

THE HISTORICAL CONSEQUENCES OF INSTITUTIONALISED  
CORRUPTION IN MODERN MEXICO

by

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## LIST OF ABBREVIATIONS

<b>Abbreviation</b>	<b>Description</b>
CPI	- Corruption Perceptions Index
DTO	- Drug Trafficking Organisation
DF	- <i>Distrito Federal</i>
PAN	- <i>Partido Acción Nacional</i>
PEMEX	- <i>Petróleos Mexicanos</i>
PRD	- <i>Partido de la Revolución Democrática</i>
PRI	- <i>Partido Revolucionario Institucional</i>

## CHAPTER I

### Introduction

The study of corruption within the field of political science has steadily evolved within the past several decades. Corruption afflicts many modern societies around the world. It has not always been studied, however, at such lengths amongst scholars. Although disagreement over the exact causes of corruption is still visible within the literature, the consequences of corruption are widely acknowledged. Similarly, the negative effects of institutionalised corruption—corruption that is highly entrenched in most governmental institutions—are well understood and established. Corruption often occurs in conjunction with other political phenomena such as authoritarianism, clientelism, failed (and failing) states, and unstable economies.<sup>1</sup> Therefore, the study of corruption is quite important to the social sciences, as we shall see, because it curtails effective state governance and limits equal access of political participation.

The definition of corruption for the purpose of this thesis is ‘an illegal transaction where public officials and private actors exchange goods for their own enrichment at the expense of society at large’.<sup>2</sup> Corruption exists, to some extent or another, within every global society. It directly affects both private and public institutions, which subsequently prolongs income inequality, reliance on welfare, and government inefficiency.<sup>3</sup> Of

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<sup>1</sup> Political corruption is often a cause for state failure. Not only does corruption have a negative impact on economies, it promotes and perpetuates inequality of wealth (or income distribution). Similarly, it undermines institutional effectiveness, which diminishes legitimate political participation. Indeed, most failed states have an astronomically high index of political corruption (e.g., Somalia).

<sup>2</sup> Luigi Manzetti and Carole J. Wilson, “Why Do Corrupt Governments Maintain Public Support?,” *Comparative Political Studies* 40, no. 8 (August 1, 2007): 952.

<sup>3</sup> Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform* (New York: Cambridge University Press, 1999): 1.

course, high levels of corruption have historically been associated with states that are still ‘developing’—that is, not in most of the OECD nations. Many scholars associate democracy as a direct measure that deters political corruption.<sup>4</sup> This, as we shall see, cannot be equally applicable to every state. Mexico, for example, is a democratic and constitutional republic that encourages open political participation (although clientelism continues to be problematic) but still suffers from corruption at the city, state and federal levels. Moreover, it is a country with a fairly strong economy and has a variety of important trade resources. Why, then, is corruption still a widespread problem? Is this corruption more concentrated culturally, economically, politically, or a combination thereof?

The historical and political study of any state within the context of corruption can be challenging for the researcher. Many assumptions are often employed within the literature—primarily the working assumption that democratic systems of governance is the preferred method, which will lead to less corruption, the most economic gains, and equalised political participation for citizens. The primary flaw with this assumption, however, is that many researchers are utilising the *best*-perceived features of democracy and contrasting them with the *worst* observed aspects of the other contrasting system of government. I note this specifically here, within the introduction, because it is important for the researcher to be as objective as possible while conducting research and creating subsequent convincing arguments. Although most of the modern literature concentrates on the spread of democracy throughout Latin America, we cannot unequivocally and

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<sup>4</sup> Yan Sun and Michael Johnston, “Does Democracy Check Corruption? Insights from China and India,” *Comparative Politics* 42, no. 1 (October 1, 2009): 2.

conclusively establish that democracy is always the best deterrent for corruption.<sup>5</sup> In fact, in many states, democracy has altogether failed to achieve optimum results. Mexico's experimentation with the initial introduction of democracy highlights some of these early flaws.

Democratic ideology encompasses open political participation (voting and electing representation), competitive parties, checks and balances, open and free access to information, an effective judicial apparatus (free from coercion and bribery), and a plethora of civil freedoms.<sup>6</sup> The problem arises, however, when governments operate under the façade of 'democracy' but abuses the aforementioned qualities and characteristics of a true democracy. Simply institutionalising and embracing democratic values does not in and of itself altogether curb corruption. On the contrary, 'well-established' corruption can be found in democratic places like Chicago and Newark in the United States, or at the local government level in some European democracies such as Germany and France.<sup>7</sup> In Latin America there are countries that have a 'cleaner electoral experience, opposition parties, and combative congresses' than in Mexico, yet according to some sources, still have levels of corruption that are equivalent to that of Mexico.<sup>8</sup>

Strengthening the democratic framework of a country may reduce political corruption, but in some instances it actually bolsters it, at least temporarily.<sup>9</sup> In other words, it only provides the *opportunity* to reduce corruption. Without strong institutions

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<sup>5</sup> Mitchell A Seligson, "The Impact of Corruption on Régime Legitimacy: A Comparative Study of Four Latin American Countries," *The Journal of Politics* 64, no. 2 (May 1, 2002): 412.

<sup>6</sup> For more, see: Rose-Ackerman.

<sup>7</sup> Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform*, 113.

<sup>8</sup> Stephen D. Morris, "Corruption and the Mexican Political System: Continuity and Change," *Third World Quarterly* 20 (1999): 639.

<sup>9</sup> Ibid.

and agencies that can exercise independent authority and power, democratic values are meaningless. This has consistently been a problem for Mexico. Many incoming Mexican presidents (notably since the dissolution of the *Partido Revolucionario Institucional*—PRI) have voiced concerns about vote buying, bribery, drug trafficking, and other corrupt activities and indeed several of them have succeeded in passing anti-corruption policies. The inherent problem with merely passing these optimistic solutions, however, is that Mexico continues to lack strong institutions that can effectively curb corruption. At face value, then, voters are impressed with the anti-corruption rhetoric, but are unable to recognise that the true and primary problem in reducing corruption is overall institutional weakness.

Another problem with passing socially popular, but highly unrealistic anti-corruption laws is that it actually amplifies levels of corruption by giving politicians ‘that are members of a corruption network popular support and extortion opportunities’.<sup>10</sup> The PRI mastered this concept and utilised it as a tool to both retain popular support and monopolise political power, thereby entrenching a one-party system that disallowed viable party competition for much of its reign. On the other hand, passing socially unpopular laws was equally feasible by way of under-the-table clientelistic favours and widespread vote buying.<sup>11</sup> The PRI was, consequently, successful in maintaining power via clientelism and the reliance upon institutional inefficacy, and choosing rhetoric that was appealing to the general public, but by no means truly democratic in nature.

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<sup>10</sup> Nielsen, “Corruption Networks and Implications For Ethical Corruption Reform,” 134.

<sup>11</sup> Dan A. Cothran, *Political Stability and Democracy in Mexico: The “Perfect Dictatorship”?* (Westport, CT: Praeger Publishers, 1994): 219.

## The PRI and Institutionalised Corruption

The study of the political history of Mexico is important in understanding how corruption has persisted and evolved over time—and specifically during the one-party rule by the PRI. The PRI held power at all levels of government in Mexico for seventy years, until 2000 when Vicente Fox was elected. The PRI operated, arguably, under a régime that can be considered democratic authoritarian.<sup>12</sup> Although, in theory, democracy and authoritarianism are two entirely different concepts, the PRI is a spectacular case of conflation of the two régime types. It is because of this conflation that the PRI was able to retain power for so long, while simultaneously institutionalising and entrenching corruption within modern Mexican society. Indeed, ‘corruption is not a characteristic of the system in Mexico...it is the system’.<sup>13</sup>

‘Corruption functions like grease in the gears; it has an important redistributive effect, it is a functional substitute for direct participation in power, it constitutes the cement between elites and parties, and it affects the effectiveness with which power is exercised’.<sup>14</sup> In the case of the PRI, this grease increased the wealth of many law enforcement officers and public officials, by taking on a large ‘state role in the economy [that] made the resources available for corruption great and the weakness of civil society organisations made it difficult to attack corruption’.<sup>15</sup> The role of the state was so great that it allowed for extraordinary opportunities to create regional enclaves of concentrated

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<sup>12</sup> Lorenzo Meyer, *Nuestra Tragedia Persistente: La Democracia Autoritaria En México* (México, D.F.: DEBATE, 2013): 33.

<sup>13</sup> Morris, “Corruption and the Mexican Political System: Continuity and Change,” 623.

<sup>14</sup> Jeanne Becquart-Leclercq, “Paradoxes of Corruption: A French View,” in *Political Corruption: A Handbook*, ed. Arnold J. Heidenheimer, Victor T. LeVine, and Michael Johnson (New Brunswick, NJ: Transaction, 1989): 192.

<sup>15</sup> Morris and Klesner, “Corruption and Trust: Theoretical Considerations and Evidence From Mexico,” 1259-1260.

authoritarian power within many Mexican states.<sup>16;17</sup> This essentially created the necessary corruption networks that allowed the one-party hegemonic system to sustain itself for almost a century.

It has been suggested that the PRI had three prominent features from the 1930s onward: ‘presidentialism, single-party rule, and state corporatism—all linked to the sole political goal of centralising authority’.<sup>18</sup> Indeed, from its conception, the PRI’s primary concern was addressing the problem of regional factionalism within the country.<sup>19</sup> It is from these beginnings that the party was able to create a network of support, by bridging together both urban and rural areas, and mobilising support amongst voters—most notably amongst the poor, as this demographic was more likely to accept clientelistic gifts and collude with politicians.

The PRI has historically been the distributor of benefits for its supporters, including ‘jobs, contracts, educational opportunities, and social services’; the hegemonic role in providing these benefits institutionalised corruption and consolidated party power.<sup>20</sup> This, in effect, created the framework for a political system that has been historically based on clientelism and cronyism, with little legitimate political party competition. In fact, until the 1980s the PRI enjoyed dominant control of the Mexican government: although the PAN—*Partido Acción Nacional*—was created in 1939, it was

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<sup>16</sup> Joseph L Klesner, “Regionalism in Mexican Electoral Politics,” in *The Oxford Handbook of Mexican Politics*, ed. Roderic Ai Camp (New York: Oxford University Press, 2012): 630.

<sup>17</sup> Gustavo Flores-Macías, “Mexico’s 2012 Elections: The Return of the PRI,” *Journal of Democracy* 24, no. 1 (2013): 137.

<sup>18</sup> Steven T Wuhs, *Savage Democracy: Institutional Change and Party Development in Mexico* (University Park, PA: The Pennsylvania State University Press, 2008): 11n3.

<sup>19</sup> Joseph S. Tulchin and Andrew D. Selee, eds., *Mexico’s Politics and Society in Transition* (Boulder, CO: Lynne Rienner Publishers, 2003): 13.

<sup>20</sup> Shelley, “Corruption and Organized Crime in Mexico in the Post-PRI Transition,” 215.

seen as more of a “symbolic counterweight” to the PRI than an actual competitor for power’.<sup>21</sup> Additionally, the PRI has never lost a gubernatorial election in nine of the 31 Mexican states, which accounts for slightly more than one-third of Mexico’s population.<sup>22</sup> Furthermore, as of January 2013, the PRI governs 20 Mexican states, even though it controls only the third largest majority of votes in the Mexican Congress (after the PAN and PRD—*Partido de la Revolución Democrática*—respectively). Nonetheless, gubernatorial power is important for the PRI to retain, especially in the cases where it has yet to lose a gubernatorial election. The network in which the PRI largely operates is indeed reliant upon such governorships. Historically, the governors have mobilised voters by using mayors and other low-level precincts within their state domain as their agents. These operations have generated campaign funds and support via rallies, organised meetings, and political demonstrations, which were all beneficial to the overall hegemonic régime.<sup>23</sup>

If political unaccountability is the method for the art of political domination and control, the PRI has certainly dutifully mastered it. Historically, the PRI has had little, if any, political accountability. Freedom and access to information by the general public was limited, if available at all. Moreover, political elections were essentially shams. Vote buying, stuffing ballot boxes, bribery, clientelism, altering computer tallies for votes, and even engaging in mass bussing of voters to the polls in PRI-dominated regions, have all

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<sup>21</sup> Dorothy J Solinger, “Ending One-Party Dominance: Korea, Taiwan, Mexico,” *Journal of Democracy* 12, no. 1 (2001): 33.

<sup>22</sup> Flores-Macías, “Mexico’s 2012 Elections: The Return of the PRI,” 137.

<sup>23</sup> Joy Langston, “The Dinosaur That Evolved: Changes to the PRI’s Gubernatorial Candidate Selection, 1980-2009,” in *The Oxford Handbook of Mexican Politics*, ed. Roderic Ai Camp (New York: Oxford University Press, 2012): 150.

been common tactics utilised by the PRI in monopolising régime control and power.<sup>24</sup> The outcome was always—at least until 2000—favourable for the PRI. Although critics of such practices existed, vote buying and tampering with voting machines is quite difficult to prove. Because the PRI held control of the government, opposition parties had little means at their disposal to conduct efficient and transparent investigations into such allegations of fraudulent behaviour.<sup>25</sup> Therefore, the practices have largely continued with little evidence to the contrary.

The PRI has played a pivotal role in institutionalising corrupt political behaviour within modern Mexico. The party successfully created and sustained a corrupt environment that perpetuated ineffective governance and a myriad of institutional controls over all branches of government and the bureaucracy, thereby entrenching corruption in every facet of government.<sup>26</sup> As we will see in the following chapters, corruption can certainly be linked with the PRI's existence as an authoritarian régime. Moreover, in order to understand its lengthy role in Mexican politics, we must also study the causes of corruption before applying them to the political environment of modern Mexico.

