

## Challenges and opportunities for regional policy in Mexico

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### ABSTRACT

**In Mexico, the regions have long been experiencing great economic and social disparities in terms of per capita income, family income, schooling, housing, social services, infrastructure, transportation; institutional development, social participation, among other items. Disparities that constitute the challenges facing the Government of Mexico to promote and achieve greater economic and social development of the country with greater balance. Challenges that force the State to rethink the country's course of development and with it a new conception and instrumental design of a regional policy that promotes essential processes of economic and social competitiveness of its different regions and the country. The purpose of this paper is to analyze the regional policy of the Mexican government in recent years and to compare it with the regional policies of the European Union to examine the mechanisms that can trigger regional development processes that can be considered in the indispensable construction of a new design and implementation of regional policy.**

**Key words:** Regional development, regional policy, globalization.

### INTRODUCTION

In Mexico, the regions have long been experiencing great economic and social disparities in terms of per capita income, family income, schooling, housing, social services, infrastructure, transportation; institutional development, social participation, among other items. Disparities that constitute the challenges facing the Government of Mexico to promote and achieve greater economic and social development of the country with greater balance.

In recent years, these regional disparities have been maintained or deepened within the framework of the globalization process, which is characterized by the transnational reorganization of production, the globalization of markets, and the provision of competitiveness as the dynamic engine enterprises, countries and regions; a process that has led to the emergence of winners and losers, included and excluded from this economic dynamic. Undoubtedly, the regional policy that the Mexican Government has designed and implemented has had negative and / or positive effects to address and reduce these territorial asymmetries. This policy has changed according to the model of economic development adopted by the Mexican State, and currently responds to a model of national development based on neoliberal economic policy, which promotes the free market, which aims to achieve greater integration of the country to the world economy, consequently the regional policy has been characterized by a reduction of the intervention of the State, the decentralization of the actions towards the federative entities, the deployment of exogenous strategies of investment, among other actions; with little encouraging results in the reduction of territorial asymmetries. Mexico faces serious problems of design and execution today to face the new challenges of national development on the world stage, especially by the arrival of a new government in the United States that has raised the withdrawal of US investments in our country, new negotiations on the North American Free Trade Agreement, the expulsion of Mexicans from their territory, the construction of a wall to stop the migration to their country. Approaches

and actions that imply challenges for Mexico in trade, security, economic growth, anti-poverty, among others.

Challenges that force the State to rethink the country's course of development and with it a new conception and instrumental design of a regional policy that promotes essential processes of economic and social competitiveness of its different regions and the country decreasing asymmetries. Hence our interest in analyzing the regional policy that has been deployed by the Mexican government in recent years and contrasting it with the regional policies of the European Union, to examine the mechanisms that can trigger regional development processes, which can be considered in the indispensable construction of a new design and implementation of regional policy. This analysis constitutes the purpose of this work.

### **GLOBALIZATION AND REGIONAL INEQUALITIES IN MEXICO**

The development of the capitalist economy in its current phase has reached a global scale, in which space has gained an enormous importance, since the transnationalization of production, flows of goods, people, money and information is already done through space, hence the spatial dimension of economic, social and political phenomena has acquired a great importance in the understanding and explanation of the current social processes, and therefore for the formulation and implementation of public policy.

It is important to note that the transnational integration of the productive sectors is carried out by the large transnational corporations that specialize in a certain productive sector, corporations that when decentralized carry out a linkage of their operations, that is to say, of the productive sector in which they take part, crossing national borders and creating intra-sectoral integration, which leads to the disarticulation of the productive structure of each country and its increasing integration into the world economy.

Undoubtedly, the dynamics of the capitalist system, especially in its current phase of globalization, has led capital to deploy an interrelation and integration of national economies, that is, it has created the conditions for capitalism to reach a global dimension. However, this does not mean that all countries are inserted in the same way and in the same degree to the global economy, nor do they obtain the same opportunities for growth, since the economic dynamics of capital entails a cumulative and asymmetric process, whose conditions of paradoxical development are generated by the very logic of the capitalist system.

In addition, it has been observed that globalization does not originate a simple homogeneous pattern, but rather results in processes of homogenization and complex diversity, because in the reorganization of capital the social, economic and political conditions of each social space intervenes as well as the actions carried out by local actors in the process.<sup>1</sup> Reasons for which we find strong disparities between the territories in terms of their economic growth and social development, which indicates the existence of structural differences and public policies that affect this diversity of positions and degrees of development in the global capitalist economy.

Undoubtedly, globalization has led to spatial and territorial fragmentation, and we are constantly developing new development nodes or regions, the expansion or decline of others, which has important consequences at both local and regional level.

