

Cuadernos de Investigación

"Urban Concentration and
Policies for Decentralization
in Mexico (1976-1982)"
CARLOS BUSTAMANTE LEMUS



INSTITUTO DE INVESTIGACIONES ECONOMICAS UNAM

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**"URBAN CONCENTRATION AND POLICIES FOR
DECENTRALIZATION IN MEXICO (1976-1982)"**

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For my dearest Gilda,
Gildita, Carlos R., and
Mauricio

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PRESENTACION

El presente ensayo es el resultado de la investigación llevada a cabo por el autor, para ser presentada ante el jurado examinador de la Development Planning Unit, de la University College London, University of London, como disertación final en el Curso de Maestría en Economía en Planeación del Desarrollo Urbano, ciclo escolar 1981-1982 y por la cual se obtuvo el correspondiente grado de Master of Science.

Dado el interés que este tema ha despertado entre los especialistas, sobre todo por su actualidad, ahora el Instituto de Investigaciones Económicas, UNAM, lo reproduce en su versión original en idioma inglés.

PRESENTACIÓN

This essay was submitted by the author to the Board of Examiners of the Development Planning Unit, University College London, University of London, as a final dissertation, which was one of the academic requirements to achieve the Master of Science degree in Urban Development Planning, academic Session 1981-1982.

As this topic arouses interest among scientists and specialized analysts because of its timeliness, the Instituto de Investigaciones Económicas, UNAM, has decided to reprint it in its original English version.

Introduction

Many developing countries showed no interest at all in spatial distribution of human settlements in the 1960s, but when the official international agencies began to show about the rapid growth of the national populations of Less Developed Countries (LDCs) and their tendency to concentrate in larger urban areas, have arisen great interest at a world scale for influencing such tendencies.

Given the lower standards of living characterizing LDCs, which are expressed in lower levels of income, high unemployment rates and concentration of the wealth generated in their processes of production, leading to greater social uncomformities, make both politicians and planners be worried about the future development in these countries.

Since that realization, nearly all LDCs at present time, pursue active policies for decentralizing population and economic activities from the concentrated areas and encouraging the growth towards other areas with measures that attempt to counteract the effects described.

Mexico, as many other LDCs, has experienced rapid economic and demographic growth rates since the last four decades. Its capital city -Mexico City- is one of the largest cities of the world. There, many social problems appear more evident. Accordingly the Mexican governments have set up, since 1976 up to now, policies of decentralization as well.

The question raised in this paper is whether these policies of decentralization and control of the population growth in Mexico are facing the social problems expressed in urban areas. If the answer is negative -as this paper intends to demonstrate- the second question raised will be: what is then their real aim to be launched ?

Outline of the paper

The point of departure in chapter one is a general background which presents a description of the rapid economic and demographic growth in Mexico since the 1940s up to the mid-1970s; the implications of economic growth in urban growth; some characteristics of the unequal growth among sectors of the economy and geo-economic regions; and the urban concentration phenomenon linked to the conditions of the economic system as a whole.

In chapter two, we analyse the perceptions of the Mexican government upon the urban concentration phenomenon, and the ideological justification created by this government on this issue, blaming the growth of Mexico City as a cause of all malaise expressed in the whole country. We try to find out the underlying elements of such justification.

In chapter three we make an analytical description of the principal policies for decentralization set up by the government which are twofold: to control the further economic and demographic growth rates of Mexico City, and to decentralize its population and economic activities into certain strategic points of the country. We also give details on the principal governmental agencies and ad-hoc programmes participating in the implementation of these policies.

In chapter four, there is an intention to analyse the policies of decentralization in the light of the economic development process of the country during the same period 1976-1982. Although it will not be possible to evaluate their impact due to the fact that the period analysed is still running, I will discuss in turn, on the appropriateness and adequacy of them according to the present conditions.

The conclusions to which I arrive from the analysis described will be presented in chapter five.

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Carlos Bustamante Lemus
London, Sept. 1982

Background: Economic Growth and Urban Concentration

The intention in this chapter is to present a description of the rapid economic and demographic growth in Mexico since the 1940's up to 1970's; the implications of economic growth with urban growth, imbalanced growth among sectors of the economy and geo-economic regions, and the urban concentration phenomenon.

When the Second World War broke out, Mexican economy found favourable conditions for its expansion in the world market by providing raw materials and some manufactured goods to the belligerent countries.

In this way, the state began to introduce a formula for industrialization. Industry was protected mainly by keeping low growth rate of wages, offering high effective protection to stimulate import substitution of manufactured products (1), maintaining low levels of taxation, allowing accelerated depreciation, etc. (Griffiths, B. 1972 quoted by Ortiz, M. 1975).

With the end of the war, it came the world's rapid recovery. Furthermore, the Korean war in the early-1950's, pushed the world demand up again, which in turn increased the demand from many countries for Mexico's export products, making possible industrialization.

a. Economic growth The Gross National Product (GNP) of Mexico during 1934-1973, increased at a rate of 6 per cent a year, and the GNP per capita at a rate of 3.3 per cent a year (Anuario Estadístico, in Padilla, E., 1974). At the same time, the country also experienced a rapid po-

(1) Industrial import substitution means, in short, protectionist policies to the domestic industrialists' development, by isolating them from the external competition by means of an array of fiscal measures imposed by the state.

pulation growth which doubled from 17 per cent a year in 1934, to 3.4 per cent in 1975 (Dir. Gral. de Estadística, 1960-70-80).

In 1969-70 the economic growth rate reached 7.4 per cent, "... a figure so high that it was surpassed only by Japan and Finland among the non-socialist developed nations, and a few especially advantaged countries (Lybia, Korea and Israel) in the developing world" (Adler Hellman, J., 1978:56).

In 1971, production per person reached US \$700 per year, placing Mexico somewhere between Portugal and Spain in the economic hierarchy of the nations.

The rapid and sustained economic growth of Mexico was so notorious that some theorists and politicians even called this phenomenon the "Mexican miracle" (Ibid:57).

"...Whether we measure Mexico's growth in aggregate or per capita terms, whether we compare the Mexican statistics with other Latin American countries or with the industrialized, developed countries of the world, whether we look only at the period from 1935 to the present or compare Mexican development with that which occurred during the period of most rapid industrial growth for each country concerned, the Mexican record is a singular achievement" (Hansen, R., 1971).

Such rapid economic growth was, to some extent, achieved with the intervention of the state that provided the industrialists with subsidies, low taxation, financial aid, and special prices for their consumption of energy which are monopolized in Mexico by state-owned enterprises such as PEMEX and Comision Federal de Electricidad (involved in the production and distribution of oil, gas and electric power, respectively).

While the average annual growth rate in primary sector (agriculture, livestock, fishing and mining) decreased from 3.4 per cent in 1950-60 to 3.0 per cent in 1960-70, industry average growth rate grew up from 7.8 per cent to 12.8 per cent in the same periods (First Nat. City Bank and Economist Intelligence Unit, in Schlagheck, J.L., 1977:41).

Added to this, there were increasingly expenses of the state in education, health, social security, transport and communication into the centres of production. Actions altogether that fall into low production costs for investors, high rates of profits, further investment, and the rapid growth of population in the production areas.

b. The urban growth The increasingly demand of labour force required for the rapid economic growth since the 1940's, as well as the increasingly state intervention in the provision of both infrastructure and social services (especially health conditions) were important factors allowing high rates of population growth and wide mobility of people from rural to urban areas.

The total population grew from 19.6 million in 1940 to 34.9 million in 1960, and 48.4 million in 1970 (Dir. Gral. de Estadística, 1970). The net movement of rural population to the Mexican cities(2), according to L. Unikel (1976), was 1.65 million from 1940 to 1950; 1.76 million in the following decade; and then, to 2.75 million during the 1960-70 decade. All of them composed by masses of job seekers and their families for better off living conditions.

The figures provided by the Ministry of Labour (STPS) in 1976 showed that labour force employed in agriculture activities decreased from 60 per cent in their share of EAP in 1950 to 41 per cent in 1970, while employment in industry grew up from 15 per cent to 22 per cent, and services from 26 to 38 per cent in the same period. These last two activities are basic elements characterizing the contemporary urban life.

c. Imbalanced growth When intending to describe the imbalanced growth of the Mexican economy in the space, we find that there have been varied criteria in Mexico to define the regions in the country. From the purely physical division by hydrological basins adopted by the Ministry of Hydrological Resources (then SRH) to the ecological classification by the Ministry of Agriculture (then SAG)(3) in a) Arid lands; b) Temporal lands; and c) Irrigate zones; or the most complex and scientific geo-economic division by A. Bassols (1967-1979) of the National Autonomous University of Mexico, that takes into account the administrative political boundaries of the Mexican states within geo-economic regions with the view to planning implementation.

(2) As my purpose in this paper is to show the migration impact in Mexico's urban areas, I am not counting the considerable migrants flows to the USA which attracted, and still attracts, millions of Mexican labourers to the employment centres there. Nonetheless, interested readers may refer to Gamio, M. (1962); Carreras, M. (1974), Corwin, A.F., (1978); and Bustamante, J.A. (1979); among others.

(3) Since the administrative changes in 1976, SAG and SRH became SARH.

Tables one and two, attached in appendix, help us to show first the distribution of industrial activities according to the division of Mexico in geo-economic regions explained above and states in 1970; and second a clear panorama of the paid Economically Active Population (EAP) in both extractive and transforming industrial subsectors. This latter table is also shown by regions and states, by the same year.

Through these tables is possible to observe the concentration of industrial activities mainly in those geo-economic regions where the largest cities of Mexico have grown up rapidly, e.g. Mexico City, Puebla, Toluca and Queretaro in the Central Western region; Guadalajara in the Central Pacific region; Monterrey, Tampico, Nuevo Laredo, Reynosa y Matamoros, in the North Eastern region; and Tijuana and Mexicali in the border of the North Western region (Bassols, A., 1979).

The amazing population growth of these cities from 1940 to 1970, might be also shown in Table 3. Here it is possible to observe, among the most remarkable examples, the population growth of the border cities of Tijuana and Ciudad Juarez in the first place; then another border city -Mexicali- which grew almost 14 times its size; after that, the NAMC, which relatively had grown nearly at the same ratio than Guadalajara and other border cities of the North East. Finally, the conurbation of the industrial seaport of Tampico-Ciudad Madero, which also grew almost three times.

As we shall see in the next chapter most of these cities were to be objects for the policies of decentralization in the 1976-1982 period.

Public and private increasingly investments were focused towards some specific and strategic centres in the country, expanding the demand of manpower and attracting people from the rural areas from where the shortage of employment expelled huge amounts of emigrants.

In table four and five, some figures are presented on the rapid ^{growth of} urban population in the major urban areas of Mexico from 1940 to 1970 (table 4), and the distribution of urban population by geo-economic regions by 1970 (table 5).

d. Slump of the Mexican economy and appearance of the "problem" of urban concentration

Urban concentration in Mexico began to be seen as "problem", since the late 1960's when the rate of employment of labour force by the lea-

ding economic activity -industry- showed a decreasing rate of increase. Between 1950-70, for example, the GDP grew at an annual rate of 6 per cent while the employment rate grew only 2 per cent a year and the population at 3.5 per cent a year (STPS, quoted by Argüello, G., 1980:28).