## **Organisational Overview and Scope**

The predominant scope and focus of this thesis is the overall effect of institutionalised corruption within Mexico, but more specifically, as a primary and causal result of the historical and political dominance of the PRI within the country. It is

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<sup>24</sup> Solinger, "Ending One-Party Dominance: Korea, Taiwan, Mexico," 36.

<sup>25</sup> Langston, "The Dinosaur That Evolved: Changes to the PRI's Gubernatorial Candidate Selection, 1980-2009," 148.

<sup>26</sup> Cothran, *Political Stability and Democracy in Mexico: The "Perfect Dictatorship"?*, 144.

undeniable that a political party that monopolised and dominated national power for such an extensive time—while simultaneously wielding great influence in manipulating Mexican politics—has at least partially contributed to the cyclical pattern of institutionalised corruption. The extent of how much corruption can be aptly attributed to the PRI's lengthy dominance, however, is still debated amongst scholars within the field of Latin American politics. Therefore, this thesis is concerned with three primary questions. First, what are the theoretical causes of corruption? Secondly, to what extent has the PRI directly contributed to the perpetual presence and institutionalisation of corruption in modern Mexico? And, finally, how has this corruption manifested and infiltrated the local, state, and federal governments *and* what have been the observed consequences?

The organisation of this thesis is designed to examine efficiently the theoretical causes and consequences of corruption. Not only is my objective to outline and analyse the historical influence that the PRI has had in foundationally shaping Mexican politics, but I also address more generalised concepts that can be equally applied to corruption theories. In the second chapter, I have detailed the various concepts and theories that pertain to understanding the study and nature of corruption. Moving into the third chapter, I give a condensed overview of the Mexican political system while providing some history that gives the reader an idea as to how Mexican politics have evolved over time. The fourth chapter is dedicated to the empirical study of corruption while providing public opinion polls and graphs that demonstrate the empirical method. The fifth chapter provides an examination of corruption in modern Mexico in the form of case studies relying on the material and concepts examined in the previous chapters. The case studies

included here document how corruption affects the economy by way of tax evasion, its cultural pervasiveness, and its conduciveness to organised crime operations and the emergence of extensive drug cartel networks. Finally, in the sixth chapter, there is discussion of various institutional reforms aimed at reducing corruption. I conclude with some considerations of what Mexico's future entails, taking into account its continued democratisation and economic development.

## CHAPTER II

### The Theoretical Causes of Corruption

Corruption, as previously defined in the introductory chapter, is defined as ‘an illegal transaction where public officials and private actors exchange goods for their own enrichment at the expense of society at large’.<sup>27</sup> Corruption can occur in various forms including petty corruption, grand corruption, and political corruption. Petty corruption typically refers to corruption by lower-level public officials in the abuse of their power to provide access to everyday goods and services by private citizens. Conversely, grand corruption is primarily committed by high-level officials (presidents, prime ministers, governors, etc.). Political corruption is more general and not particularly actor specific but used in literature to refer to corruption within the policymaking process.<sup>28</sup>

An abundance of scholarly literature exists analysing the theoretical causes of corruption. Not only does corruption inhibit democratic efficacy and political reliability, it perpetuates societal inequalities. Although corruption exists in all systems of government, under quasi-authoritarian régimes, such as the PRI, it is especially pronounced. Such régimes are conducive to bolstering cyclical patterns of pervasive and unrelenting corruption from generation to generation, thereby effectively institutionalising its existence. Indeed, corruption has infiltrated and become the norm in all branches of government and, likewise, in all regions of Mexico without bias to population or socioeconomic status.

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<sup>27</sup> Luigi Manzetti and Carole J. Wilson, “Why Do Corrupt Governments Maintain Public Support?,” *Comparative Political Studies* 40, no. 8 (August 1, 2007): 952.

<sup>28</sup> For more, see: Transparency International. *FAQs on Corruption*. [http://www.transparency.org/whoweare/organisation/faqs\\_on\\_corruption](http://www.transparency.org/whoweare/organisation/faqs_on_corruption).

Causes of corruption can be generally further classified as either being *direct* or *indirect*. Direct causes of corruption are concerned with actions taken by the state. These include, but are certainly not limited to, the use of regulatory agencies in granting (or denying) ordinary permits and licences; convoluted tax codes and ineffective administration; public spending decisions often linked with clientelistic networks and preferential private outsourcing ‘contracts’; instituting provisions for acquiring certain goods and services by citizens; and corrupt party financing practises often done to reduce party opposition.<sup>29</sup> Many of these direct causes, as we shall see, are linked to structural conditions that facilitate corruption, although some are also manifestations within the state-society theory.

On the other hand, certain factors contribute to corruption indirectly. Although these are secondary causes, they often occur in conjunction with the aforementioned direct causes. One indirect cause of corruption is the presence of an unfavourable quality of the bureaucracy, often resulting in an incentivised hiring process and promotions that are not based on merit but are ‘politically motivated’ and linked to patronage and nepotism.<sup>30</sup> The level of public sector wages is also an indirect cause that allows for corruption. When public sector wages are higher, corruption is generally lower because the employee has much more financial risk in losing his or her job. Conversely, if public sector workers are paid poorly or inadequately, they may rely on corrupt opportunities to augment their low salaries and likewise have little to lose if they are terminated from their employment.<sup>31</sup> Other forms of indirect causes include inadequate penalty systems,

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<sup>29</sup> Vito Tanzi, “Corruption Around the World: Causes, Consequences, Scope, and Cures,” *Staff Papers - International Monetary Fund* 45, no. 4 (December 1, 1998): 10-16.

<sup>30</sup> *Ibid.*, 16.

<sup>31</sup> *Ibid.*, 16-17.

which cannot (or will not) punish corrupt practises harshly enough to deter it; a lack of institutional controls, which effectively eliminate the probability of those committing crimes would be caught; low transparency of laws and rules that are written in such ways (either intentionally or unintentionally) by legislative bodies that ordinary citizens cannot interpret; and a lack of overall leadership by those at the top, which essentially promotes or condones corruption because they are either involved or have no interests in stopping it.<sup>32</sup>

The following discussion explores some of the theoretical causes of corruption prevalent in existing literature. For the purposes of this thesis, I have grouped these causes into three theoretical categories: structural, state-society, and cultural.<sup>33</sup> Structural causes are more political in nature, although not definitively so, and are theoretically centred on the structure (either internally or externally) of the state. Theoretical causes included within the state-society category are primarily focused on imbalance or unequal linkages between society and the state. Finally, the cultural category focuses on societal problems that facilitate an environment for corruption, including poverty, unequal social classes, and unequal opportunities for social mobility and access to goods and services.

### **Structural Corruption**

Approaches to studying structural corruption and its conditions vary across the literature. I posit that structural corruption is strongly linked to one-party systems and authoritarian régimes in order to retain power and control of a politically elite group. This domination in power is often theoretically fuelled by other structural conditions such as

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<sup>32</sup> Ibid., 17-20.

<sup>33</sup> For more, see: Huntington; Hellman; Manzetti and Wilson; Morris, *Corruption and Politics in Contemporary Mexico*; and Sandoval-Ballesteros.

institutional weakness, the quality of the bureaucracy, modernisation, and decentralisation (or centralisation). Although structural corruption stems from abuse of power by the state, it allows for secondary economic causes to arise.

### *Institutional Weakness*

What are weak government institutions? What are strong government institutions? Strong government institutions can be characterised by a ‘legal system that uphold[s] the rule of law and property rights, with administrative bureaucracies that deliver public goods and services in an efficient, impartial, and timely manner, with limited and predictable business regulations, with low levels of political and administrative corruption’.<sup>34</sup> Conversely, weak government institutions are unable to dispense goods and services based upon ‘fair and rational criteria’ because they are often controlled by ‘power groups that use them to dispense favours and create rent-seeking favouring for their clients’.<sup>35</sup> Rent-seeking and clientelism, as we shall see, is therefore directly related to the overall strength of government institutions. In other words, clientelistic networks seem less likely to survive in governments that have relatively strong institutions.

Weak institutions cause corruption for two primary reasons. First, they lack either the authority or ability to exert checks and balances on other government institutions. For example, a weak judiciary that is subservient to a more powerful executive will not question decisions or policies because they lack the standing to do so. Second, weak institutions lack cohesiveness within the larger political system. This lack of respect and

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<sup>34</sup> Stephen Knack and Philip Keefer, “Institutions and Economic Performance: Cross-Country Tests Using Alternative Institutional Measures,” *Economics & Politics* 7, no. 3 (1995): 211.

<sup>35</sup> Manzetti and Wilson, “Why Do Corrupt Governments Maintain Public Support?,” 955.

trust creates opportunities for corruption to exist within and outside of the institutions by way of clientelism and abuse of official power. Even governmental institutions established as anti-corruption agencies cannot effectively control corruption without the required authority or financial wherewithal.

### *Unfavourable Quality of the Bureaucracy*

Another cause of corruption that is often closely linked to institutional weakness is an unfavourable quality of the bureaucracy. Widespread bureaucratic red tape and procedures, or *trámites* (literally, in Spanish, ‘processes’ or ‘procedures’), gives rise to corruption at the bureaucratic level and, in fact, encourages it. Bureaucrats can—and indeed do—demand payments and bribes from citizens for speedy processing of legally entitled access to specific goods and services. The bureaucrats in control of goods and services have little incentive to obey anti-corruption policies; they are not paid well and rely heavily on income from bribes, which is not legally tax declared. ‘Official positions’ are therefore considered to be an ‘ownership of a source of income’.<sup>36</sup> According to a 1995 poll, 62% of respondents acknowledged that ‘at times it was necessary to bribe [an official] in order to resolve a problem’, which, again, preserves the negative quality of the Mexican bureaucracy.<sup>37</sup>

The bureaucracy is directly influenced—and often regulated—by the political party in power. The PRI’s lengthy dominance of power has institutionalised widespread corrupt schemes and practices. Individually, many government bureaucrats have no real incentive to abstain from participation. For example, the cost of losing one’s job is low

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<sup>36</sup> Peter John Perry, *Political Corruption and Political Geography* (Brookfield, VT: Ashgate Publishing Company, 1997): 57.

<sup>37</sup> Morris, “Corruption and the Mexican Political System: Continuity and Change,” 625.

because his or her wages are likewise low. In fact, when public wages are low, corruption actually becomes a strategy for survival.<sup>38</sup> Collectively, however, the bureaucracy is a network of corruption that has been integrated within virtually every branch of government. Policemen, judges, mayors, legislators, presidential secretaries, party leaders, and even the president, operate within this network, which continuously undermines and delegitimises democracy and political efficacy. This network essentially operates as a never-ending system of ‘clientelism-corruption-clientelism’.<sup>39</sup> Furthermore, the corruption that results from the existence of such a network occurs at the ‘intersection of the public and private spheres’ and is consequently entrenched in daily life for millions of Mexicans.<sup>40</sup>

### *(De)centralisation*

It is worth noting that although weak institutions and poorly organised bureaucracies cause corruption, they often occur as a result of shifts in the roles of government. There are two primary schools of thought relating to the issue of centralisation and decentralisation. First, centralisation of power increases corruption by concentrating power and decision-making in a single authority that lacks oversight.<sup>41</sup> The PRI era in Mexico, for example, highlights these features of governance. Often highly centralised governments control peripheral counterparts and localities (e.g., governorships or local-state governments) through corrupt acts such as bribery or extortion. Conversely, however, one might argue that centralisation decreases the

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<sup>38</sup> Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform*, 72.

<sup>39</sup> Blake and Morris, *Corruption & Democracy in Latin America*, 51.

<sup>40</sup> Ionescu, “Mexico’s Pervasive Culture of Corruption,” 186.

<sup>41</sup> Jens Chr Andvig et al., “Research on Corruption: A Policy Oriented Survey.” (2000), 84-84.

opportunity for corruption by only allowing one branch of government to be penetrated. In other words, corruption may still occur but there are less available avenues in which one could pursue it.

The second school of thought concerns the idea that decentralisation reduces the likelihood for the occurrence of corruption. The allocation and division of power and decision-making into different government bodies makes it more difficult for ‘under-the-table’ transactions to occur.<sup>42</sup> The theoretical idea here is that decentralised governments are generally more transparent vis-à-vis their centralised counterparts. This transparency ensures that no single, unified government institution can make a decision without consulting with the other branches or departments of the government. Indeed, after decades of authoritarian rule in much of Latin America, nearly all of the countries within the region have undergone decentralisation in varying degrees.

Similar to the criticisms of centralisation, some scholars have argued that decentralisation breeds corruption. For example, by allowing local and state governments to make some of their own decisions without direct national oversight, corruption is more likely to occur.<sup>43</sup> From a national government view, corrupt opportunists could potentially have more luck in a decentralised government because there are more channels available. In other words, the expansion of powers also expands the number of politicians and bureaucrats that can be convinced to engage in corrupt schemes.

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<sup>42</sup> Ibid., 85.

<sup>43</sup> Ibid.

## *Modernisation*

Modernisation, as a cause of corruption, is widely found in literature. Although the ‘modernisationist’ theory is by no means new, I consider it to be a pertinent structural condition of corruption because it directly involves the state and its specific transition in taking on greater roles. Although some tenets of modernisation converge with certain aspects of the state-society theory, I shall include them within this section.

Modernisation, as described by Samuel P Huntington, causes corruption in three different, yet important, ways. The first involves:

...a change in the basic values of the society. In particular it means the gradual acceptance by groups within the society of universalistic and achievement-based norms, the emergence of loyalties and identifications of individuals and groups within the nation-state, and the spread of the assumption that citizens have equal rights against the state and equal obligations to the state ... Corruption is thus a product of the distinction between public welfare and private interest which comes with modernisation.<sup>44</sup>

Second, modernisation creates opportunities for corruption by establishing new ‘sources of wealth and power’.<sup>45</sup> As technological advances occur, foreign direct investment increases, and domestic industries begin to boom, a new class emerges. This superior (and often elite) class holds power because of its new ability to purchase political power. Thus, this corruption occurs at the intersection of public and private affairs. On the one hand, the poor working-class gives up its right to political participation for money. On the other hand, the elite engages in corruption by trading money for political power.<sup>46</sup>

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<sup>44</sup> Samuel P Huntington, “Modernization and Corruption,” in *Political Corruption: Concepts and Contexts*, ed. Arnold J Heidenheimer and Michael Johnston (New Brunswick, NJ: Transaction Publishers, 2002), 254.

