

# **Policy innovation at subnational level in Mexico: is there any social policy laboratories?**

Anahely Medrano\*

## **Abstract**

In the late 1980s, Mexico begun different process of decentralization. At the beginning of the 2000s, these processes change the former extremely centralized political system into another open to political competition at all three level of government –federal, state and municipal. In the realm of social policy-making, this process of decentralization has apparently open more opportunities to innovation at state-level. According to available data to date, several states have increase social spending in the last decade. Furthermore, some of them have implemented social policies that are considered to be innovative in Mexico, such as social programs for vulnerable groups (for instance, the elderly who lack contributive pensions and lone mothers). However, the analysis of this innovation policy process at subnational level is has been barely analyzed in developing countries, such as Mexico. Among other lines of investigation related to this topic, some queries remain answered. To contribute to fulfill this gap in the literature, this work focuses in the following queries: After three decades of decentralization in Mexico, what is there evidence of policy innovation at state level? To what extent policy innovation has taken place at state level? To answer this queries, this paper look at different quantitative indicators that can be useful to have an general idea of the extent of policy innovation at state-level in Mexico. These indicators refers to the number of social social programs implemented at state level, as well as the resources invested in such social programs and overall social spending. To do so, this work uses secondary and original data, in particular, a public dataset published by an agency of the Mexican federal government, and the state public accounts, which were compiled to conduct this study. In addition, this work focuses in the implementation of social programs that are considered to be innovative in the Mexican context: conditional and unconditional cash transfers for vulnerable groups (lone mothers and elderly people with a contributory pension). Finally, this introductory work seek to providence evidence to study the characteristics and extent of social policy innovation at state level in Mexico.

**Key words:** social expenditure, subnational social policy, social policy

## **Introduction**

The idea of "Laboratories of democracy" is widely known in federal systems, particularly in the United States, and refers to the ability of states to experiment and innovate in public policy. In Mexico, however, this idea had been practically alien, at least until the beginning of the decade of 2000. Since this decade, some states, particularly Mexico City, have led innovation processes in social policy. The objective of this work is to examine the effort of the federative entities to invest in social policy, as well as to experiment or innovate in this

regard, based on indicators proposed for this purpose. This paper concludes that there are indications of the emergence of laboratories of social policy in Mexico.

\*CONACyT-CentroGeo

Key words: decentralization, social spending, social programs.

## **1. Introduction**

Mexico is a democratic republic, representative and federal union, composed by 32 federative entities (31 states and the Mexico City). <sup>1</sup> The principal influence of the Mexican federal system is the Federal Constitution of the United States of America (USA), as well as the local governments inherited from the Spanish monarchy at the end of the 18<sup>th</sup> century (Carbonell, 1989). Therefore, the states of the Mexican federation are sovereigns and autonomous, and they are united in a federal union. The Mexican union has three scales of government: federal, state and local (municipalities). This paper centres on the federative entities, that is, states. (For the effects on this study, state governments and federative entities' governments are indistinctively used).

Among other aspects, the autonomy that enjoyed the states conferred them the faculty to create laws and their own public policies, in accordance with the Mexican Constitution. In the USA, which has one of the most decentralized federal systems in the globe, the states' autonomy has translated into state policy innovation and experimentation in different degrees. But most importantly, policy innovation has traditionally seen as rather natural tendency of decentralized government (Galle y Leahy, 2009). Accordingly, it is not surprising that, at the end of the thirties, the Chief Justice of the Supreme Court of the United States Louis Brandeis, coined the expression "laboratories of democracy", in the *New State IVE Co. versus Liebmann* case. He stated that "one of the happy incidents of the federal system that a single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country." (Murray, 2006: 265), if that is the case that the federal government decide to apply this experiment. This phrase has become since then the metaphor par excellence for synthetizing one of the attributes of the federal

---

<sup>1</sup> The Mexico City (first the Federal District) is a federative entity that function as headquarter of the Union powers; on 2015, it acquired a political autonomy similar to that enjoyed by the states.

systems: the innovation or experimentation of the federative entities' governments, that is, the capacity to create new policies.

Therefore, the notion of laboratories of democracy is usually applied to name the disposition of states' governments to try anew or innovate public policies, which can be even replied by other states or the federal government. Thus, the idea of laboratories of democracy implies two aspects: the initiative of the state governments to put into practice their own public policies, and the will of another government agency to replicate them. Hence, the notion of laboratories of democracy condense the principal arguments in favour of federalism, that is, the possibility of innovation of decentralized governments (Galle y Leahy, 2009).

This paper centres at the first aspect, that is, the initiative of the state governments to experiment or innovate, in sense of put into practice their own public policies. Thus, for the effects on this study, social policy innovation refers to the adoption of a social policy or program considered to be anew or innovative in the territory of a determinate federative entity (Mintrom, 1997). Therefore, the social policies or programs considered innovative are those adopted for the first time by a state' government, which are either original policy proposals or initiatives that were originally implemented in another territory or government level. In other words, on this paper, to experiment or to innovate does not restrict the creation of policies unique or originals, but it allude to a wider definition.

In Mexico, despite the federal system was inspired by the American model, Mexican states did not behave as laboratories of democracy. Overall, this was due to the extreme centralism of the Mexican political system that prevailed to the 1990s (Carpizo, 2002). However, this scenario changed consequence of different processes of decentralization that the Mexican federal government initiated at the beginning of the 1980s. Hence, after several decades of decentralization, this paper parts from the general question: Does exist the evidence that indicates the emergence of laboratory of democracy in Mexico? Particularly, this paper focuses on the participation of the federative entities in social policy. Thus, the principal propose of this paper is offer a general outlook of the federative entities' effort to invest in social policy, as well as to experiment or to innovate in this regard, in the last decade. To do that, this papers uses quantitative indicators, which are developed based on information

gathered from secondary and original sources, such as the Inventory of Programs and State Actions for Social Development (State Inventory) of CONEVAL (National Council of Evaluation), state public accounts, as well as operating rules of specific state social programs.

This paper is organised as follows. In the second part, the constitutional framework that enables the potential function of the Mexican states as laboratories of democracy is briefly discussed. In the third part, the different process of decentralization propitiated the emergence of social policy laboratories are succinctly described. In the fourth and fifth parts, the indicators of the participation and investment in social policy at state level of this study are showed. Finally, comments are included as conclusion.

## **2. Federalism and state social policy in Mexico**

In Mexico, the federal system was adopted in the Constitution of 1824, and it was maintained in the Constitution of 1917 (Carbonell, 1998) that actually regulate this country. In that regard, Article 40 of the Constitution states that: “It is the Mexican people choice to constitute and to become in a representative, democratic, secular, federal republic, composed by free and sovereign states, in all that concerning to their inner regime; but united in a federation established to the principles of this fundamental law.” Moreover, the Article 124 orders that “the faculties that are not expressly granted by this Constitution to the federal functionaries are understood to be reserved to states.” Among other implications, this means that the federal entities have prerogatives to create their own instruments to practise government, it is to say, laws and public policies, in accordance to the Mexican constitution.

It is worth notice that the Constitutional framework of the federal system in Mexico took as inspiration the American model (Carbonell, 1998). Hence, the Mexican union supposes the existence of sovereign and autonomous states. Likewise, the territorial division of power, in principles, serves as temper of the federal power, including the executive (Carbonell, 1998). Although this assumption, as it is discussed forwards, is fulfilled in function of the existence of competence and political alternation at state scale, that in effect, place in function the division of territorial power that prescribes the Mexican federalism.

Among other implications, this division of territorial power means that the states have the faculty to create their own laws and public policies, according to the established in the Magna Carta. In that regard, Carbonell (2003) point out that:

[...] the Mexican Constitution recognises all the federative entities have a common legal statute, without making difference between them. This does not prevent that each federative entity may design, within the limits established in the federal Constitution, its legal frame according to its own local legal system. This is due to, as Miquel Caminal pointed out, “the symmetry in the distribution of competences does not equate to equal political decisions.” (Carbonell, 1998: 384-85)

Thus, the Mexican federalism establishes a frame that, in principle, provides the states with faculties that enable them for incurring in policy experimentation or policy innovation, including in the realm of social policy. In words, Mexican states, in principle, can function as laboratories of democracy, in a similarly way to their counterparts in the United States. Nevertheless, as it is discussed in the next section, the characteristics of the Mexican political system inhibited this possibility for many decades. However, different processes of decentralization registered in Mexico since the 1980s have favoured a more active role of states in social policymaking. This aspect is discussed below.

### **3. Principal characteristics of the decentralization process in Mexico**

The federal design of the Mexico union allows that states generate their own legal framework and public policies, within the limits established for that matter in the Mexican constitution. However, in practice, the Mexican federal system was characterized by an excessive centralism until the 1980s (Carpizo, 2002; Merino, 2013; Flamand, 2010). In correspondence with this extreme centralism, the participation of the state governments to create own social policies was practically inexistent before the decentralization process initiated in the 1980s. In the social policy realm, states have generally restricted role to be a sort of transmission straps of the federal government, that it, states participate in the implementation of the social policies that the federal government design, but do not formulate their own policies. This

means that, in general, the participation of the federative entities to design their own policies and social programs had been significantly limited in the past.

However, the virtual monopoly of the federal government in the formulation of social policy seemed to end in the 2000s, at the latest. As mentioned before, different processes of decentralization initiated in the 1980s reversed the excessive centralization of the political system in Mexico (Carpizo, 2002; Merino, 2013). To analyse the factors that lead to the extreme centralization of the Mexican political system exceeds the purpose of this work; it is suffice to say that such centralization was funded principally in the existence of an hegemonic political party, PRI ( Party of the Institutional Revolution, *Partido de la Revolución Institucionalizada*, in Spanish) (Carpizo, 2002). The domain of this official party for more than seven decades extremely contributed to maintain political centralization in Mexico. This centralization meant that the administrative, political and financial power was firmly concentrated in the presidency of the republic and, in general, in the federal government (De Remes, 2006).