Officially, the Economically Active Unemployed Population grew from 1.3 per cent in 1950 to 3.2 per cent in 1970. This means around 415,000 unemployed persons. However three years later, North American publications were reporting a figure of 2.2 million, i.e. 16 per cent of total unemployment for the country (Schlagheck, J.L., 1977:85) in the same period. The diverse information becomes more complex -although not cheerful for the Mexican economy- when the Mexican Ministry of Labour set up the total unemployment and underemployment ratio at 49 per cent, unemployment at 9% and underemployment at 40%.

This is because most of the Mexico's development has been based upon capital intensive, so the broad industrial infrastructure that the country has built up is not conducting to absorbing increasingly rates of manpower. Furthermore, the rate of population growth was still showing a great speed (3.5 per cent a year).

We can observe then, the low capacity of the system to employ the increasing labour force.

Several factors explain the beginning of the economic slump of the Mexican economy. According to the Institute of Economic Researches -UNAM, Mexico- (Ortiz, A., 1979), the restrictive measures adopted by President Johnson of the USA to its external trade in the late-1960's, discouraged strongly the Mexican exports of raw materials and manufactured goods, and consequently its rhythm of investment in productive activities. Increasing government expenditures had to counteract the slump by intervening in social welfare and long-range infrastructure projects in rural areas (e.g. regional policies through the River Basin Commissions PIDER, Rural industries, etc.).

Heavy government expenditures plus high import prices and reduced exports were important catalysts behind Mexico's snow-balling inflation showed in the 1970's.

Between 1968-1972, for example, Mexico City's wholesale price index and national consumer price index rose by only 16 per cent and 20 per cent, respectively (Inter American Development Bank, in Schlagheck, op. cit. 53-54). However, after the weakening of the US dollar in the world

stock market by 1971-72, ended in its devaluation in 1973, Mexico's prices and cost of living escalated sharply. At the end of 1976, wholesale prices had jumped 163 per cent over their 1970 level, while consumer prices had done it 140 per cent during the same period (IMF, 1977:279).

Even when Mexican Government fixed official consumer price indices below 25 per cent by the mid-1970's (24% in 1974 and 15% in 1975, according to the Banco de Mexico sources), it was however, noticeable among Mexican consumers, a much stronger pinch in their pockets.

Upon all these material conditions, government spokesmen and follower analysts were ready to present an unfavourable view of the rapid expansion of Mexico City, the spatial inequalities and the negative effects of Mexico City's development.

In terms of the growing expansion of the largest metropoli of the country -Mexico City- the statistics showed that physical expansion of its urban area, from 1950 to 1960, overstepped northern boundaries of the Federal District to its neighbour municipalities of the State of Mexico. Naucalpan and Tlalnepantla registered important industrial expansion and a demographic growth of 10.3 per cent a year. From 1960 to 1970, these municipalities unusually increased to 13.8 per cent a year while other new incorporated municipalities, such as Netzahualcoyotl, La Paz and Tultitlan grew up to 14.3 per cent a year (Unikel, L. 1976).

It was said, for example, that the Metropolitan Area of Mexico City (MAMC) in 1975 -estimated in 12 million- included nearly 20 per cent of Mexico's total population, and also that such population settled less than 1% of the whole territory of the country (DDF, 1975). Such merely geo-demographic correlation intended to be supported by some economic figures which not necessarily meant a disadvantage for the MAMC, e.g. "within this area is located almost 50% of the population employed in industry; nearly 70% of the services; more than 40% of the monetary funds of the banking system; etcetera" (*Ibid*).

L. Unikel (1976) for example, tried to relate changes in the GDP with population changes, and to argue about the reduction of inequalities among regions by using the indicator of Gross Regional Product (GRP) per capita. Such argument was a simple correlation between population and production, whereby the larger the population, the lesser the GRP per capita which at the end of the day, does not say anything either in terms of income distribution nor in terms of space.

This last argument, however, was to result extremely important as one of the major political bases for the decentralization policies to be implemented by the 1976-1982 period.

Among all this numerical and technical explanation of the regional inequalities and urban concentration in Mexico City, some socio-economic realities were immersed, i.e. an estimated necessity of creating nearly 750,000 new jobs by the mid-1970's; to cope with an increasingly deficit of the Federal government (equal to 36 per cent its total revenues in 1975 and equal to 26 per cent for the Federal District Department's deficit)(SPP, 1980); expanding the market of the Mexican products abroad in order to overcome the chronic disequilibrium of the balance-of-payments, reduce the rate of inflation, and provide public services and employment to the increasingly unserved population of the MAMC and the other human settlements of Mexico.

Conclusion

Important events at a world scale by the 1940's and 1950's, created favourable conditions in the world market for the expansion in the demand of Mexican exports.

This allowed the country a further expansion of its economy with a pattern of rapid industrialization. This phenomenon permitted a rapid economic growth in the strategic cities of the country (mainly Mexico City) which attracted heavy immigrants flows into these production centres all resulting in a rapid urban transformation.

However, the world economic slump since the latest-1960's affected the Mexican economy, obliging the Mexican government to carry out economic policies which resulted in a severe socio-economic impact among the whole population, especially those not enjoying a full-time employment either in rural or urban areas.

The inability of the state to counteract internally the slump effects, had to place this nation in the verge of a social, political and economic crisis by the year of 1976.

Perceptions of the Mexican Government upon the Urban Concentration

Introduction

The critical situation described in the last part of previous section, pushed the state to create a strategy backed in an ideological justification of looking at the concentration of population in Mexico City as a problem, as well as to the social inequalities of the country as a mere geo-demographic disequilibrium.

We will try to find out the underlying elements of such justification by analysing first the perceptions of the government on the concentration phenomenon, and then, in the following chapter, the measures adopted by the government to curb such "problem".

1. General perceptions through the General Law on Human Settlements

Government analysts and officials had been shown an unfavourable view about the urban development of Mexico City and the uneven regional growth of the whole country. According to them, Mexico City was seen as being "overconcentrated" as was its share of economic activities especially the industrial sector and services that the public administration provided.

Since the presentation of the General Law of Human Settlements (GLHS) as an initiative in November of 1975. President Echevarria pointed out the following:

"It is evident that in the present moment of the Mexican development, those measures oriented to diminish geographical and sectoral imbalances cannot be postponed. These last problems put into danger the possibility to continue the process of -- growth. This is why the Mexican government's worry about defining policies and actions aimed to change the urban process pattern of the country..." (Echeverria, L., 1975).

Seven months later, when the GLHS was passed by the Congress and ready for the publication, the official party -PRI- was ready to show their view on the human settlements issue. Its ideology was shown in the introductory part of such publication in the following way:

"Everybody knows the acute problems the Metropolitan Area suffers due to the concentration of the major human nucleus of the country, so that all urban services are chaotic and represent an obstacle for the right development of Mexico City and its surroundings..." (PRI, 1976).

According to these, Mexico City's problem, as seen by the government, result from the "over-concentration" of population, the location of excess industry and other activities, with the result that the city inhibits the attainment of further economic growth for the country as a whole. From the governmental views the internal problems of Mexico City (high concentration in the income distribution, difficulties of people in access to public services, shortages in the provision of housing traffic congestion, high degree of environment pollution, squatting, and overall lack of employment sources) are just products of its "over-population" in a limited area.

This view disregards employment opportunities, income distribution among the population, which is surely more important. What officials and government planners emphasize more is public service provision and cost of them, which are thought to increase as the population grows. These officials instead suggest a system of smaller cities in order to lower that public service provision. However, up to now, there are no serious studies carried out regarding the costs of Mexico City or other smaller cities in the country which can prove such hypothesis, so there is no basis for saying that larger cities are more expensive than small ones.

On the other side, the approach of this idea of higher costs in relation to larger cities is far too narrow view, because the dynamic of economic growth a space is required input should be examined in relation to the economic efficiency of this space to overcome (to absorb) the increasingly costs with efficiency. Accordingly we may say that such hypothesis is trying to hide away the inability of the Mexican system to provide employment to the increasing mass of population who claim for access to public services.

In fact, the population size indicator by itself cannot be significantly statistically linked to per capita costs of public services (Stanford Research Institute, 1968), because the most important determinants of these costs are government's revenues, availability of natural resources, technical capacity and family income.

Furthermore, this argument against the size of Mexico City and its further economic and demographic growth intends to override any appreciation of the city's role in leading the impressive economic growth of the country in terms of GNP and absorption of manpower in periods of economic boom as it used to be until the late-1960s.

There are some studies (e.g. Hoch, 1972) that showing proof that incomes in general increase with city size. This is because the increasingly productivity which brings as a consequence higher incomes and higher public revenues via taxation. Now, the inequal distribution of income and the fiscal policies by which government increase its revenues are basic elements that government's representatives prefer no to touch.

2. Political perception

Another argument put forward by President Echevarria in the mid-1970s and then, by the incoming President Lopez Portillo in 1976, was that urban concentration was not only impeding the attainment of maximum economic growth in Mexico City but was intensifying regional imbalances and evidencing the gap between rich and poor areas.

Although such argument appears to be mostly ideological, it is not unusual that every state needs to imprint certain ideology to its perceptions in order to justify its actions. Ideology is a necessary element in the social structure to maintain the existence of any society (Harnecker M., 1980). The ideology used by the state could have elements of knowledge, but some elements of adaptation to its reality are predominant.

So, in the case of Mexico, the government has responded to the problems of social and spatial inequalities inherent to the system, with the ideological argument of blaming the urban concentration in the capital city as a cause of all problems suffered in the country.

Something more is behind the decentralization policies which is of a socio-political order. Thinkers of diverse schools of thought have jointed consensus in recognizing the necessary social and spatial inequa

lities during the process of development of societies, and in the socio-political pressures from dominated social groups or classes to the dominant ones in order to gain access to power. J. Friedmann(1972) for example, has argued that the existence of localized "periphery" inhibits the realization of maximum growth, and also the economic disparities will generate political tensions, i.e. pressures from the "periphery" to gain access to the benefits and power of the "core", will oblige the latter to decentralize certain benefits and power to the periphery", giving rise to new "core" regions.

M. Castells (1979) and A. Lipietz (1979) from their side, argue that due to the social conflict appeared in urban space between opposed classes articulated during the capitalist development, dominated social groups organized themselves politically and they then pressure the dominant class to gain access to means of consumption necessary for their reproduction and subsistence.

These ideas seem to fit with some of the perceptions of the Mexican government to use the decentralization policies as a political argument. The following statement permit us to visualize a political problem:

"In despite of the usefulness of the centralizer process to integrate and transform the country (the Federal political system), its uncontrolled impulse leads to deny the initial purpose of the Mexican federalism. Henceforth, it is necessary to intensify corrections to balance the whole. Let us not stop progress where it occurs, nor to backward modernization where it has made it. Rather, let us use the strenght we have reached; redistribute income and to strenght all parts in order to get a more balanced development" (Lopez Portillo, J., 1976, in SPP, 1980:168).