<sup>45</sup> *Ibid.*, 255.

<sup>46</sup> *Ibid.*

Thirdly, and perhaps most importantly, modernisation increases corruption by way of the expansion of the government's authority and the 'multiplication of the activities subjected to governmental regulation'.<sup>47</sup> In particular, laws that affect 'trade, customs, taxes plus those regulating popular and profitable activities such as gambling, prostitution, and liquor, consequently become major incentives to corruption.'<sup>48</sup> What results in a highly corrupt society then, paradoxically, is that an increase in anti-corruption laws only 'serves to multiply the opportunities for corruption.'<sup>49</sup>

Perhaps what makes the concept of modernisation so academically interesting are the notions that modernisation, democratisation, and to an extent globalisation, are largely related. Some scholars postulate that modernisation inherently follows democratisation. Other scholars altogether dismiss modernisation as a vestibule for corruption, insisting instead that the concept of economic underdevelopment associated with modernisation is out-dated and too generalised to sufficiently prove causality.<sup>50</sup> The Mexican case, I believe, can benefit from at least some partial application of the modernisation theory in explaining corruption that increased especially within the period of the 'Mexican miracle' during the mid-20<sup>th</sup> century.

### **The State-Society Theory**

Causes of corruption that are linked to an imbalance between the state and society are well documented within corruption literature. The theory, in its most basic form,

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<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

<sup>49</sup> Ibid.

<sup>50</sup> Irma Sandoval-Ballesteros, *From "Institutional" to "Structural" Corruption: Rethinking Accountability in a World of Public-Private Partnerships*, Edmond J. Safra Working Papers, Edmond J. Safra Working Papers, 2013: 8-9.

argues that corruption stems from the state's 'virtual monopoly over opportunities for wealth and mobility', which results in corruption that is 'characterised by widespread extortion'.<sup>51</sup> The powerful advantage over the public by the state causes corruption by way of clientelism, instituting provisions for goods and services, diminishing public and political accountability, and questionable public expenditures.

### *Clientelism and Trust*

As outlined in the structural corruption theory, weak political institutions contribute to an environment that is conducive to corruption. It encourages participation by both the patrons and clients. Indeed, it is expected behaviour and private actors often participate because it is the only means available to gain access to specific goods or resources. Public expectations of corruption within the system diminish effective political institutions and perpetuate the lack of trust by citizens in these institutions.<sup>52;53</sup> This is an important concept because trust (or the lack thereof) is a 'major causal component underlying corruption' and is a particularly 'strong predictor of participation' in corruption.<sup>54</sup>

Trust, or often referred to as social capital within the literature, can act as mechanism for corruption by explaining degrees of relationships within a society. For example, a high level of social capital tends to increase institutional reliability and

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<sup>51</sup> Stephen D. Morris, *Corruption and Politics in Contemporary Mexico* (Tuscaloosa: University of Alabama Press, 1991), 42.

<sup>52</sup> Mauricio Morales Quiroga, "Corrupción y Democracia. América Latina En Perspectiva Comparada," *Gestión y Política Pública* 18, no. 2 (2009): 214.

<sup>53</sup> Jonathan Fox, "The Difficult Transition from Clientelism to Citizenship: Lessons from Mexico," *World Politics* 46, no. 02 (1994): 151.

<sup>54</sup> Luminita Ionescu, "Mexico's Pervasive Culture of Corruption," *Economics, Management, and Financial Markets* 6, no. 2 (2011): 184.

therefore reduce corruption. Oppositely, lower levels of social capital tend to promote corruption and decrease institutional reliability.<sup>55</sup> In many Latin American countries, including Mexico, a ‘narrow radius of trust produces a two-tier moral system’: a private and a public sphere.<sup>56</sup> The private sphere consists of family members and close personal friends, while the public sphere is comprised of public officials and strangers. Trust amongst family members is high but limited with regard to strangers in the public sphere. Thus, in familistic societies trust is often limited to a close network of people and does not extend to central authority, which allows for more opportunities for corruption. In fact, some members of society engage in corrupt activity for the sole purpose of supporting one’s family, whether or not it may be illicit or morally wrong.<sup>57</sup> This often occurs via patronage and clientelism.

The systematic institutionalisation of patron-client linkages within states continuously reinforces corruption. Within the system of political corruption, most often public actors represent the patrons and private actors are the clients. The patrons either control or have adequate access to certain goods or resources within an otherwise scarce market, which are subsequently ‘sold’ to clients, often in the form of bribery or extortion. However, extortion is different from bribery and the two should not be confused. Extortion is the ‘threat initiated by a government official to use illegitimately the power of government to withhold permissions and services an individual or an organisation is legally entitled and/or initiate illegitimate shut-downs, prosecutions, and even arrests unless that individual or organisation pays the government official the resources the

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<sup>55</sup> For more, see: Fukuyama’s *Trust* and Putnam et al in *Making Democracy Work*.

<sup>56</sup> Francis Fukuyama, *Social Capital and Civil Society* (IMF Washington DC, 1999).

<sup>57</sup> *Ibid.*

official demands'.<sup>58</sup> Bribery, on the other hand, is a payment to the patron, or government official, for a service, permission, or license that the to which client is legally entitled.

Thus, this is the nature of systematic clientelism.

Clientelism perpetuates the political problem of corruption—specifically one that reinforces a system of ‘domination and exploitation’ between patrons and clients—in that it allows parties to maintain power and dominance, as has been the historical case of the PRI.<sup>59</sup> Powerful government officials who have the ability to dispense goods and resources often do so for votes. This is not limited to individual officials; political parties in Mexico commonly engage in large-scale clientelistic operations. Indeed, votes can be bought and sold within the political market because of an imbalance between the state and society, which systematically then perpetuates economic inequalities between social classes. Clientelism is also a particularly sustainable practice in countries that have weak institutions, low political accountability, and an ineffective policymaking process.<sup>60</sup>

### *Provisional Goods and Services*

From both the public and private perspectives, corruption manifests itself in order to further objectives that otherwise would be more difficult or altogether impossible to achieve. For example, some public officials may utilise corrupt practises in the form of bribes that are imposed upon private citizens in order to receive public goods. These public goods can come in many forms, including but not limited to, permits, licenses, assistance, operational grants and funding. Moreover, because the state has so much

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<sup>58</sup> Richard P Nielsen, “Corruption Networks and Implications For Ethical Corruption Reform,” *Journal of Business Ethics* 42 (2003): 129.

<sup>59</sup> Manzetti and Wilson, “Why Do Corrupt Governments Maintain Public Support?” 953-954.

<sup>60</sup> *Ibid.*, 955.

power, businesses routinely are required to pay these ‘fees’ or risk closing their doors.<sup>61</sup> These public officials are often able to operate in such corrupt manners because of inefficient or non-existent institutional checks and balances. There are many incentives for the officials to behave in this manner—including maintaining power, political party dominance, financial kickbacks and acquisition of personal wealth.

### *Accountability*

Political accountability, or the lack thereof, can act as a cause for political corruption. Political accountability is a formal ‘relationship of oversight and/or sanctions of public officials by other actors’ that can ascribe the ‘right to demand answerability’.<sup>62</sup> This type of accountability allows for transparency and oversight into the policymaking process. Corruption seems to thrive, of course, in an environment where political accountability is limited and citizens are kept in the dark. In these circumstances, actions made by politicians and their associates are hidden from public record and not subject to public scrutiny.<sup>63</sup> This is a particularly common and frustrating occurrence within Latin America and certainly Mexico. When a political party has near-total control over a country’s institutional infrastructure, it makes power constraints difficult to implement. Politicians are, therefore, not likely to comply with requests or openly acknowledge criticisms with their policies. Although in recent years Mexico has tried to create more openness and transparency, the country still suffers considerably from a lack of political accountability.

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<sup>61</sup> Morris, *Corruption and Politics in Contemporary Mexico*, 52.

<sup>62</sup> Scott Mainwaring and Christopher Welna, eds., *Democratic Accountability in Latin America* (New York: Oxford University Press, 2003), 7.

<sup>63</sup> Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform*, 143.

The concept of accountability itself is rather broad. To what extent are government officials held to be accountable for their actions? Are there limitations to such accountability? Who are the actors that hold public officials accountable? Obviously these questions can have answers of varying degrees. For the purposes of this thesis, however, I identify two primary actors that hold government officials accountable. First, voters have the power to hold their elected officials accountable for their actions.<sup>64</sup> Second, state agencies can have the authority to question the accountability of government officials.<sup>65</sup>

The media is an important actor within governments that suffer from corruption. It is not always successful in creating public accountability, but journalists often provide more actual information to the public than government officials.<sup>66</sup> Because the media has the ability to influence the general public, they are also susceptible to governmental scrutiny and punishment. Indeed, the relationship between government and the press ‘typifies the state-society asymmetry’.<sup>67</sup> In Latin America, for example, the media most often shapes public opinion. Newspapers and radio programmes have historically been the outlets that have successfully exposed government corruption to the general public within various states across Latin America.<sup>68</sup> The media, however, does not always have the role of exposing corrupt régimes. Many historical instances exist that have shown that the media has assisted in maintaining and encouraging the public’s support for corrupt

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<sup>64</sup> Mainwaring and Welna, *Democratic Accountability in Latin America*, 8.

<sup>65</sup> *Ibid.*

<sup>66</sup> Many media outlets are controlled by the government, otherwise shutdown or denied permits to operate if they publish stories that are in opposition to the ruling party’s political objectives and economic policies. One such case example of this behavior is evident within modern Venezuela.

<sup>67</sup> Morris, *Corruption and Politics in Contemporary Mexico*, 54.

<sup>68</sup> For example: Collor in Brazil; Menem in Argentina; Fujimori in Peru; and, Salinas in Mexico.

governments by engaging in self-censorship.<sup>69</sup> Collusion between the corrupt régime and the media, therefore, can create faux accountability. Even in a free media climate, though, sufficient accountability is not likely if the government is ruling in an autocratic manner.<sup>70</sup> It is worth noting that collusion between government and the media should not be surprising. The media, in the broadest sense, is generally owned and operated by the wealthy elite. These elite members of society are very few and, as we have seen, are generally very well connected politically.

Independent agencies and non-profits, such as nongovernmental organisations (NGOs), have become important in monitoring corrupt government activity and creating accountability. However, in some corrupt régimes, ‘formal legal constraints may be high and members may be subject to surveillance and harassment’.<sup>71</sup> Nevertheless, NGOs, in conjunction with the media, can successfully act as a monitoring service for the public in many countries. Although a problem that NGOs, unlike the media, may face is co-optation. Some NGOs are chartered to assist in the implementation of public and social programs, for example. They may work with the government in assisting with housing or the administration of social assistance programs, which, in turn, creates an uneven reliance upon governmental grants and/or funds. In these cases, any direct outspokenness in opposition to corrupt practices by régimes can be hindered or altogether limited by their desire to continue operating. This can greatly reduce political accountability

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<sup>69</sup> Ibid.

<sup>70</sup> Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform.*, 167.

<sup>71</sup> Ibid., 168.

because, by the very nature of their existence, they ‘depend on cooperation with public officials.’<sup>72</sup>

### *Public Expenditure*

The state’s powerful ability to determine when and how public expenditure is to occur perpetuates the imbalance between state and society. When spending decisions are based on phony investment projects or the rechanneling of funds into extra-budgetary accounts that lack transparency, widespread corruption emerges.<sup>73</sup> Public ‘projects’ that may be contracted out to private businesses can occur for the purposes of ‘commissions’. Both parties can receive these so-called ‘commissions’. On the one hand, the government can outsource a hefty and well-funded public project to the private business that is the highest bidder, which often results in a ‘commission’ for the political actor. On the other hand, the government can assign a project to a private business or contractor in exchange for political support, thereby resulting in a financial ‘commission’ for the business.<sup>74</sup> This common exchange often results in the reduction of ‘productivity and has resulted in projects which would not have been justified on objective criteria of investment selection such as cost-benefit analysis’.<sup>75</sup>

Another common scheme relating to public expenditure is the usage of extra-budgetary accounts. These accounts are often established legitimately—pension funds, transportation funds, and healthcare accounts are examples. Some accounts, however, are established for the sole purposes of rechanneling funds for inappropriate and extra-

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<sup>72</sup> *Ibid.*, 169.

<sup>73</sup> Tanzi, “Corruption Around the World: Causes, Consequences, Scope, and Cures,” 12-13.

<sup>74</sup> *Ibid.*

<sup>75</sup> *Ibid.*, 13.

budgetary uses. These funds can come from foreign sale of domestic products (such as oil profits) or from other illicit monetary transactions.<sup>76</sup> What makes these accounts inherently troublesome is that they often lack transparency and are therefore not disclosed to the public.<sup>77</sup>

Finally, privatisation—as an economic reform—has the potential to benefit the government and society. However, it also provides opportunity for corruption. ‘The process of transferring assets from public to private ownership is fraught with opportunities for ... self-dealing. Corruption has frequently determined how the monopoly rents of the public firm are divided between bidders and the government.’<sup>78</sup> Indeed, during Mexico’s process of privatisation (under the hegemonic PRI era), it allowed for many politicians and business owners to earn billions of Mexican Pesos because of corrupt bidding practices, increasing the already high countrywide income disparity.<sup>79</sup> In the end, the consumers—the general public—were the biggest economic losers.