Among other consequences, this centralization favoured that the federal government to practically monopolise the formulation and design of the social policy in the country. However, this scenario began to change as consequence of the political decentralization initiated since the 1970s and noticeably in the 1980s. This political decentralization translated into the increase of the electoral competition and the political alternation in all levels of government in the last three decades, which increased the political influence from state governments (Lagston, 2008; Benton, 2001). In the fiscal field, the decentralization has meant a sustained increased of the federal transfers (conditional and unconditional) from the federal government to state governments. In the last decade, the federal transfers to the states have increased constantly <sup>2</sup> (ASF, 2013). This mean that states have enjoyed more fiscal resources to spend. Nevertheless, states are also highly dependent on the federal transferences.

---

<sup>2</sup> The fiscal federal system comprises the monetary transfers not conditioned (involvements) and the monetary transfers conditioned (contributions). The contributions include eight funds, related with the benefit of social services, the improvement of the basic infrastructure and public security. Most of these conditioned transfers are allocated in two specific funds, the Fund for Basic and Normal Education (FEBN) and the Fund for Health Services (FSS).

In 2013, the federal transfers represented up to 90% of the total revenue of states (ASF, 2013). In addition, the states have had relaxed restrictions to raise debt, enjoying little *de facto* inference by the federal government in this regard (Benton & Smith, 2013).

In the administrative field, decentralization have meant the transfer of greater responsibilities from the federal government to states, particularly in health and education areas (Linares & López, 2012; Homedes & Ugalde, 2011; Arredondo et al, 2011; Galilea et al, 2011; Alcántara, 2008). Although decentralization of education and health services have had different characteristics and mixed results, in general, they have meant a greater participation from the states in the provision of social benefit and services. In short, the distinct decentralization processes have promoted an increase of the state government's influence in the national political arena. Moreover, the state governments have won more money to spend, as well as more responsibilities in social policy. In general, this scenario seem to favour an increasing participation of state governments in designing and implementing their own social policies and programs. In the next section, the evidence in that regard is analysed.

#### **4. Indicators of state participation and investment in social policy in Mexico**

In Mexico, the excessive centralization of the federal system in Mexico inhibited policy experimentation at state level. However, different process of decentralization seem to reverse this trend. The objective of this paper is to analyse some basic indicators of the state governments' investment in social policy, as well as to create their own social policies or programs, in order to provide a general landscape of the size of state investment in social policy, as well as in social policy innovation in the last decade. To gauge the effort of states to invest in social policy, this work analysed the following t indicators: 1) number of state social programs; 2) total and per capita budget invested in social programs per year; 3) total and per capita social spending par year, according to state public accounts. Social expenditures is divided into two indicators: total social spending, and total social spending without including education and healthcare. It is assume that, in general, the initiative of states for generating and investing in social policy should reflect on the quantity of the programs and resources invested in them. In addition to these quantitative indicator, this work focuses on the existence of social programs that are considered to be innovative at state

level. Hence, these indicators offer a general outlook of state investment in social policy, as well as to their effort to implement innovative social programs. However, this work do not attempt to measure the capacity of experimentation of the states in social policy, nor measure social policy innovation at state level.

The principal sources of information of the indicators used in this work are the following. The information about the number of social programs implemented at state level comes from the Inventory of Programs and Actions for Social Development of states (Inventario de Programas y Acciones Sociales para el Desarrollo Social de los Estados, in Spanish ) of CONEVAL (National Council of Evaluation) (forwards it will be denominated inventory). This inventory includes a database with general information about the social programs operated by states in Mexico. This dataset is useful. However, this database only includes information for a few years. At the time of conducting this analysis, this database included only information for 2010, 2011, 2012, 2013, and 2014, that is, only four years. The inventory of CONEVAL compiles relevant information about the social programs and actions of social development that the 32 Mexican federal entities have put in practice for the years of 2010, 2011, 2012, 2013 and 2014.. Among other general aspects that this database includes are the budget invested in each program. One of the main limitations of this database is that only covers a period of five years (from 2010 to 2014). However, the amount of information about the resources invested in state social programs varies greatly among these years. The last two year actually include less budgetary information than the previous ones. For this reason, this study focuses mainly in the first three years (2010, 2011 and 2012).

In order to have a more comprehensive indicator of state investment in social policy, this work uses another source of information, that is, the official public accounts of the federal entities. The government of federal entities must produce these public accounts annually. The public accounts are the state government's financial statements. They are records of a state's revenues and its outgoings. These accounts include information about social spending. However, before 2013, there was not a standardised way to register different areas of spending at state level in Mexico. The areas that are usually included in social spending (the official denomination of social expenditure is social development) are the following: health,



education, housing, social security, help to vulnerable groups, urban development, among other. The specific denomination of each of the areas included in the realm of social spending also varied across states, as well as the particular areas that each state included in such realm. However, state governments do not always report the different items of social expenditure in separate way, but as an aggregate amount. Therefore, in those years that the social spending is reported in an aggregated form, it is not possible to distinguish the different items that comprises state social spending.

For the purposes of this study, the total state social spending refers to all the areas included by each state in this realm, except the areas of public safety and policing and communications. There were a very few cases in which social spending reported in state public accounts included these last areas. In addition to total social spending, another indicator was used: total social spending without education and healthcare. This indicator is considered to be an approximated indicator of the resources invested in other social programs that are not the traditional areas of education and health. The federal government provides to states conditional funds (conditional federal transfers) to finance education and healthcare services. Therefore, the investment in social programs that are not healthcare and education can be a usually indicators of the efforts of states to invest in social policy. Hence, state social programs are, in principle, financed with unconditional resources. In this sense, the social spending that not include education and health includes resources invested in social programs that states develop or implement, including those that may be innovative.

Although public accounts are by definition public, they are not available online, nor there is available to the public any database that compiles the total social spending based on state public accounts. In fact, state governments were not obligated to make available online their public accounts until 2017. However, states governments are only obligated to publish online their public accounts of the last five years. In consequences, only a few federal entities have made available online their public accounts. Furthermore, the availability of the state accounts vary widely among states. In sum, the availability of state public accounts of the years before 2007 is very limited.

For this reason, in order to get the state public accounts from 2000 to 2016, it was necessary to request information directly to state governmental agencies of practically of states. In fact, only two federal entities (Mexico City and Estado de México) published online practically all their public accounts for every year from 2000 and 2016. This process was very time consuming and tortuous, as several states do not show any real commitment with transparency and public access of information, even though there is state and federal laws to guarantee such rights to the Mexican citizens. The information of the annual total spending and social spending was obtained directly from state public accounts. Hence, the quantitative indicators relative to the amount of social programs and resources invested in then were constructed using both sources of information CONEVAL's database and the state public account. The results of this paper work are presented below.

According to CONEVAL, the number of state social programs increased from 2, 391 on 2010 to 3, 788 on 2012. Similarly, the resources invested increase increased from \$93, 8 billion on 2010 to \$137 billion of Mexican pesos in 2012. The graphic 1 shows the number of state social programs in Mexico, during the period 2010-2012. Table 1 shows that most of these programs are focused on the education rights and economic welfare.

[Insert Table 1. See Appendix].

According to the kind of benefits that social programs provide to the population, they can be classified in monetary (cash transfers), non-monetary (different type of services and benefits in kind) and mixed (monetary and non-monetary benefits). Table 2 shows that the number and percentage of social programs by type of benefit, according to CONEVAL data. As well, this table shows that most of the social programs provide non-monetary benefits.

Table 2. Number and percentage of state social programsby type of support in Mexico (2010-2012).

<b>Year</b>	<b>Monetary</b>		<b>Non-Monetary</b>		<b>Mixed</b>	
2010	490	24%	1123	55%	425	21%
2011	580	22%	1698	66%	297	12%

2012	711	22%	2154	65%	434	13%
------	-----	-----	------	-----	-----	-----

Source: own elaboration based on CONEVAL (2015).

The database of CONEVAL reveals that state governments has implemented a wide variety of social programs in terms of their purposes, as well as resources invested in them, among others aspects. Although this paper focuses on quantitative indicators, a general review of the CONEVAL's database reveals that the array of state social programs is very extensive, including non-contributory pensions for elderlies, the provision of food supplies for poor families and even campaigns to raise awareness about public health issued in the federative entities. To discuss the characteristics and relevance of state social programs registered in the CONEVAL's database exceeds the purpose of this paper. However, this source of information demonstrates provides a general overlook of the participation of state governments in the implementation of social programs.

This participation, as measured in terms of the number of programs and resources invested in them, varies across states. The available information suggests that there is significant differences in this regard at state level. As far as the number of social programs is concerned graphic 1 shows that the states with the highest number of social programs have been, in general, Chiapas, the state of Mexico, Veracruz and the Mexico City during the period under analysis (2010-2012).

With the aim of having an idea about the states' effort to invest in their own social programs, the table demonstrate the total budget invested in this field with regard to the state federalised spending. The federalised spending refers to the amount of federal transfers that states and municipalities receive from de federation annually.<sup>3</sup> Even though this amount does not equate to the amount of the state total spending, is an estimate indicator itself, due to the states' incomes, as it was mentioned above, they excessively depend from the federal

---

<sup>3</sup> The federalised spending corresponds to the federal resources that the Mexican federal government are transfer to the federative entities, municipalities and territorial demarcations of the Federal District. This spending essentially correspond to the main two federal transfers for states (*Ramo 28*, that is, the federal participations, which are unconditional funds; and *Ramo 33*, that is, the federal contributions, which are conditional funds).

transfers, and represent until 90% of their incomes on average (ASF, 2013). The graphics 2, 3, 4 demonstrate the federalised budget and the total budget invested in social programs par state in 2010, 2011 and 2012 respectively.