Table 6 reveals some figures regarding the relative increases in both revenues and expenditures of the Federal and States governments from 1968 to 1977. We can observe there how the former is operating with deficit while the latter do not. Furthermore, increases in the former are considerable higher than those of the latter.

It is then clear, that the system as a whole has encouraged the concentration of political and economic activities principally in one area, i.e. Mexico City. On the other hand, the official statement reflects the existence of "other forces" -not necessarily linked to the "central power"- to which concessions, in the form of redistribution,

have to be given.

We will analyse later on some of the measures adopted in order to respond to this political issue.

3. Socio-economic perception

There is one more extremely important perception of socio-economic nature that the government put forward when using the policies for decentralization. It comes from the idea that relates to changes in GDP with population changes, and argues on the likely diminishing inequalities among regions when either increases in the Gross Regional Product or decreases in population, raise the GRP per capita (Unikel, L., 1976). According to this argument when the state encourages investments in certain relatively backward regions for rising considerably the GRP while in others the tendency remains the same in terms of population and GRP, the GRP per capita in the former will tend to increase more in relation to the latter, so as to diminish in a long-range the regional disparities.

Since the appearance of this argument, government concerns has been mainly focused in establishing the idea of "decentralization by means of concentration", i.e. lowering the relative share of Mexico City in the GDP per capita by concentrating important public expenditures and investment in certain "growth poles" of the country, so as to increase relatively their share in the GRP per capita and ultimately "to reduce the regional social disparities".

Such concept is however rather simplistic, because it consist in a simple correlation (and mathematical calculus) between absolute population and production, whereby the larger the population, the lesser the GRP per capita, which at the end of the day, does not say anything either in terms of real income distribution per household nor in terms of exploitation of resources in the space.

Therefore we might say that Mexican government's perception of regional per capital inequalities is just a statistical illusion that disregards the real problem of provision of employment and public services, and distribution of income to households.

Behind all these ideological, political and social arguments put forward by the government to justify its actions, it was a more objective economic reason during 1976: the considerable reduction of the GDP growth ra-

te, enormous deficit in the balance-of-payments; rapid increase of prices; increasing rate of unemployment and instability in the financial markets which pushed the state into the devaluation of the currency in almost 80 per cent in the late-1976 (SPP, 1980).

This very objective situation required a further state intervention in the economy through more favourable socio-political conditions. Such conditions arrived with the new presidential period 1976-1982 that traditionally offers positive expectations for the Mexican economy. But above all favourable conditions, were two factors: a) the highest prices of oil in the world market at that time, and b) the discovery of new vast oil wells in South Eastern Mexico, resource that increased considerable the already existing reserves of the country and its possibilities to use it intensively as a motor in order to overcome the critical situation of the nation with new strenght

Accordingly, the incoming President Lopez Portillo at the time, set up in his inaugural speech the general economic objectives of his government which intended to fit the argument of spatial and economic inequalities due to over-concentration in the following manner:

"Harmonic development is fundamental to correct the excessive concentration of economic activities, to evaluate the exploitation of natural resources, to favour productive employment and to seek the installment of specialized industries for exports" (Lopez Portillo, J., in SPP, 1980:168).

This was planned to be done by sustaining a GDP growth rate at 8% to 1982, and this expansion was to be based upon a set of integrated plans that affected industrial location and urban development as well as the future of the agricultural sector. The aim was to increase exports particularly in the manufacturing sector (especially products derived from oil exploitation) and also to become "self-sufficient" in food production.

Taking advantage of the administrative and legal apparatus created in previous administrations regarding regional development assistance, Lopez Portillo's first task was to up-date the bureoucratic machinery of the state.

4. Administrative reorganization of the state

Practically many of the ordinances of the General Law on Human Set-

tlements passed in the mid-1976, were based on the institutional achievements of previous administrations which were either confirmed or built by the incoming administration, e.g. the Industrial Estates Programme created in the 1950's; the Border Industrialization Programme, in 1965; PIDER, in the early-1970's; the COPRODES, in 1974-75; and finally the GLHS which prepared the creation of the Ministry of Human Settlements (SAHOP), the National Commission of Urban Development and the Comisión de Conurbación del Centro (Commission for the Central Conurbation), which later designed the National Plan of Urban Development (NPUD).

This administrative reorganization was completed by restructuring other core public agencies such as the Ministry of National Properties and Industry (SPFIN), Finance Ministry (SHCP), and the Programming and Budgeting Ministry (SPP), responsible to programme and to co-ordinate the actions taken by all the public agencies according to the national strategies for development, among which it was to decentralize the development of Mexico City.

Conclusions

An analysis made from some selected official statements of the Mexican government on the urban concentration issue and on the material conditions experienced by the Mexican economy in the mid-1970's, permit us to identify two main concerns in the perceptions of the government upon the subject matter: one of the socio-economic nature, which was the preoccupation for the recovery of the national economy in order to expand its market and thus respond in any way to the social disparities in the country. The other concern was of the political nature. It was the realization of high pressures from: a) the regional political interests to central Federal Government for not receiving "benefits" from the power sited in Mexico City, and b) from the mass of people claiming for employment and possibilities to gain access to the public urban services.

Upon these underlying perceptions, the Mexican government has created a negative image of urban concentration. It has blamed it as a major cause of all malaise suffered by the poor and by the dominated capitalists in the whole country. Accordingly, the Mexican government has launched since 1976 an array of measures toward the decentralization of population and economic activities from Mexico City. Such measures will be analysed in the next chapter.

Policies for Decentralization

According to the government's perceptions on the urban concentration phenomenon on one side, and the necessity of the country to counteract the depression, on the other side, two principal measures were adopted by the state: a) to control the further economic and population growth rate of Mexico City; and b) to decentralize the economic and demographic growth of Mexico into certain strategic points of the country with potential for development.

These two principal measures were to be carried out by eight types of policies proposed by the National Plan of Urban Development (NPUD) made in SAHOP and approved by the National Commission of Urban Development (composed by most of the Ministries connected to human settlements concerns). I will present below three types of these policies insofar as they are most related with locational factors affecting decentralization.

1. Control of the MAMC's growth rate

Territorial planning policies. These policies were established for the territorial distribution of the population. Part of these policies are aimed to discourage the growth rate of the MAMC; it was said that all those people "benefited" in living within this area should pay the actual costs of public services (SAHOP, 1980:14). Other measures of control were against the establishment of new industries within the MAMC.

The policy of discouragement and control of the MAMC's growth rate was immediately followed by several public agencies connected with the subject matter, such as the Finance, Industry, Commerce and Programming and Budgeting Ministries as well as the government of the Federal District and state-owned enterprises suppliers of energy (PEMEX and CFE), each with particular measures like the general one, i.e. that "beneficiaries" should pay the actual cost of land and provision of public services.

Measures such as heavy income taxation, the Value Added Tax, duties on services provision and capital receipts have been accompanied with a series of differential increases in prices for the consumption of public services such as petrol, electricity, public light system, drinking water, and the like. The same measures were extended to all urbanized municipalities of the metropolitan area. All of them with twofold effects: a) the inhibition of Mexico City's urban development by making it very expensive, and b) the considerable increase of the revenue of the Federal government at the expense of the inhabitants of MAMC.

For example, in 1975, 27 per cent of the Federal District revenue was backed with taxation; while in 1977, taxation shared 35 per cent (SH-CP, in SPP 1980); this is without considering that tax revenues -in general terms- has grown from 1976 to 1981 almost six times (NAFINSA, 1981), and the MAMC's contributions to the whole Federal current revenues is about 75 per cent (SPP, 1980).

Furthermore, this system of restricting the growth of Mexico City via increases in taxation and heavy control in licenses authorised for land use and building permissions has resulted first in the territorial expansion of the city size because new allocation of enterprises and residential units, and second by the transfer of all taxes to the population.

Apart from this, the policy of territorial planning via controls of Mexico City's growth, in terms of the "social equity" that government is looking ahead portrays contradictory views. On the one hand, it is said that decentralization of population permits a tolerable size of Mexico City in which its residents could enjoy a better quality of life (access to services) by means of controlling the size of the city and the creation of new middle-sized cities. We may say however, that the quality of life does not depend on population size.

At the same time, officials technicians argue that the inhabitants of Mexico City are too advantaged in relation to people from the interior of the country, so in terms of "social equality" the solution should be control and decentralization of Mexico City.

It is clear that such argument is false, because it is not the case for decreased regional income inequalities with increased inequality of per capita income distribution. This means that government is planning social equity by means of decreasing income of residents of Mexico

City instead of doing the opposite.

In terms of restrictions of government to installment of new industries in Mexico City by means of establishing heavy taxation and apparently no fiscal stimulus at all, such measure has resulted in the following:

a) new industries are being located in the suburbs of Mexico City; b) extensions or branches of the existing plants still continue; c) both previous cases of industrial plants transfer all tax charges to their output price, which is paid by consumers. Furthermore, official price differentials to the consumption of energy and other public service provision is favouring industrials, because they pay reduced fares in electricity, petrol and gas, water supply, telephone, etc. while the domestic consumption fares for all these services are higher, even when the latter share approximately 60-70 per cent of the total consumption of these public services (ref.: SPP, 1980-b).

2. Encouragement of decentralization

a) Promotion policies This type of policies presupposes a concentration of a large part of the public resources for urban development in a small number of strategic population centres, so that they receive effective incentives for growth. These policies are closely linked to some of the territorial planning policies which are aimed to decentralize activities from Mexico City by either establishing or promoting new units of some existing government agencies into the regions outside the BANC. Promotion policies include the location of new public institutions of higher education and the expansion of centres in cities with regional services with a potential for economic and social development (SAEOP, 1980). According to the official planners the effectiveness of all these promotive policies would be directly linked to the application of the control policies in "congested" areas.

Even when there are some federal programmes spread all over the country where several government agencies work together -being co-ordinated by COPRODES in each state of Mexico- and they provide services to small and medium-sized centres of population, the principle by which the policy is based (make small centres attractive for migrants) is doubtful to have successful results. This is mainly because services by themselves are not the only element that makes the cities attractive for migrants. The

underlying reason by which people decide to migrate is employment that allows them to earn their living and their families' (Appendini, K.A., et.al. 1972).

Nevertheless their possibilities of a positive impact would be when they are coming together with other actions directed towards strategic areas with growth potential. For analysing this, it is worth passing to explain the third type of policy proposed by the NPUD for decentralization of population and industrial activities.

b) Policies for decentralization in priority areas and population centres

The government has selected certain priority areas and population centres in order to provide support and stimulate their development according to its aim of decentralizing the "over concentration" from Mexico City.

The selection of priority areas was mainly based on the classification made by Nacional Financiera and the Ministry of Public Works -now SAHOP- since 1972, and the zonification for fiscal stimulus to industrial activities in 1972. These bases were then up-dated by SAHOP and resulted in the selection of ten priority areas which were proposed in view of the following characteristics:

"ability to absorb inhabitants, the location as regards natural resources and a favourable concerning job opportunities in terms of the accelerated development of the different economic sectors in the areas..." (SAHOP, 1980:19).

