plan seemed too centralized. Throughout the process of personnel administration, the opening of new positions, criteria for hiring, approval of hiring, of promotion, pay, a system of incentives, training, control, and evaluation, the Treasury reserved a central role for itself. And it was not clear whether the CSU had the administrative capacity and human resources to take on this responsibility, or even that it would be able to acquire these resources in the near future. In any case, the centralizing tendencies of the proposed program would cause the various secretaries to depend on the authorization of the CSU, which didn't seem the best way to increase efficiency from the Secodam's viewpoint. The Treasury was emphasizing professionalization, which led to a centralized design, while the Secodam was emphasizing flexibility and efficiency, which called for a flexible scheme that would rescue some of the informal characteristics of the former organization and that would adjust to the specific condition of different public organizations. In terms of bureaucratic politics, under the CSU's proposal, it would gain a fair amount of control over the administration with a proposal that would, at the same time, highly complicate Secodam plans for public administration modernization.

As the diagnosis and the objectives differed, agreement on the rest of the agenda, particularly in the implementation strategy, became unlikely. One of the sharpest points of disagreement concerned budgetary questions. Secodam argued that the cost was too high, considering the evaluation, promotion and incentives, training, separation and retirement systems linked to the Treasury's proposal. Concerning the payment system, the budgetary cost of generalizing previously informal bonus pay and other incentives, which are currently limited to a small group of officials, seemed also to be quite high.

As can be seen, the federal project is stalled by severe problems.²⁴ The reasons for this can be classified in two groups: the first one is related to policy

²³ Testimony of high level officials in the Secodam interviewed in Mexico City in February, March, and April of 1997.

²⁴ In April 1988, a PRI senator presented an initiative on civil service in Congress, which rescues to a large extent the Treasury's CSU proposal. Various factors meant that there was little time for the initiative to be discussed. On the one hand, there was an overloaded congressional agenda; on

making and the second one concerns structural elements or the institutional framework.

Regarding the policy making aspect, the civil service project failed because of timing considerations. Zedillo promised that the bill would be passed in 1997. But this year was full of electoral events: congressional mid-term elections, elections for state and Federal District governors and deputies. Other important matters contributed to the lack of progress in the civil service project: economic adjustments, the conflict in Chiapas, national security reform and efforts to combat corruption.

As described before, two ministries were involved in the project's development: the Treasury and the Secodam. This meant two different approaches and two different bureaucratic agendas. Finally, the process for building the civil service project maybe ignored the most interested actors: unionized mid-level and operative bureaucrats. Facing a common enemy, union leaders gained new and revitalized support from their members. Therefore, it was impossible to build consensus on the real problems, their feasible solutions and ways to implement them. The strategy to establish the civil service system was inadequate, lacking in political support and badly timed.

After the 1997 elections, a number of changes have taken place that directly affect the chances for the implementation of a civil service reform. A change in the balance of power between the legislature and executive made building consensus over presidential initiatives more difficult. Passing laws was no longer a simple process that goes from executive proposals to congressional acceptance. Therefore, the institutional framework further decreased the civil service reform's chances of being passed by Congress.

However, the coming to power of a new political group after the 2000 elections substantially changes the former state of affairs. In particular, the main obstacle described in the first section, the degree to which the ruling élite and civil servants were linked, has been overcome. In a general sense, it may be said that this break opens the way for the third wave of the administrative reform to sweep over Mexico, including the professionalization of public office, and efficiency-led managerial reforms and transparency and accountability.

Despite this, and although conditions might be ripe, important problems remain that will still take time to solve. These include the following:

1. Although the party of the new president does not have a majority in Congress, there is a long way to go before the separation of powers is an everyday fact. Indeed, it is far from working properly: those in Congress will have to strengthen their parliamentary careers —finding incentives to make a career of legislation (through immediate reelection, for example)—; and Congress must give itself

the other hand, a couple of weeks after his initiative, the senator was appointed minister of Social Development, leaving the bill without a sponsor in the Senate.

the support bodies and personnel it needs to professionalize legislative work.²⁵ Work remains to be done in professionalizing parliamentary advisory bodies and agencies.