[Graphics 2, 3 and 4: federalized budget and total budget invested in social programs. See appendix.]

The graphics 2, 3 and 4 demonstrate that, in general, the federative entities that invest the most in social programs, proportionally to the total federalised spending, are Mexico City, notably with 25.5%, in 2010, and Durango, Baja California, Coahuila and Guanajuato in the same year. In 2012, the states that invest more were Baja California Sur, Chiapas, Nayarit and Mexico City.

As far as the resource invested in social programs per capita in each federal entity, the graphics 5, 6, and 7 demonstrate the state budget allocated and exercised per capita in social programs in 2010, 2011 and 2012, respectively.

[Graphics 5, 6 & 7. See appendix.]

The graphics above demonstrate that, in 2010, the states with the highest per capita budget invested in social programs were Baja California, Durango, Tabasco and the Mexico City. In 2011, the states with the highest per capita budget invested in social programs were Zacatecas, Sonora and the Mexico City. Although this data offer a general view of the amount of resources invested in the state social programs that are reported in Coneval's dataset, it only covers a limited amount of years, plus, this database do not include total social spending, but only the budget invested in social programs that state government report to such federal agency (CONEVAL). For this reason, this work includes social spending reported in the actual state public accounts. As mentioned before, this indicator can be a better indicator of the effort of states in investing in social policy, which also includes social programs that states develop and implement in their jurisdictions that can be innovative.

Table 3 shows the total social spending, in constant terms (based on prices of 2010), according to state public account, per state. This table demonstrates that, overall, total spending and total social spending, as well as social spending without education and health, have constantly increased from 2000 to 2016. As mentioned before, federal conditional and unconditional transfers to the states have increased in the last decade. Hence, states increased their spending, including social spending.

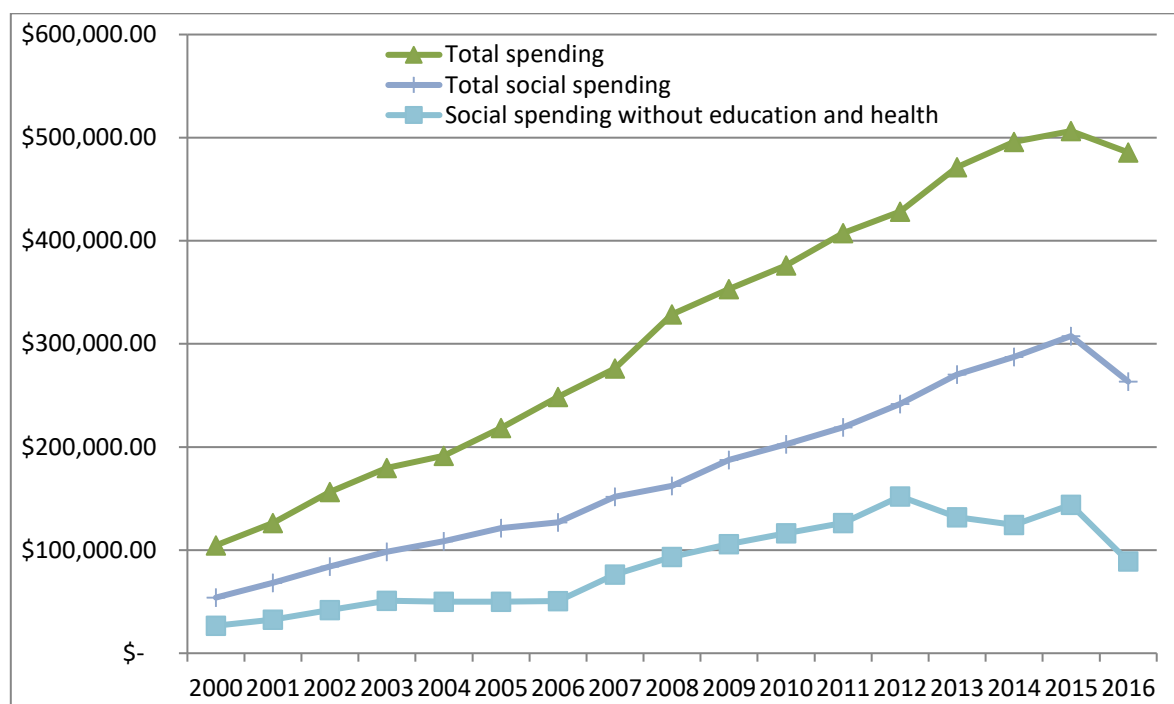
Table 3. State total spending and total social spending in constant term in Mexico (2000-2016).

<b>Year</b>	<b>Total spending Mexican pesos</b>	<b>Total social spending Mexican pesos</b>	<b>Total social spending without education and healthcare</b>
2000	68,345.22	\$ 35,266.48	\$ 17,428.43
2001	\$ 88,847.72	\$ 47,933.42	\$ 22,870.48
2002	\$ 114,197.96	\$ 61,328.85	\$ 30,459.84
2003	\$ 137,298.39	\$ 75,133.46	\$ 38,854.22
2004	\$ 151,576.76	\$ 85,963.62	\$ 39,659.86
2005	\$ 180,596.54	\$ 100,338.28	\$ 41,465.76
2006	\$ 212,347.38	\$ 108,509.52	\$ 43,287.84
2007	\$ 244,128.54	\$ 134,155.22	\$ 67,605.29
2008	\$ 299,848.54	\$ 148,033.75	\$ 85,254.57
2009	\$ 341,767.19	\$ 181,451.95	\$ 102,434.67
2010	\$ 376,170.72	\$ 202,788.04	\$ 116,317.03
2011	\$ 421,000.07	\$ 226,279.20	\$ 130,514.61
2012	\$ 454,967.35	\$ 256,989.93	\$ 161,533.63
2013	\$ 518,808.13	\$ 297,497.48	\$ 145,295.13
2014	\$ 562,978.18	\$ 326,162.19	\$ 141,338.01
2015	\$ 587,578.90	\$ 356,892.80	\$ 167,220.06
2016	\$ 580,396.30	\$ 314,647.00	\$ 106,472.67

Source: Author's elaboration base on state public accounts.

Graph 8 shows state per capita social spending in constant terms from 2000 to 2016. The distribution is similar to the total spending.

Graphic 8. State total spending and total social spending per capita, in constant terms, in Mexico (2000-2016).



Source: Author's elaboration based on state public accounts.

However, the investment of in social development seem to vary across states during the s period of time that comprises this study (2000-2016). In order to observe some differences in social spending, this study includes a sample of representative federal entities. The sample includes states that have different levels of wealth and human development index (HDI). This sample includes the following states: Mexico City (the wealthiest region in the country), Nuevo León (the second wealthiest state of the country), the State of Mexico (this state has one of the biggest public budget in the country, and has medium-low HDI), Veracruz, Chiapas and Oaxaca (these states have one of the lower HDI and some of the highest levels of poverty in Mexico).

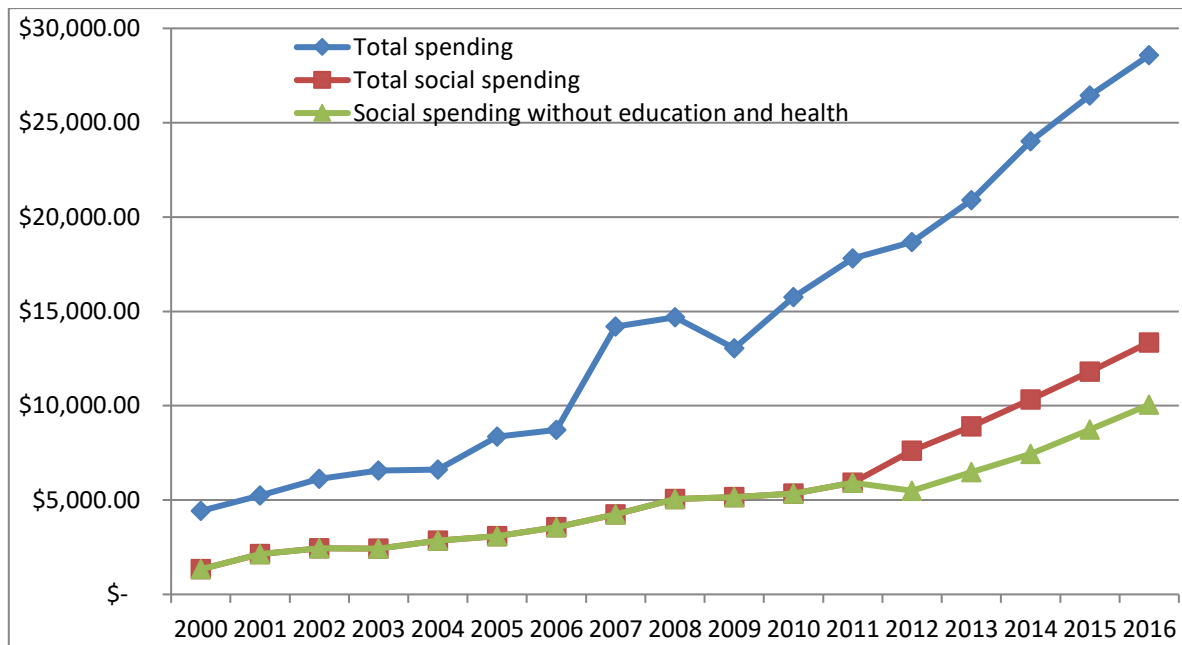
As mentioned before, the items that comprises social spending varied across states. In other words, there is not a consensus about the definition of social spending in the state public accounts. However, in general, there is the cases examined included the aforementioned sample of states share important similarities. In the Mexico City, according with its public

accounts, the social spending includes the following areas: environment protection; housing and community services; health; recreation, culture; education; social protection, and other social areas. Other states had very similar composition of social spending, except the State of Mexico that included public security and justice. However, as mentioned before, this item was excluded from social spending indicators in order to make comparable the social spending across states. Hence, the social spending indicators included in this study provided a general outlook in the state social investment in Mexico.

