

## **PUBLIC MANAGEMENT POLICY CHANGE IN MEXICO, 1982-2000**

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**ABSTRACT:** *This article explains change in public management policy in the Mexican federal public administration during the 1980s and 1990s. It aims at explaining the sources and limits of change in public management policy in Mexico and, at the theoretical level, to provide insights about what accounts for change in public management policies. It contrasts two policy cycles—moral renovation and administrative modernization—that took place under the presidencies of Miguel De la Madrid (1982-1988) and Ernesto Zedillo (1994-2000).*

During the last two decades of the twentieth century, many countries made substantial change in public management (Hood 1991; Pollitt and Bouckaert 2000; Barzelay 2001; Lane 2000). Notably, the United Kingdom, New Zealand, and Australia have been regarded as examples of wide-ranging transformation in the public sector. However, despite some rhetorical attempts to portray these cases as evidence of an international trend—even a global revolution (Osborne and Plastrik 1997; Kettl 2000)—the idea of homogeneous reform in public management across countries has been rejected by several scholars (Hood 1998; Knill 1999). It has been argued that, even if the UK, Australia, and New Zealand experiences could be regarded as benchmark cases (Barzelay 2001), other countries have followed different patterns of reform.

In order to produce a good understanding of these changes in public management, it is necessary to look at the policy processes. Following Barzelay, public management policy refers to government-wide institutional rules and organizational routines intended to guide, motivate, and control public service organizations (Barzelay 2001). Beyond the benchmark cases, many countries have tried to change their public management policies. The comparative research on public management policy can be improved by analyzing cases in which the outcome is not comprehensive change. In other words, if this research program pursues a variation-finding strategy, it will be possible to identify sources of stability and change in public management policy across countries (Tilly 1984; Barzelay and Fuechtner 2003). A variation-finding

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strategy requires research on cases with different outcomes in order to identify the sources of those differences. With the objective of adding new elements to this kind of comparative research, this article provides an account of public management policy change in Mexico from 1982 to 2000. Compared to the benchmark cases (Barzelay 2001), the Mexican experience is a case of little change in public management policy, despite activism in this domain during two administrations. Since the early eighties there have been attempts to introduce change in the core public sector at the federal level, but they have not resulted in comprehensive change. Nonetheless, even if limited, change did occur.

During the 1980s and 1990s, there were two episodes of activism in public management policymaking. The first initiative, under the presidency of Miguel De la Madrid (1982-1988), was aimed at fighting corruption. During the 1982 presidential campaign, in an attempt to deal with the corruption-related scandals of the previous administration, De la Madrid launched an anticorruption proposal called moral renovation. Despite the economic chaos in which the country was embedded in the early eighties, which demanded a great amount of presidential attention, this issue was one of the most prominent topics on De la Madrid's agenda. After taking office, he established a Ministry of Controllorship (*Secretaría de la Contraloría General de la Federación*), which was to be the agency in charge of the moral renovation initiative. Initial changes included modifications to the legal framework and the development of audit routines in the public administration as a whole. However, following its initial prominence, the issue gradually lost its high status on the governmental agenda. Finally, in 1985, the ministry created by De la Madrid moved its attention to new issues related to downsizing and privatization.

A second attempt to carry out changes in the federal public administration occurred from 1994 to 2000, when the Ernesto Zedillo government introduced a new agenda regarding public management after a period (under Carlos Salinas, 1988-1994) when the issue was not raised to the governmental agenda (even when there were overarching political and economic reforms). Again, despite economic and political problems which attracted most of the presidential attention, in 1996 Zedillo launched the Public Administration Modernization Program (PROMAP). This program included a comprehensive analysis on the conditions of the federal public administration and proposed changes in the areas of organization and methods, budgeting, and civil service and labor relations. Responsibility for each of these areas was assigned to specialized agencies (Administrative Development Unit, Civil Service Unit, and Budgetary Policy and Control Unit). Without presidential involvement, the heads of each of these units took on the task of designing and implementing changes in the three areas. The impact of the work done by these agencies was affected, first, by the effects of the 1995 economic crisis; second, by bureaucratic struggles between the Ministries of Controllorship and Finance; and, third, by the change of administration in 2000. By the end of the Zedillo period, there were changes in public management, even if limited: managerialist practices were adopted by all governmental agencies, there was a new budgetary process, and new rules for the administration of labor relations.

The objective of this article is to understand change and stability in public management policy in the Mexican federal public administration during the De la

Madrid and Zedillo periods.<sup>1</sup> It aims at explaining the career of public management policy issues within this timeframe, and at understanding the sources and limits of change in public management policy in Mexico. In contrast to alternative explanations that emphasize the restrictions to reform imposed by the interests of the bureaucratic elite (Heredia 2002; Arellano and Guerrero 2000), or the political factors undermining the likelihood of reform (Pardo 2003), this article focuses on the policy process of public management change. The analytical framework is the one proposed in Barzelay's *The New Public Management* (2001), which relies on the models of decision-making process stated by Kingdon (1995) and Baumgartner and Jones (1993). By using this framework, the purpose is to understand how the policies of public management change in Mexico evolved over time, and to provide explanations for the differences between various policies.