2. The inefficiency (and discredit) of the judiciary must be put right. An independent judiciary is vital if Mexico is to ensure that the legislature and executive are to be fully legally responsible, and to interpret and enforce the provisions of the national constitution. And Mexico lacks an independent and professional judiciary capable of creating a minimal rule of law to guarantee the security of persons, assets and private property and ensure compliance with laws and contracts. This means that no-one believes in new legal reforms, because no-one thinks they are going to be complied with. It is easy to write laws; afterwards, they have to be enforced so that the country can enjoy the benefits that come with the rule of law.²⁶
3. Systems of accountability have simply not existed, and they must be put in place. The lack of checks and balances has not allowed them to evolve and the system that has prevailed to date has only encouraged accountability to one's immediate boss, often an accomplice —or at least a complacent spectator— in his subordinate's collusive transactions.
4. An overregulated public administration, with strict and traditional rules, works with unwritten logics and rules of the game. There is an excess of regulation — sometimes with contradictory laws— that serves only to cover up the prevalence of informal systems of operation, with room for huge real discretion for civil servants. Arbitrariness is compounded by a terribly poor distribution of responsibility: following the rule, in some decisions that could be simply the result of common sense, the intervention of numerous bureaucratic instances must be called upon. However, when something goes wrong, no-one is responsible.
5. This informality has become an institutional arrangement: corruption, fraud, bureaucratic patrimonialism, clientelism, opportunism and inefficiency have become institutionalized. At the same time, the excess of rules and their complicated nature have substantially raised the costs of transactions through bureaucratic channels. In other areas, where legal loopholes exist, informal arrangements help to conclude transactions.

²⁵ It must here be noted, however, that support personnel can rely on a civil service system for job security and to avoid the constant removal of their *cadres* (which makes professionalization difficult). Nevertheless, since this is not an agency that executes policies, to some extent the main advantages of the system are lost.

²⁶ See the Report on World Development, 1997. The State of a world in transformation, World Bank, 265 p.

6. The system of groups and teams, regulated by these informal rules (binding friendships, complicity in mutual enrichment and inefficiency, vertical group hiring, firing and promotion in public positions), institutionalized a system that discouraged trust, objectiveness and the possibility of peer review. It also stood in the way of the professionalization of the system because it blocked those civil servants who otherwise would have climbed through the ranks on their merits. It also characterized the decision-making process which was concentrated in a small number of individuals and agencies, where the delegation of responsibilities was infrequent. Once again, this shows the lack of cooperation and trust.

Overall, informality posed a dilemma for the administrative reform in general and the installation of a meritocratic civil service. A reform of this type requires change in the formal and informal systems that govern institutions, the rules of the game, and the structures of incentives and penalties.

The last section of this paper suggests some ideas for the discussion of some of the original hypothesis of this research project, which are presented in Hereida & Shneider's paper (2000).

Concluding Remarks

As we pointed out earlier in this paper, implementing a successful administrative reform is a very complex political process. It represents significant changes in the power structure established by key decision-makers at the top levels of government. In addition, a structured administrative reform implies modification of bureaucratic behavior.

Thus, given the evidence presented in this paper, there are important remarks to be made regarding some hypotheses common in the literature (reviewed by Schneider and Heredia, 2000):

1. The degree of convergence between the executive and the legislature: where cooperation prevails, coherent state reform programs are more likely. When there is division, state reform efforts will be fragmented. In other words, the relationship between the executive and the legislative branches affects the configuration and outcome of the reform. It is necessary to emphasize that this assumption works in a democratic context, implying free elections and conditions of fair competition allowing different governments to alternate and, a Congress relatively independent of the executive (a true separation of powers that allows equilibrium and specialization of state functions, especially in policy making). In Mexico, until the 1997 elections, the relationship between the executive and the legislature was not exactly cooperative; it could be better