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<sup>1</sup> Several authors assume this perspective, among them, Norman Long and Luis Llambi

A decisive factor for the regions or regions to gain importance has been the intensification of the competition that globalization is imposing, which has led to the development of the competitive advantages of the territories with the purpose of achieving competitiveness, a phenomenon that occurs in the spaces at national, regional and local levels.<sup>2</sup>The increasing competitive challenges facing government and companies have led to the emergence and deployment of numerous public and private initiatives to strengthen and provide the elements and favorable conditions to increase their competitive advantages.

In the case of Mexico, globalization has been expressed in a process of restructuring its economy, in fact, the government adopted the neoliberal economic model since the beginning of the 1980s because of the economic and financial crisis it was across the country, and with that began a series of economic, political and social restructuring. The most significant restructuring was the replacement of the import substitution model with that of commercial, industrial and financial liberalization and deregulation; and giving financial capital priority. These restructurings led to less State intervention in the economy, the dismantling of the welfare state and a weakening of the internal market.<sup>3</sup> Fundamentally commercial and financial liberalization was carried out, parastatal companies were sold and state regulation was reduced.

The productive localization of transnational corporations in different regions of the country has deepened the economic inequalities between them, differences that have long existed but are now sharpened by the uneven distribution of economic activity in them.

The analysis of some indicators of economic development such as the total GDP of each region or state and the per capita GDP, shows the strong differences between the regions in Mexico. In the first place, we find the differences in the total GDP of each region and its contribution to the national GDP, which denote the concentration of production in some, and the relative weight of the clear majority of regions.

Viesti identifies four poles of development: (1) the central zone pole (Mexico City and State of Mexico), which has a large weight in the economy; Mexico City accounts for 17.2% of the national GDP; the State of Mexico contributes 9.4%, 2) the center states pole, which present high levels of production, with 15.4% of the national production, Jalisco (6.3%), Guanajuato (3, 9%), Puebla (3.4%) and Querétaro (1.8%), 3) poles of the northern states (Nuevo León, Baja California, Sonora, Chihuahua, Coahuila and Tamaulipas) contributing 7.6 % of the national production, representing 22% of the national GDP and 4) the pole of southern states, with the two oil producing states: Campeche and Tabasco, which represent 8.9% of the national GDP. (2015: 14)

Similarly, regional GDP per capita, regional differences are evident, northern regions have higher levels of GDP per capita, especially those bordering the United States, which have a higher per capita GDP or like the national average (which is equal to 100), this is the case of the state of Nuevo Leon that has a GDP per capita of 183, the state of Coahuila with 126, Sonora and Baja California whose GDP are close to the average. While the southern regions have lower

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<sup>2</sup> Competitive advantages are related to: efficiency in the supply of raw materials, quality of transportation and marketing infrastructure, proximity to markets, labor flexibility and advantages in terms of tax and labor legislation. In sum, it can be said that competitive advantages are strategies created by and for companies, often with government support, especially regarding tax and labor legislation.

<sup>3</sup> To deepen on the change of economic policy in Mexico, see Francisco Salazar, Globalization and neoliberal politics in Mexico. In Journal El Cotidiano, IIII

per capita GDP levels, for example, the states of Chiapas, Guerrero, and Oaxaca have levels close to half the national average, although there are states in these regions, such as Quintana Roo, which exhibits a GDP of 123, which explains why this place became a center for tourism development. (Viesti, 2015: 15-16)

This regional disparity is the result of social and historical processes, of population distribution in the territory, of economic and political concentration, of unequal distribution both in territorial and social terms of wealth and welfare opportunities. Today, the process of globalization has led some territories to become successful, that is, to have some economic growth, while others are stagnant and characterized by high levels of poverty.

In a study carried out by the Economic Commission for Latin America and the Caribbean (2009), the states of the country are classified into four groups: winners, convergent, stagnant or declining, according to their level of wealth (GDP per capita) and their performance economic growth (higher or lower growth than the national average in the period 1990-2003). In order to carry out this classification, it established the following criteria to define each group: *Winning territories* are those that are dynamic and with a high GDP per capita, *Convergent territories* are those that have grown above the national average and have a lower per capita product to this average, but show a dynamic of growth and convergence, *Stagnant territories*, are those that have grown below the national average and whose GDP per capita is also below this average and *Declining territories*, are those that have grown below the national average, although they have a per capita product above this average, and have periods of slow economic growth. (ECLAC, 2009: 80-81)

According to these criteria, ECLAC classified the states of Mexico as follows:

1. Winning states: Distrito Federal (now Mexico City), Nuevo Leon, Coahuila, Chihuahua, Aguascalientes, Querétaro, Tamaulipas and Sonora.
2. Convergent states: Zacatecas, Guanajuato, Durango, San Luis Potosi, Michoacán, Puebla, Yucatan and Tlaxcala.
3. Stagnant States: Jalisco, Colima, Veracruz, Chiapas, Hidalgo, Mexico, Oaxaca, Sinaloa, Morelos, Guerrero, Tabasco and Nayarit
4. Declining states: Baja California Sur, Campeche, Baja California Norte and Quintana Roo. (ECLAC, 2009: 104)

This scenario of inequality between the states and regions of the country also occurs between cities and rural areas, as well as within them. Important sectors of the population living in the metropolis and other urban areas live in conditions of poverty and with great deficiencies. The same happens in rural areas.