### *Régime Legitimacy*

Many studies have shown that régime legitimacy and corruption are correlated. Recent cross-national studies have shown that corruption diminishes legitimacy at both domestic and international levels.<sup>80</sup> Legitimacy is a strong determinant of corruption by way of interpersonal trust. Although interpersonal trust can be classified under the

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<sup>76</sup> Ibid.

<sup>77</sup> Ibid.

<sup>78</sup> Joseph S. Tulchin and Ralph H. Espach, eds., *Combating Corruption in Latin America* (Washington, D.C.: Woodrow Wilson Center Press, 2000).

<sup>79</sup> Louise Shelley, “Corruption and Organized Crime in Mexico in the Post-PRI Transition,” *Journal of Contemporary Criminal Justice* 17 (2001): 218.

<sup>80</sup> Seligson, “The Impact of Corruption on Régime Legitimacy: A Comparative Study of Four Latin American Countries,” 424.

cultural theory of corruption, it also represents an unequal balance between the state and society. Where interpersonal trust is high corruption tends to be lower, thus contributing to a stronger sense of régime legitimacy. Institutional trust and strength are high indicators for régime legitimacy, as we will see in chapter four. Research has shown that individuals who experience corruption are directly more likely to view the state as illegitimate.<sup>81</sup> Because political legitimacy is a component of state strength, it follows that corrupt states lack the institutional strength to effectively combat it.

### **Cultural Corruption**

The concept that corruption occurs as a result of cultural problems is not especially new within the study of corruption. It is often seen as the tertiary cause of corruption, after political and economic conditions. Cultural norms can certainly cause (or similarly deter) corruption and people indeed often ‘make distinctions between appropriate and inappropriate behaviour in terms of their own cultural norms’.<sup>82</sup> However, these norms vary by society and country. Some of the theoretical explanations for interconnectedness of culture, ethics, and corruption that I shall examine include bribery, power distance, individualism (or sometimes referred to as collectivism), uncertainty avoidance, and the masculinity-femininity dimension.

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<sup>81</sup> Ibid., 429.

<sup>82</sup> Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform*, 91.

## *Bribery*

Culturally, bribes and ‘gifts’ become burdensome on individual citizens, while lining the pockets of the demanders.<sup>83</sup> The reputation of the person giving in to the demands becomes one that is easy to manipulate. That is, the person demanding a bribe or ‘gift’ can readily rely on the responder to continuously give in to demands. Although, technically, bribery is illegal and gift giving is legal, there is a multitude of ways to get around such legalities. This is why reputation becomes so culturally significant for both actors within the process.<sup>84</sup> Expectations by clients, as seen in Table 1, are highly contingent upon the perceived reward, which affects the clientelistic culture of a state, especially within Mexico.

**Table 1. Payments by Clients or Customers**

	Quid pro Quo	No explicit quid pro quo
Payment to principal	Price	Gift
Payment to agent	Bribe	Tip

Source: Susan Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform* (New York: Cambridge University Press, 1999): 93.

Bribery, therefore, may indicate that a society’s culture has been structured in a manner that causes corruption:

For example, suppose an automobile company provides free repair service to those who purchase its cars. In practise, customers eager for good service bribe repairmen to provide speedy, high-quality work. The fact that the customer is better at monitoring the repairmen than the automobile company suggests that the service can be more efficiently provided by a contract between the customer and the

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<sup>83</sup> For more, see: Jane Fritsch, “A Bribe’s Not a Bribe When It’s a Donation,” *New York Times*, January 28, 1996.

<sup>84</sup> Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform*, 99.

repairman than by a contract between the repairman and the automobile company.<sup>85</sup> Advantageous scenarios such as this perpetuate cultural norms and societal expectations surrounding corruption. In other words, by cutting out the ‘middle man’ (the automobile company), consumers or clients can bribe agents (the repairmen) directly for personal gains or rewards. Bribes and gifts, as previously noted, cannot be confused when they pertain to a society’s culture. In both cases, neither the agent nor consumer can seek relief in court if a perceived wrong allegedly warrants it.<sup>86</sup>

Behaviours within a society can change over time. What was once considered taboo can become an accepted norm. This, too, can occur with corruption. Cities and states that were once clean from corruption can shift over time to become havens for corruption and clientelistic networks built around bribes and ‘gifts’. Culturally, this changes the impact of corruption by entrenching it into everyday life—from bribing authorities or agencies for a passport to paying a traffic cop to ‘forget’ about a parking ticket. It becomes the way of life.

### *Power Distance*

Power distance refers to ‘the extent to which the less powerful members of institutions and organisations within a country expect and accept that power is distributed unequally’.<sup>87</sup> Countries that have high power-distance levels are more likely to see increased corruption via paternalism (sometimes in forms of nepotism and favouritism)

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<sup>85</sup> Ibid., 94.

<sup>86</sup> Ibid., 96.

<sup>87</sup> Bryan W. Husted and Instituto Tecnológico y de Estudios, “Wealth, Culture, and Corruption,” *Journal of International Business Studies* 30, no. 2 (1999): 343.

because of the ‘dependence of subordinates on their superiors’.<sup>88</sup> Because of this dependent relationship, decisions within society tend to be made based on the ‘balance of favours and loyalty’ rather than merit.<sup>89</sup> This society is often quite hierarchical. The distance of power theory also explains the distribution of wealth within a society: the higher the power distance, the higher the unequal distribution of overall wealth. Oppositely, the lower the level of power distance, the more equal distribution of wealth.<sup>90</sup>

### *Individualism*

The individualism aspect, in terms of corruption, represents a measurement of the ‘extent to which decisions about a person’s life are determined by the individual or by the in-group—a person’s circle of family, friends, or peers.’<sup>91</sup> In individualistic societies government is often seen as practical in terms of utility. In highly individualistic societies corruption tends to be lower. However, dirty politics are still observed within individualistic societies but seen as inherent to the policymaking process. In some societies like the United State, for example, individualism is high, which can be expressed in the common concept of the ‘American dream’. This also perhaps explains why countries like the United States has lower levels of institutionalised and political corruption. In societies that do not have a high level of individualism, close social networks of family members and close friends can reinforce corruption.<sup>92</sup>

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<sup>88</sup> Ibid.

<sup>89</sup> Ibid.

<sup>90</sup> For more, see: Geert Hofstede. *Cultures and Organisations: Software of the Mind*. New York: McGraw Hill, 1997.

<sup>91</sup> Ibid., 344.

<sup>92</sup> For more, see: Robert D Putnam, Robert Leonardi, and Raffaella Y Nanetti. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton University Press, 1994.

### *Uncertainty Avoidance*

Uncertainty avoidance represents the ‘extent to which members of a culture feel threatened by uncertainty or unknown situations and reflects a certain intolerance for ambiguity’.<sup>93</sup> Corruption, therefore, can serve as a mechanism to reduce uncertainty. In societies that have high uncertainty avoidance, corruption is likely to be higher although not necessarily so. Citizens often resort to corrupt practises, like bribery, to secure a more certain result. Moreover, corrupt activities may be more likely seen as ethical in societies that have a high uncertainty index as opposed to cultures with low levels of uncertainty.<sup>94</sup>

### **Conclusion**

Corruption has been problematic within Mexico for over a century. It has, however, become more entrenched within daily life since the one-party rule by the PRI began. Institutional weakness and clientelism continue to be a troubling obstacle for the reduction of corruption. Political accountability remains low, albeit higher than in the past, which contributes to the institutionalisation of corruption. Clientelism and cronyism continue to be reliable methods by which politicians both acquire and retain power, at the greater cost of society at large. Politicians regularly are financially enriched while serving in office—even during the only legally allowed single term.

The theoretical explanations for the causes of corruption are plenty. In the case of Mexico it is quite possible that corruption is caused by a combination of the three theories that have been explored within this chapter. Perhaps the most integral link between the three theories is the concept that modernisation has caused corruption in

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<sup>93</sup> Ibid., 345.

<sup>94</sup> Ibid.

developing states. In theory, however, one would assume that modernisation is a transitory phase as it cannot be a never-ending process. It is hardly probable that Mexico has been fully 'modernised' based on its remaining high levels of corruption. On the other hand, however, Mexico has decentralised and delegated powers once historically maintained by the executive to other bodies of government. To what extent this has been successful is still being debated amongst scholars. Nevertheless, structural conditions—such as institutional weakness and an ineffective bureaucracy—in Mexico continue to reinforce institutionalised corruption.

In terms of culture, corruption can be viewed as a mechanism by analysing the theories of power distance, individualism, and uncertainty avoidance. Other societal factors, some of which have already been mentioned within this chapter, do also exist. A highly fragmented society in which social class and mobility is all but non-existent, poverty, discrimination, ineffective rule of law, unequal access to political participation, and high rates of unemployment can all contribute to rises in corruption. In sum, the level of 'civic-ness', interpersonal trust, and societal integration is a strong determinant of corruption within modern societies.

## CHAPTER III

### The Mexican Political System



**Figure 1. Map of Mexico.**

The political structure of Mexico has continued to evolve since gaining its independence from Spain. Like many other Latin American countries, Mexico has struggled with finding its national identity following the revolution. The political culture and processes of modern Mexico are indeed a reflection of its own vibrant, but at times troubled, history. A full and detailed history of Mexican politics is, however, beyond the scope of this thesis. Instead, a historical overview of the political processes, parties, actors, and branches of government shall be examined. Democratisation and the electoral process within Mexico are also relevant to the study of corruption. More recently, the continuing rise of narcoterrorism within certain areas of Mexico has provided even more opportunities for corruption. Therefore, it is important to understand how these aspects of Mexican politics contribute to the overall problem of persistent institutionalised corruption at the local, state, and national levels.

## The Politics of Accountability

Before discussion of the Mexican political system can begin, we must further define the political concept of accountability. There are two dimensions of accountability: horizontal and vertical, both of which have affected the history of the Mexican government. Horizontal accountability is related to the ‘effective operation of the system of checks and balances and with due process in governmental decision making’.<sup>95</sup> Vertical accountability concerns elections and other means by which citizens use to ‘control their government’.<sup>96</sup> In Latin America, and especially Mexico, horizontal accountability is very weak. Although decentralisation has divided power, the legislative and judicial branches are ‘not considered fully legitimate mechanisms for controlling or limiting the actions of a delegative executive and instead they are perceived as obstacles that hinder governmental effectiveness and undermine the will of the majority’.<sup>97</sup> What can and often results is a form of hyperpresidentialism.<sup>98</sup>

Vertical accountability within the region is similarly weak. If presidential candidates are elected based on platforms that are popular with citizens, and then abruptly shift their policy positions, it becomes near impossible for citizens to do anything about it. Likewise, weak horizontal accountability ensures that judicial or legislative intervention is not available. In other words, ‘if presidential authority cannot be tied to campaign promises or platforms, then the ground for electoral accountability

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<sup>95</sup> Catalina Smulovitz and Enrique Peruzzotti, “Societal Accountability in Latin America,” *Journal of Democracy* 11, no. 4 (2000): 148.

<sup>96</sup> Ibid.

<sup>97</sup> Ibid.

<sup>98</sup> See, for example: O’Donnell; Weldon.

disappears'.<sup>99</sup> Like many other Latin American countries, Mexico has struggled with achieving vertical accountability since its revolution.

I have included this discussion of accountability prior to examining the Mexican political system for a couple of reasons. First, Mexico has struggled under the PRI to achieve any real amount of horizontal accountability. Hyperpresidentialism and centralisation have proved to be problematic in doing so. Second, corruption is often higher in countries, like Mexico, where accountability has been historically low. This framework of accountability can explain to the reader why Mexico has continued to struggle with both democratisation and perpetual corruption.

### **The Path to Revolution**

In order to understand the evolution of Mexican politics in the twentieth century, one must understand the politics left behind by the régime of Porfirio Díaz. Serving for nearly three decades as president of Mexico, under what is known as the *Porfiriato*, Díaz was successful in certain ways. Indeed, Mexico saw enormous economic growth. High levels of foreign direct investment occurred in conjunction with undertaking major mining and railroad construction. However, Díaz also reinforced the practice of paternalism that dominated Mexican politics in both the pre-colonial and colonial periods.<sup>100</sup> Until Díaz was overthrown from power, at the beginning of the Mexican Revolution, he routinely appointed officers whom he had military experience with to serve in many of the national political offices.<sup>101</sup> Furthermore, in giving these prominent positions to members of the elite, Díaz 'closed paths of upward social mobility to less-

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<sup>99</sup> Ibid., 149.

<sup>100</sup> Camp, *Politics in Mexico: The Democratic Transformation*.

<sup>101</sup> Ibid., 37.

favoured groups, especially to the mestizo middle-class.<sup>102</sup> This created a structure of governance that created persistent corruption at all political levels, which would continue to dominate Mexico throughout the twentieth century.

Although economically successful, the political system in which Díaz employed was highly flawed. Not only was it institutionally underdeveloped, the widespread practice of paternalism prevented political legitimacy.<sup>103</sup> On the one hand, because the Porfiriato consisted of cronies that had strong allegiance to Díaz, internal stability was quite high. On the other hand, however, the allegiance that many appointees had to Díaz allowed for the exploitation of political offices for personal gains. Indeed, these political offices were widely seen as a means to enrich personal wealth at the expense of societal progress.<sup>104</sup> Such hindrance of societal progress would continue throughout the twentieth century under the rule of the PRI in post-revolutionary Mexico.

By the start of Díaz's third term, he had unprecedented control of national elections. And although he is now widely considered to have been a dictator, he continued to hold regular national elections. In holding elections, he appeared to be democratic. However, in reality, its sole purpose was to renew loyalty to him from his successful supporters. Once again, for their continued loyal support, they were rewarded with more appointments—some officeholders even being made the head of multiple national offices—or various forms of financial kickbacks. Such appointments to national offices also contributed to the steady expansion of the federal bureaucracy: government

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<sup>102</sup> Ibid., 38.