The Mexican experience contrasts two episodes of policymaking and implementation processes. Efforts to conduct change in this domain appear to be more successful during the Zedillo period. This contrast will be useful for producing limited historical generalizations (Ragin 1987) regarding the relative importance of presidential involvement, the role of policy entrepreneurs (Roberts and King 1996), and the effects of the design of the policy subsystem (Baumgartner and Jones 1993). On a theoretical level, the research goal is to provide insight about what accounts for change in public management policies across time and distance. In other words, the purpose of the article is to understand the public management policymaking process in Mexico during the last two decades of the twentieth century, with the intent of informing the comparative study of this topic.<sup>2</sup>

## **THE MORAL RENOVATION POLICY CYCLE (DE LA MADRID PERIOD)**

### **Introducing Moral Renovation**

In December 1982, De la Madrid stated in his inaugural address:

Moral renovation will be a commitment and a norm of behavior during my administration. . . . We will renew the constitutional foundations of public servants' responsibilities and will propose a new law on this issue, as well as reforms and additions to the civil and penal legislation" (De la Madrid 1982, 21).

The moral renovation issue had been the main theme during the presidential campaign and remained on the top of the governmental agenda during the first months of the new administration.

De la Madrid took office in the middle of a severe economic crisis. The government was virtually bankrupt and coping with widespread public distrust. In his first address, he declared: "We live an emergency situation. . . . The situation is unbearable. I will not allow the country to come apart in my hands" (De la Madrid 1982, 14). Three years before, in 1979, the economy grew 9 percent, and President José López Portillo declared that the country was initiating a period of abundance. This was the result of the oil crisis of the 1970s, which produced a nonsustainable increase in oil prices from which Mexican public finances benefited considerably.

When the boom ended, economic problems of all sorts came out. In his last state of the union address, in a desperate attempt to stop the crisis, López Portillo expropriated the banks and established currency exchange controls. This decision resulted in a worsening of the economic situation and loss of confidence from international and domestic investors. In the political arena, the situation was no better. There were widespread allegations of corruption and nepotism, as well as general public distrust of government officials.

In this context, De la Madrid—then minister of planning and budget—was chosen as candidate of the official party (Institutional Revolutionary Party, or PRI). In his first address as presidential candidate he announced his intention to bring the corruption scandals to an end. His election team coined the neutral term of moral renovation in order to avoid a clear accusation against the López Portillo government. De la Madrid singled out moral renovation as one of his seven campaign pledges. During the campaign there was no clear indication of the content of this initiative, and even after the election there were public meetings to receive proposals on the issue. It functioned as a strategy to separate him from the accusations of corruption made against the López Portillo administration.

### **Fleshing Out Moral Renovation**

Before being a presidential candidate, De la Madrid had been minister for planning and budget, an office created by López Portillo in order to centralize control over the budget and to diminish the power of the Ministry of Finance (Torres 1999). As minister, in 1979, De la Madrid had created an office of Coordination of Management Control, from which he enforced stronger control of the budgeting process within the ministry. He used this experience to design the institutional setting for his moral renovation initiative.

The intention of De la Madrid was to deal with corruption in an effective manner, without affecting the interests of powerful politicians and the image of the ruling party. During the presidential campaign, the De la Madrid's inner circle, composed mainly of civil servants with legal backgrounds, argued in favor of a strategy with two components. The first consisted of legal provisions regarding the obligations of public servants and the procedures for sanctions for the misuse of public money. The second component aimed at differentiating the new administration from the previous one by outlawing the most criticized, corrupt activities under López Portillo: nepotism, gifts to public officials, and the use of luxurious goods by politicians. Finally, in order to give prominence to moral renovation and to integrate fragmented activities carried out by other agencies, De la Madrid decided that a new ministry had to be established.

### **Establishing the Institutional Setting**

Once in office, De la Madrid sent a reform bill to the Congress in which he proposed establishing the Ministry of the Federation's General Controllorship (*Secretaría de la Contraloría General de la Federación*; or SECOGEF), which would take on audit and evaluation activities performed by other federal agencies, notably the Ministries of Planning and Budget, of Finance, and the General Attorney (López Presa

1999). The new ministry would audit government performance and prosecute corrupt practices. It would oversee the work of the internal controllers (the officials in charge of auditing within each agency), and have responsibility for controlling and evaluating the public sector (including the numerous state-owned enterprises). De la Madrid also sent Congress a proposal for a constitutional amendment of the chapter on public officials' duties and for the enactment of a new Law of Federal Public Servants' Responsibilities, which established the obligation for public officials to submit annually a patrimonial declaration, a document stating the sources of their income. The legal and constitutional changes followed the established route, and, after minimal discussion in Congress, the legal changes were enacted. The Congress also passed a modification to the Penal Code, introducing new sanctions for public officials, and one to the Public Administration Law, which authorized establishment of the new ministry.