Beyond the differences in the particular definition of social spending in each state, the graphics below show that there has been a sustained increase in the state social spending per capita, in constant terms, in all the federal entities included in the sample of states mentioned before (Mexico City, the State of Mexico, Veracruz, Chiapas, Nuevo León and Oaxaca). Besides, practically all states had a rather similar per capita social expenditure in 2000. However, the level of increase and composition of social spending varied significantly across states. Overall, Mexico City and the State of Mexico had the highest per capita social expenditure in the period under study.

Graph 9 shows the per capita social expenditure in Mexico City, in constant terms, from 2000 and 2016. Mexico City recorded a constant growth in social spending. However, Mexico City's government reported aggregated social spending from 2000 to 2011. Therefore, it is not possible to know the distribution of social spending during those years. From 2012 to 2016, social spending excluding education and healthcare represent a significant proportion of total social expenditure. This data suggested that Mexico City invest an important proportion in social programs other than education and health, that is, that report an important effort in implement other social programs. In fact, Mexico City is the region that report a notable social policy innovation. Mexico City's government had made social policy a key issue in capital's governmental agenda since 2000. In line with this, Mexico City's government have pioneered social policy innovation in Mexico, as it will be discussed below.

Graph 9. Per capita social spending, in constant terms, in Mexico City (2000-2016).

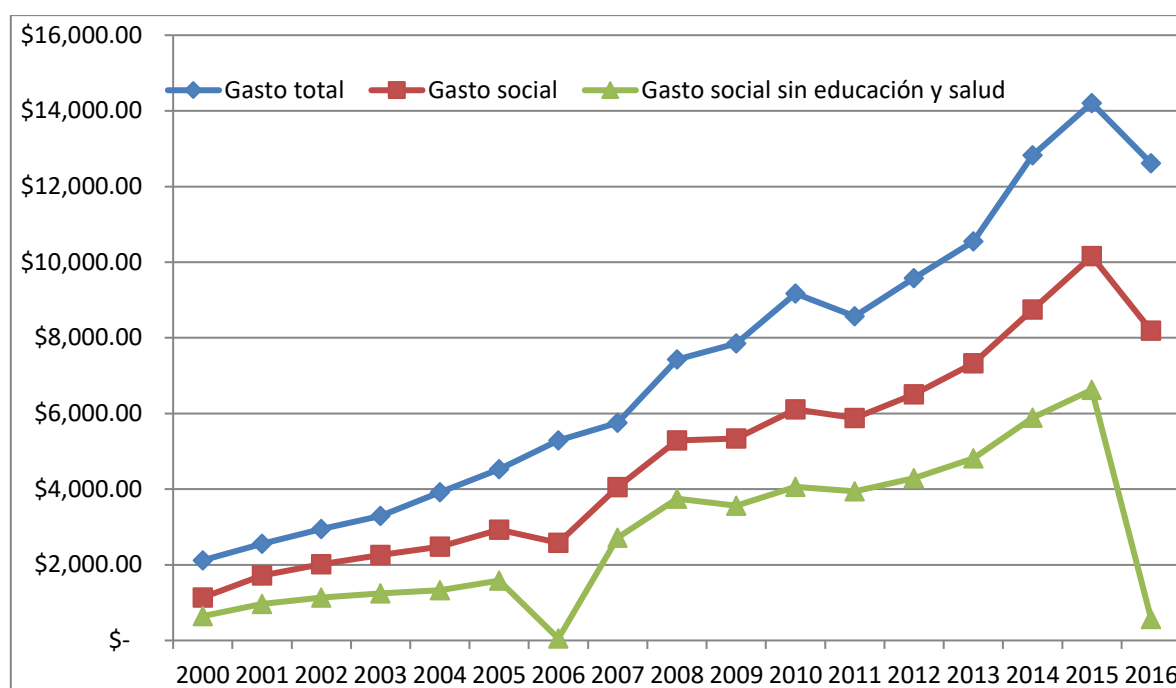


Source: Author's elaboration based on state public accounts (2000-2016).

Graph 10 shows that, in the State of Mexico, social spending also increased from 2000 to 2016, as graph 10 shows. However, in this state, the highest proportion of per capita social spending was in 2015, and the following year it experienced a dramatic drop. In 2006, this state only registered social spending in education and healthcare. It also important to note that most of the years, total spending excluding education and healthcare, in general, had a low proportion of the total social spending from 2000 to 2006, as well as in 2016. This suggest that, most of the years, this state government devoted most of social expenditure to education and healthcare. In other words, this government did not invest much in other social programs. This may suggest that investment in other social development areas was rather low. Therefore, the potential amount in innovative social policy may be also very limited in most of the year in this state.



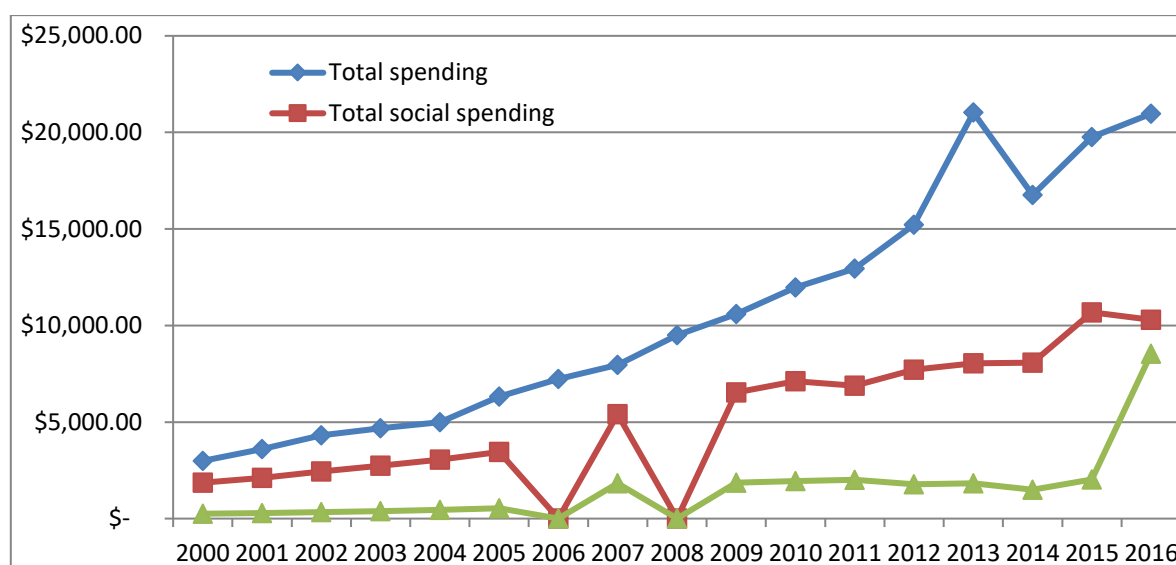
Graph 10. Per capita social spending, in constant terms, in State of Mexico (2000-2016).



Source: Author's own elaboration based on state public accounts (2000-2016)

Graph 11 shows that Nuevo León also increased social spending. This is the second wealthiest state in the country. Unlike Mexico City, social spending is rather low compared to the total spending, particularly the total social spending excluding education and healthcare. This data suggests that Nuevo León hardly invest in other social programs, apart from education and healthcare. It is important to note that, in 2006 and 2008, this state did not registered social spending.

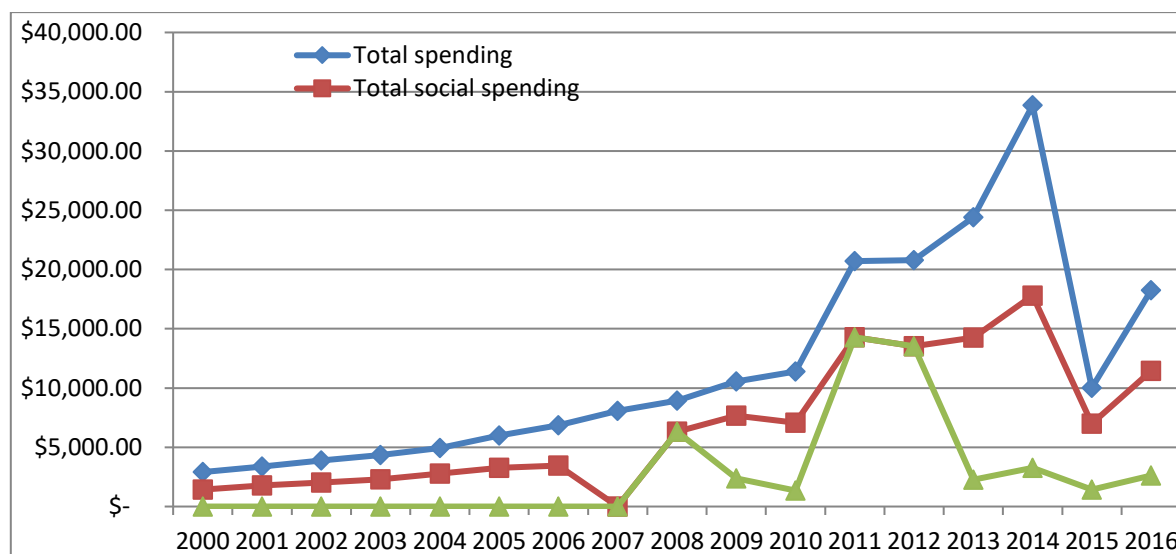
Graph 11. Per capita social spending, in constant terms, in Nuevo León (2000-2016).