Undoubtedly, Mexico exhibits great social and spatial inequalities, which can be seen in the different levels of life of the population, in the supply and access of public services, in the infrastructure they have, in weakness or strength of public institutions, in its continuity or territorial fragmentation, in short, in widening the gap between the most prosperous regions and the most lagging behind.

Hence the importance of the regional policies that have been deployed in our country, since it depends on whether to achieve a more balanced regional development, so their study deserves attention. It should be noted that regional policies in Mexico have varied over time and were carried out in accordance with the economic model adopted by the State in the different periods of time. Policies to be discussed below.

**REGIONAL POLICY IN MEXICO AND REGIONAL POLICIES IN THE EUROPEAN UNION****Regional Policy in Mexico**

During the period from 1940 to 1980, Mexico's macroeconomic policy was focused on promoting an industrialization process with the purpose of achieving economic growth, and for that reason the import substitution model was chosen, with which it was intended to substitute the capital goods that were imported from the developed countries and to manufacture them in the country. This effort to industrialize Mexico was based on the transfer of resources from the primary sector to the secondary sector, which led to a decapitalization of the agricultural sector, as well as an important urban growth, "... generated distorted economic growth, which exacerbated social and regional, with a historic tendency towards centralization (González, 2011, quoting Rogelio Luna, 1988: 10).

Certainly, the import substitution model accentuated the country's regional imbalances in economic growth and social development, because population concentration and productive investment in some regions were encouraged and others were not.

So, for many years, regional policies in Mexico were aimed at more equitably distributing both economic activities in the regions of the country and the benefits of development, given the high concentration of economic growth and social development in a few cities, for this purpose, the creation of development poles was promoted, aiming at dispersing industrial urban development.<sup>4</sup>

However, the intentions to decentralize and to achieve a greater economic and social balance between the regions, through the implementation of these regional policies, did not achieve the expected results, because there continued to be a strong centralization in decision making as in the regional development planning work. In addition, fiscal stimulus helped to foster processes of metropolization, so even these policies have sometimes widened the gaps between rich and poor regions. (Ibid)

Later, in the 1980s, with the adoption of the neoliberal economic model by Mexican government, had serious repercussions on the design and implementation of regional policies in our country, since on the one hand it calls for less state intervention in the economy and, on the other, for the territories to compete between to attract capital, which means that they must meet various conditions such as having physical infrastructure, telecommunications, skilled labor at low costs, companies with advanced technology, social stability, quality of public administration, etc., so that the capital invests in them. Contradictory demands of capital, since for the territories to be competitive they must to have the conditions that the companies demand, they cannot do it by themselves, to a large extent, at least in the case of Mexico, they require the intervention of the State. These business conditions become important determinants of competitiveness and regional attractiveness, by influencing the location of economic activities in those environments that are the most favorable.

Certainly, regional policies in Mexico have changed substantially, they are no longer aimed at eliminating the economic and social disparities between regions, to focus on increasing the

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<sup>4</sup> As Salvador Moreno points out, the growth pole is defined as an industrial complex imbricated around a dynamic central industry through a series of input-output linkages. Poles that have served as a basis for regional policy actions aimed at the geographic concentration of economic activity as a factor of development.

competitiveness of regions and cities, especially those that are able to achieve a participation in international markets.<sup>5</sup>

Globalization modifies the spatial distribution of economic activity and accentuates the socioeconomic differences between localities and regions, since these have different rates of economic growth and social progress, because these spaces are not inserted in the same way, or in the same degree, in the new globalized economy. This is due, on the one hand, to the fact that, in this reorganization of capital, the social, economic and political conditions of each social space are involved, and on the other, because investment decisions in places are increasingly due to favorable conditions that they offer for the accumulation of capital, which has led to intense processes of competition among the regions to attract investment.

In fact, transnational companies carry out a careful analysis of the comparative and competitive advantages offered by the different territories to make their investments. Among these advantages we can mention: a favorable geographical position, that is to say, that the territory where they are installed can interconnect quickly and easily to other places; infrastructure, transport, communications and adequate public services; productive structure, organizational fabric (government, culture, quality of labor), political stability, as well as institutions capable of making quick decisions, with flexibility and intelligence when interacting with the globalized environment, in short, with conditions that allow the operation of productive and financial capital.

The Mexican State's intervention in regional economies has diminished, and regions have had to begin to identify and promote those factors and processes that allow them to have competitive advantages to achieve a better insertion in the markets and to attract foreign investments. had to carry out this effort autonomously, because the Mexican government does not have regional policies that have an integral vision of development, as Salvador Moreno points out. (in Meixuero, 2008:7)

Under these circumstances, the governments of the federative entities and the municipalities are seeking their territories to achieve competitiveness and attract foreign investments, territories that have managed to improve their physical infrastructure, have a better human capital, institutions that show a better management, have achieved some growth, while those who do not have all these attributes, are behind.