The plan also defines three areas that, due to their growth characteristics, should receive special attention as regards spatial planning and control, i.e. the metropolitan areas of Mexico City, Guadalajara and Monterrey.

The ten priority areas may be classified according to their specialization: 1) the industrial ports development; 2) industrial urban development; 3) development of priority municipalities of the Federated states; and 4) the control of the above mentioned largest metropolitan zones of the country. The following map will help to find out these priority zones listed below:

1. The Industrial Ports are Lazaro Cardenas, in the Central-Pacific seashore; Tampico-Ciudad Madero, in the North East; Coatzacoalcos in

the Gulf of Mexico south-bound; and Salina Cruz in Southern-Pacific, just across the Tehuantepec isthmus.

2. Industrial Urban Development priority centres are mainly located :

a) along the Northern boundaries of the country (Tijuana, Mexicali, Nogales, Cananea y Agua Prieta, Ciudad Juarez, Acuña, Piedras Negras, Nuevo Laredo, Reynosa and Matamoros); b) in the regions named "El Bajío" "La Laguna", The Tehuantepec isthmus and the South-Eastern, where the largest oil exploitation is taking place now-adays.

3. The priority municipalities of the federal states are those considered by each state for the industrial development according to their own state urban plans (not included in the map).

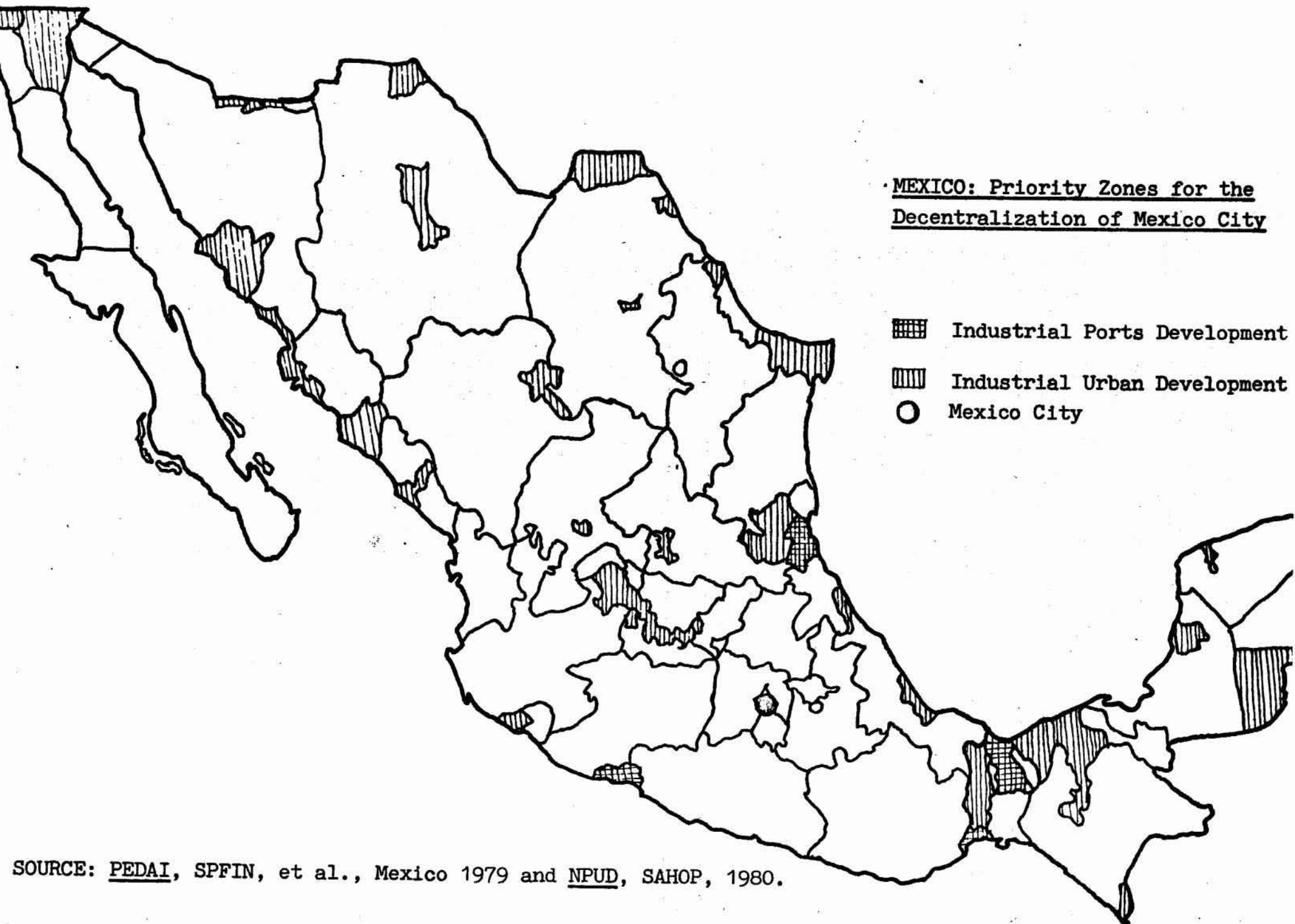
4. Zone of reordering, regulation and control of Mexico City. Guadalajara and Monterrey.

In accordance with this selection of priority areas, a series of programmes were organized, programmes such as the Territorial Deconcentration of the Federal Public Administration and programmes supporting sectoral priorities (others than industry), with urban infrastructure and equipment, received considerable attention. However, they are not analysed in the paper. The Plan of Industrial Development (SPFIN, 1979), for example, gave priority to strategic industrial activities related to Energy subsector and selected the same centres included in the NPUD. A bit later, a joint commission at ministerial level headed by the Finance Ministry collected an array of different agreements and decrees (launched between 1978-1979) and integrated them into the following programme.




c. Programme of Fiscal Stimulous for the Territorial Deconcentration of Industrial Activities (SECP, et.al., 1979)

This programme (PEDAI) was authorised by presidential decree on the 2nd. of February, 1979. Its purpose is to encourage the industrialization in regions of the country which would be attractive centres for industries and manpower that was assumed were gravitating around the three largest cities.

The Fiscal stimulous given through this programme are the following: In industrial ports and industrial urban development centres, fiscal stimulous, credit support, differential for energetics and appliances, preferential tariffs for public services infrastructure provided by the government. The second group of priority areas received the same type of



MEXICO: Priority Zones for the
Decentralization of Mexico City

-  Industrial Ports Development
-  Industrial Urban Development
-  Mexico City

SOURCE: PEDAI, SPFIN, et al., Mexico 1979 and NPUD, SAHOP, 1980.

incentives as those of zone I, but in a lower ratio in amount and time according to the particular priorities for development. In the third group (Ordering and Regulation) there are apparently no incentives for the installment of new industrial plants in the MAMC, however, the government still provides stimulus for acquisition of Mexican machinery and appliances, employment, and over-time work when industries decide to renew or extent their already existing plants. Furthermore, government offers tax exemptions on sales of fixed assets to those industrialists who want to decentralize from the MAMC.

This programme of fiscal incentives to decentralize industry starts in my view, from some incorrect assumptions. Firstly, one of the purposes is to reduce the population growth of Mexico City by reorienting migration away from the city so that it becomes a zone of expulsion of migrants rather than a zone of attraction. Even when the type of industry that is most easily moved is that which is labour-intensive, the possibilities that they can move away are very poor because these industries are dependent on the most favourable conditions of the market in the largest cities.

Secondly, the largest industries do not move away so easily. At most they create new branches in strategic areas which are determined for their market advantages according to the conjunctural conditions. It is well known, for example, that during the boom periods of any capitalist society, fiscal incentives for decentralization have no real impact in the decisions among large industrialists neither in decentralizing nor in relocating their investments because they are able to obtain high profits anywhere (Harris, N. 1976).

When speaking about incentives we have also to compare, as P. Townroe (1979) has pointed out, whether the instruments of the decentralization policy will be distinctive enough for the industrialists, and whether the anticipated effect of an instrument of the employment decentralization policy will be reduced because of the existence of an instrument of national industrial policy elsewhere.

Such questioning is applicable to the Programme of Fiscal Incentives to the Territorial Deconcentration of Industrial Activities which is offering its incentives according to the priority areas selected by the NPUD. This programme recognizes the border zone as priority as well, however it says that incentives are not provided to that zone because it

is already operating with special incentives of its own programmes, agreements and decrees co-ordinated by CODEF (National Commission for the development of the Border Zones).

Although such decisions could be correct in the sense that avoid administrative clashes, we have observed that the border zone has been operating since many years ago with special preferences (4) which offer more advantages (to both foreign and domestic capitalists) than those offered through PEDAI.

However, the phenomenon of concentration in the border cities has been done because of the special favourable conditions of being located together a large American zone that provides huge employment possibilities for the Mexican immigrants in both sides of the border, rather than because of the incentives themselves. Nonetheless, such incentives respond to the necessity of expansion of the system and help it to create more favourable conditions.

One example of this is Ciudad Juarez, Chihuahua, the second largest Mexican City in the border. This city has shown -as we saw it in chapter I- a very rapid population growth since the 1950's when the Bracero Programme was agreed by both American and Mexican governments; such programme lasted until 1965, but during its operation and, after all, when it finished, enormous flows of migrants settled in Juarez. After 1965, the necessity of capitalists from both countries to continue their economic relationships has created new forms of economic growth in the border, e.g. the "Maquiladora" (Assembly industry) Programme in 1972 created a rapid industrial growth until 1974 when the world slump slowed down the growth process; in 1977 the programme re-started and since these it has created nearly 40 thousand new jobs; it shares 33 per cent of the local industrial output. The maquiladoras employ around 75 per cent of the local EAP employed in

(4) The Border industrialization Programme (BIP), 1966; diverse sectoral programmes coordinated by an Inter-Ministerial Commission for Developing the Border Zone, 1972; The "Maquiladora" Programme, 1972; the Decree declaring small and medium-sized industries in the border as of National Utility, 1974-1976; CODEF, in 1977, offering special treatment, subsidies, duty free machinery imports and other preferences to industries and services establishing in that zone; a decree of "conurrencia", oct. 1978; and the decree of extension of already provided incentives to border industry (Feb. 1980).

industry (SPP, 1979 and SPFIN, 1980). On the other side, however, such rapid economic growth and governmental aid -via incentives- has not been able to satisfy the population of Juarez with the sort of public services that the city lacks which are part of the minimum living conditions for any human settlement.

d. Oil industry and decentralization

The economic conjuncture of oil's high prices in the world market from the mid-1970's to 1980, permitted the Mexican government to set up (among its general strategies) an intensive exploitation of the vast oil resources in Mexico for exports (was strongly financed). Taking advantage of that, the government has also aimed to push up the industrial activity in the already designated "growth poles" in order to expand the market of manufactured goods outside the country too. Such conjunctural actions have strongly influenced: a) the pattern of distribution of human settlements in Mexico, and b) the expectations of increasing employment rates and living conditions of the population.