Source: Author's own elaboration based on state public accounts.

Graph 12 shows the social spending per capita, in constant terms, of Chiapas, which is one of the poorest states in Mexico. This state also had one of the largest proportions of indigenous population in the country. In Chiapas, social spending per capita varied more than in other states. From 2000 to 2006, social spending comprises only education and healthcare; there was not registered social spending in other areas. In 2007, there was not registered any social spending. Finally, in 2008, 2011 and 2012 social spending was reported as an aggregated amount; therefore, it is not possible to identify the composition of social spending during those years. Social spending dramatically increased from 2011 to 2014, then drop in 2015, and increased again in 2016.

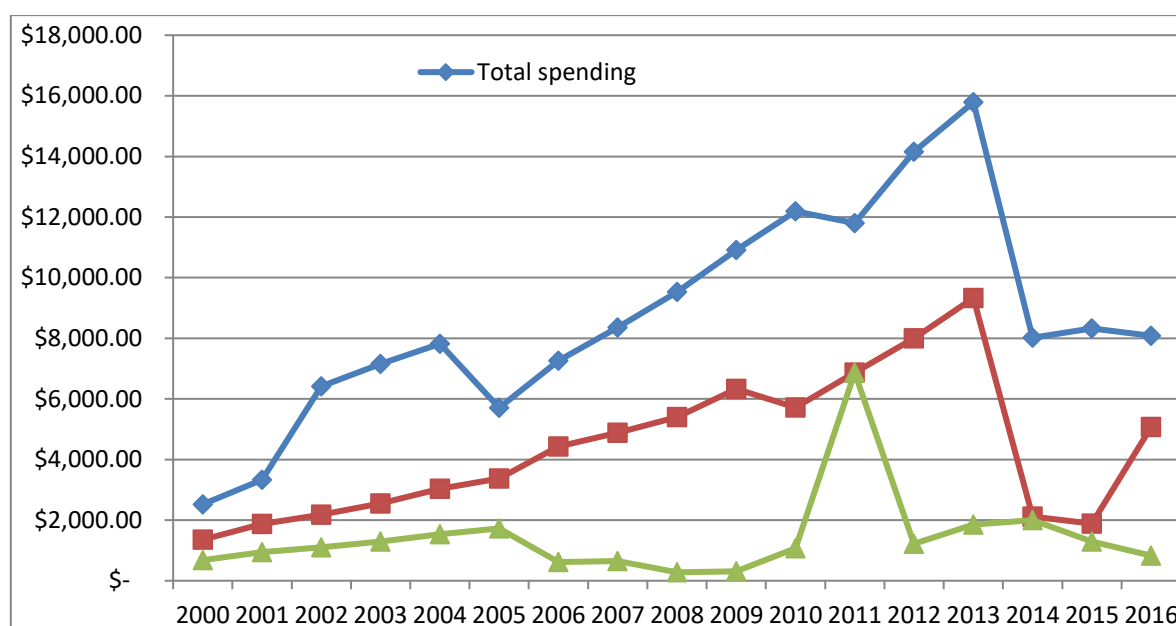
Graph 12. Per capita social spending, in constant terms, in Chiapas (2000-2016).



Source: Author's elaboration based on state public accounts (2000-2016).

Graph 13 shows social spending in Oaxaca, which is also one of the poorest states in Mexico. Overall, similarly to other states, social spending per capita has steadily increase in this state from 2000 to 2016. However, has the lowest per capita social spending in such period of time, compared to other states. Furthermore, the total social spending excluding education and healthcare had the lowest proportion of all the states included in the sample. This data suggest that Oaxaca's government hardly invest in other social issues, apart from education and healthcare. It is important to note that, in 2011, this state government reported social spending in a aggregate amount, therefore, it is not possible to identify the distribution of social spending this year.

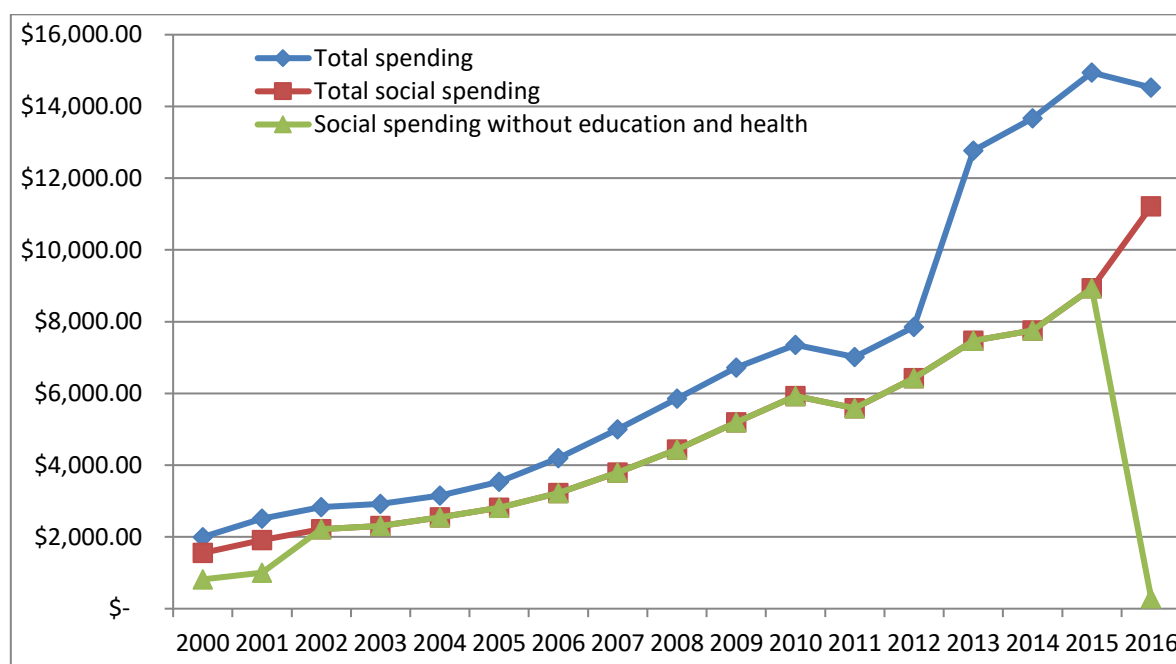
Graph 13. Per capita social spending, in constant terms, in Chiapas (2000-2016).



Source: Author's own elaboration based on state public accounts.

Finally, graph 14 shows social spending in Veracruz, one of the most populated states, and also has a high proportion of poverty. In this state, social spending per capita was relatively low, comparatively with the other states included in the sample. In 2016, the total social spending only included spending in healthcare and education.

Graph 14. Per capita social spending, in constant terms, in Veracruz (2000-2016).



In general, the previous data show that state total and per capita social expenditure have increased in the last decade in Mexico. However, states invest in different magnitude and they distribute social spending differently in various areas of social development. An important share of the money usually has invested into healthcare and education. Nevertheless, some states seem to put more effort in invest in other social development areas, which include some innovative social programs. This is the case of Mexico City and other states, as will be discussed in the next section.

Generally, this study offers a broad picture of the initiative of state governments to invest in social policy. Beyond the limitations of information about state social programs and state social spending available, this study shows that there are differences in the size of resources invested in social development across states. This suggests that there are important differences in the initiative and effort of state government in developing their own social policy, including innovative social programs. In the next section, some examples of the state social policy innovation are briefly discussed.

### **An indicator of state innovation in social policy in Mexico**

In order to capture policy innovation or experimentation at state level, the general indicator applied to capture such innovation or dissemination of public policies is the existence of a given policy or public program that is implemented for the first time in a given state. As it was mentioned before, for effects of this study, social policy innovation refers to the adoption of a program or social policy that is considered new on a federative entity, following the Mintrom's definition of policy innovation (1997). Thus, the indicator of innovation in social policy refers to the implementation of a policy program by a state government for the first time in a given state. In this study, two social programs are used to identify policy innovation at state level, which, in the Mexican context, are considered innovative, which are the non-contributory pension for elderly and the cash transfers for single mothers or female heads of household. To identify the existence of such programs par state, it was revised the Inventory of CONEVAL, as well as official governmental information relative to state social programs.

Hence, based on these sources, it was identified whether or not at least one of the aforementioned programs were implemented in each state from 2000 to 2016.

Several states have implemented at least one of the aforementioned social programs. Mexico City pioneered social policy innovation in 2001. In this year, Mexico City's government introduced a non-contributory universal pension. This government implemented different social programs between 2001 and 2007, including the cash transfers for single mothers. In fact, this government started to emphasis social policy since 1997, when the first democratically elected government began on the capital, under the lead of Cuauhtémoc Cárdenas Solórzano, who represented a left- coalition. Nonetheless, between 2000 and 2006, the Mexico City's government began the improvement of emblematic social, many of them continue nowadays (Canto & Martinez, 2010; Yanes Rizo & López Mercado, 2004; Ziccardi, 2004).

Despite these social programs faced strong criticisms by political actors at the federal and local level (Lajous, 2007; Hudson & Medrano, 2013), eventually they unchained processes of horizontal and vertical diffusion in social policy (Béland, Medrano & Rocco, 2015). Hence, other federative entities and the federal government itself eventually adopted their own version of the non-contributory pension and cash transfers for single mothers. Moreover, the introduction of this subnational social program generate an increase on the coverage of non-contributory pensions in Mexico (Willmore, 2013).<sup>4</sup> The percentage of elderly population (65 years and older) that received incomes rose from 22%, in 2000, to 88%, in 2013 (Willmore, 2014:1) due to the introduction of the non-contributory pensions.