However, in the National Development Plan 2013-2018, there is a need to recover a regional perspective on development. For this purpose, the Secretariat for Agrarian, Territorial and Urban Development (SEDATU) was created. authority to propose regional development planning, in accordance with the objectives and strategies of the National Development Plan. The general objective of this Secretariat is to propose the general orientation and strategies of the national policy of regional development, to promote competitive, balanced and sustainable regional development in the regions of the country. (Diaz, 2015: 37)

Within the framework of the National Development Plan, the National Policy for Regional Development is elaborated as a guiding axis to orient and coordinate the intersectoral and intergovernmental programs and actions to promote the development of the regions, and sets

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<sup>5</sup> The competitiveness understood as the capacity of the companies to get inserted in the market of a certain product, satisfying requirements of quality and price

as objective the promotion of a balanced development between territories and to achieve a prosperous and inclusive country.

Thus, in accordance with the National Policy of Regional Development, regional development strategies and programs are elaborated. There are three programs, namely: 1) Regional Development Program of the North, 2) Regional Program of Development of the Center and 3) Regional Program of Development of the South-South, all for the period 2014-2018.

The North Region is made up of nine states: Baja California, Baja California Sur, Coahuila, Chihuahua, Durango, Nuevo León, Sinaloa, Sonora and Tamaulipas. Its economic and welfare indicators are generally higher than the national average, generating a Gross Domestic Product (GDP) of 3.2 trillion pesos (27.2% of the national GDP), its GDP per capita is 15% higher than the national average, but within it there are imbalances at both the state and municipal levels.

The Central Region is formed by 14 entities of the country: Aguascalientes, Colima, Mexico City, Guanajuato, Hidalgo, Jalisco, Mexico, Michoacán, Morelos, Nayarit, Querétaro, San Luis Potosí, Tlaxcala and Zacatecas. The GDP of the region in 2011 was 4,449 million pesos (51.1% of the national GDP), which shows an economic dynamism. The Federal District is the most important economy in the region, although it has been declining, followed by the economy of the State of Mexico, Jalisco and Guanajuato, which shows that not all entities have the same economic development.

The South-Southeast Region is composed of nine states: Campeche; Chiapas; Warrior; Oaxaca; Puebla; Quintana Roo; Tabasco; Veracruz; and Yucatan. In 2010, the region contributed 22.2% of the national GDP, which shows that its economic dynamism is lower than the other two regions. In addition, the wealth is concentrated in three entities: Veracruz, Tabasco and Campeche, which contribute almost 50% of the product. Like the other regions, the South-Southeast region presents great differences in its interior and in relation to the other regions, being the one that exhibits a smaller economic development.

Despite the economic and social gaps between these regions, regional development programs pursue the same objectives, these are:

- 1) Promote programs that increase productivity in the region and sectors of the economy.
- 2) Strengthen the well-being and skills of the people of the region.
- 3) Contribute to preserving the region's environmental assets.
- 4) Expand the coverage of the regional territory under systems of territorial urban planning.
- 5) Promote the strengthening of infrastructure and regional liaison and connectivity services.

In fact, regional policy in Mexico is aimed at ensuring that regions have favorable conditions to attract foreign investment, are intended to provide a business environment that provides certainty, provide quality public goods, reduce regulatory burdens and promote healthy economic competition. But for this, the government itself considers that it is necessary to build public political institutions and financial instruments for development, from a regional perspective. (Díaz, 2014)

With regard to the financial instruments, some funds have been created for the development of the regions, including the Regional Fund (FONREGION), which in 2016 was intended to support the 10 states with the lowest Human Development Index in relation to the national index, through investment programs and projects designed to maintain and increase physical

capital or productive capacity, or both; to complement the contributions of the federative entities related to these ends, as well as to promote balanced regional development through public infrastructure and its equipment, through: a) Health investment programs and / or projects; b) Education investment programs and / or projects; and c) Programs and / or investment projects in road, hydraulic and electric infrastructure. In these programs a regional approach is not really observed.

For this year 2017) the Regional Fund subtly changed its purpose being now to support the 10 federal entities with lower human development index compared to the national index, through investment programs and projects designed to allow access to the population basic education and health services; maintain and increase physical capital or productive capacity, as well as basic infrastructure, through the construction, rehabilitation and expansion of public infrastructure and its equipment. This shows the State's concern to reduce poverty and provide access to basic education and health services to a large population that does not enjoy them, as well as to enable these entities to have basic infrastructure.