De la Madrid appointed Francisco Rojas—a member of his team when he was in charge of the Ministry of Planning and Budget under López Portillo (in the office of management control already mentioned)—as head of the new ministry. Rojas enjoyed a close relationship with the president, and had experience in the area of control working under De la Madrid, overseeing the correct use of public money by the ministry. He was also responsible for party finances during the presidential campaign and was familiar with De la Madrid's intentions regarding the fight against corruption and with the president's attraction to instruments such as audit and evaluation.

Rojas' first task was to develop rules and routines to accomplish the mandate of fighting corruption and auditing governmental bodies. The new ministry successfully sought to acquire supervisory authority over each agency's internal controllers, with the purpose of strengthening its capacity to audit and evaluate governmental activities. However, this objective was not entirely fulfilled, since the internal controllers were appointed by the head of each secretariat. During 1983, SECOGEF developed the framework under which it (and its agents in the rest of the government) would operate. The internal controllers in each ministry were not Rojas' subordinates, since they were appointed by, and accountable to, each minister. In order to give coherence to the work done by these agents, SECOGEF issued a document called "General Norms for the Formulation of Audits" (*Bases generales para la formulación de auditorías*), which emphasized the organization's role in the external supervision of the work done by public officials, and identified routines and operational procedures for doing so (Pardo 1992). SECOGEF also developed the legal provisions under which public officials would report their annual income and the sources of it, as well as routines for verifying this information and taking action in case of illegal activity. In his first state of the union address (September 1983), De la Madrid declared satisfaction with the work done, and announced that the basis for moral renovation was already set.

### **SECOGEF's Work**

By the end of 1983, the economic crisis was deepening, and new issues (particularly a local government reform project) diverted presidential attention away from the moral renovation. Rojas' work continued under the institutional setting already established, but as he did not have a prominent role in the cabinet it was

difficult for him to maintain the issue at the top of the governmental agenda. SECOGEF work continued along two tracks. It implemented routine activities derived from the legal provisions, particularly the patrimonial declaration, by which all public officials were required to make highly detailed disclosures of their personal assets upon entering and leaving office. At the same time, SECOGEF worked on a very high-profile investigation on corruption by ex-Mexico City Police Chief Arturo Durazo, and on the imprisonment of an ex-political rival of De la Madrid's (Jorge Díaz Serrano) accused of corruption. These two cases were the only ones in which SECOGEF attracted media attention, but they were regarded as political revenge more than part of a comprehensive anticorruption policy.

Despite the initial importance of the moral renovation issue, it quickly lost its place on the presidential agenda, which was overloaded with issues related to the economic crisis. At the same time, even if SECOGEF was De la Madrid's brainchild, its importance within the government decreased as the relevance of the Ministry of Planning and Budget grew. Carlos Salinas de Gortari, head of this ministry, was gaining power and influence in the administration. He was the leader of a team of economists educated abroad who were gaining control of the economic policy of the De la Madrid administration. As part of his strategy to gain power in the government, but also as a way to enforce austerity measures, Salinas created control mechanisms linked to budgetary allocations (under the supervision of the Ministry of Planning and Budget), which diminished the relative importance of SECOGEF's control and evaluation duties.

### **The Effects of Crisis**

By 1984, new issues were overloading the governmental agenda. Conflicts in local elections demanded direct intervention from the president, since for the first time in half a century the ruling party was facing strong opposition and losing power in important city governments. This was another setback for the moral renovation issue, since De la Madrid found that calling public attention to corruption issues hurt the image of the official party and increased discontent with the government.

As the crisis deepened, De la Madrid recognized the difficulty of maintaining the status quo in economic policymaking. In 1985, in contrast to previous declarations praising the active role of the state in the economy, De la Madrid described the Mexican state as an obese state (Aguilar 1994). He made the proposal of reducing its size by privatizing public enterprises, deregulating the economy, opening the market to external competition, laying off personnel, and reducing the public budget. A new economic model started to replace the old import-substitution scheme. This was also favored by the increasing power of the new technocratic faction of the political elite, led by Carlos Salinas, who was coming to dominate the political stage (Hernández 1989). By 1985, this faction had already won some key bureaucratic battles with the members of the cabinet, who called for a less radical transformation of the economic model and even for returning to the interventionist state (Centeno 1994).

The impact of these changes was not only a reduction in the size of the bureaucracy, but also a change in the activities and priorities of the agencies in charge of the public management policies of the first part of the administration. Specifically,

SECOGEF changed its main objective from combating corruption to implementing the privatization and downsizing policy directions. From 1985 on, given the new governmental priorities, SECOGEF officials pursued the task of overseeing privatization activities, and the delegates in each agency gained the responsibility of overseeing budgetary adjustments and the laying off of bureaucrats. In February 1987, just after a ceremony in which De la Madrid praised the role of SECOGEF in privatization and downsizing activities, Rojas resigned as minister (and was appointed director of Pemex, the state-owned oil monopoly). By that year, the structural adjustment process had already replaced *renovación moral* as the most prominent issue on the governmental agenda, and SECOGEF was not carrying out any new anticorruption policy.