It has influenced the pattern of distribution of human settlements because with the oil boom in Mexico -since 1976, some areas of South Eastern Mexico have experienced a very rapid population growth due to the high flow of job seekers from the poor rural areas of the region into the oil exploitation zones. Cities like Villahermosa, Tabasco and surroundings as well as Coatzacoalcos, Veracruz, are literally "being born overnight" because of the "black gold rush" rather than the simple government's desire to decentralize Mexico City.

It has influenced the expectation of increasing rates of employment and living conditions of the population because of the following reasons:

1. Oil industry employs small amounts of labour force. In the first steps of exploitation and cleaning up the oil fields (full jungle in South Eastern Mexico) is when PEMEX hires temporary considerable amounts of non-skilled labour. After that, processes of perforation, extraction, transport and transformation of oil require decreasing employment of non-skilled labour, and increasing (although not in the same ratio) employment of skilled labour.

2. Manufacturing activities either of the oil subsector or other subsectors involved in export production, which are supposed to be leaders in the attraction of job seekers to the selected areas encouraged by the

policies for decentralization, use more capital-intensive rather than labour-intensive in their process of production in order to increase their productivity, reduce their costs and to be able to compete in the world market. Consequently, the tendency of the leading industries to employ increasing demand of employment will be downwards.

Even when considerable flows of migrants are attracted by the cities' boom, their possibilities to be employed, apart from the leading industries, are seldom. That is because the small and medium sized industries and other tertiary activities utilizing more labour-intensive are facing serious trouble to expand because the monopolist process of the system absorb them gradually and the insignificant financial "aid" that they can obtain from the government.

e. Financing the "decentralization" Figures provided by NAFINSA (1981) -National Credit Institution and Financial Agent of the Mexican Federal Government- in table 7, shows a list of the twelve largest borrowers of the Public sector from NAFINSA, by principal activity and loans outstanding at June of 1981. In this table we may observe that loans provided to support medium and small-size industry share only US \$225.9 (3.1 per cent of this total loans outstanding; loans provided to support basic industry (not included PEMEX) share 54.4 per cent; loans provided to support activities of SAHOP -Human Settlements and Public Works Sector, which is supposed to be the basis of the provision of urban services- share only 4.1 per cent.

There is not sufficient evidence to state whether such financial aid is fair to respond to the requirements of the growing population and the increasing urban concentration in the "priority areas". However we may say that, according to data from the same institution (NAFINSA in SPP, 1980:113) from 1974 to 1978, before and after setting up the policies for decentralization: SAHOP has shared similar amounts (an annual average of 3.4 per cent); medium and small-size industry's share has been decreasing from 6.8 to 3.7; whole basic industry (excluding PEMEX) has been provided with loans that show similar -although important- percentages (an average of 53.4 per cent in the same period).

Thus, the information provided proves that: a) the policies for decentralization has not been helped to change the previous trend to support basic industry with constant ratio; b) Human Settlement -SAHOP-

leading sector, according to the policies for decentralization of the NPUD in the reordering of human settlements, direct responsible public agency to confront enormous deficits in services among the population centres in urban and rural areas of the country (Diagnosis of the NPUD, in SAEOP, 1980), has been provided in 1980 with loans that share only 0.6 per cent higher than those shared before the publication of both GLHS and the NPUD in 1976 and 1978, respectively; c) the trend of loans provided to minimum and small-size industry is clearly going down. This may be due to -apart from the monopolism mentioned above- to the difficulties that investors in this branch find when facing the heavy government bureaucracy in the requirements for having access to the incentives offered by the state through the decentralization strategy. That is perhaps the reason why in 1981 a top officer of SPFIN declared:

"Up to now, less than 15 per cent of the expected industries installment has been installed in the industrial estates provided by the government; most of them are light industry, manufactured specialized and export-oriented; nearly 90 per cent of them are assembly-plants, branches of multinational firms having their headquarters abroad. The small and medium-size industries, mainly domestic capital-owned are unable either to expand nor to relocate because they have not been helped at all by financiers..." (SPFIN, 1981). Moreover, as the lag-time for getting government incentives lasts too much only the largest firms can afford the awaiting time while they continue their operations.

One last proof that questions the adequation and effectiveness of the policies for decentralization regarding to the redistribution of wealth. Most of the investment of legitimation of the policies for decentralization (such as the GLHS, NPUD, IDP, and the PEDAI) claim for the redistribution of wealth and social benefits which were said to be "over-concentrated", therefore, it was then necessary to design a strategy of development based mainly in the use of energetics, aimed "...to increase in a permanent way, productive employment sources to Mexican population, permitting the majority to gain access to minimum of welfare in food, health, social security, education and housing, as (indispensable means to reach a more income distribution" (Lopez Portillo, J. 1980).

According to the above mentioned, it was supposed that oil industry and electric power population were to be the leading industrial subsectors source for the recovery of the Mexican economy and then the redistribution of wealth among the majority of population. However, the ta-

ble number 8 provided by NAFINSA on revenues and expenditures of budget-controlled agencies of the Mexican government from 1976 to 1981 shows the opposite situation.

In general terms total revenues of this budget-controlled agencies grew at a compound annual rate of 37.1 per cent in the 1976-1979 period and then they were budgeted to increase 35.6 per cent by 1980. Nonetheless, we might observe that all of them were always operating with deficit, which means that they must be helped by the borrowings coming mostly from the Gross Proceeds Loans. We also observe that around 62 per cent of these loans were given to PEMEX and electric power companies; 38 per cent to other agencies; and only 1 per cent approximately to Social Security agencies. All these figures in the item of public finance reveal to us that there is not redistribution at all, but on the contrary, a gradual transfer of loans from social security to energy production which has already benefited by the preference treatment. These financial sources, however, mean an increasingly Public debt for the country (5), which ought to be repaid at expenses of the population's pockets squeezed by the high inflation rates and the monetarists measures adopted by the state at the end of the period (1982).

(5) In 1975, External Public debt was \$ 14bn and the Internal Public Debt another \$ 14bn; in 1981 they grew up to \$ 36bn and \$ 31bn respectively (NAFINSA, 1981).

The Policies for Decentralization in Perspective

Introduction

In this chapter, there is an intention to analyse the policies of decentralization in the light of the economic development process of the country during the period 1976-1982. Although it will not be possible to evaluate their impact due to the fact that the period analysed is still running, I will discuss in turn, on the appropriateness and adequacy of such policies according to the present conditions of Mexico.

1. General perspective

The importance of Mexico City -the largest urban area of Mexico- in terms of number of people living in there, as well as its importance in terms of sharing the largest percentage in the GDP within the secondary and tertiary economic sectors (see chapter I of this paper) have been officially neglected since the mid-1970's when Mexican economy had fallen drastically due to the world slump. Since then social conditions have been severely hit because problems of low private investments, production, unemployment and lower consumption levels which are directly linked to the demand and supply of urban public services.

On the other hand, high political pressure from the regional interests to the control from the central Federal government for not distributing "benefits" to the regions added to the pressure of the mass of people claiming for jobs and possibilities to gain access to public urban services, pushed the government to respond.

As a result of that, a gradual distribution of living conditions has been observed, most of which are more "visible" in urban areas. However, the Mexican government has been put its efforts in creating a negative image of urban concentration in Mexico; in saying that its rapid population growth is the cause of all malaise suffered by people in the

whole country.

With this view, the Mexican government has been diverting the attention from the real problem which is unemployment.

The government has been said that the MAMC is "over-populated" and because of that, decentralization policies are necessary to be implemented.

However, following A. Quijano (1977), we may say that over-population must be seen in terms of the capacity of the productive system to employ inactive manpower, because:

"...Inactive manpower is, in this way, a relative over-population upon the necessities of the capitalist accumulation..."
(Marx, K., quoted by Quijano, A., 1977:8).

Accordingly, the Mexican government has launched since 1976 an array of measures with the apparent purpose of decentralizing population and economic activities from Mexico City. Such measures have an actual objective which results in the expansion of the system regardless the aftermath of the existing social problems in the human settlements.

2. Basic theoretical principles in the use of the policies.

It is worthwhile noticing from the beginning of this analysis, that the rapid population growth of Mexico City began to show its decreasing rate of rapid growth since 1970 when the population census registered other Mexican cities, with a faster population growth rate than the capital city, e.g. Tijuana, Mexicali and Ciudad Juarez, in the Northern border (Unikel, 1976). Furthermore, world-statistics show also that several large cities in MDC's and LDC's reach some point in which they began to show decreasing trends in their own rapid population growth rate (Harris, N. 1976), due to several and diverse conditions. Therefore, considering that the Mexican government was aware of this fact regarding the Mexico City's population growth rate (because it prepared the population census), the official argument of preoccupation for the rapid population growth, appears then nuclear.

On the other hand, the argument of regional inequalities, "over-concentration" and regional disparities in the country seen as a result of the called "urban concentration", due to the concentration of social

and economic "benefits" in one area, Mexico City (GLHS, 1976), has its roots in the approach of "modernization". This approach views urbanization as a process of acquisition of the "benefits" of social and technological innovations at "civilized" level through the existence of an economic surplus and the more rapid accumulation of knowledge, in which the city became the most powerful multiplier for the expansion of civilization itself (Germani, G., 1973:7).

According to such approach, official technicians have adopted the criteria of defining the "urban" in the context of a demographic meaning of urbanization, i.e. the concept that links only two criteria: space and population (i.e. the size and density of a population centre) and then spread out the "benefits" of the modernization" by fostering the multiplication of agglomerated population in individual urban concentrations so as to get the desired development for the "pre-modernized" societies.

This approach is complemented by the theories of the spatial economic development such as F. Perroux's (1971), W. Isard's (1956), J. Boudeville's (1966), and J. Friedmann's (1955). Through this approach, a crucial role is given to the state in attaining regional development through the allocation of considerable investments in leading activities which are sited in strategic areas. Such areas then, are going to help as a leading force for development. This leading force is supposed to spread their developer effects in its surroundings areas which at the end, are to become developed too.

Upon such theoretical argument there is a marxist approach opposed to the idea of modernization. This approach argues in principle, against the dualism in society, i.e. there is not a modernization which is going to be reached by "pre-urbanized" sectors of the society via either by spreading effects from the "metropoli" or by an evolutive process of modernization. This is because the economic system as a whole is a continual chain of exploitative relations between the most advanced and the most backward sectors of a society. Development and underdevelopment of societies (applicable to both nations and regions) are two sides of the same coin (Gunder Frank, S.; quoted by Booth, D., 1979:67). New marxist schools of thought (mainly the french and Spanish, represented among others by Lojkine, Lipietz and Castells) have added to the urban studies the argument of socio-political factors within the society which are influencing

the transformation of society in its process of relations of production and development of the productive forces. The transformation of the society comes from the same process of development of the productive forces in their relation of production. In this process the state plays an important role in providing the conditions for the expansion of the system as a whole.