An important fact is that the resources of this Regional Fund have declined drastically, in 2016 it had an amount of \$ 7,192,666,338.00 (Seven thousand one hundred and ninety-two million six hundred sixty-six thousand three hundred and thirty-eight pesos 00/100 National Currency) and for 2017 was reduced to \$ 2,315,599,804.00 (Two thousand three hundred fifteen million five hundred ninety-nine thousand eight hundred and four pesos 00/100 National Currency). (Official Gazette of the Federation, Operating Guidelines of the Regional Fund, January 29, 2016 and January 31, 2017).

It should be noted that 50% of the resources of the 2017 Regional Fund will go to the states of Chiapas, Guerrero and Oaxaca, and the remaining 50% to the seven states with the lowest human development index, indicating the attention of differentiated way and priority to regions and areas with greater economic and social backwardness.

Another important Fund that can be considered of a regional nature is the Metropolitan Fund, whose objective is to promote the integral development of metropolitan areas through the federal subsidy for studies, plans, evaluations, programs, projects, public works and infrastructure works and their equipment in any of its components, whose results and impact promote the following objectives: a) Sustainability, economic competitiveness and the strengthening of productive capacities; b) The reduction of vulnerability or risk due to the occurrence of natural and environmental phenomena and those caused by demographic and economic dynamics; c) Urban consolidation; and d) The optimum use of the competitive advantages of regional, urban and economic functioning of the territorial space of metropolitan areas. (Official Gazette of the Federation, Rules of Operation of the Metropolitan Fund, January 31, 2017)

The Fund is intended to support mainly the infrastructure and equipment programs, in urban development, land management, provision of public services and environmental equipment. These funds are intended to support the creation of conditions in metropolitan areas to improve the conditions for economic competitiveness, which reinforces the policy at the national level, to ensure that the regions of Mexico are better able to insert themselves in the international circuits of commerce.

Like the Regional Funds, the resources allocated to the Metropolitan Funds fell drastically from 2016 to 2017, in 2016 the resources allocated to these Funds were \$ 10,400,284,715.00 (Ten thousand four hundred million two hundred eighty-four thousand seven hundred fifteen pesos



00/100 National Currency) and for 2017 were \$ 3,240,170,830 (Three thousand two hundred forty million one hundred seventy thousand eight hundred and thirty pesos 00/100 National Currency).

It should be noted that the National Development Plan refers particularly to urban and metropolitan development, due to the growth and formation of numerous metropolis and cities in the country, which have grown in a massive and disorderly way, because there is no real control of land use, so that their socio-spatial organization is segregated and cities are dispersed, in view of this situation it is proposed the consolidation and densification of urban areas.

In general, it can be said that the State has regional policy instruments and mechanisms, but now, unlike the past, it is focused on ensuring that the different regions and cities have the necessary conditions to attract foreign investments, as well as allocate resources to those areas that are more socially and economically disadvantaged, given the number of poor people in the country.

The vision, strategies, mechanisms and actors of the current regional policy in our country has changed substantially, from that which was carried out in previous years. The objectives previously were to compensate for regional disparities, whereas now they are the development of potentialities to be competitive to the regions, the strategies were developed previously by each Secretary of State, they were sectorial. Now emphasis is placed on the implementation of comprehensive development projects, in terms of financing to carry out regional development programs and actions, basically before they were through subsidies, while now there are funds allocated especially to regional programs, but with which it is tried to increase the competitiveness of the territories, as far as the actors, before it was fundamentally the federal government, the one in charge to design and to execute the programs of regional court, now it is proposed the participation of the different levels of government, as well as of different regional actors.

### **Regional Policies in the European Union**

As far as the European Union is concerned, we can say that all the member countries are experiencing economic and social transformations stemming from the globalization process and that the existence of a global economic crisis in recent years has had devastating effects on economic and social development in this area, showing a certain structural weakness of its economy. In addition, they face problems such as the aging of their population and the pressure exerted increasingly on natural resources.

The countries that form part of this Union consider that they can only cope with this situation by carrying out structural reforms aimed at building a single market, with the establishment of common trade policies and the development of other policies at the level of the Union itself European Union. To address these issues, in 2010 the EU and its Member States are implementing a strategy for achieving sustainable growth for the next decade, which they call the European 2020 Strategy. The strategy addresses both the short-term challenges related to the crisis and of the need for structural reforms through growth-enhancing measures necessary for Europe's economy to be fit for the future.

The European Union has five major objectives on employment, innovation, education, social inclusion and climate / energy. In concrete terms its goals are:

- 1) Ensure 75% employment among its population aged 20-64 years.

- 2) To ensure that 3% of the GDP of the European Union is invested in research and development.
- 3) Limit greenhouse gas emissions by 20% or even 30%, providing 20% of their energy needs from renewable energy sources and increasing their energy efficiency by 20%
- 4) Reduce dropout rates below 10%, and ensure that at least 40% of students aged 30 to 34 have completed their tertiary education.
- 5) Ensure that 20 million fewer people are at risk of poverty or social exclusion. (European Commission, Regional Policy.)