### **Understanding the Moral Renovation Policy Cycle**

Between 1982 and 1985, the issue of fighting corruption dominated the agenda in the domain of public management policy. The moral renovation issue enjoyed direct involvement from the president and was implemented through a policy subsystem (Baumgartner and Jones 1993) restructured especially for it. However, even if there was a change in public management policy, which began with a modification of the legal framework, soon after the legal change the issue suffered a diminishing status on the presidential agenda. Activism existed only in the first stage of the program. Soon after legal changes were made, the issue took a low status and new anticorruption initiatives were not forthcoming. In addition, the economic situation, and the changes in the political elite, negatively affected the implementation of this policy. The role of SECOGEF was reduced to finding ways of reducing public expenditure and laying off public personnel. The deepening of the economic crisis after 1985 produced a policy spillover, since, in order to balance the public finances, it was necessary to reduce public expenditure, which, in turn, required downsizing the public sector and privatizing state-owned enterprises. Moral renovation disappeared from the agenda of the De la Madrid administration, and its place as the top priority of the government was occupied by a complete transformation of the economic model. Even the policy subsystem specially created for the anticorruption issue was reorganized in order to address needs related to downsizing and privatization. There was interference of a policy from another domain (economic policy) in the evolution of the moral renovation issue. This policy interference caused instruments set up to pursue one agenda (anticorruption) to be redeployed in pursuit of another (economic adjustment).

Thus, since 1985, privatization, trade liberalization, and deregulation emerged as the new governmental priorities, whereas public management policymaking was suspended not only for the rest of the administration, but for the Salinas period as well.

### **THE ADMINISTRATIVE MODERNIZATION POLICY CYCLE (ZEDILLO PERIOD)**

Contrary to the De la Madrid inaugural address, Ernesto Zedillo's speech after taking office in 1994 did not mention any public management initiative, just as he did not raise the issue during the presidential campaign. Contrary to what happened in the

1981-1982 presidential campaign, the Zedillo campaign took place in a moment of apparently good economic conditions (including the coming into force of the North American Free Trade Agreement in January 1994). But the political situation was extremely difficult. At the beginning of the year, the so-called Zapatista Army initiated a revolt against the Mexican government. Three months later, the PRI presidential candidate, Luis Donaldo Colosio, was assassinated. Ernesto Zedillo took his place as candidate and won the elections, in one of the more critical junctures in the decade (Loaeza 1994).

It is clear that the political and economic context was dramatically different from that under De la Madrid.<sup>3</sup> The economic adjustment initiated in 1985 culminated in 1994, when Mexico signed the North American Free Trade Agreement and was accepted as a member of OECD. Extensive privatization and deregulation policies had been carried out, alongside a transformation of industrial and trade policies, in order to reduce the role of the state and to promote a more open economy. Similarly, political reform had been significant in this period. The allegation of fraud around Salinas' election had raised serious doubts about his legitimacy. He attempted to recover some legitimacy for the regime by reforming the electoral system and developing an extensive social policy.

### **Preparing the Administrative Modernization Program**

The same month Zedillo took office (December 1994), political and economic problems of all kinds affected the new government, including a guerrilla movement and a devaluation of the peso, which initiated the deepest economic crisis of the decade. Zedillo engaged full time in coping with the economic crisis. Yet, before the crisis appeared, Zedillo announced changes in the federal public administration; he proposed a modification of the Public Administration Law to transform SECOGEF into a new Ministry of the Controllorship and Administrative Development (*Secretaría de la Contraloría y Desarrollo Administrativo*, or SECODAM), which would extend its traditional control and evaluation functions to a broader responsibility regarding public management policy. The new text of the law prescribed that SECODAM would be given power to organize and coordinate the integral administrative development of departments and agencies of the federal public administration, in order to make efficient use of human capital and technical resources, with the aim of decentralizing government and reducing bureaucracy.

Zedillo appointed Norma Samaniego, an economist member of the PRI, as minister of the controllership. In 1995, she established a new office within SECODAM: the Administrative Development Unit (UDA), a specialized and relatively small agency, which would be in charge of designing a model for reorganizing the core public sector. Samaniego assigned UDA the task of preparing a white paper for reforming the public administration, which would develop the objectives stated by Zedillo in his national development plan. She appointed José Octavio López Presa as head of UDA. López Presa had been part of the Zedillo campaign team and had been involved in the preparation of papers on civil service and administrative modernization during the campaign. He incorporated those proposals into the draft of the program, and his team reviewed OECD countries' experiences of



public management reform. The objectives of this plan were already set in the national development plan, which called for flexibility, efficiency, and accountability in the public sector, as well as the creation of a professional, ethically aware career civil service. For designing the plan, UDA relied on New Public Management-styled reform experiences in OECD countries, as well as some experiences in the state governments in Mexico (especially regarding the use of total quality management techniques in the public sector [Roel 1996]). The final version of the program consisted of a diagnostic of the federal public administration and a set of strategies to modernize it.