Thus, the argument of regional inequalities put forward by the Mexican government is rather ideological in terms of the quality that both GLHS and NPUD pretend to achieve. However, when is taken in the framework of the strategy of "deconcentrate by concentrating", then it probably means a justification for a strongly state intervention in certain areas "with potential" in order to expand the system and integrate to new forms of production and consumption other areas of the country which used to not receive "benefits" from the MAMC's growth.

3. A perspective of the concrete measures for decentralization

a) On the Control Among the concrete measures adopted by the government to counteract the "problem" of "over-concentration" in Mexico, were those of the control and slowing down of the growth rate of population and economic activities. Based on these measures, the policy for discouraging the further concentration in Mexico City was set up. The general idea of such discouragement, was that inhabitants of this city "benefited" by living in it, should pay the actual cost of public services, guaranteeing access to these services (NPUD, SAHOP, 1980:14) and to control the establishment of new industries in the area (Ibid:14).

Several actions were taken by some governmental agencies in lines with these measures: a) in terms of services, the effects were in heavier taxation, raising prices in the provision of public services (drinking water supply, electricity, public light system, and the like), restrictions in the land use; uncertainty among small and medium-size capitalists to expand (unless they can rise their costs of operation) a proportional smaller supply of public services because the orientation of the government expenditures towards other areas of its administration and cuts in the public expenditures in non-priority projects for the economic development of the country (SHCP, 1982). A recent example (1982) is the stoppage of the construction of the underground lines (SPP) in this critical pe-

riod for the Mexican economy; and more deterioration of the existing services due to the relatively smaller attention to public services.

b) In economic terms, the higher prices in the provision of services and the fiscal control of new industries installment has twofold results: one is the inhibition of small and medium-size investors to reinvest (some of them have gone even to bankrupt), while the large industrialists either embargo their existing plants or move away to the suburbs of Mexico City where they can pay lower municipal taxes, cheaper land and public municipal services, with increases in technology, utilizing more capital-intensive equipment, and the other is a consequence of the previous one, a decreasing supply of jobs in the productive sector of the economy. All these factors are resulting in: 1) and increasingly impoverishment of the population in terms of reduce employment and increase prices of housing services and goods (this is because the taxation to enterprises are transfered to the population in the final price of products); 2) an expansion of the human settlements-within the same hinterland of the MAMC when following the new plants which are installing in the suburban areas -rather than a decentralization to new "growth poles". The same applies to industries and other economic activities; 3) higher revenues for the government via taxation and expropriation of land for urban use which are then transfered to industrialists in the form of subsidies and preferential prices in the provision of energy, land, fiscal exemptions, etc. all benefits which at the end of the day are to result in the expansion of the capital.

It is then clear that those measures for the control of Mexico City's growth through the discouragement of the population growth and the installment of new industries, have been effective and appropriate for strengthening the system dominated by the large industrial-financial capital and permit its expansion, as well as the raise in the government's revenue to finance such expansion. On the other hand, these measures have been not only ineffective and inappropriate for the reduction of the population in the MAMC (which is growing in its size), the promotion of decentralization, and reduction of unemployment and poverty, but also they have been inadequate to provide public services to the created effective demand among the human settlements of Mexico City.

This last part against the measures implemented, should not be misled:

"The reasons for the non-correspondence between state's formulations, which always say to be working for "the least favoured sectors" and the reality described above (...) is not found in the ill-disposition or in the inability of the state and its agents, but in the present objective conditions in the society" (Pradilla, E., 1976:46).

b) On the decentralization The implementation of type of policies aimed to faster the decentralization of population and economic activities were set up by taking advantage of the exploitation of vast reserves of oil for the external market as a general leading force for achieving many of the secondary; although, important actions of the government in this period.

Some new sectoral plans and special programmes were created under the idea of decentralization of Mexico City for the rest of the country -a way of redistribution of anything to elsewhere- established officially since the publication of the General Law on Human Settlements (GLHS), e.g. the National Plan of Urban Development (NPUD), the Unique Treaties of Coordination with the state governments (CUC), the Industrial Development Plan (PDI), and the Programme of Fiscal Incentives to the Territorial Deconcentration of the Industrial Activities (PEDAI), among the most important affecting the subject of study. Some other programmes and institutions were either renewed or incorporated to the strategy of decentralization of the government for the 1976-1982 period, e.g. Integrated Programme of Rural Development (FIDER), the Promotive Committees of Socio-economic Development (COPRODES); and Ministries such as SAHOP, SPFIN, and SPP, all were apparently collaborated for decentralizing population and activities from Mexico City.

There were two major types of measures utilized for carrying out the policies to decentralize: a) Promotion Policies, and b) Priority Areas. The former presupposes a concentration of a large part of the public resources for urban development in a small number of strategic population centres, so that they receive effective incentives for growth and will be more attractive for people and investment which later will attract people as well. These policies include the location of new public ins-

stitutions and provision of land and public infrastructure in cities with potential for economic and social development (SAHOP, 1980).

Accordingly, the second type of policies --priority Areas-- was set up. The official planners selected certain priority areas towards that in which they could divert public expenditures and other financial resources. These priority areas were selected in accordance to the general strategy of economic development, their availability of natural resources, and their favourable forecast concerning job opportunities.

In the perspective of this analysis we observe the fact that, among the selected priority areas, there are many which have been showing rapid population growth rates, fast processes of urban concentration, large amounts of unemployed and underemployed population and considerable lack of public services even before the policies were launched. Examples of these urban centres are: La Laguna, Tijuana, Mexicali and Ciudad Juarez, among others (we have shown in previous chapters the example of Ciudad Juarez's rapid population and economic growth, which in comparative terms is faster than Mexico City). All these cities have registered throughout their historical process of development, from the material conditions existing at certain time, which have given to them a regional hierarchy in the productive system of the country that is independent of the implementation of the policies for decentralization. For example, in the border urban areas of Mexico is very well known the fact that attractiveness to these areas is principally due to the advantages of offering comparative higher salaries in the USA than in Mexico (almost triple), and from a decade ago, the job opportunities created by the "maquiladoras" (6) which are totally controlled by multi-national capital, reacting much more easily and directly, to their own policies from their headquarters and to the price of the labour force in the world market rather than to the "opportunities" and incentives provided by the Mexican government through the policies of decentralization.

(6) In september 1980, 526 "maquiladoras" installed in the Mexican border, were employing 106 thousand workers, and began to employ 12 thousand more in other 69 plants installed in the rest of the country. (SPP, DGE, 1981).

Perhaps the most important priority areas within the conjunctural situation of Mexico in the period analysed are all those closely related to the exploitation, transformation and trade of oil and gas in the South-East of the country (part of the states of Chiapas, Tabasco and Veracruz). They can be considered the most important because they are vivid examples of the existing material conditions affecting the pattern of distribution and rapid growth of the human settlements in Mexico, and the role of the state (in this case represented by the Mexican governments of the 1970's) in facilitate to the capitalists the conditions for the expansion of the system.

The population centres of South-Eastern Mexico -one of the most backward regions of Mexico- were growing until the early-1970s at a very low rates of growth in its demographic and economic share (as we saw in chapter 1) in the national context. Between 1968-1973 huge oil wells were discovered in some municipalities of the states of Chiapas and Tabasco; being the city of Villahermosa, Tabasco the administrative, economic and geo-political centre of this region, it became the principal population centre attracting the first workers linked to oil exploitation. Its rapid economic and demographic growth began in 1975-76 when the price of oil in the world market reached its highest level. Since these the general strategy of recovering the Mexican economy with an oil-based policy opened to the world market, the Federal government diverted the attention of all Mexican social groups by furnishing its general economic strategy with the idea of "over-concentration" of Mexico City and the necessity for decentralize.

The general economic strategy was to give priority to energy production as a leading force to expand the economic system via exports of manufactured goods. For example, the oil sector (Petroleum, Coke and basic petrochemicals) in 1975 shared 3.2 percent of the GDP while in 1979 it shared 4.8 per cent; expenditures of the federal government in this item increased from Mx \$ 34m in 1976 to Mx \$ 65 in 19 ; expenditures and revenues of PEMEX grew also in an amazing way (see table 8); and all these were mostly financed by an increasing Public debt (see last part chapter 3).

We have seen in chapter 3 the rapid transformation of Villahermosa and the same applies to Coatzacoalcos, Cosoleacaque, Minatitlan and other priority areas which were "selected" a posteriori by the varied

official plans and programmes as a result of the oil "boom".

Many people expelled from the backward rural sectors of the South-East, migrate in search of job opportunities to those new urban centres. However most of them are unable to be hired because they lack skills and the industrial leading sectors tend to employ less and less non-skill labour. Upon such situation immigrants enter to increase the mass of unemployed and underemployed to whom the raise in the local cost of living affects them more.

Behind -although very slow and weak- such a dynamics of the system expressed in these "priority areas" the policies of decentralization come with restrictions to those that utilize more labour-intensive, incentives to those industrialists that do not move away and do not provide numerous jobs; relative smaller expenditures to create more jobs, cheap housing, health and public services and fiscal policies with twofold effects: increasing revenues to the government which afterwards will be transferred to the capitalist in forms of subsidies, infrastructure and cheap labour force.

The latest events resulted from the fall of the oil price in the world market since the second half - 1980, provoked the questioning of the general economic strategy adopted by the Mexican government with a mono-specialized-based economy accompanied by a series of complementary policies and measures among which are those of decentralization. Since then the government has been turning its attention back again to rural areas with a series of programmes such as agroindustries, SAM, COPLAMAR (7) which are aimed to increase the output in the rural sector and keep the population in the countryside.

Nonetheless, the process of development that Mexico has experienced in the period 1976-1982, has created new forms in the distribution of human settlements in the country.

The analysis in perspective of the policies of decentralization and the conditions that created rapid growth in both border and oil-South Eastern urban centres, permit us to prove that urban rapid growth

(7) COPLAMAR was created in 1977, but its budget raised considerably in 1980. After 1980 information is not available.

has been used as an argument of the government for diverting considerable resources in order to create favourable conditions for the capital to expand.

We may then conclude this chapter by saying that the policies of decentralization launched in the 1976-1982 period have been appropriate for segregating poor people from urban spaces which are to be used by the industrialists, and for creating material conditions in these spaces with potential to the expanding capital. As the other side, the policies has been inadequate because the measures and actions implemented are being unable to face the social problems that are expressed in a more "visible" and "crude" manner in these concentrated urban areas.

Conclusions

Throughout the analysis verted in this dissertation it has been possible to answer the basic question set up at the beginning of it: on to what extent the policies of decentralization and control of the population growth in Mexico during 1976-1982, are facing the social problems expressed in urban areas. The answer then is negative.

The reasons of why such policies are not responding to the social problems expressed in urban concentrated urban areas is due to several reasons. One of these is because the policies of decentralization are not addressing the real factors by which social problems in urban areas appear, neither the factors by which both process of development and economic growth creates social inequalities that are expressed in terms of spatial inequalities and in terms of socio-economic inequalities in terms of concentration of population and activities in certain strategic points gradual reduction in the supply of employment sources by which people would earn their living and would be able to gain access to all services produced and consumed collectively within society.