In this block, each country has adopted its own national targets in each of these areas, and the leaders of the Union have agreed on many of concrete actions throughout the area and at national levels. They have identified important areas for action, which they believe may be the new engines for growth and jobs.

These areas are addressed through seven flagship initiatives.

- 1) Innovation Union. It helps to improve conditions and access to finance research and innovation, innovative ideas can be turned into products and services and thus allowing for growth and jobs.
- 2) Youth on the Move. It aims to improve the performance of education systems and facilitate the entry of young people into labor markets. This is done, inter alia, through EU-funded study, learning and training programs, as well as platforms that help young people to seek and find work across the European Union.
- 3) Digital Agenda for Europe: It aims to accelerate the launch of high-speed Internet and the use of information and communication technologies.
- 4) Efficient Europe in Resources. Its aim is to help decouple economic growth from resource use. It supports the shift towards a low carbon economy and increased use of renewable energy resources. The development of green technologies, modernizing the transport sector and promoting energy efficiency.
- 5) An industrial policy for globalization. Its aim is to improve the business environment, especially for small and medium-sized enterprises, for example by helping them access credit and cutting red tape. It also supports the development of a strong and sustainable industrial base capable of innovating and competing globally.
- 6) An agenda for new skills and jobs. It aims to modernize labor markets, train people, develop their skills and improve flexibility and safety in the work environment. It also aims to help workers find employment through the European Union more easily in order to improve the supply and demand of labor.
- 7) European platform against poverty. Its objective is to ensure social and territorial cohesion, helping the poor and socially excluded to enter the labor market and become active members of society. (European Commission, Regional Policy.)

The EU recognizes that the performance of its regions still differs significantly in terms of innovation and social and economic development, which is why there is a need for projects aimed at increasing employment, economic growth and improving economic and social conditions for build a Europe with greater resilience and cohesion. To achieve a sustainable future and to emerge stronger from the global financial crisis, the EU believes that it must become a smart, sustainable and inclusive economy, achieving high levels of employment, productivity and social cohesion.

Based on the Strategy 2020, a new set of rules, a monitoring and enforcement mechanism to identify and correct serious gaps in competitiveness, have been established. This mechanism has been called the Macroeconomic Imbalance Procedure (MIP), which aims to identify the

imbalances in the economies of the Member States much sooner than before. It monitors national economies in detail and alerts European Union institutions of potential problems in advance.

So, with this strategy and mechanism, we seek to address the problems of economic growth and competitiveness, but even more work is being done jointly, and the member countries recognize that they have done better when they have worked together, and have some examples of joint effort are noted, Airbus, which was formed in 1970 by four European countries, now has more than 50,000 employees and is one of the leading aircraft manufacturers.

In fact, with integration with the European Community, a "regional policy" is being deployed, which is also referred to as "cohesion policy" because its general objective is precisely to achieve economic, social and territorial cohesion, but of those regions that meet the requirements for financing. Regarding the objective of economic and social cohesion, this means boosting the competitiveness of the regions, achieving economic growth, but of an ecological type and at the same time providing better services, employment opportunities and better quality of life for its inhabitants.

In terms of achieving territorial cohesion, this means connecting the regions so that they reap the benefits of their respective strengths and collaborate in new and innovative configurations to address common challenges (such as climate change). (European Commission, 2014)

It should be noted that the European Social Fund (ESF) was created in 1958, the European Regional Development Fund (ERDF) was set up in 1975 and, a little later, in 1993, the Maastricht Treaty established the Cohesion, the Committee of the Regions and emphasizes the principle of subsidiarity, that is to support less advanced regions and to take decisions in a less centralized way.

Primarily the European Regional Development Fund (ERDF) and the European Social Fund (ESF) are designated to invest in economic and social restructuring in the European Union, to reduce development differences between European regions, in infrastructure and employment. In addition, these Funds, together with the Cohesion Fund, the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) constitute the European Structural and Investment Funds (FEIE). (European Commission, 2014)

A very important aspect is that these regional funds have increased their resources significantly, only in the period from 1994 to 1999 they double. In 2004, despite the incorporation of ten countries into the European Union, the budget for these funds amounts to EUR 213 billion for the former 15 Member States alone and EUR 22 billion for the new Member States. For the period 2007-2013, the budget is already € 347 billion, and for the period 2014-2020 it amounts to € 351.8 billion.

However, this budget is specifically aimed at four investment priorities: 1) Research and Innovation, 2) Digital Agenda, 3) Support to SMEs and 4) Low carbon economy. This reveals an interest in strengthening those areas that are relevant to achieving greater capitalization in the Member States, but also to promoting small and medium-sized enterprises, which can strengthen local economies and increase employment opportunities, as well as the concern for the care of the environment, through achieving energy efficiency and boosting renewable energies. In fact, a significant percentage of the budget is intended to create environmental infrastructures and act to combat climate change.