In early 1996, while this plan was being formulated, Norma Samaniego resigned her position as minister of the controllership and was replaced by Arsenio Farell, a hard-liner of the old political elite who was more interested in control activities than in the modernization issue. Despite the change, UDA continued with the preparation of the plan. The result of this work was called the Public Administration Modernization Program (PROMAP), which was presented by the president in May 1996 (SECODAM 1996). The modernization program included a comprehensive analysis on the conditions of the federal public administration and proposed a number of changes in four areas: civil service, rules and routines (regarding the introduction of managerialist practices), audit and evaluation, and citizen participation.

In the diagnostic, the program included a strong critique of traditional practices in the Mexican public administration, and argued against centralization, improvisation, lack of evaluation practices, and detachment from the public. To address these problems, the program proposed four subprograms: citizen participation, administrative decentralization, evaluation and measurement of public management, and professionalization and ethics of public officials. There were no guidelines regarding how these subprograms were to be implemented; however, it was explicitly stated that SECODAM was mainly responsible for them, but with the essential participation of the Ministry of Finance.

### **Introducing Managerialist Practices**

Soon after the presentation of PROMAP, Farell promoted López Presa and appointed Santiago Roel as the head of the Administrative Development Unit. Roel, who had experience in this kind of role at the state level, actively promoted PROMAP in federal agencies and carried out numerous workshops and training seminars with public officials. With the purpose of developing a service-oriented culture in the public administration, UDA carried out activities toward the introduction of managerialist practices in the public sector. The unit created a corporate planning scheme that was to be followed by all public offices, as well as some technical guidelines for doing so. It also carried out training activities in order to make public servants aware of the content of PROMAP (Roel 1999). There were some qualitative changes in the work done in line agencies. Particularly, after the reforms were introduced, each office was required to do basic corporate planning (i.e., state a mission, vision, objectives, etc.), and to set standards regarding the quality, timing, and other factors involved in the performance of their tasks.

However, even if this issue was at the top of the specialized agenda of UDA, the resources available for this office were not enough to implement this policy fully. According to Roel, "PROMAP was never made very public in fear of creating strong expectations from the public. The UDA was never close to the presidency, there was no follow-up at cabinet level, and no coordination between ministries" (1999). Their work was severely limited by the lack of trained personnel and, mainly, by the lack of political and financial resources. Farell was focused on issues related to audit and control, whereas Zedillo was not aware of the results of the work done by UDA and never became an enthusiastic supporter of PROMAP, because, as has been suggested, in the first years of the administration his attention was entirely directed towards overcoming the economic crisis.

As a result of his disagreements with Farell and López Presa, Roel resigned in 1998. The implementation of PROMAP continued within the same guidelines, but there were no new initiatives. Budget cuts introduced by the Ministry of Finance in 1998 (due to a decrease in oil prices that had a strong impact on public finances) severely limited the resources available for training activities. By 1999, the forthcoming election distracted the attention of most politicians and high-level public officials. At the same time, SECODAM's priorities had changed. Zedillo had a strong interest in creating an image of honesty for his administration, and asked SECODAM to carry out activities aiming at increasing transparency in the use of public resources. In 2000, a Program of Transparency in Public Management (*Programa de Transparencia de la Gestión Pública*) was announced. SECODAM also launched an electronic system for monitoring relations between the government and its suppliers via the Internet, in order to increase the standards of transparency and avoid corrupt activity.

### **Designing a Career Civil Service and Reforming the Labor Relations Regime**

Introducing managerialist practices was not the only policy derived from PROMAP. One of the subprograms referred to the creation of a career civil service in the federal public administration, a long-standing objective of the Mexican government. Soon after taking office, Zedillo announced his intention to create a career civil service. In addition to this goal, the government (particularly the Ministry of Finance) also wanted to restructure the labor relations regime, since it was considered obsolete by government officials given its lack of coherence, the ambiguity of its rules, and the discretion with which some processes were carried out (Ibarra 2000). Notwithstanding the fact that administrative development was an issue under the responsibility of SECODAM, traditionally the Ministry of Finance had been in charge of labor relations policy, given the budgetary impact of expenditures on human resources. Thus, the responsibility for designing a civil service policy was assigned to the Civil Service Unit (UCS) within this ministry. UCS was in charge of regulating the civil service, planning and controlling the budget for human resources, and authorizing changes in the structure of other ministries and agencies of the federal government (in collaboration with SECODAM) (Ibarra 2000). As the head of this agency, the minister

of finance appointed Luis Guillermo Ibarra, who had been part of the team which modernized the Ministry of Commerce under the Salinas administration.

UCS carried out an exhaustive research on civil service reform in other countries and, based on it, prepared a number of drafts for a bill proposal. The result of this work was a federal civil service model, which was supposed to lay the foundation for a career civil service in the federal public administration. To put this model into practice, the UCS prepared a bill proposal which, before being presented to the president, required the endorsement of SECODAM.

At this stage, the bill was stalled because both [ministries] 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 differences of opinion were substantial (Arellano and Guerrero 2000, 20).