<sup>103</sup> Ibid., 39.

<sup>104</sup> Ibid.

payroll grew by at least 900 per cent between 1876 and 1910.<sup>105</sup> By 1910, however, the *Porfiriato* would be diminishing and the Mexican Revolution would be well underway.

The importance of understanding the successes and failures of Porfirio Díaz's régime cannot be discounted when studying the general effects of persistent corruption within Mexico. First, the *Porfiriato* demonstrated that long-term control of the state by a single person via cronyism was indeed possible, which paved the way for single-party rule under the PRI. Second, although the Mexican economy flourished during Díaz's rule, severe impoverishment simultaneously occurred within the rural areas of Mexico as communal lands were privatised and sold to the elites who were loyal to the *Porfiriato*. Thus, the abuse of power at the provincial levels reinforced a tradition of corruption for personal gains and political underrepresentation for the lower classes. Finally, the *Porfiriato* demonstrated the power that was readily wielded at all levels of the government. However, this kind of institutional power should not be confused with effectiveness. Horizontal accountability was all but non-existent. Institutional underdevelopment and a highly centralised and inefficacious government, in conjunction with a rise in nationalism, ultimately led to the collapse of Díaz's régime and the beginning of the Mexican Revolution.

### **Federalism, Decentralisation and Hyperpresidentialism**

Although there is a general understanding within the social sciences as to what federalism entails, Mexico is an exceptional case. After the collapse of the Díaz régime, the Revolution of 1910—which was to last, off and on, for the next decade or so—

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<sup>105</sup> *Ibid.*, 38.

concerned notions of federalism, decentralisation, and the necessary separation of powers. After the autocratic and lengthy rule of Díaz, Mexicans rebelled and seemed ready for a new democratic political system; this came in the form of the Constitution of 1917, which is the current constitution of Mexico. However, the paradoxical features of federalism in the case of Mexico are what make it so exceptional. Even after federal reforms, it remains one of the most highly centralised governments in the world.<sup>106</sup>

Under the Constitution of 1917, federalism and the formal separation of powers were established, but as the ‘one-party system developed, power became increasingly centralised in the hands of the president’.<sup>107</sup> The *de facto* head of the ruling party is the president of Mexico. The president, as the head of the federal government, has the ability to wield great power and influence over the use and distribution of the country’s resources, taxation, education, work, agriculture, and many other aspects of Mexican politics and its economy.<sup>108</sup> Although the separations of powers were declared, in reality horizontal accountability was non-existent.

The concepts of federalism and decentralisation imply a federation of states with some autonomy independent from federal intervention. For example, in the United States, states have the ability to elect their own governors as their regional heads of state and decision makers. Conversely, in Mexico under the hegemonic one-party rule of the PRI, governors essentially became presidential representatives, answering to and working

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<sup>106</sup> Yemile Mizrahi, “Mexico: Decentralization from Above,” in *Decentralization and Democratic Governance in Latin America*, ed. Joseph S Tulchin and Andrew Selee (Washington, D.C.: Woodrow Wilson International Center for Scholars, Latin American Program, 2004), 137–165.

<sup>107</sup> Caroline C Beer, “Invigorating Federalism: The Emergence of Governors and State Legislatures as Powerbrokers and Policy Innovators,” in *The Oxford Handbook of Mexican Politics*, ed. Roderic Ai Camp (New York: Oxford University Press, 2012), 119–142.

<sup>108</sup> Mizrahi, “Mexico: Decentralization from Above.” 140.

directly for the president and thereby the federal government. Moreover, gubernatorial positions were largely seen as ceremonial within the fractured theoretical federation.<sup>109</sup> The president of Mexico had substantial influence as to who was governor and further had the political power to remove any governor at his discretion. During the years of PRI dominance, fewer governors were removed from office, which demonstrates the hegemonic control of the party. As Table 2 below illustrates, loyalty to the president and the party remained consistent during the PRI years with few governors being removed from office. This indicates subservience to the president’s authority by the governors of the states.

**Table 2. Number of Governors Removed by President**

President	Number Removed
Cárdenas, 1934-1940	17
Ávila Camacho, 1940-46	5
Aléman, 1946-52	9
Ruiz Cortines, 1952-58	5
López Mateos, 1958-64	3
Díaz Ordaz, 1964-70	1
Echeverría Alvarez, 1970-76	6
López Portillo, 1976-82	2
de la Madrid, 1982-88	4
Salinas de Gortari, 1988-94	16
Zedillo, 1994-2000	7

*Source:* Data from Caroline C. Beer, “Invigorating Federalism: The Emergence of Governors and State Legislatures as Powerbrokers and Policy Innovators,” Table 6.1.

<sup>109</sup> Beer, “Invigorating Federalism: The Emergence of Governors and State Legislatures as Powerbrokers and Policy Innovators.” 121-122.

Due to a ban on re-election, governors relied on presidents for jobs within the national bureaucracy at the end of their terms. This presented little incentive to dissent with the president regarding his policies, demands, or formal requests.<sup>110</sup>

The fundamental characteristic of a system in which hyperpresidentialism is employed is that the president retains control over most of the branches of government. He further exerts power and influence in order for his party to remain in power. As illustrated above, governorships operated historically under the umbrella of the presidency and this was an important function of one-party governance. Most governors had few professional ties to the states in which they governed. Most were educated at a university in Mexico City, studied law, and had served in the federal Chamber of Deputies.<sup>111</sup> Most governors had not served in the local congress or as a mayor in the state in which they governed.<sup>112</sup> The official duties of governors were few, with most directed by the president to simply maintain ‘the peace in their state and deliver the vote for the PRI during elections’. Furthermore, ‘through their allegiance to the party, governors surrender[ed] the autonomy of their states to the federal government, or, more precisely, to the president’.<sup>113</sup> However, it was not solely allegiance and his role as party chief, the president exerted most of his authority through federal control of the states’ finances and taxation.<sup>114</sup> Therefore political disagreement with the executive or the ruling party could result in a loss of local financial support and most certainly the end of one’s political career.

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<sup>110</sup> Ibid., 123.

<sup>111</sup> Ibid., Table 6.2.

<sup>112</sup> Ibid.

<sup>113</sup> Ibid., 123.

<sup>114</sup> Ibid.

If the president's influence extended to the governors, it likewise then reached state legislatures. During the period of one-party rule, governors would propose state legislation (within the parameters of the presidential agenda) and the legislature would meet to approve it, often without reading it. One study illustrates this process by using an example from the state of México:

...from 1929 to 1975 [a study] finds that the vast majority of the legislation was proposed by the governor. In many years the legislature proposed no legislation at all. Moreover, in twenty-one of the years from 1930 to 1975 the legislature approved the state's budget the same day the governor presented it (presumably without even reading it). In only one year did the legislature take more than ten days to review the budget before approving it.<sup>115</sup>

Governors continued to represent the president's interests at the state level. Likewise, state legislatures represented the governor's interests at both the state and local levels. Consequently, legislators rarely disagreed with their governors. The ban on consecutive re-election had the same political limitations at the legislature level: legislators were reliant upon governors for nominations to other positions within the bureaucracy once their terms concluded. This meant that governors rarely had to use their right of veto power, as this would imply dissent within the legislature, which was all but unheard of.<sup>116</sup>

In stark contrast to the characteristics of governors, state legislators had far fewer professional qualifications, which had been quite consistent throughout the twentieth century. For example, in 1998, only 82 per cent had completed some college education; most were not educated in Mexico City, instead being educated within their home states;

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<sup>115</sup> Ibid., 126.

<sup>116</sup> Ibid., 127.

less than thirty per cent studied law; and less than ten per cent studied either education, accounting, or business.<sup>117</sup>

### **The Legislative Branch**

The Congress of Mexico is bicameral, consisting of a lower house and upper house, known as the Chamber of Deputies and Senate, respectively. Deputies serve for three years, while senators serve for six-year terms. Many reforms have been made in recent decades and, as a result, a multi-party system has emerged. The Chamber of Deputies currently has 500 seats, of which 300 represent districts and 200 represent political parties. The Senate has a total of 128 seats: 2 from each state and the Federal District, totalling 64. An additional 64 seats were added in 1994, of which 32 are assigned to the party that receives the second-highest vote count from each state and the Federal District. An additional 32 seats are assigned in the form of national proportional representation. Many committees, quite similar to those present within the United States Congress, exist in both houses. However, because Mexican law prohibits consecutive re-election of deputies and senators, seniority does not exist within the legislature. This ban was put into place because of monopolisation of power by the PRI, which allowed for executive control of the legislature.

The idea of hyperpresidentialism is not solely limited to the overreaching power extended to the states. The legislative branch within Mexico has historically been highly influenced by the executive. Since the executive is the party leader, most congressional work was traditionally passed at his behest and with little internal conflict. In fact, for

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<sup>117</sup> Ibid., Table 6.3.

most of the twentieth century, a multi-party system within the national legislature was all but non-existent. Until 1997, the PRI held over 90 per cent of the seats in the Chamber of Deputies, and until 1988, all seats within the Senate.<sup>118</sup> Conventional wisdom has demonstrated that the PRI members occupying these seats traditionally had little input regarding decision-making.<sup>119</sup> They were nothing more than an extension of the executive, guided by party directives. Although congress could have technically rejected presidential initiatives, this was almost unheard of, and consequently, the majority of legislation presented was passed, as Table 3 below illustrates.<sup>120</sup> Furthermore, the number of bills presented was historically low until the multi-party system emerged in 1997.

<b>Table 3. The Role of the Mexican Executive Branch in the Legislative Process</b>		
Measurements of Activity	1994-1997 Legislature	1997-2000 Legislature
Bills Presented	274 (N)	677 (N)
Average bill per deputy	0.36	1.14
Deputy success rate	16.2	21.2
Executive success rate	99.0	90.0

*Source:* Adapted from Roderic Ai Camp, *Politics in Mexico: The Democratic Transformation*, 4th ed. (New York: Oxford University Press, 2003), Table 7-1.

Notwithstanding the recent legislative reforms, structural decision-making is still rather limited. The executive remains more involved and influential in agenda and policy setting, albeit slightly less since the emergence of a multi-party congressional system. As previously mentioned, many critics assert that the ban on consecutive re-election must be lifted in order to shift the power of decision making to the legislature. On the other hand,

<sup>118</sup> Camp, *Politics in Mexico: The Democratic Transformation*, 175.

<sup>119</sup> Ibid.

<sup>120</sup> Jeffrey Weldon, "The Political Sources of Presidentialismo," in *Presidentialism and Democracy in Latin America*, ed. Scott Mainwaring and Matthew Soberg Shugart (Cambridge: Cambridge University Press, 1997), 237.

however, limits on consecutive re-election can create some vertical accountability within the state. Some of the reforms enacted have indeed strengthened congressional autonomy, but the presence of opposition parties inevitably promotes internal gridlock. Such gridlock, as we will see in a later chapter, has negative consequences for the success of anticorruption measures and, likewise, promotes internal corruption.<sup>121</sup>

### **The Judicial Branch**

Like the national legislature, the Mexican judiciary has historically been weak in power and effectiveness relative to the executive. It often operated to ‘sustain the authoritarian system as a pillar of presidentialism’ in a subordinate capacity, with low levels of accountability.<sup>122</sup> Moreover, unlike the United States Supreme Court—which has ventured into issues concerning the constitutionality of legislation enacted by congress—the Mexican Supreme Court did not historically question or intervene in political matters. Under President Zedillo, however, the court and its operating procedures were reformed. While the reforms indeed created more transparency, it is primarily confined to the national level. Local and state courts still experience high levels of corruption and misuse of power by judges, prosecutors, and police officers.<sup>123</sup> Such corruption has often made it problematic for ordinary citizens to seek relief or utilise the courts to protect his or her rights.<sup>124</sup> The corruption that persists within the courts and its related consequences shall be examined in the next chapter.

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<sup>121</sup> Stephen D. Morris, *Political Corruption in Mexico: The Impact of Democratization* (Boulder, CO: Lynne Rienner Publishers, 2009), 37.

<sup>122</sup> *Ibid.*, 41.

<sup>123</sup> Camp, *Politics in Mexico: The Democratic Transformation*, 180.

<sup>124</sup> *Ibid.*

The willingness of the court to intervene in electoral matters has also evolved since the end of the PRI's consolidation of power. While high levels of electoral fraud and burning of ballots marked the Mexican general election of 1988, in which the PRI ultimately retained power, Mexican electoral courts were unwilling to intervene.<sup>125</sup> However, in the contentious election of 2006, the electoral courts were more engaged in mediating a reasonable resolution between candidate disputes (most notably brought forth by Andrés Manuel López Obrador) as result of institutional reforms. This intervention by the courts ensured the rule of law and effectively 'quell[ed] citizen unrest'.<sup>126</sup> In the end, the court ordered recounts of nine per cent of the overall ballot boxes within certain jurisdictions, and despite López Obrador's claims, found no evidence of voter fraud.<sup>127</sup>

### **Electoral Politics and Parties**

Electoral politics of Mexico, as briefly introduced in the preceding section, have evolved in terms of political participation since the mid-1970s. During this time and leading up to the 1988 and 1994 presidential elections, support and legitimacy for the PRI were steadily declining among the general population. Indeed many of the party's original and lifelong supporters were beginning to question its monopolisation of power. To combat this, the PRI introduced a series of electoral reforms that would strengthen its opposition. In reality, its goals were to only strengthen its opposition in order to create more legitimacy for the party, without actually allowing for an opposition victory.<sup>128</sup>

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<sup>125</sup> Todd A. Eisenstadt and Jennifer Yelle, "Ulysses, The Sirens, And Mexico's Judiciary: Increasing Precommitments to Strengthen the Rule of Law," in *The Oxford Handbook of Mexican Politics*, ed. Roderic Ai Camp (New York: Oxford University Press, 2012), 228.