- characterized as one of subordination where the congress (bicameral) must adjust to an incentive system imposed by the presidency.
2. Level of party fragmentation: fragmented party systems hinder state reform. Moves towards cohesive party systems may facilitate reform by providing legislative backing to presidential programs, but in the case of long-standing cohesive systems patronage may increase. In other words, a structured system of political parties —with a long history of cooperation- makes reform easier by allowing the legislature to support presidential programs. Once again, this hypothesis supposes a context in which political parties compete with each other and alternate in power.
 3. Degree of centralization of party control. “The greater the centralization, the greater the chances for state reforms that strike an appropriate balance between efficiency and continued responsiveness to societal demands”. According to this hypothesis, the greater the centralization of the governing party, the greater the possibility of carrying out an administrative reform. The idea is that a decentralized party would face, among its congressional representatives at least, divergent interests that would reflect the diversity of their constituencies. Paradoxically, in the Mexican case the centralization of the ruling party has obstructed the development of an effective administrative reform, resulting in the bureaucracy’s strategic role in the political system.
 4. The relationship between the executive branch and trade unions, especially the public workers’ union, undermines the results of the administrative reform. Clearly, a cooperative relationship between the president and trade unions should benefit the implementation of reform. However, in the case of Mexico, even though the bureaucrats’ union is an integral part of the PRI, more than a cooperative relationship, a relationship of patronage and subordination was developed, which eventually marginalized the union in the negotiating process.

Following the hypotheses proposed by Heredia & Schneider (2000), and taking into consideration some of the experiences we studied here for the Mexican case, three more detailed arguments might be proposed in order to better deal with the political peculiarities common in developing countries making the transition to democracy:

1. The specific role of the high-level bureaucracy in the political system affects the chances for administrative reform. The more integrated this bureaucracy is in political power dynamics, the greater the probability that an administrative reform would affect the capacities and resources of the political system as a whole. It seems that when competition for political power takes place in the electoral arena and when the political parties are the legitimate contenders, the

bureaucracy is more likely to be concerned mainly with administrative affairs. In this case, since it is less affected by political matters, the bureaucracy is more likely to become independent, and more professional. When a political career is conducted within the bureaucracy, and public resources are also openly political resources, then administrative independence is very difficult to obtain.

2. Since the executive branch in Mexico is designer, executor and supervisor, and since the legislative branch does not participate in policy-making, any administrative reform that might take aggressive steps towards reducing the discretionary powers exercised by diverse political groups over the public apparatus is not likely to be implemented. An aggressive and comprehensive administrative reform would be more likely if pushed and controlled also by institutions like Congress or non-governmental organizations.
3. The extent to which written rules and laws are followed is a prerequisite for an understanding of the outcome of an administrative reform. When the rules of the game are basically informal (despite the fact that the actors involved might understand them perfectly), the bases for a formal administrative reform are weak because its new rules and procedures do not necessarily affect the unwritten rules.

Based on the last three assumptions, it can be said that an administrative reform in developing countries like Mexico can be effective when the reform meets three basic conditions:

- a) It offers a relative degree of autonomy to the administrative apparatus vis-à-vis the political arena and its members.
- b) It offers possibilities of participation or effective control of the administrative apparatus to some of the social actors interested in the reform (through the legislative branch, for example). In other words, if it makes the administrative apparatus effectively accountable to society.
- c) It develops a set of written rules and incentives that promote the replacement of the current informal ones by a greater level of formal institutionalization.

It is clear, however, that these conditions might be contradictory. Combining an independent bureaucracy with an increase in the ability of society to influence and control the government bureaucracy is not easy in a country that is in the process of democratic consolidation, which includes building-up a democratic public administration. Moreover, how can informal rules be changed?

In any case it is clear that successful administrative reform requires complex transformations in the political arena. A successful administrative reform involves

more than just incentives, new institutions and procedures. It must also change behaviors within organizational and institutional settings. This obviously makes success more difficult. Nevertheless, it must be said that the main obstacle to administrative reform in Mexico was removed in one fell swoop with the electoral results of July 2000, when the PRI lost the presidency. This historical political event broke the traditional link between the political elite and public servants. It can be foreseen that in the years to come the change of political regime will trigger a slow process of democratic reform of the administrative apparatus, which will certainly move in three directions: professionalization, managerialism and transparency and accountability.

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