From SECODAM's point of view, UCS had designed a centralized system in which the emphasis was on UCS' role throughout the processes of the civil service (Guerrero 1998; Méndez 1995). In addition to these differences, personal conflicts between the public servants in charge of the negotiations imposed further barriers to an already improbable agreement (from an email communication with Santiago Roel, March 2001).

The budgetary cost of implementing a career civil service was another source of impasse. Given the budgetary impact of the 1994-1995 crisis, the government was more interested in reducing public expenditure and laying off personnel. Both in 1995 and 1996, the UCS issued regulations promoting the layoff of non-union public servants. Finally, another constraint came from the bureaucrats' union, which strongly opposed the design on the system, since it would exclude unionized workers from the career track.

When it was clear that the civil service bill proposal was not to be approved,<sup>4</sup> Ibarra decided to modify the agency's priority toward reorganization of the human resources system, which was another objective stated in PROMAP. The first step was the restructuring of the compensation system, which included salaries, bonuses, and other benefits. In January 2000, the Ministry of Finance issued the *Pay and Benefits Handbook for Middle and Senior Public Servants of the Federal Public Administration*. Two months later, it also issued some guidelines for the performance appraisal of public servants. UCS worked simultaneously in a number of projects regarding training, retirement, and performance assessment. Due to the fact that these changes were introduced in the last year of the Zedillo administration, and that Ibarra moved to another governmental position in 2000, the changes were not fully implemented.

### **Introducing Budgetary Reform**

Since the early nineties (when it recovered its planning and budgeting functions) the Ministry of Finance was interested in reforming the budgetary system, in order to increase its control over the way in which the budget was being spent by each agency, but without creating more constraints to their autonomy. The economic crisis of 1995

severely affected public finances, and forced the government to look for new ways of reducing expenditures and increasing control on the use of public money by the agencies. The Budgetary Policy and Control Unit (*Unidad de Política y Control Presupuestal*)—the office in charge of preparing each year's budget for submission to Congress—initiated in 1996 the search for alternatives for restructuring the budgetary process. The project was prepared by a team led by Jorge A. Chávez Presa, head of the Budgetary Policy and Control Unit since 1996. It was framed as a part of PROMAP. It was a response, first, to the economic crisis, which called for efficiency in the use of public resources and, second, to the political situation, in which the opposition parties had already won more seats in the Congress and demanded more accountability, specifically in the use of public money.

The Budgetary Policy and Control Unit enjoyed sufficient autonomy to design and implement this new budgetary system. Traditionally, the Ministry of Finance enjoyed relative independence in its decisions, given the technical character of its functions, and it was increased by the importance that the president gave to the proper management of public finances. The project of budgetary reform benefited from the active support of the minister of finance and even the president, who, as former minister of planning and budget during the Salinas administration, was receptive to the issue. In the year of its initiation, the new system was tried out with success in some agencies in the health, education, and labor areas.

In 1997, the mid-term election resulted in the PRI losing its majority in the Chamber of Deputies (the part of the Congress that approves the federal budget) and, even though the Congress did not participate directly in the formulation of the budgetary reform, opposition parties demanded greater transparency, producing another favorable impulse to the formulation of new budgetary rules (Arellano, Gil, Ramírez, and Rojano 2000). The Budgetary Policy and Control Unit continued its work and produced a method for preparing performance indicators, which evolved into what was called the Performance Evaluation System (*Sistema de Evaluación del Desempeño*, or SED). The federal budget for 1998 was presented in its new form to the Congress, and was approved. In this way, the new programmatic structure (NEP) and the performance evaluation system came into force in that year.

The purpose of this reform was to transform the traditional budgetary system into a performance-driven budget system. The basic idea was to provide public organizations with sufficient independence for using their budgets, while, at the same time, enhancing the Ministry of Finance's capacity to monitor them more effectively. The new system linked each element of the budget to the objectives of the national development plan. Moreover, it was linked to the corporate strategy that each agency was supposed to carry out according to PROMAP (the definition of mission, vision, and objectives under the guidelines provided by the UDA).

Due to the reduction in fiscal resources in 1998, the recently appointed Minister of Finance José Ángel Gurría announced budget cuts in all government agencies. These changes, however, did not disrupt the budgetary reform, despite the fact that the initiator of the project (Chávez Presa) had resigned, because the new minister was also committed to it and the undersecretary of expenditure (Santiago Levy, a man with a very close relationship to the president) continued in his position. The economic slowdown gave a new motivation for budgetary reform, since, it was argued, it would

aid in the improvement of public finances. By 2000 this reform was already in practice, but not fully implemented. Even when the design of the new programmatic structure was complete, internal regulation for its application to all areas of the administration was still in preparation (Arellano et al. 2000).

### **Understanding Administrative Modernization**

Public management policymaking during the Zedillo administration included, as has been shown, three different policies. However, all of them were shaped in accordance with the guidelines and objectives of PROMAP. Thus, the domain structure (Baumgartner and Jones 1993) of public management policy achieved a degree of coherence that was not present under De la Madrid. The policy image was built during this period as a comprehensive modernization strategy, with different components that operated in different specialized institutional venues. There was a well-defined policy subsystem for each policy, but with a close interrelatedness among them. This time, there was no direct policy involvement from the president. Instead, the head of each specialized agency (Roel, Ibarra, and Chávez Presa) took on the role of policy entrepreneurship (Roberts and King 1996). The administrative modernization issue never reached the top of the governmental agenda, but each institutional venue had it as its own priority, despite contemporaneous events in political and economic spheres.