<sup>126</sup> Ibid.

<sup>127</sup> Ibid., 217.

<sup>128</sup> Camp, *Politics in Mexico: The Democratic Transformation*, 186.

While these reforms did in fact strengthen opposition parties, the PRI retained power. The *Partido Acción Nacional* (PAN) steadily gained more representation within both the Senate and Chamber of Deputies, but more importantly, began to gain critical elections in local- and state-level government posts, including important state capitals.<sup>129</sup> In order to regain these losses, the PRI began using techniques such as ‘missing ballot boxes, duplication of registered voters, counting votes of citizens who had not voted, last-minute disqualifications of opposition poll watchers, and last-minute changes in the location of polling booths’.<sup>130</sup> Some of these same tactics once again surfaced during the 1994 general election when the PRI was found to have violated the secrecy of ballots in at least 39 per cent of polling stations.<sup>131</sup>

The 1988 presidential election took place at record low rate of legitimacy for the PRI.<sup>132</sup> Although some questioned the results, the PRI’s candidate Carlos Salinas de Gortari won the presidency. In 1994, the political landscape was shifting even more so than in the previous election. The results of the presidential election were highly anticipated in Mexico and abroad. The election clearly solidified the PAN as Mexico’s second political party and although the PAN did not win the presidency, a record 78 per cent of registered voters voted in the election.<sup>133</sup> This indicated that widespread and unshakable support for the hegemonic PRI was losing steam.

The real moment of electoral evolution in Mexico occurred in the 2000 presidential election, in which Vicente Fox—a PAN candidate—won. After 71 years of

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<sup>129</sup> Ibid., 189.

<sup>130</sup> Ibid.

<sup>131</sup> Chin-Shou Wang and Charles Kurzman, “The Logistics: How to Buy Votes,” in *Elections for Sale: The Causes and Consequences of Vote Buying*, ed. Frederic Charles Schaffer (Boulder, CO: Lynne Rienner Publishers, 2007): 76.

<sup>132</sup> Camp, *Politics in Mexico: The Democratic Transformation*, 192.

<sup>133</sup> Ibid., 194-195.

uninterrupted rule of the presidency and most of the states, the PRI was defeated. This was a landmark victory for the PAN. Perhaps the most ‘influential long-term element of the PAN victory is the electorate’s gradual move to the centre-right’ and, nationally, Mexico was seemingly experiencing the greatest ideological shift in recent years.<sup>134</sup>

Mexico’s third major political party, the PRD, has not won a presidential election in its history. However, if the most recent presidential election in 2012 is any indication of its viability, the PRD may have presidential potential. Although Enrique Peña Nieto, of the PRI, won the presidency, he was by most accounts only narrowly victorious against the PRD candidate Obrador. The PRD, founded in 1989 by Cuauhtémoc Cárdenas ideologically represents the centre-left to left mainstream party within Mexico and its stronghold is based (as of 2014) in southern and central Mexico and most notably within Mexico City.

In studying Mexican political parties one must realise that opposition parties, at least in theory, should reduce corruption. Similarly, nongovernmental organisations, such as the Federal Electoral Institute (IFE) have evolved within the political arena in hopes of reducing electoral fraud and corruption while creating more transparency and societal accountability.<sup>135</sup> This agency has been instrumental in guaranteeing free and fair elections. This indicates that Mexico is transitioning, albeit rather slowly, toward a more open and free electoral process. While opposition parties in Mexico have not historically been important—at least not greatly so during the PRI era—due to some of the aforementioned electoral reforms, politics are indeed changing.

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<sup>134</sup> Ibid., 204.

<sup>135</sup> The IFE was dissolved in 2014 under President Enrique Peña Nieto’s administration. In its place now is the National Electoral Institute (INE).

## **Conclusion**

Although challenges to democratisation are still present, the processes of Mexican politics have steadily evolved since the Mexican Revolution. Since the 2000 election no party has a hold on political powers, as was the case of the PRI hegemony. This could indicate that solid party loyalty and trust in Mexico is all but non-existent.<sup>136</sup> Perhaps Mexico's ban on presidential re-election after one term contributes to the contentious national elections, as one party cannot necessarily accomplish all it has promised within its platform. Nevertheless, the presidency continues to represent a very important electoral victory for any party because of some of the hyperpresidentialism effects that still linger in Mexico. The struggle for horizontal and vertical accountability still persists in Mexico, which could explain why corruption continues to be problematic.

While this chapter is by no means exhaustive in terms of Mexico's political history, it provides the reader with at least a basic knowledge of some of the more relevant components of Mexican politics. The politics of corruption do not develop overnight; it is from history that corruption becomes integrated into society and its institutions.

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<sup>136</sup> Ibid., 211-212.

## CHAPTER IV

### Measuring Corruption and Public Opinion in Mexico

In order to assess the overall effects and consequences of corruption one must study it in an empirical method. This has only recently entered the scholastic arena, as for many years the empirical study was just not possible due to lack of sufficient studies conducted. How does one study something that is illegal and often hidden from the public? The study of corruption, therefore, has primarily been concentrated on the qualitative aspect. This section shall address these measures of corruption with respect to its quantitative study, whereas the second chapter examined the causes of corruption in a qualitative manner.

Theoretical concepts that are often introduced and explored within literature on corruption and the Mexican political system are *perceptions* and *participation*. These two variables are often empirically utilised in order to study and measure various corruption levels. Some scholastic research maintains that the two are mutually reliant, while other research suggests that they are actually two different concepts altogether. A third concept, *patterns*, has also been introduced to explain that both *perceptions* and *participation* reflect ‘different types and patterns of corruption’ within a system and are largely unrelated to one another.<sup>137</sup>

Perception is the ability for an individual to perceive that corruption exists within society and often to what extent. It should be noted, however, that perception does not equate to actual corruption. Perception, nevertheless, is a key component in studying

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<sup>137</sup> Stephen D. Morris, “Disaggregating Corruption: A Comparison of Participation and Perceptions in Latin America with a Focus on Mexico,” *Bulletin of Latin American Research* 27, no. 3 (2008): 392.

corruption. Questions that may be posed, in order to ascertain the perceived levels, may be general (such as, ‘how corrupt are politicians?’) or rather specific (‘how corrupt is the judiciary? The Mexico City Police?’).<sup>138</sup> This line of questioning is fairly standard within the literature and can indeed be indicative of a broader, more generalised consensus amongst citizens that corruption is part of the political and economic culture.<sup>139;140</sup>

Perception of corruption is especially of value for the study of corruption because of the conclusions that can arise. Indeed, perception and régime legitimacy are highly correlated. In other words, as perception increases, régime legitimacy often decreases. Moreover, high perceptions of corruption increase the level of the public’s distrust in the government and its institutions. Finally, *perceptions* is an important mode of study because it is highly unlikely that top-level government officials will admit to any corrupt activity or wrongdoing. To be sure, even ordinary citizens that deal with the political system can provide more reliable evidence than elected or appointed public officials.

*Participation* is a measure that ‘concentrates on people’s direct experience with or participation in corruption’.<sup>141</sup> As noted, perceptions of corruption does not equate to actual participation (i.e., paying a bribe). Nevertheless, it is an important variable to analyse. Participation rates are statistically lower than those of perceptions.<sup>142</sup> One reason for this could perhaps be that Mexicans are less willing to admit to having engaged in

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<sup>138</sup> Ibid., 390.

<sup>139</sup> Ionescu, “Mexico’s Pervasive Culture of Corruption,” 183.

<sup>140</sup> Canache and Allison, “Perceptions of Political Corruption in Latin American Democracies,” 108.

<sup>141</sup> Morris, “Disaggregating Corruption: A Comparison of Participation and Perceptions in Latin America with a Focus on Mexico,” 390.

<sup>142</sup> Morris and Klesner, “Corruption and Trust: Theoretical Considerations and Evidence From Mexico,” 1267.

corrupt activities, paid *mordidas*, or accepted clientelistic gifts. However, that is not to say that more Mexicans do not actually participate in corrupt behaviours.

Although participation and perception are two entirely different concepts, they are often related in terms of overall study. For example, two-thirds of Mexicans believe that, given the opportunity, their fellow citizens, politicians, and bureaucrats would take advantage of them. Thus, because they have a heightened perception of corruption, they are more likely to believe that others are willing to or actively engaging (or *participating*) in corrupt activities. Again, this does not provide a conclusive measurement of literal participation: simply believing that others are opportunistic does not mean they will actually act upon such inclinations. Similarly, it is even more difficult to measure high-level corruption rates because high-level officials are not likely to admit to participating in corrupt schemes or activities. Therefore, most measurements of participation focus on low-levels of petty corruption (i.e., bribery) within the system.<sup>143</sup>

Corruption can occur cyclically and can morph into other forms. This can occur generationally or simply with changes in the political powers of régimes. This is the concept of analysing and measuring *patterns* of corruption. Moreover, it studies how corruption changes, if at all, directionally. Additionally, by ‘differentiating shifting patterns, it is possible to find that growth of certain types of corruption may play a much greater role in shaping overall perceptions of corruption’ within the political system.<sup>144</sup> Consequently, by studying the various patterns of cyclical corruption within the

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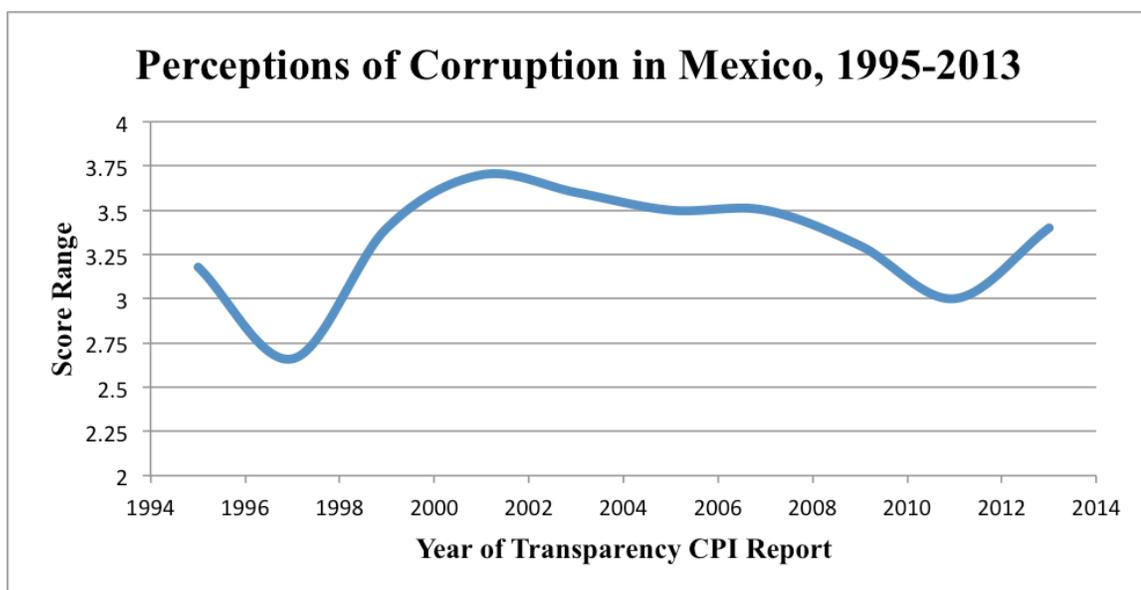
<sup>143</sup> Morris, “Disaggregating Corruption: A Comparison of Participation and Perceptions in Latin America with a Focus on Mexico,” 392.

<sup>144</sup> Stephen D. Morris, *Political Corruption in Mexico: The Impact of Democratization* (Boulder, CO: Lynne Rienner Publishers, 2009): 15.

government and society, it is possible to better understand both perceptions and participation.

## **Perceptions**

*Perceptions* of corruption is how pervasive corruption is perceived to be by the individual. These studies often rely heavily on polls conducted in various states in reaching their overall conclusions. As with any subjective measurement, bias can be problematic. The Corruptions Perceptions Index (CPI), published annually by Transparency International, is the most widely used gauge to scholastically measure and study corruption. The CPI ranks and assigns countries scores based on polls of perceived levels of national corruption. Figure 1 shows the scores of Mexico within the CPI from 1995 to 2013. A score of 10 represents a very clean state, while a score of 0 represents a highly corrupt state. As Figure 1 depicts, Mexico has remained relatively stagnant in its score. Moreover, Mexico was ranked 106 out of 177 scored nations in 2013 in terms of overall corruption, which indicates a presence of medium-high to high levels of corruption.



**Figure 2. Perceptions of Corruption in Mexico, 1995-2013.** *Source:* Adapted from data from Transparency International. Corruption Perceptions Index, 1995-2013.

Perceptions of corruption can be affected by a variety of factors, but notably by ‘low levels of interpersonal trust, a willingness to allow corruption in return for politicians doing good things, real participation in corruption, a lack of trust in the police, poor assessments of the economic situation facing the country, and sex (male)’.<sup>145</sup> Perceptions of corruption also further influence citizens’ opinions regarding the roles of institutions and their helpfulness in fighting corruption in Mexico. Table 4 indicates which institutions played the strongest roles in combatting corruption, with 10 being most helpful and a score of 1 being the least. According to the data, Mexicans perceive family to be the single strongest institution, which is ‘indicative of corruption as a cultural problem’.<sup>146</sup> As expected, political parties, government, and the police scored toward the lower end of the scale, averaging 4.71.

<sup>145</sup> Morris, *Political Corruption in Mexico: The Impact of Democratization*, 158.

<sup>146</sup> *Ibid.*, 143.