One of the erroneous assumptions of the policies of decentralization is of the ideological nature. It comes from the argument of the regional inequalities -the "balance" of the regions-. This approach views urbanization as a process of acquisition of the "benefits" of social and technological innovations through the existence of an economic surplus in which the city becomes the most powerful centre for the further expansion of civilization towards the non-benefited areas or centres. Such argument is complemented by theories of spatial economic development that give a crucial role to the state in attaining regional development through the allocation of investments in leading activities sited in strategic areas. These areas are then going to help as a leading force for development with spread effects in their hinterland.

Opposed to these ideas, the Historical Materialistic approach taken by several contemporary theoreticians, have argued that socio-political

factors within the society are influencing the transformation of the society in its relations of production and development of the productive forces. The transformation of the society comes from the same process of development of the system in which the state plays indeed an important role in providing the conditions for the expansion of the system as a whole.

Thus, the intention of being presented in the background the process of rapid economic growth achieved as a result of favourable material conditions in the world economy, was to show how and where the process of economic growth integrated to the world economic system influenced the pattern of the Mexican urban areas.

As well as the world economy encouraged from 1940 to the late-1960s the Mexican economy and the urban settlements, so as influenced it in the slump period. As a result of that, several problems were manifested internally both in rural and urban areas and perceived by the Mexican government. Upon such demands, the government's response was that of giving a negative image of Mexico City -the major representative urban area due to its population number and its principal share in the GNP- and blamed it of all malaise suffering the social groups of the country.

Again in 1976, the advantages given by the political and economic conjuncture for the recovery of the Mexican economy (new presidential period and overall, the highest price of oil in the world market, resource that Mexico posses in huge amounts), permitted the incoming government to set up a global strategy for development of the national economy using oil as a basis to expand its market, and the policies of decentralization as one of the basic elements of justification to revitalize capital, to re-order the urban space and to calm down the social forces -dominated social groups- claiming for better living conditions.

The policies in principle shows a based negative image of the city. It puts emphasis on the "problems" of congestion and concentration of economic activities because it needs to utilize deconcentration for the expansion of the system as a whole.

Responding to this image of Mexico City, the policies of control of its growth process by inhibiting its growth via increases in taxation, heavy control in licenses authorised for land use and building restrictions is resulting in the territorial expansion of the city to its suburbs where large industrialists relocate new plants -with more capital

-intensive equipment- and new residential areas for them and their skilled labourers. On the other hand, the social conditions for the people become worse because restrictive measures provoke the disappearance of many small and medium-size enterprises -employing more labour force-, reducing the employment opportunities which affected family incomes; increase the cost of living because the previous reason and the raised prices in the services provision and heavier taxation that is paid for final consumers, and then is returned to industrialists via preferential tariffs in the same services provision. Lastly, the restrictive policies are segregating poor people from urban strategic spaces which are to be used by the large capitals "via modernization" of the city.

The policies encouraging the decentralization via fiscal stimulus and provision of public services and infrastructure are aimed to priority areas that were chosen because "their great potential for development" (NPUD, SAHOP, 1980). By studying the selected priority areas we may observe that most of them are precisely those which have shown since many years ago higher rates of population growth than that observed in Mexico City in the same recent period (e.g. border regions, La Laguna, lastly the South-Eastern region -in part of Chiapas, Tabasco and Veracruz- where oil exploitation is taking place now-a-days). In these areas, the government form of participation is by providing the industrialists the best conditions for their operation.

The policies for decentralization through the provision of incentives disregard important elements which are being already prove in some other countries, i.e. a) sometimes incentives have not real impact in reorienting industry allocation because there are operating at the same time other regions offering better conditions of attraction (one example here was given with the border regions; here the incentives in the form of industrial estates are being utilized only by less than 15%, nearly 90% of it is composed by the "maquiladoras"); b) small and medium-sized industries cannot move away so easily because their location is conditioned to the demand of the largest industries and of the population in concentrated areas; and c) On their side, the large industries do not move away from the largest cities so easily because they use more capital-intensive equipment and skilled-labour force. At most they create new branches in strategic areas which are determined for their market advantages rather than for the "selection" and incentives of the government.

Furthermore, incentives offered during the boom periods of the economy, have no real impact in the decisions of decentralize or relocate new investments in areas where are not to offer so high profits than in the concentrate urban areas.

In terms of the decentralization's financing, we observed that loans by NAFINSA (1974-81) to the strategic activities dealt with decentralization are not being supported at all (except energy subsectors). Loans to basic industry are being maintained as well as Human Settlements sector; to small and medium-size industry is decreasing.

Among the basic original arguments of the decentralization policies was the redistribution of wealth resulted from the strategic industries to the "less benefited". However, figures show that in despite of the increasing financial aid and incentives to oil and electricity industrial subsectors and their increasing revenues, the redistribution is not achieved. These subsectors are every year operating with deficits and they do not transfer resources to other sectors. (Rather, it seems that traditional social sectors operating normally with superavit or smaller deficits, are being financed in a decreasingly way). Moreover, these strategic subsector utilize high capital-intensive equipment and they then require, apart from their trade-unionized workers, lesser labour force, which becomes part of the unemployed and underemployed mass.

The material conditions given since the discovery of rich oil wells in South-Eastern Mexico in 1972-75 and the high price of oil in the world marked opened new perspectives in the Mexican economy. The extensive exploitation of oil in part of Chiapas, Tabasco and Veracruz shifted the economic specialization of this region and has suddenly re-shaped the pattern of urban growth in towns and small cities formerly agriculture-based and slow growing of population. Now, they are centres of attraction of high investments in industry, commerce and real estates, but relatively bigger demand for employment, food, housing, electricity and the like. The regional oil boom began in 1973 and the policies of decentralization were "insinuated" in 1976-77 and formally launched in 1978-79 by the NPUD the PDI, and PEDAI, however the government financial support was provided since those years and the services provided by the policies of decentralization are not producing effect at all in decentralize people and activities from the largest cities neither in the considerable provision of jobs (apart from that offered by PEMEX, which are very selective) and in the alleviation of social problems.

The latest events in the Mexican economy as a result of the oil price fall in the world market in 1980, are questioning the general strategy of being non-producer of oil with the legitimation of several policies, decrees and programmes, all of which have something to do with the policies of decentralization. Now, the Mexican government has turned its attention again to rural sectors, aimed to rise the agriculture output and keep the population in the countryside.

Nonetheless, the process of development experienced in Mexico during 1976-1982, has shown new forms in the distribution of urban settlements in the country. But on the other side, has shown that the policies of decentralization are not determinants in the distribution of space. What is determinant is the process of development of the economic system as a whole, that requires, in specific conjunctures new specific role to the Mexican economy in the context of the international division of labour.

Finally, I restate my response to the question of whether policies of decentralization and control of the population growth during the 1976-1982 period are facing the social problems expressed in urban areas by answering no. Such policies has been unable to face the social problem that are expressed in a more "visible" and "crude" manner in the concentrated urban areas, however, they have been adequate and appropriate for segregating poor people from urban spaces, which are to be used by the industrialists, and for creating industrial favourable conditions in such spaces or other similars with potential to the expanding capital.

Appendix

TABLE I

Mexico : Extractive and Transformation Industries (included oil and Basic Petrochemical Industry), by Geo-economic Regions and States, 1970.

Regions and States	No. of industries	% From Total	Employment	% From Total	Output (Mx \$m)	% From Total
<i>Total nacional</i>	119 982	100.0	1 631 572	100.0	229 119.7	100.0
<i>Noroeste</i>	6 778	5.7	95 063	5.9	10 952.0	4.8
Baja California N.	1 660	1.4	31 443	1.9	3 490.0	1.5
Baja California S.	277	0.2	4 323	0.3	616.3	0.3
Sonora	1 703	1.5	27 223	1.7	3 530.0	1.6
Sinaloa	1 903	1.6	20 548	1.3	2 395.8	1.0
Nayarit	1 235	1.0	11 528	0.7	921.2	0.4
<i>Norte</i>	12 243	10.2	160 230	9.8	20 678.2	9.0
Chihuahua	2 146	1.8	40 401	2.5	5 209.9	2.3
Coahuila	2 175	1.8	52 397	3.1	9 722.0	4.2
Durango	1 646	1.4	21 029	1.3	2 151.6	0.9
San Luis Potosí	4 469	3.7	35 699	2.2	2 892.9	1.3
Zacatecas	1 807	1.5	10 704	0.7	701.8	0.3
<i>Noreste</i>	7 252	6.0	181 420	9.9	28 509.5	12.4
Nuevo León	4 525	3.8	125 771	7.7	24 000.2	10.4
Tamaulipas	2 727	2.2	35 649	2.2	4 509.3	2.0
<i>Centro-Occidente</i>	21 542	17.9	194 799	11.9	20 234.6	8.9
Jalisco	9 185	7.7	97 119	6.0	12 042.3	5.3
Guanajuato	5 366	4.5	55 436	3.3	5 387.8	2.4
Michoacán	5 480	4.6	31 016	1.9	1 859.0	0.8
Colima	604	0.5	3 630	0.2	267.1	0.1
Aguascalientes	907	0.7	7 598	0.5	692.4	0.3
<i>Centro-Este</i>	52 847	44.0	852 617	52.3	125 226.4	54.7
Distrito Federal	29 473	24.6	496 986	30.4	70 611.8	30.8
Estado de México	9 089	7.6	229 336	14.1	39 710.6	17.3
Puebla	7 185	6.0	58 527	3.6	7 041.1	3.1
Hidalgo	1 973	1.6	27 296	1.7	3 338.3	1.5
Querétaro	1 434	1.2	14 853	0.9	2 076.2	0.9
Tlaxcala	2 128	1.8	9 360	0.6	659.9	0.3
Morcles	1 565	1.3	16 259	1.0	1 788.0	0.8
<i>Este</i>	7 152	6.0	97 525	6.0	19 554.7	8.5
Veracruz	6 390	5.3	83 902	5.5	17 822.6	7.8
Tabasco	762	0.7	8 623	0.5	1 732.1	0.8
<i>Sur</i>	7 507	6.3	34 901	2.1	2 094.4	0.9
Guerrero	1 966	1.6	9 634	0.6	537.4	0.2
Oaxaca	3 663	2.1	16 132	1.0	904.0	0.4
Chiapas	1 878	1.6	9 133	0.5	653.0	0.3
<i>Península de</i>						
<i>Yucatán</i>	4 661	3.9	34 975	2.1	1 854.7	0.8
Yucatán	3 595	3.0	26 029	1.6	1 229.4	0.5
Campeche	759	0.6	6 803	0.4	544.6	0.2
Quintana Roo	307	0.3	2 143	0.1	80.7	0.1

Source : Bassols, A., 1979

TABLE 2

EAP in Extractive and Transformation Industries, by Geo-economic Regions and States, 1970