It should be noted that each of the Funds invests in certain areas, for example, the EAFRD allocates resources to make the agricultural sector more robust, innovative and environmentally friendly, the FEMP supports sustainable fisheries and aquaculture and the Cohesion Fund allocates resources for the trans-European transport network - especially for EU countries with a GDP below 90% of the European average - and connections and regional accessibility, investing in broadband infrastructures and online public services, as well as in environmental projects. This Fund invests in adaptation to climate change and risk prevention, as well as energy efficiency and the use of renewable energy. In this way, each of the funds contributes to the achievement of the growth objectives set out in the European Strategy 2020. The European Regional Development Fund (ERDF) invests in growth-enhancing sectors to foster greater competitiveness and job creation in all regions and cities of the European Union. The objective of ERDF actions is to address the various economic, environmental and social challenges, with a focus on sustainable urban development. It is estimated that more than 50% of ERDF investment between 2014 and 2020 will be implemented in urban areas.

In addition, the ERDF finances cross-border, transnational and interregional cooperation (known as 'European territorial cooperation'), covering areas such as joint transport infrastructure, innovation, communications networks, cross-border trade, joint management of natural resources and the connection between urban and rural areas.

However, the regional policy of the European Union is implemented through a system of "shared management" involving national and regional bodies in collaboration with the European Commission. The budget for regional policy is established for a period of seven years, and is established by the European Parliament and the Council of Ministers of the EU, based on a proposal of the European Commission, so it is decided jointly as the rules for its application.

Countries develop partnership agreements, setting their investment priorities and their development needs. They also carry out operational programs, and the European Commission negotiates with the national authority's final investment plans. It is important to note that the participation of civil society in a governance scheme should be included in all programs. The countries and regions of the EU are responsible for implementing these programs. National and subnational administrations (at the regional or local level) are responsible for program management and implementation, but countries must ensure that resources are being used effectively and in accordance with the EU.

The differences between the Regional Policies of Mexico and the Regional Policies of the European Union are significant and can be observed in the following table:

**Table 1**  
**Regional Policies in Mexico and the European Union**

Regional Policies in Mexico	Regional Policies in European Union
<p>Main objectives</p> <ul style="list-style-type: none"> <li>• <b>Increase the competitiveness of regions and cities.</b></li> <li>• Promoting competitive, balanced and sustainable regional development in the regions of the country <b>Especially those that can achieve a share in international markets.</b></li> </ul> <p>According to the National Policy of Regional Development, 3 programs have been developed for the period 2014-2018:</p> <p>1) North Regional Development Program; 2) Regional Center Development Program; and 3) South-South East Regional Development Program</p> <p>Regional development programs pursue the same objectives, these are</p> <ul style="list-style-type: none"> <li>• <b>Promote programs that increase productivity in the region and sectors of the economy.</b></li> <li>• <b>Strengthen the well-being and skills of the people of the region.</b></li> <li>• <b>Contribute to preserving the region's environmental assets.</b></li> <li>• <b>Expand the coverage of the regional territory under systems of territorial urban planning.</b></li> <li>• <b>Promote the strengthening of infrastructure and regional liaison and connectivity services</b></li> </ul> <p>State intervention in regional economies has undoubtedly diminished, and regions have had to begin to identify and foster those factors and processes that allow them to have competitive advantages to achieve a better insertion in the markets and to attract foreign investment, <b>each region has had to make this effort autonomously, because the Mexican government does not have regional policies that have an integral vision of development</b></p> <p>The neoliberal economic model adopted by the Mexican State has had serious repercussions on the design and application of regional policies in our country, since on the one hand it calls <b>for less State intervention in the economy, and on the other, that territories compete to attract capital</b>, which means that they must meet a number of conditions such as <b>having physical infrastructure, telecommunications, skilled labor at low costs, companies with advanced technology, social stability, quality of public administration</b>, etc. that the capital invest in them.</p>	<p>Main objectives</p> <ul style="list-style-type: none"> <li>• Its general objective is <b>precisely to achieve economic, social and territorial cohesion</b>, but of those Regions that meet the requirements for funding.</li> <li>• Regarding the objective of economic and social cohesion, this means <b>boosting the competitiveness of the regions, achieving economic growth, but of an ecological type and at the same time providing better services, employment opportunities and a better quality of life for its inhabitants</b></li> <li>• In terms of achieving territorial cohesion, this <b>means connecting regions to reap the benefits of their respective strengths and to collaborate in new and innovative configurations to address common challenges (such as climate change)</b></li> <li>• European <b>regional policy is the main instrument of investment</b>,</li> <li>• 1958 is created the European Social Fund (ESF),</li> <li>• 1975 is erected the European Fund for Regional Development (ERDF), and a little later, in</li> <li>• 1993, with the Maastricht Treaty, the Cohesion Fund, the Committee of Regions, was established and <b>the principle of subsidiarity</b> was emphasized, ie to support those less advanced regions and to take decisions in a less centralized way.</li> </ul> <p><b>The European funds for regional development have been increased and are destined to be invested in the economic and social restructuring of the European Union</b>, with the purpose of reducing the differences of development between the European regions in infrastructure and employment.</p> <p>The budget for the regional funds amounts to € 351.8 billion for the period 2014-2020 this budget is specifically aimed at four investment priorities:</p>