<b>Table 4. Role of Institutions in Fighting Corruption, 2003</b>	
Institution	Helpfulness in Fighting Corruption
Family	8.15
Military	6.85
Teachers	7.04
Church	6.45
Media	6.50
Government	5.23
International organisations	5.48
Business	4.86
Police	4.51
United States	4.42
Unions	4.56
Political parties	4.39

*Source:* Adapted from Stephen D Morris, *Political Corruption in Mexico: The Impact of Democratization* (Boulder, CO: Lynne Rienner Publishers, 2009), 143.

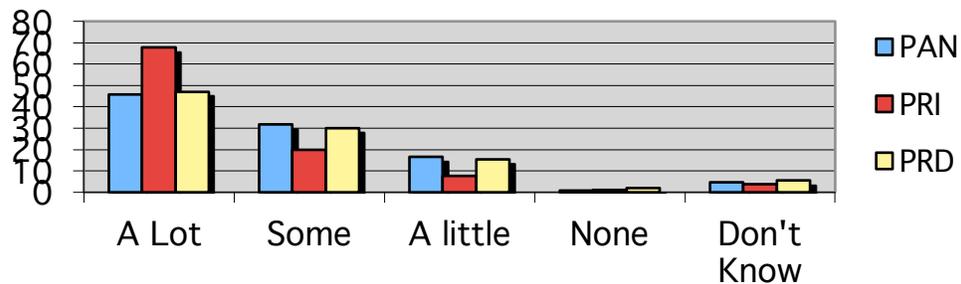
In regard to perceptions of corruption by political party, Figure 2 shows that in 2004 the PRI, as a percentage of responses, were widely regarded as the most corrupt party within Mexico. Furthermore, supporters of the PRI candidate in 2000 and the party in 2003 ‘were significantly less likely to deem corruption as the nation’s major problem compared to PAN and PRD supporters’.<sup>147</sup> Respondents in PRI-controlled areas also were more likely to agree that politicians could ‘take advantage of their positions’ which indeed may be representative of the higher rates of poverty within these strongholds.<sup>148</sup> Overall, several scholarly reports have indicated that statistically supporters of the PRD are more likely to perceive the greatest levels of institutionalised corruption.<sup>149</sup>

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<sup>147</sup> Ibid., 150.

<sup>148</sup> Ibid.

<sup>149</sup> Morris, “Disaggregating Corruption: A Comparison of Participation and Perceptions in Latin America with a Focus on Mexico,” 400.



**Figure 3. Perceptions of Corruption by Political Party, 2004**

Source: Adapted from Stephen D Morris, *Political Corruption in Mexico: The Impact of Democratization* (Boulder, CO: Lynne Rienner Publishers, 2009), 143.

Empirical studies of perceptions of corruption can statistically explain certain correlations, but it also has the possibility to shift or change over time. Such is the case with quality of democracy in Mexico. In a 2005 study that analysed satisfaction with democracy along with the perception that all politicians are corrupt found, as perhaps expected, the more one perceives (or believes) that all politicians are corrupt were less (or not at all) satisfied with the quality of democracy.<sup>150</sup> However, satisfaction with democracy indeed improved for those that believed corruption had lessened since the prior year. Conversely, those indicating an increase in corruption still regarded democracy as unsatisfactory.<sup>151</sup> Although these statistical tendencies are in line with mainstream academic attitudes regarding corruption, it does indeed demonstrate that

<sup>150</sup> Morris, *Political Corruption in Mexico: The Impact of Democratization*, 157.

<sup>151</sup> *Ibid.*, 154-155.

corruption has the potential to undermine or altogether threaten the continuity of democracy.<sup>152</sup>

## **Participation**

Real participation in corruption is difficult to empirically measure. First, high-level corruption is all but immeasurable due to the fact that it is usually privately conducted and not made public knowledge. In other words, these measures of participation ‘tap real acts of corruption, but refer almost exclusively to petty levels of bureaucratic corruption since it is only at this level where the average citizen might engage in a corrupt act’.<sup>153</sup> Second, generalised perceptions of corruption can affect answers from polled respondents regarding their participation or involvement in corrupt acts (and vice versa). Third, some people are unwilling to admit to engaging in corruption with public officials. Finally, quite often questions used by polling agencies are generalised and limited with regard to time patterns of participation.<sup>154</sup> For these reasons, participation based measures are not as popular as perceptions based methodology within the literature.

As Table 5 indicates, more people claimed to have actually witnessed a bribe than paid one. Thus, perceptions of corruption outweigh the actual participation in corruption. However, the questions used tend to be general and, again, limited with respect to the exposure of time. Not every polled respondent could have possibly had interaction with police or even the courts and this, in turn, potentially affected the end results of the polls.

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<sup>152</sup> Ibid., 155.

<sup>153</sup> Morris, “Disaggregating Corruption: A Comparison of Participation and Perceptions in Latin America with a Focus on Mexico,” 392.

<sup>154</sup> Morris, *Political Corruption in Mexico: The Impact of Democratization*, 166.

Generally, however, males aged between 30 and 49 that live in the Greater Mexico City Area are statistically more likely to participate in corruption (through paying bribes, for example).<sup>155</sup> Furthermore, those with a higher socioeconomic status (higher education and higher income), as expected, are more like to pay bribes or experience bribery because of their exposure to public officials while conducting business.<sup>156</sup>

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**Table 5. Participation in Corruption, 2004**

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***Bribe Requested***

- Has a police requested a bribe from you within the last year? (n=1,545)  
     Yes 18%      No 82%

***Bribe Witnessed***

- Have you seen anyone bribe a police within the last year? (n=1,542)  
     Yes 39.1%      No 60.9%

***Bribe Paid***

- Have you had to pay a bribe in the courts during the last year? (n=422)  
     Yes 13.5%      No 86.5%
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*Source:* Adapted from Stephen D Morris, *Political Corruption in Mexico: The Impact of Democratization* (Boulder, CO: Lynne Rienner Publishers, 2009), 162.

The overall effects produced in statistically studying participation, although perhaps confusing, is that régime legitimacy is undeniably affected. While participation measures generally show lower values than perceptions measures, it is nevertheless an important tool that can produce significant results showing the levels of individual experience with corruption. Indeed, although the rates of participation in Mexico have been declining in recent decades, it has occurred very slowly.<sup>157</sup> Moreover, participation,

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<sup>155</sup> Ibid., 170.

<sup>156</sup> Ibid.

<sup>157</sup> Ibid., 176-177.

like perceptions, affects levels of institutional trust, which makes corruption even that more difficult to combat.

### **Institutional Trust**

It has well been established that lack of institutional trust allows corruption to persist. When citizens are untrusting of their politicians and government it makes it difficult to ‘craft any sort of state-society cooperation to fight corruption, [which is] widely considered a key ingredient in creating effective mechanisms of accountability’.<sup>158</sup> Institutional trust (or the lack thereof) is not, however, the only form of trust that facilitates corruption. Interpersonal trust within a society can have equally negative consequences. The sense that everyone is engaging or participating in corruption with one another and public officials fosters individual participation because there is no moral reason to refrain from doing so.<sup>159</sup> Interpersonal trust is also a significant ‘predictor of individual-level perceptions of corruption in government,’ that creates a cycle of institutional mistrust.<sup>160</sup> For example, the following cycle of mistrust exemplifies its relation to corruption: ‘misadministration → mistrust in the implementation of citizens’ rights → search for individual solutions to problems → propensity for paying bribes → demand for corruption → individualised responses to problems through bribery → increased perception of maladministration’.<sup>161;162</sup> Thus, rebuilding institutional trust—and

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<sup>158</sup> Stephen D Morris and Charles H Blake, eds., *Corruption & Politics in Latin America: National and Regional Dynamics* (Boulder, CO: Lynne Rienner Publishers, 2010), 144.

<sup>159</sup> Morris and Klesner, “Corruption and Trust: Theoretical Considerations and Evidence From Mexico,” 1260-1261.

<sup>160</sup> *Ibid.*, 1261.

<sup>161</sup> *Ibid.*, 1263

<sup>162</sup> See: Della Porta and Vannucci, 1999.

likewise interpersonal trust—within a society that has a long history of entrenched corruption can present very difficult challenges for its actors.

Political trust, on the other hand, is generally easier to methodologically study for social scientists. For example, Mexicans are far more trusting in their armed forces and national commission on human rights than its police force, political parties, or congress, as Table 6 illustrates. Similarly, Mexicans’ trust in their national government vis-à-vis their local government is on par with the previous examinations of low-level corruption at the local and state levels. However, the higher trust in national government could be explained by their overall limited experience in dealing with high-level public officials within the executive. Despite that, it is apparent that Mexicans do not as a whole trust their political parties based in the *Distrito Federal* (DF, Federal District).

<b>Table 6. Trust in Public Institutions, 2004</b>			
<i>Institution</i>	<i>Low (1-2)</i>	<i>Medium (3-5)</i>	<i>High (6-7)</i>
Armed Forces	9	45	46
National commission on human rights	11	44	45
National government	17	57	26
Supreme Court	18	60	22
Attorney General	19	57	24
Congress	19	59	22
Local government	19	56	25
Electoral tribunal	21	48	30
Political parties	33	53	15
Police	33	50	17

*Source:* Stephen D Morris and Joseph L Klesner, “Corruption and Trust: Theoretical Considerations and Evidence From Mexico,” *Comparative Political Studies* 43 , no. 10 (October 1, 2010): 1268.

## Conclusion

Understanding the nature of empirically studying these three concepts—perceptions, participation, and institutional trust—is important within the field of corruption. Perceptions and participation are independent from one another, but both contribute to the cyclical patterns of institutional trust within Mexico. Real or imagined corruption does not guarantee participation in corruption by citizens or even elected officials. However, the evidence is strong that Mexicans do not feel the government’s efforts to combat corruption are successful. As Table 7 shows, some actually believe the government’s anticorruption reforms are nurturing its very existence. Using polling data allows for the researcher to ascertain the overall consensus amongst citizens and, indeed, that has been the objective of this section. Institutional reforms must be implemented that can realistically fight corruption, but by using these methodological approaches, we can determine which branches of government should be the focus of such reforms.

**Table 7. Assessment of the Government’s Fight Against Corruption, 2006.<sup>a</sup>**

	Very or Somewhat Effective	Not Effective	Does Not Fight Corruption At All	Actually Encourages Corruption
Mexico	9	27	20	43
Latin America	25	29	19	23
World	22	38	16	15

Source: Stephen D Morris, *Political Corruption in Mexico: The Impact of Democratization* (Boulder, CO: Lynne Rienner Publishers, 2009), 244.

<sup>a</sup> Percentage of response

## CHAPTER V

### Corruption in Modern Mexico

A 2010 report estimated that Mexicans pay more than 200 million bribes per year totalling nearly US\$ 3 billion.<sup>163</sup> Indeed, a common colloquialism one probably would encounter in Mexico is ‘Él que no transa, no avanza’, or ‘he who does not cheat, does not get ahead’. Corruption occurs in many forms in Mexico. Therefore, having outlined the theoretical causes of corruption, a brief overview of the Mexican political system, and how corruption is measured, we must now turn to the study of the direct and often devastating consequences of corruption within Mexico. The chapter unfolds as follows. First, I examine the political and economic implications of rampant tax evasion. This is important to understand as it illustrates some of the economic effects relating to corruption that I put forth in the second chapter. In the second section I examine the cultural aspect of corruption by using an example from Mexico City and analysing the role of its local police force in transforming daily Mexican life. This case study shows linkages between a state-society imbalance and the misappropriation of power by the state. Finally, I turn to the recent and salient topics of organised crime and narcoterrorism and their links to corruption.

#### **The Economic and Political Implications of Tax Evasion**

Not only is corruption a political burden, it negatively affects the economy. For example, one study showed that the inefficiency of tax administrations to collect taxes in Mexico and Argentina, and the loss of revenue due to corruption, was as an ‘underlying

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<sup>163</sup> Shannon K O’Neil, *Two Nations Indivisible: Mexico, the United States, and the Road Ahead* (New York: Oxford University Press, 2013), 136.

cause of the fiscal crises of the early 1980s'.<sup>164</sup> Furthermore, the private profitability of activities such as rent-seeking, bribery, and clientelism undermine administrations designated to collect taxes, as these activities are rarely, if ever, declared as income. Taxation is an important source of revenue for any state, but without a strong institution that acts as a tax-collecting agency, states suffer from under-taxation, which negatively affects successful governance and economic policies.

Taxation and the ability to collect taxes are both defining and important features within any state. Merely imposing taxes is different, however, from the actual collection of levied taxes. Tax compliance, therefore, is a 'basic measure of citizen support' within any state.<sup>165</sup> Moreover, the perceived obligation of citizens to pay taxes can be an indicator of overall satisfaction with the provision of basic government services.<sup>166</sup> In Mexico, reasonably high levels of tax evasion continues to be problematic, which provides many challenges for effective state governance and response to corruption. This section shall explore some of the consequences of tax evasion as it relates to corruption and democratisation.

Tax morale is defined as the 'willingness of citizens to comply with tax obligations' and is often a 'useful indicator of tax compliance'.<sup>167</sup> Mexicans overall have a low tax morale, many of whom cite ill spending by the government and great concerns for high levels of corruption.<sup>168</sup> Moreover, from 2006 to 2008, satisfaction with basic services (including water, road maintenance, trash collection, parks, et cetera) provided

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<sup>164</sup> Rose-Ackerman, *Corruption and Government: Causes, Consequences, and Reform*, 212.

<sup>165</sup> John Bailey, *The Politics of Crime in Mexico: Democratic Governance in a Security Trap* (Boulder, CO: Lynne Rienner Publishers, 2014), 33.

<sup>166</sup> *Ibid.*, 33-34.

<sup>167</sup> *Ibid.*

<sup>168</sup> *Ibid.*, 36.

by the government was an average of 48 per cent, indicating that the majority of Mexicans believed that their tax dollars were not satisfactorily used.<sup>169</sup> Thus, low tax morale is correlated highly with tax evasion and noncompliance, which in turn creates a host of problems for both the economy and government institutions.