Regions and States	Extractive and Transformation EAP	% from Total	Only Transformation EAP	% from Total
<i>Total nacional</i>	2 279 153	100.0	2 101 752	100.0
<i>Noroeste</i>	118 181	5.2	109 355	5.2
Baja California	40 408	1.8	39 349	1.9
Baja California Sur	3 878	0.2	2 625	0.1
Sonora	32 090	1.4	27 479	1.3
Sinaloa	30 579	1.3	29 033	1.4
Nayarit	11 226	0.5	10 869	0.5
<i>Norte</i>	213 221	9.4	163 424	8.0
Chihuahua	62 278	2.7	50 553	2.4
Coahuila	62 227	2.7	50 705	2.4
Durango	25 006	1.1	19 847	1.0
San Luis Potosí	42 899	1.9	34 493	1.5
Zacatecas	20 811	1.0	12 826	0.7
<i>Noreste</i>	208 104	9.1	186 828	8.9
Nuevo León	146 988	6.4	143 706	6.8
Tamaulipas	61 116	2.7	43 122	2.1
<i>Centro-Occidente</i>	359 512	15.8	344 075	16.4
Jalisco	184 339	8.1	180 182	8.6
Michoacán	54 263	2.4	52 010	2.5
Guanajuato	100 960	4.4	93 121	4.4
Colima	6 385	0.3	5 754	0.3
Aguascalientes	13 565	0.6	12 976	0.6
<i>Centro-Este</i>	1 114 746	48.9	1 076 356	51.2
Distrito Federal	684 223	30.0	665 929	31.7
Estado de México	245 068	10.8	239 281	11.4
Puebla	91 557	4.0	87 820	4.2
Hidalgo	36 004	1.6	29 714	1.4
Querétaro	18 817	0.8	15 543	0.7
Tlaxcala	17 564	0.7	17 364	0.8
Morelos	21 513	1.0	20 705	1.0
<i>Este</i>	144 800	6.4	102 959	4.9
Veracruz	127 799	5.6	91 290	4.4
Tabasco	17 001	0.8	10 969	0.5
<i>Sur</i>	98 021	4.3	92 870	4.4
Guerrero	29 114	1.3	27 249	1.3
Oaxaca	48 259	2.0	45 691	2.1
Chiapas	20 668	1.0	19 930	1.0
<i>Península de Yucatán</i>	32 578	1.4	31 587	1.5
Yucatán	21 255	0.9	20 594	0.9
Campeche	9 728	0.4	9 436	0.4
Quintana Roo	1 595	0.1	1 557	0.1

Source : Bassols, A. 1979

TABLE 3
POPULATION GROWTH OF THE MOST DYNAMIC CITIES
OF MEXICO, 1940 - 1970

<u>States and cities</u>	<u>1940</u>	<u>1970</u>
<u>Baja California N.</u>		
Mexicali	18 775	276 167
Tijuana	16 486	341 067
<u>Cochula</u>		
Piedras Negras	18 667	46 698
<u>Chihuahua</u>		
Ciudad Juarez	55 024	424 135
<u>Jalisco</u>		
Cundalajara (CA)	283 879	1,516 209
<u>Distrito Federal</u>		
Mexico City (NMG)	1,802 679	8,797 031
<u>Nuevo Leon</u>		
Monterrey (NA)	190 074	871 493
<u>Puebla</u>		
Puebla	148 701	546 430
<u>Tlaxcala</u>		
Atlix	54 136	186 146
Nuevo Laredo	31 503	151 253
Reynosa	23 137	150 766
Tampico	84 037	188 249
Ciudad Madero	28 391	93 363

Source : Censos Generales de Poblacion, 1950-70 . DGE, Mexico

TABLE 4

Percentage of Urban Population, in Relation to Total National
and Regional Population, 1970

	% National Urban Population	% Regional Urban Population
Total	100.0	—
Norocoste	8.7	47.7
Norte	10.7	39.1
Noreste	9.4	64.1
Centro-Occidente	15.9	40.6
Centro-Este	44.4	60.1
Este	5.7	26.7
Sur	3.5	14.0
Peninsula de Yucatan	1.8	34.4

Source : Censo General de Poblacion 1970, in Bassols, A., 1979:430

TABLE 5

Comparative Composition of the Urban Population by Geo-economic Regions
1960 - 1970

	Urban Population (In thousands and Percentage)				1970 - 1960
	1960		1970		
Total	10.186	100.0	15.465	100.0	51.8
Moroeste	740	7.3	1.256	8.1	69.7
Norte	880	8.6	1.480	9.6	68.2
Noreste	1.030	10.1	1.546	10.0	50.1
Centro-Occidente	1.330	13.1	2.213	14.3	66.4
Centro-Este	5.415	53.1	7.731	50.0	42.8
Este	180	1.8	377	2.4	109.4
Sur	383	3.8	556	3.6	45.2
Peninsula de Yucatan.	228	2.2	306	2.0	34.2

Source : Agenda Estadística, 1975, in Bassols, A. 1979:431

TABLE 6

Relative Revenues and Expenditures increases of the Federal and
States governments 1968 - 1977
(1968 100.0)

Year	FEDERATION		STATES	
	Revenues	Expenditures	Revenues	Expenditures
1968	100.0	100.0	100.0	100.0
1970	128.0	131.0	135.0	130.9
1975	473.0	480.0	340.3	333.6
1976	619.0	624.0	404.3	395.1
1977	138.9	140.4	137.2	134.3

Source: SHCP, in Anuario Estadístico 1977-78: 126

TABLE 7

The twelve largest borrowers of the Public sector from NAFINSA, by principal activity and loans outstanding (at 30th June, 1981)

<u>Organisation</u>	<u>Principal Activity</u>	<u>Outstanding</u> (millions of dollars)
Comisión Federal de Electricidad	Generation and transmission of electric power	1,350.2
Fondo de Garantía y Fomento para la Agricultura, Ganadería y Avicultura	Rediscount of notes payable to banks to support agricultural development	1,029.1
Banco Internacional, S.A.	Commercial banking	802.1
Ferrocarriles Nacionales de México	National railway system	777.7
Altos Hornos de México, S.A.	Iron and steel production	752.9
Secretaría de Agricultura y Recursos Hidráulicos	Co-ordination of activities related to the agricultural sector	661.3
Fundidora Monterrey, S.A.	Iron and steel production	448.5
Banco Nacional de Crédito Rural, S.A.	Loans for agricultural development	355.0
Siderúrgica Lázaro Cárdenas—Las Truchas, S.A.	Iron and steel production	350.6
Diesel Nacional, S.A.	Manufacture of vehicles	349.0
Secretaría de Asentamientos Humanos y Obras Públicas	Administration of road, housing and bridge construction programmes	302.4
Fondo de Garantía y Fomento a la Industria Mediana y Pequeña	Rediscount of notes payable to banks to support medium and small-size industry	225.9
		7,404.7

Source : NAFINSA, Information Memorandum, Nov. 1981

TABLE 8

Revenues and Expenditures of Budget-Controlled Agencies

(in millions of pesos)

Year ended 31st December,

	1976	1977	1978	1979	Budget 1980	Budget 1981
Revenues by Agency:						
Pemex	49,090	86,407	112,710	186,075	324,941	303,638
Electric Power Companies	24,731	29,571	34,518	44,218	55,991	63,497
Social Security Agencies	43,750	57,879	77,673	99,791	115,904	127,202
Other Agencies	55,007	78,108	98,684	119,615	140,989	184,416
Gross Proceeds of Loans	69,059	122,493	172,732	172,858	206,569	213,247
Total Revenues	241,637	374,458	496,317	622,557	844,394	892,000
Expenditures by Agency:						
Pemex	70,633	138,025	192,632	268,560	399,589	323,479
Electric Power Companies	47,196	62,868	93,427	91,581	138,587	102,419
Social Security Agencies	46,103	62,207	76,620	106,334	115,904	127,212
Other Agencies	81,133	112,361	132,684	148,303	190,314	318,890
Total Expenditures	245,065	375,461	495,363	614,778	844,394	892,000

Source : NAFINSA, Information Memorandum, Nov. 1981.

TABLE 7

The twelve largest borrowers of the public sector from NAFINSA, by principal activity and loans outstanding (at 30th June, 1981)

<u>Organisation</u>	<u>Principal Activity</u>	<u>Outstanding</u> (millions of dollars)
Comisión Federal de Electricidad	Generation and transmission of electric power	1,350.2
Fondo de Garantía y Fomento para la Agricultura, Ganadería y Avicultura	Rediscount of notes payable to banks to support agricultural development	1,029.1
Banco Internacional, S.A.	Commercial banking	802.1
Ferrocarriles Nacionales de México	National railway system	777.7
Altos Hornos de México, S.A.	Iron and steel production	752.9
Secretaría de Agricultura y Recursos Hidráulicos	Co-ordination of activities related to the agricultural sector	661.3
Fundidora Monterrey, S.A.	Iron and steel production	448.5
Banco Nacional de Crédito Rural, S.A.	Loans for agricultural development	355.0
Siderúrgica Lázaro Cárdenas—Las Truchas, S.A.	Iron and steel production	350.6
Diesel Nacional, S.A.	Manufacture of vehicles	349.0
Secretaría de Asentamientos Humanos y Obras Públicas	Administration of road, housing and bridge construction programmes	302.4
Fondo de Garantía y Fomento a la Industria Mediana y Pequeña	Rediscount of notes payable to banks to support medium and small-size industry	225.9
		7,404.7

Source : NAFINSA, Information Memorandum, Nov. 1981

TABLE 8

Revenues and Expenditures of Budget-Controlled Agencies
(in millions of pesos)

	Year ended 31st December,					
	1976	1977	1978	1979	Budget 1980	Budget 1981
Revenues by Agency:						
Pemex	49,090	86,407	112,710	186,075	324,941	303,638
Electric Power Companies	24,731	29,571	34,518	44,218	55,991	63,497
Social Security Agencies	43,750	57,879	77,673	99,791	115,904	127,202
Other Agencies	55,007	78,108	98,684	119,615	140,989	184,416
Gross Proceeds of Loans	69,059	122,493	172,732	172,858	206,569	213,247
Total Revenues	241,637	374,458	496,317	622,557	844,394	892,000
Expenditures by Agency:						
Pemex	70,633	138,025	192,632	268,560	399,589	323,479
Electric Power Companies	47,196	62,868	93,427	91,581	138,587	102,419
Social Security Agencies	46,103	62,207	76,620	106,334	115,904	127,212
Other Agencies	81,133	112,561	132,684	148,303	190,314	318,890
Total Expenditures	245,065	375,461	495,363	614,778	844,394	892,000

Source : NAFINSA, Information Memorandum, Nov. 1981.

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Siendo director del Instituto de Investigaciones Económicas el licenciado José Luis Ceceña Gámez se terminó la impresión del material "URBAN CONCENTRATION AND POLICIES FOR DECENTRALIZATION IN MEXICO (1976-1982)", en los propios talleres del Instituto el día 5 de septiembre de 1983. La edición consta de 300 ejemplares.