<p>In the case of Mexico, the State has a much lower budget than that of the European Union to more efficiently and effectively carry out its responsibility for the economic and social development of the regions. Higher budget to regional policies and programs, but especially in investment in scientific and technological research, now more than ever economic growth is determined by research, technological development and innovation, as well as by training and training of its citizens.</p> <p>The reduction of public investment in infrastructure, the contraction of regional and urban development expenditure, the dismantling of industrial and agricultural development policies, the spurious generation of paid employment, with the consequent explosion of open unemployment, the collapse of wages and the dramatic increase in poverty are the result of the <b><i>neoliberal economic model adopted by the Mexican State, which has aggravated the territorial problems and inequality in regional development.</i></b></p>	<p><b>1) Research and Innovation, 2) Digital Agenda, 3) Support to SMEs and 4) Low carbon economy.</b></p> <p>This reveals an interest in strengthening those areas that are relevant to a greater capitalization of the Member States, but also to promoting small and medium-sized enterprises, which can strengthen local economies and increase employment opportunities, as well as the concern for the care of the environment, through achieving energy efficiency and boosting renewable energies.</p>
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**Source: Own elaboration with data from the National Development Plan 2012-2018, Development Program Regional of Mexico and the European Commission.**

As can be seen, the differences between the regional policies of Mexico and the European Union are several, and in many cases substantial, for example, while Mexico, in general terms, is primarily aimed at achieving the economic competitiveness of its regions, that the regions achieve greater and better participation in international markets, the European Union pursues social and territorial cohesion at the same time, which means that while its policies seek to boost the competitiveness of its regions, at the same time employment and improve the quality of life of its population.

Other extremely important differences are observed with regard to the financing given to regional policies, while in the EU several funds have been created for the development of regions (especially those lagging behind), in the case of Mexico, although there are some Funds, these are minor, and the amounts of their resources have been drastically reduced, especially in the last year, whereas in the EU the opposite has happened, ie the resources of their regional Funds have increased significantly.

Associated with this, we also find a fundamental difference between the regional policies of Mexico and the EU, where, in the case of the EU, each country elaborates its final investment plans and carries out its operational programs, although under the supervision and authorization of the European Commission, under a governance scheme; while in Mexico, plans and programs are designed by federal agencies, and although there is mention of the need for coordination of intersectoral and intergovernmental programs and actions, as well as social participation, much remains to be done in these areas.

### CONCLUSIONS

There is no doubt that the process of globalization and the neoliberal economic model adopted by the Mexican State has deepened regional disparities, especially by the reduction of state actions in regional development and social welfare, with a consequent substantial change in

regional policies that sought a better redistribution of economic activity and social benefits in the various regions that exist in the country.

Certainly, regional disparities have intensified in a context defined by the intensification of competition between countries, regions and local areas for competitiveness, which has led the regions of Mexico to compete to develop their competitive advantages, that is, those conditions that allow it to have the capacity to face market competition, which is supposed to at the same time be reflected in an improvement in the standard of living of the population. In this environment, the Mexican State has applied in the last years regional policies aimed at supporting those regions that have greater possibilities of insertion in the external market, thus generating greater economic and social inequality among the regions, only trying to mitigate the problems of gap and poverty that present the states with lower level of development.

This situation requires that the Mexican State reformulate its national development policy and with it its regional policies, which will again place as the main objective of these, the reduction of regional asymmetries, which would require, in turn, important changes in the design, implementation, financing and evaluation of these policies. To do this, it would have to take into consideration some approaches and tools that are used in the European Union, since they are very different realities, some elements are of great interest and useful for the formulation of regional policies in our country.

To begin with, as we have said, the Mexican State would have to consider a decisive change in its national development policy, that of placing national investment and the domestic market as key factors for achieving economic growth, which would imply recognizing that the market has not been sufficient to boost the country's economic growth. (New course). Based on this, the State would have to elaborate a new conception and instrumental design of a regional policy, which would favor development processes in terms of economic competitiveness, but accompanied by processes of social and territorial cohesion.

This new conception and instrumental design of the regional policy in Mexico, would have to include the following aspects:

- a) To place as the main objective of the regional policy, the economic and social development of each one of the regions that integrate the country, promoting social and territorial cohesion.
- b) Convert regional policy as the main investment instrument, allocating more resources to the funds allocated to it.
- c) Create new collaboration and configuration mechanisms to implement regional policy, with social participation and capacity for investment design and development and implementation of operational programs.
- d) Allocate more resources to the Regional Funds
- e) Invest in the economic and social restructuring of the regions.
- f) Identify the key areas (strengths and weaknesses) of each region, to design policies for each region.

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