Nonetheless, the policymaking process did not occur in the same manner in the three areas. In the case of managerialist practices, the lack of support from the head of SECODAM, and internal bureaucratic conflicts within that ministry, narrowed the freedom of action of UDA and, as a consequence, reduced the possibility of achieving an extensive transformation of administrative methods and procedures. On the contrary, the policymaking process regarding expenditure planning and financial planning was carried out in an easier way, because the unit in charge enjoyed support from the minister and enough autonomy to make its own decisions. Finally, in the case of civil service and labor relations policy there was a mix of both situations. Regarding the preparation of a civil service bill, SECODAM vetoed the project prepared by UCS and other actors' interventions stopped the discussion. However, UCS' attempt to modify the labor relations regime proceeded in a less complicated way, since this unit had enough authoritative power to decide among the alternatives and enforce its choices.

## CONCLUSION

This article has presented an account of public management policy change in Mexico during the 1980s and 1990s. The policymaking process had been active during the De la Madrid and Zedillo administrations, but these efforts achieved different degrees of success. Common explanations regarding the absence of comprehensive change in Mexican public management policy refer to the lack of governmental interest on it. However, as has been shown, the government raised the issue of public management policy to the governmental or specialized agendas, searched among alternatives, and made policy choices in various areas.

Both policy cycles were initiated after a new administration took office and when the economic situation was a constraint to governmental activity. The moral renovation issue under De la Madrid was raised as a reaction to the situation inherited from the previous administration, and enjoyed direct involvement from the president. Once the president's attention moved to other urgent problems, the policy remained on the agenda of SECOGEF, but it lacked the political support to remain as a high-priority issue. Despite the creation of a policy subsystem and the official appointment of Rojas as the man in charge, the fight against corruption was replaced by a new issue after 1985. The lack of political entrepreneurship by Rojas and the pressures imposed by the economic crisis and changes in the political elite made it difficult for SECOGEF to carry out an aggressive anticorruption policy. That is a key reason why, in the second half of the administration (1985-1988), the domain of public management policy was overwhelmed by the economic situation, which demanded a decrease in public expenditure. As a policy spillover, this produced a change in the policy direction in this area, since downsizing emerged as a new issue that modified activities carried out in the other policies and occupied the policy subsystem assigned to them.

The administrative modernization policy cycle initiated in 1994 had a different evolution. Public management policymaking was carried out within a comprehensive framework, provided by PROMAP. Although the issue never reached the top of the governmental agenda, initial decisions made by Zedillo were enough to create a coherent policy subsystem for public management policy, with specialized agencies in charge of each policy with authoritative power to make decisions in their specific domain. PROMAP was the framework giving coherence to the domain structure (because each policy was linked to the other public management policies during this period). The attempt to introduce managerialist practices in the federal public administration remained at the top of the specialized agenda of UDA throughout the period. Furthermore, this policy enjoyed the active policy entrepreneurship of Santiago Roel. However, this was not enough to secure substantial change in public administration, given the lack of presidential attention and internal conflicts within SECODAM, which affected UDA's work considerably. Despite UDA's work, the impact of this policy was relatively modest, as a result of the lack of (financial and political) resources for its implementation.

Civil service and labor relations policymaking during this period followed a different track, even if it was also an issue framed under PROMAP. In this case, the issue remained in the specialized agenda of UCS for the whole period. However, the

policy subsystem was designed in such a way that the main objective (the enactment of a civil service law) could not be fulfilled. The proposed civil service bill did not achieve agreement among the actors involved and, consequently, it did not become law. Ibarra stopped the search for alternatives (Levitt and March 1990) once he realized it was not possible to reach an agreement with SECODAM regarding the civil service bill, and moved UCS' attention to an area where it had more autonomy to pursue its objectives—labor relations.

Finally, the policymaking process in the area of budgeting proceeded in a more straightforward way than the other policies in the Zedillo period. The issue was framed not only as a reorganization of methods and procedures but also as part of a general aspiration of a more efficient and accountable public sector. The issue reached the top of the Ministry of Finance's agenda, and the unit in charge of preparing and implementing it enjoyed considerable autonomy to do it, as well as enough political support. The fact that the alternative generation and decision-making processes were done entirely in the same ministry facilitated the creation of the new budgetary system. Furthermore, contemporaneous events (both political and economic) affected the policymaking process in a favorable way, since they provided further motives for the implementation of the policy.