Another relevant example of social programs that originally began at state level is the monetary transfers (non-conditioned and conditioned) for head of household or single mothers. This group of the population traditionally lacked access to social assistance programs in Mexico. In 2007, the government of the Mexico City launched the first programme of cash transfers for single mothers in Mexico (Medrano & Berrios, 2013). Similarly, to the universal social pension, other states have implemented the cash transfers

---

<sup>4</sup> Before 2001, the non-contributory pensions or social pensions did not exist in Mexico. Pension schemes were related to employment, and they were financed with the government subsidies and individuals' contributions. In this context, the Mexican federal government changed the contributory regime of pensions, which led to privatisation or individualization of the funding of pension schemes (Barba, 2004).

for single mothers. By 2015, many states had implemented at least one of the aforementioned social programs. Hence, the implementation of at least one of these programs is an indicator of the extent of state social policy innovation. Table 4 shows this indicator.

Table 4. Innovate social programs implemented by states in Mexico (2001-2015).

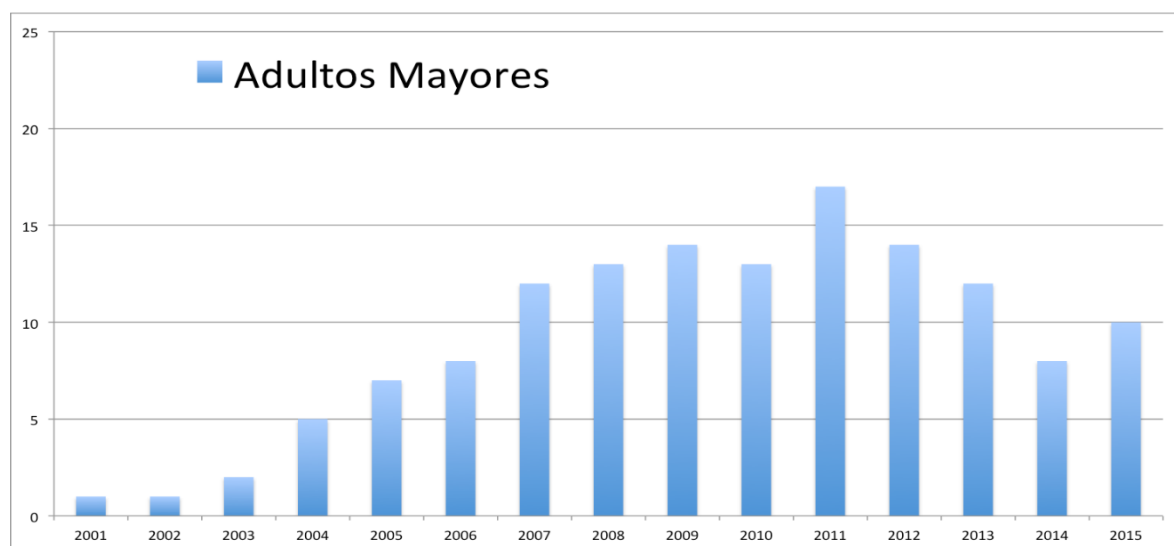
Programs/ Entity	Non-contributory pension		Cash transfers for single mothers	
	Existence of the program	Period	Existence of the program	Period
Aguascalientes	No	-	No	-
Baja California	Yes	2008-	Yes	2009-2013
Baja California Sur	No	-	No	-
Campeche	Yes	2015-	No	-
Chiapas	Yes	2007-	No	-
Chihuahua	Yes	2004-2013	No	-
Ciudad de México	Yes	2001-	Yes	2007-
Coahuila	No	-	No	-
Colima	Yes	2005-2013	Yes	2010-
Durango	Yes	2009-2011	Yes	2014-2014
Guanajuato	No	-	No	-
Guerrero	Yes	2003-2014	No	-
Hidalgo	No	-	No	-
Jalisco	Yes	2007-2011 2014-	Yes	2013-
México	No	-	Yes	2012-2012
Michoacán	No	-	Yes	2013-
Morelos	No	-	Yes	2013 y 2015-
Nayarit	No	-	No	-
Nuevo León	Yes	2004-	Yes	2011-
Oaxaca	Yes	2011-2013	Yes	2011-2013
Puebla	Yes	2011-2011	No	-
Querétaro	Yes	2014-	Yes	2014-2014
Quintana Roo	Yes	2006-2012	No	-

San Luis Potosí	Yes	-	No	-
Sinaloa	Yes	2011-	No	-
Sonora	Yes	2004-	No	-
Tabasco	Yes	2007-2009	Yes	2007-2012
Tamaulipas	No	-	No	-
Tlaxcala	Yes	2007-2013	No	-
Veracruz	Yes	2005-2013	No	-
Yucatán	No	-	No	-
Zacatecas	Sí	2011-2013	Yes	2009-2012
<b>Total</b>	<b>22</b>		<b>13</b>	

Source: own elaboration based on the operation rules available of each programme.

It is important to note that states also implemented other social programs, which some of could be innovative too. As mentioned before, there is a great variety of state social programs in Mexico, as the CONEVAL's dataset shows. Graphics 15 and 16 illustrate the adoption of innovative social programs by states over time. In particular, social pensions were very popular among states.

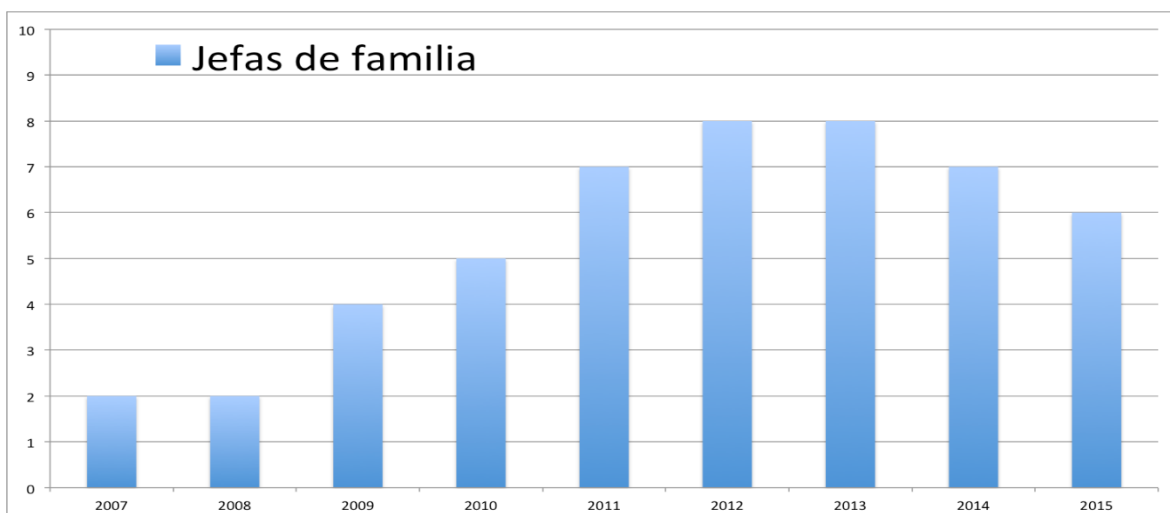
Graphic 15. Total of stated that implemented social pension in Mexico (2001-2015).



Source: own elaboration based on the operation rules available of the state social programs.

Graphic 16. Total of states that implemented cash transfers for single mothers in Mexico (2001-2015).





Source: own elaboration based on the operation rules available of the state social programs.

Beyond the limitation of information about social policy innovation in Mexico, state social spending had increased in the last decade. Furthermore, there is evidence that several states have implement innovative social programs. In this sense, data shows that some federal entities have somehow behaved as laboratories of social policy. Additionally, the evidence suggest that the state social policy has become in an important piece on the mosaic that constitute the national welfare system in Mexico.

## Conclusion

Until a couple decades ago, the Mexican federalism was more formality than real practice. This was due to the exacerbated political centralization that prevailed in the hands of the federal government, especially, in the executive power, over 70 years. Among other consequences, this *de facto* centralism inhibited the participation of state governments in the elaboration of their own social policies. After three decades of different processes of decentralisation, this scenario has been changing, particularly since 2000. The available information about state social programs and social spending presented in this work suggest that several states have created their own social policy and/or increase their social spending in the last decade.

In summary, the quantitative indicators presented in this study demonstrate that some federative entities have served, in some cases, as laboratories of social policy. A notable example of this is Mexico City. Thus, the tendency to innovate or experiment public policies attributed to states in federal systems seem to be finally a reality in Mexico, at least in a incipient manner. Further quantitative and qualitative research is need to gauge the extent and characteristics of policy innovation in Mexico

## References

- Auditoría Superior De La Federación (2013). ASF - Diagnóstico sobre la Opacidad en el Gasto Federalizado. Recuperado el 01/05/2016, de [http://www.asf.gob.mx/uploads/56\\_Informes\\_especiales\\_de\\_auditoria/Diagnostico\\_sobre\\_la\\_Opacidad\\_en\\_el\\_Gasto\\_Federalizado\\_version\\_final.pdf](http://www.asf.gob.mx/uploads/56_Informes_especiales_de_auditoria/Diagnostico_sobre_la_Opacidad_en_el_Gasto_Federalizado_version_final.pdf)
- Alcántara Santuario, A. (2008). Políticas educativas y neoliberalismo en México: 1982-2006. *Revista iberoamericana de educación*, (48), 147-165.
- Arredondo, A., Orozco, E., Hernández, C. y Álvarez, C. (2010). Estrategias de reforma y protección social en salud en México, segunda parte: efectos sobre equidad, eficiencia, cobertura y condiciones de salud. *Cuad. méd.-soc. (Santiago de Chile)*, 50(4), 263-277.
- Barba, C. (2004). Los enfoques latinoamericanos sobre la política social: más allá del consenso de Washington. *Espiral, Estudios de Estado y Sociedad*, 31(11), 85-130.
- Béland, D., Medrano, A. 2015. "Federalism, Social Policy, and Bottom-Up Diffusion in Canada, Mexico, and the United States," Paper presented on May 28 at the Annual Congress of the Latin American Studies Association (Puerto Rico).
- Benton, A. L. (2001). *Patronage Games: Economic Reform, Political Institutions, and the Decline of Party Stability in Latin America*. University of California, Los Angeles.
- Boltvinik, J. (2004). 13. Políticas focalizadas de combate a la pobreza en México. El Progreso/Oportunidades. La pobreza en México y el mundo. Realidades y desafíos, 315-347.
- Canto, M., y Martínez, A. (2013). Quince años de política social en el Distrito Federal: Balance y propuestas para su fortalecimiento. México, D.F.: *Consejo de Evaluación del Desarrollo Social del DF*.
- Carbonell, M. (1998). El federalismo en México: principios generales y distribución de competencias. *Boletín de Derecho Comparado. México. Enero-Abril*.
- Carpizo, J. (2002). *El presidencialismo mexicano*. México, D.F.: Siglo XXI.
- De Remes, A. (2006). Democratization and dispersion of power: New scenarios in Mexican federalism. *Mexican Studies/Estudios Mexicanos*, 22(1), 175-204.
- Esping-Andersen, G. (2013). *The three worlds of welfare capitalism*. John Wiley & Sons.

- Galilea, S., Letelier, L. & Ross, K. (2011). *Descentralización de servicios esenciales. Los casos de Brasil, Chile, Colombia, Costa Rica y México en salud, educación, residuos, seguridad y fomento*.
- Galle, B. D., & Leahy, J. K. (2009). Laboratories of democracy? Policy innovation in decentralized governments. *Emory Law Journal*, 58, 1333.
- Homedes, N. & Ugalde, A. (2011). Descentralización de los servicios de salud: estudios de caso en seis estados mexicanos. *Salud pública de México*, 53(6), 493-503.
- Hudson, J., Medrano, A. (2013). Nation-state global city tensions in social policy: the case of Mexico City's rising social city-zenship. *Journal of International and Comparative Social Policy*, 29(1), 1-14.
- Langston, J. (2008). La competencia electoral y la descentralización partidista en México. *Revista mexicana de sociología*, 70(3), 457-486.
- Lajous-Loaeza, A. (2009). *Universal pensions in Mexico City: Changing dynamics of citizenship and state formation in a global city* (Doctoral dissertation, Massachusetts Institute of Technology).
- Laurell, A. C. (2003). The Transformation of Social Policy in Mexico. En K. J. Middlebrook & E. Zepeda (Eds.), *Confronting Development: Assessing Mexico's Economic and Political Challenges* (pp. 320-349). Stanford, CA: Stanford University Press and Center for U.S.-Mexican Studies, University of California, San Diego.
- Linares-Pérez, N. & López-Arellano, O. (2012). Inequidades en la salud en México. *Órgano Oficial de la Academia Nacional de Medicina de México, A.C.*, 148, 591-7.
- Medrano Buenrostro, A. Berrios, P. Política social en ámbito subnacional en México: análisis del diseño de programas de apoyo económico para mujeres en tres entidades federativas. CLACSO: Buenos Aires.
- Merino, M. (2013). El federalismo en México. *Studia Politicæ*, (17), 19-29.
- Mintrom, M. (1997). Policy entrepreneurs and the diffusion of innovation. *American journal of political science*, 738-770.
- Murray, T. (2006). State Innovation in Health Care: Congress' Broad Spending Power Under a National Health Care System will Stifle State Laboratories of Democracy. *Ind. Health L. Rev.*, 3, 263.
- Newton, L. (2012). Policy innovation or vertical integration? A view of immigration federalism from the states. *Law & Policy*, 34(2), 113-137.
- OCDE-México (2016). Estudios de la OCDE sobre los Sistemas de Salud. México: OCDE/SSA.

- Rodríguez, R. H. (2006). La disputa por el presupuesto federal. Presidencialismo y gobiernos estatales en México. *Foro internacional*, 103-121.
- Valencia Lomelí, E. (2010). Los debates sobre los regímenes de bienestar en América Latina y el Este del Asia. Los casos de México y Corea del Sur. *Espiral, Estudios de Estado y Sociedad*, 16(43), 65-103.
- Willmore, L. (2014). Towards Universal Pension Coverage in Mexico (May 1, 2014). Pension Watch Briefing no. 13, HelpAge International. Available at SSRN: <http://ssrn.com/abstract=2473631>
- Yanes Rizo, P. E., & López Mercado, A. (2004). Pobreza, Desigualdad y Marginación en la Ciudad de México. México, D.F.: *Consejo de Desarrollo Social del Distrito Federal*, Secretaría de Desarrollo Social del Gobierno del Distrito Federal.
- Ziccardi, A. (2004). *Participación ciudadana y políticas sociales en el ámbito local*. México: UNAM/Consejo Mexicano de Ciencias Sociales/Instituto Nacional de Desarrollo Social.

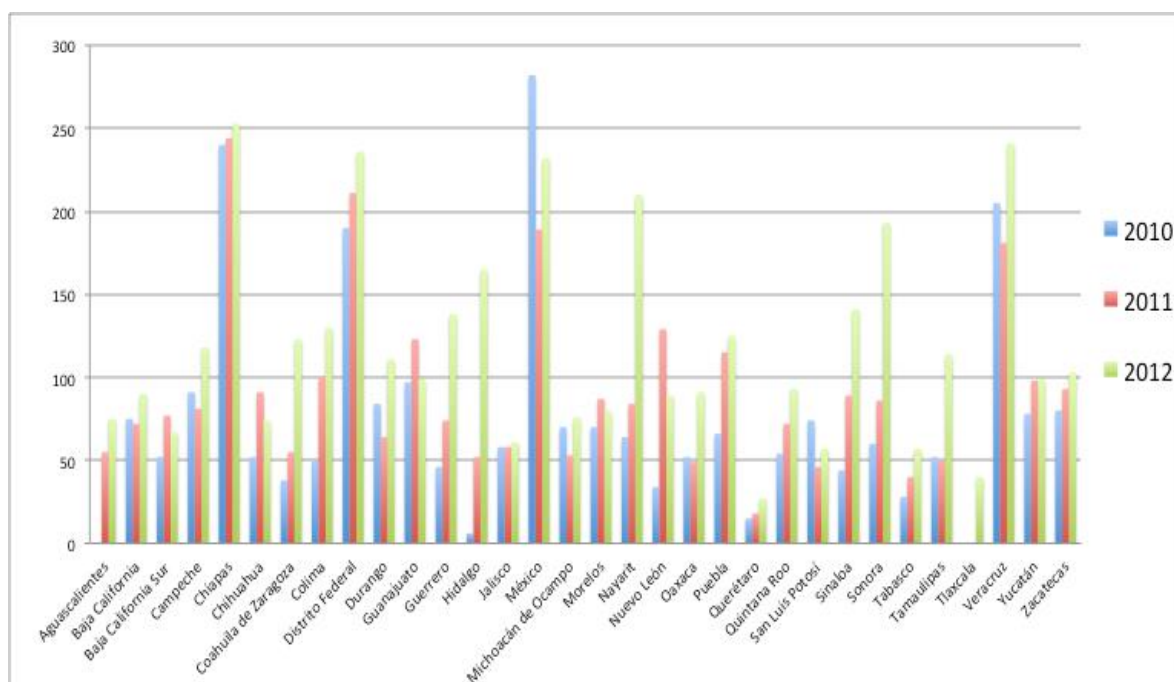
## Appendix- Graphics and tables

Table 1. Total number of state social programmes by social right in Mexico, 2010, 2011, 2012

Year	Nutrition		Economic welfare		Education		Environment		Non-discrimination		Health		Social Security		Labour		Dwelling	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
2010	85	4	782	34	552	24	222	10	126	6	223	10	10	0	105	5	165	7
2011	118	4	794	28	738	26	162	6	197	7	496	18	27	1	74	3	194	7
2012	146	4	893	24	1076	30	247	7	267	7	611	17	83	2	132	4	187	5

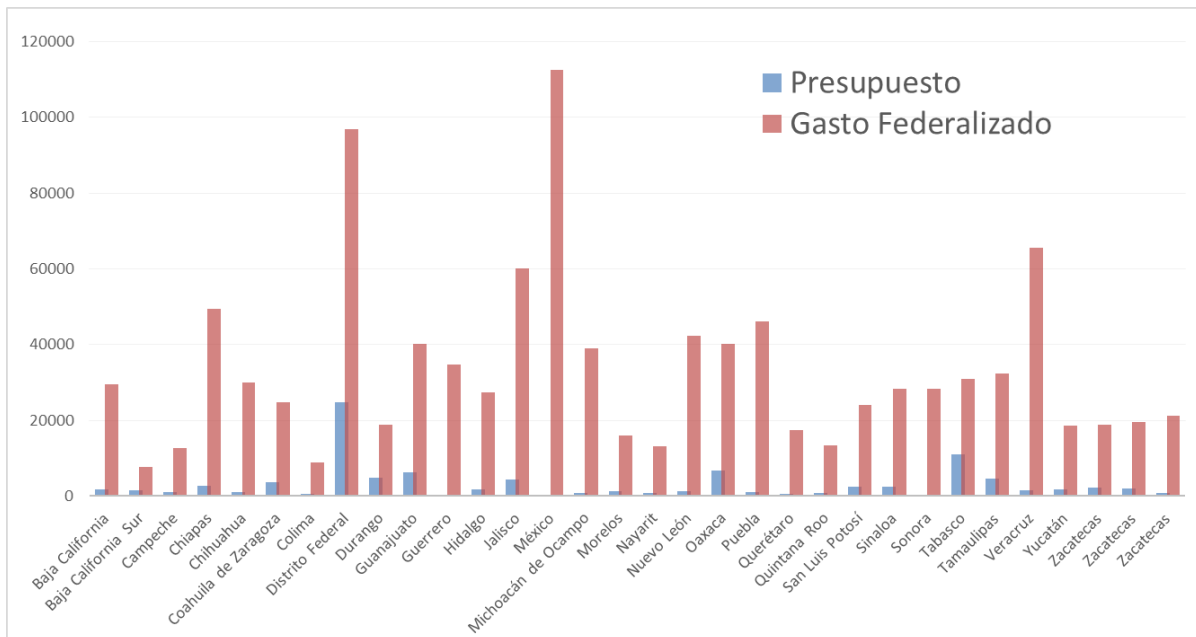
Source: Author's elaboration based on CONEVAL.