By comparing the two policy cycles, it is possible to produce some limited historical generalizations to advance the comparative scholarly dialogue regarding public management policy change. First, the evidence provided by the Mexican case challenges the hypothesis regarding presidential involvement. Even if De la Madrid's participation in the moral renovation issue served to give high visibility to the topic on the governmental agenda, it was not enough to produce a comprehensive anticorruption policy. Once the legal and institutional framework was enacted, the issue stopped attracting attention from the government, given the lack of top-level policy entrepreneurship for this policy in the specialized agency. In contrast, under Zedillo the modernization issue never reached a high position on the governmental agenda, but the heads of the specialized agencies assumed an active policy entrepreneurship role, gathered support (when possible) for the issue, generated alternatives, and conducted changes in their respective areas. Of course, it can be argued that Zedillo's more direct involvement could have increased the chances for comprehensive change, but still the outcomes of the policy process would have depended more on the role of policy entrepreneurs. When the evolution of the policy cycle depends heavily on the status of the issue on the presidential agenda, there are more chances of this evolution being affected by other events attracting presidential attention (and even congesting his agenda).

Second, the Mexican experience reinforces the argument put forward by Barzelay (2001) regarding the importance of the policy subsystem and the domain structure. Even when De la Madrid created a ministry devoted specifically to the moral renovation issue, the lack of autonomy of this ministry to carry out the anticorruption policy made it vulnerable to changes from outside, like the ones experienced after 1985 which forced SECOGEF to move its attention from corruption to downsizing and privatization. In contrast, during the second episode, the creation of specialized agencies relatively free from political interference gave greater stability to the policies (and to their status on the specialized agendas). As a result, public management

policymaking was less susceptible to drastic changes produced by contemporaneous events. The importance of the policy subsystem is also evident by comparing the three action channels by which the administrative modernization issue operated under Zedillo. The autonomy enjoyed by the Budgetary Policy and Control Unit and the support given by the minister of finance allowed this unit to proceed quickly and without bureaucratic obstruction. In contrast, the Civil Service Unit did not have autonomy to make all decisions in the area of civil service, which made their work susceptible of being stopped by the impasse produced by its conflict with SECODAM, whereas the Administrative Development Unit lacked the political and financial support to perform its activities fully. Despite following three action channels, the domain structure in the second case was much more coherent than the other, since the administrative modernization image of public management policy encompassed the three policies studied in the Zedillo period.

Finally, the Mexican case provides a contrasting experience regarding the effects of economic crisis on public management policy. In the benchmark cases (Barzelay 2001), economic policymaking produced policy spillovers that increased governmental interest in public management policy change. In contrast, during the De la Madrid administration, by imposing new priorities on SECOGEF and to the government as a whole, the effect of the policy spillover was the drastic termination of the moral renovation policy cycle. During the Zedillo period, the effect of the crisis was twofold. It distracted the already reduced presidential attention to public management, and it limited the resources available for the introduction of administrative practices and the creation of a career civil service. However, the crisis also had a triggering effect on budgetary reform, since the minister of finance thought that a better budgetary process would result in a more efficient allocation of public resources and, consequently, would help in coping with the reduction of income provoked by the 1998 drop in oil prices. Thus, considering the benchmark cases' experience, it could be argued that change in public management policy is heightened by the spillover effects of economic policymaking only when the framing of the public management issues is related to the use of public money, or, in other words, when public management change can be sold as a way of coping with economic problems.

By advancing comparative research on public management policy change in countries with different policy processes, the scholarly literature can test these and other generalizations produced from the Mexican experience, and therefore shed light on the sources of change and stability in public management. As a result, the intellectual dialogue regarding public management will be better informed and in a better position to produce practical knowledge.

## NOTES

1. Although framed within the field of public management literature (Barzelay 2001), the explanations presented in this article draw heavily on political science, since the main focus are the events surrounding policymaking rather than the specific content of the policies. It does not provide an evaluative claim regarding the results of these policies, nor is it concerned with producing lessons from experience; instead, it presents a theoretically informed historical interpretation of the events.



2. As a cautionary note, however, it is necessary to make it clear that the purpose of this article is not to explain the transformation of Mexican public administration as a whole (which would require the study of decentralization, privatization, and other processes beyond the scope of this research), but to analyze two policy cycles initiated by the Mexican government in the domain of public management. In the same manner, the significant changes that occurred in the political and economic arenas during these two decades are not explained in detail, but only referred to when necessary for the explanation of the events which are the focus of this article. This emphasis on policies rather than on structural change is more useful in terms of a comparative perspective (even if there are some deficits in terms of extensiveness).

3. The Salinas administration was a period when dramatic transformations of the Mexican economy and politics took place; however, in the domain of public management policymaking, the only significant event was the reorganization of some secretariats in 1991. Among the reasons that led to this lack of activism in public management policy, it could be mentioned that, given the comprehensiveness of the state reform that was being developed during this administration, the government suffered from agenda congestion. On the other hand, it is clear that managerial ideas of decentralization and delegation were against Salinas' intentions of power concentration.

4. The only further attempt to establish a career civil service was the bill proposal introduced by Senator Esteban Moctezuma in April 1988. However, this was an isolated effort without any effect, since soon afterward he was appointed minister of social development and the bill was not discussed in the Congress for the rest of the Zedillo administration.