Graphic 1. Number of state social programs in Mexico, during the period 2010-2012.

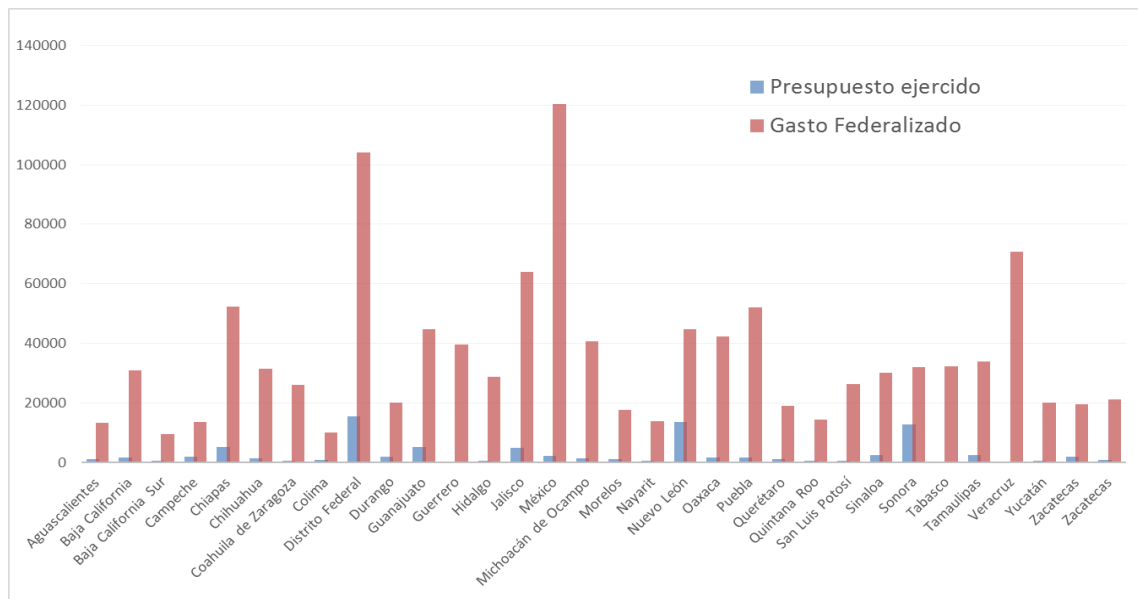


Source: Author's elaboration based on CONEVAL.

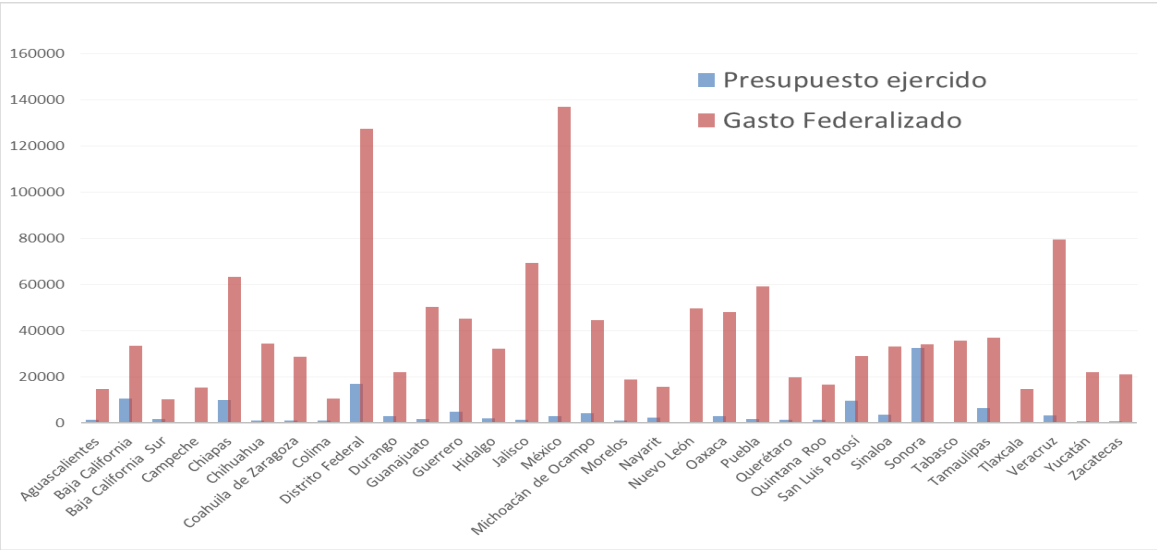
**Graphic 2. Federalised spending and total budget in social programs by state, 2010**



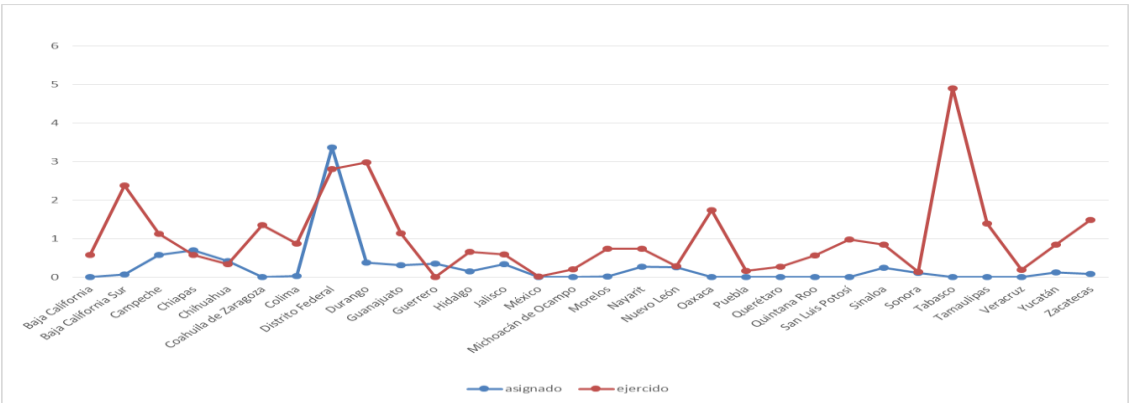
**Graphic 3. Federalised spending and total budget practise in social programs by federative entity, 2011**



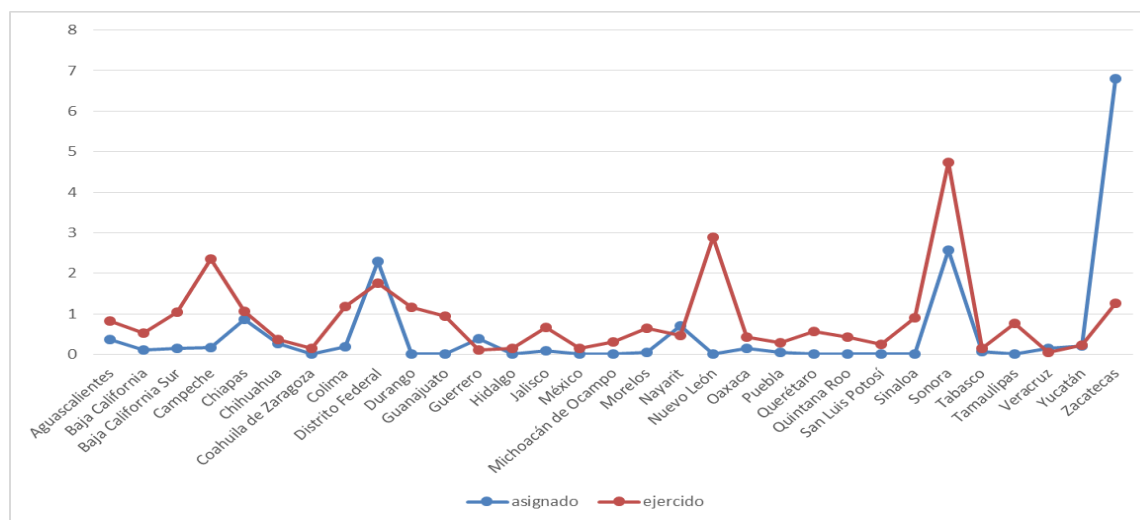
**Graphic 4. Federalised spending and total budget practise in social programsby federative entity, 2012**



**Graphic 5. Per capita budget (assigned and executed) by state, 2010.**



**Graphic 6. Per capita budget (assigned and executed) by state, 2011.**



**Graphic 7. Per capita budget (assigned and practised) by federative entity, 2012.**