During the latter decades of the PRI's rule, taxation was light and the government heavily relied on nontax income from PEMEX, the state-owned oil monopoly, which amounted to nearly a third of all governmental income even in the 2000s.<sup>170</sup> Since shifting from an authoritarian régime to a more neo-liberal and democratic state, Mexico still suffers from the lingering effects of the PRI rule. Tax reforms have been minor at best and tax enforcement agencies (like the IRS in the United States, for example) still lack the bureaucratic manpower to efficiently oversee tax collection. Calderón achieved more success, albeit still low by developed nations standards, in passing reforms than did his predecessors. Although these reforms sought to provide the government with new sources of revenue, they still 'fall short of the type of long-term, systemic solution needed to help the state meet its expanding fiscal needs'.<sup>171</sup>

As we have seen, tax morale is strongly reflected by the degree of compliance. Table 8 illustrates tax compliance in Mexico and Latin America in 2007. Mexico scores above average with regard to the obligation of citizens to vote indicating a strong democratic ideal. However, with respect to taxes, Mexico scores lower than the regional average with only 43 per cent of respondents believing they ought to pay taxes. Likewise, overall Mexicans do not seem to feel a strong sense of obligation as citizens to obey the

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<sup>169</sup> Ibid., Table 2.1.

<sup>170</sup> Ibid., 34.

<sup>171</sup> Mark Eric Williams, "The Path of Economic Liberalism," in *The Oxford Handbook of Mexican Politics*, ed. Roderic Ai Camp (New York: Oxford University Press, 2012), 765.

law (37 per cent agree it is their duty), which could explain the high levels of tax evasion and low levels of tax morale. These societal indicators continue to paint a grim picture for tax compliance as a whole for the country.

	México (%)	Latin America (%)
Citizens perceived to pay taxes owed <sup>a</sup>	56	55
Obligation as citizens to obey the law	37	48
Obligation as citizens to vote	74	71
Obligation as citizens to pay taxes	43	52

*Source:* John Bailey, *The Politics of Crime in Mexico: Democratic Governance in a Security Trap*.

(Boulder, CO: Lynne Rienner Publishers, 2014), Table 2.2.

<sup>a</sup>This represents citizens' opinions regarding the percentage of other citizens that have indeed paid taxes.

As previously noted, PEMEX continues to be a significant source of income for the federal government dating back to the PRI's hegemony. The consequences of these 'oil rents' still persist within Mexico. They impede the creation of a 'merit-based bureaucracy, encouraging instead clientelistic networks' while subsidising the 'budgets of state and local governments, undermining their accountability to local residents'.<sup>172</sup> As we have seen, low levels of public accountability in conjunction with clientelism provide the environment for heightened levels of corruption to exist. Furthermore, such high reliance on oil income by the federal government creates an unstable fiscal environment prone to shocks as oil prices fluctuate throughout the markets. Other consequences to unstable economies include capital flight and loss of tourism, which can further negatively affect an already shaky economy.

The political implications of tax evasion are many. With regard to organised crime, the state cannot efficiently respond to domestic threats because of a lack of

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<sup>172</sup> Bailey, *The Politics of Crime in Mexico: Democratic Governance in a Security Trap*, 37-38.

funding. Institutional corruption within tax collection and enforcement agencies is pervasive due to collusion between the collectors and taxpayers. Tax collectors have incentives to misuse their position and request or negotiate bribes from taxpayers or other illicit organisations for reduced or altogether forgiveness of taxes owed. Amongst these incentives, as previously noted, is low pay and low cost of losing one's job. This reinforces a tax system of corruption and inefficacy, which undermines state legitimacy and governance. In a society like Mexico where a 'shadow economy' (or black market) is part of daily life, illegal transactions occur everyday between ordinary citizens, while the state sees no monetary benefit or tax from them. Stolen and counterfeit goods are widely available and sold at malls throughout the country. Citizens do not pay taxes and often do not question the product's origin. Thus, illegal transactions and the avoidance of taxpaying are so widespread (between 20 and 35 per cent for the VAT and between 15 and 80 per cent with regard to income tax from 2004 to 2006) that it is entrenched in everyday life.<sup>173</sup> As a consequence, Mexico struggles to effectively fight corruption.

### **Culture and Corruption in Mexico City**

Mexico City is undoubtedly the epicentre of corruption in Mexico. It has some of the highest—if not *the* highest—levels of institutionalised corruption in all of Mexico, where citizens are twice as likely to experience corruption in some capacity compared with residents in the north-central states of Mexico not all that far from the DF (Aguascalientes, Guanajuato, Querétaro, San Luis Potosí, and Zacatecas).<sup>174</sup> As we have seen, the reasoning for this is quite possibly due to Mexico City being the seat of the

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<sup>173</sup> Ibid., 39.

<sup>174</sup> Morris, *Political Corruption in Mexico: The Impact of Democratization*, 171.

national government. Therefore, much of the corruption that takes place is indeed political in nature. However, some scholarly studies maintain that culture is so pervasive in Mexico City because of an ‘underlying cultural tolerance’.<sup>175</sup> The cultural aspects of corruption, as examined in chapter two, can indeed explain, at least to an extent, why and how a city has become tolerant of rampant corruption.

As we know from examining some statistics relating to corruption in Mexico, Mexicans continuously show extremely high levels of mistrust in police. Similarly, this is the case with the Mexico City Police. For example, in one 2003 poll, 94 per cent of respondents believed that there was ‘much’ or at least ‘some’ corruption within the police.<sup>176</sup> These high levels of perceived corruption feed levels of institutional mistrust within the police and justice systems, which allows for crime to go virtually unpunished. It furthermore creates a cultural environment in which residents expect corruption from its police officers. The lack of confidence in institutions that are, by their very nature supposed to protect citizens and their rights, solidifies mistrust and insecurity into the foundation of Mexico City life and indeed influences individual decisions in participating in corruption.

Corruption within the DF has been prevalent since the PRI hegemony. The PRI institutionalised a clientelistic police apparatus, in which the party exercised authority within the area in an authoritarian manner.<sup>177</sup> From 1927 to 1998, the DF did not have any independent rights and was a centralised ‘entity’ regulated by the national

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<sup>175</sup> Morris, *Political Corruption in Mexico: The Impact of Democratization*, 138.

<sup>176</sup> Clifford J Wirth, “Democracy in Mexico City: The Impacts of Structural Reforms,” *Mexican Studies/Estudios Mexicanos* 22, no. 1 (February 1, 2006), 170.

<sup>177</sup> Markus-Michael Müller, “Community Policing in Latin America: Lessons from Mexico City,” *European Review of Latin American and Caribbean Studies* 88 (2010): 24.

government.<sup>178</sup> The city's voters could not elect a mayor or council members to represent their city and create some kind of accountability. Due to constitutional changes, however, in 1998, the DF could again elect its first mayor since 1929. These structural reforms within city politics created more transparency and independence but have struggled to combat the lingering effects of the PRI's rule within city offices and the police. In 1998, the new PRD-led administration released 'extensive details of corruption under the prior PRI administration, including the existence of ghost workers, the rechanneling of construction materials to private persons, the double payment of public works contracts, the granting of city concessions without following appropriate procedures, the underuse of budgetary resources, the illegal use of ecological reserves by individuals or groups...and irregularities amounting to some five billion pesos (\$ US625 million)'.<sup>179</sup> It is not surprising then that combatting corruption within the DF Police is an uphill battle.

Corruption in Mexico City is not limited to simple bribery and extortion by police officers. Although bribery is highly visible by the public, other prevalent forms of corruption occur daily. Police have been known to act as bodyguards to reputable drug dealers and businessmen while actively on duty; they 'make illegals arrangements with colleagues in order to be assigned to drive police tow trucks' because of high financial incentives and a low likelihood of being caught; police act in their official capacity as 'patrol' for local lucrative restaurants in exchange for free or discounted food and drink at the greater expense of the community's safety; and act as liaisons for drug traffickers and

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<sup>178</sup> Ibid.

<sup>179</sup> Morris and Blake, *Corruption & Politics in Latin America: National and Regional Dynamics*, 146.

cartels in freighting narcotics to the United States border from Mexico City.<sup>180</sup> Although some of these illegal activities, such as moonlighting as private bodyguards or patrol for restaurants and clubs are relatively minor, ‘the resulting unreliability of the police propagates the cycle of low public confidence and high mistrust of the police force’.<sup>181</sup>

The more serious crimes are certainly reported and verifiable, but it is the continuance of high rates of bribery and extortion that continue to reinforce the system of corruption and misuse of official power. As Table 9 indicates, the aforementioned illegal police activities has contributed to the lack of institutional confidence in the police and has even bolstered fear of the police by citizens and the DF City Council members.

Statement	Respondents	1993	2002-2003
‘You are confident in the DF police.’	Residents	18%	12%
	City Council Members	16%	24%
‘The DF police have been involved in criminal activities.’	Residents	78%	74%
	City Council Members	70%	80%
‘You fear the DF police.’	Residents	52%	69%
	City Council Members	37%	42%

*Source:* Clifford J Wirth, “Democracy in Mexico City: The Impacts of Structural Reforms,” *Mexican Studies/Estudios Mexicanos* 22, no. 1 (February 1, 2006), 170

The mistrust of the police in the DF is a fundamental part of life for *defeños*—residents of Mexico City—and without proper reforms it is likely continue. Reforms that have been passed within the last decade have genuinely sought to address the widespread problem of bribery. However, without sufficient structural reforms that address the underlying cultural problems associated with police corruption, the overall effort to battle

<sup>180</sup> Valentine Anozie et al., “Reducing Incentives for Corruption in the Mexico City Police Force,” in *International Workshop, Public Affairs 869* (La Follette School of Public Affairs University of Wisconsin–Madison, 2009), 5-6.

<sup>181</sup> *Ibid.*, 5.

institutionalised corruption will likely be unsuccessful. Thus, the culture of corruption remains highly perceivable by citizens and provides for adequate opportunities for participation, thereby perpetuating a lack of institution trust and confidence within the framework of Mexico City governance. Although this case example demonstrates the levels of localised corruption at a high level, these same mechanisms of corruption continue to occur unbridled throughout Mexico.

### **Society and Narcoterrorism in the Post-PRI Era**

Organised crime and narcoterrorism in Mexico, especially within recent years, has become a very salient issue. It has contributed to geopolitical tensions between Mexico and the United States. Mexican cartels employ many corrupt methods in order to traffic drugs into the southern United States along its border. These cartels and traffickers represent a new type of corrupt organisation because they have now become political actors within Mexico. Although recent institutional reforms have been introduced, the extent of their success is debateable amongst scholars. These reforms sought to curb collusion between drug trafficking organisations (DTOs) and law enforcement agencies. Such objectives have been met with minor success in some Mexican states, while others (including those in which the PRI has maintained a stronghold) have been less successful.

It is estimated that the drug industry brings at least US\$19 billion dollars into the Mexican economy annually via cash shipments or laundering.<sup>182</sup> In order to protect this income DTOs will do whatever is politically necessary. However, DTOs do indeed have some specific goals in retaining the operability of their trafficking routes and networks.

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<sup>182</sup> John Bailey, “Drug Traffickers as Political Actors in Mexico’s Nascent Democracy,” in *The Oxford Handbook of Mexican Politics*, ed. Roderic Ai Camp (New York: Oxford University Press, 2012), 475.

From bribing elected officials to steer legislation to their favour, enlisting corrupt law enforcement officers by paying them lucrative salaries, to even penetrating federal transportation agencies in order to maintain control over trafficking routes and sectors, DTOs have more control over the politics of Mexico recently than ever before.<sup>183;184</sup>

The economic climate of Mexico is improving in recent years and the middle-class is slowly expanding. However, in a society that is plagued with widespread poverty, especially in its rural and highly populated cities, corruption flourishes. The problem is further compounded by the state of law enforcement. The average police officer does not complete high school, earns about US\$600 dollars per month, and often earns the majority of his or her monthly income by illicit transactions (*mordidas*, for example) or extracurricular work (including working for cartels).<sup>185</sup> The salary paid by Mexico to its law enforcement officers indeed varies depending upon agency and position, but it is certainly apparent that the majority of Mexican police officers hardly make enough to support themselves let alone a family. These conditions therefore make it difficult for otherwise moral police officers to pass up employment offers from DTOs.

Societal problems surrounding narcoterrorism in Mexico vary by state. However, from a cultural perspective, drug trafficking is certainly embedded. Narcoculture has risen in areas that suffer from poverty, primarily among popular trafficking routes and communities. This cultural phenomenon is the junction in which corruption and culture are incorporated and mutually reliant. The cultural problem that arises from this is one

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<sup>183</sup> Ibid., 477.

<sup>184</sup> George W Grayson, *Mexico: Narco-Violence and a Failed State?* (New Brunswick, NJ: Transaction Publishers, 2010), 32.

<sup>185</sup> O'Neil, *Two Nations Indivisible: Mexico, the United States, and the Road Ahead*, 137.

hinders democratic governance and severely diminished quality of life for Mexican citizens.

During the last few decades of hegemonic rule by the PRI—from approximately 1975 to 2000—corruption seemed to have risen drastically in Mexico before peaking during the later stages of its democratisation.<sup>186</sup> Corruption, however, cannot solely explain the rise in organised crime and narcoterrorism; instead, it allows organised crime to persist successfully within a fragmented and highly unequal state. From the early days of the Mexican Revolution and well into the 1970s, Mexican populism under the PRI was high. This populist sentiment that echoed throughout the country legitimised a strong and central government under the executive that provided ‘tax incentives, import quotas, and subsidised credit’ to promote (and to a certain extent control) various industrial and agricultural sectors of society.<sup>187</sup> This allowed for a boom in the Mexican economy but also gradually instilled certain ideals and characteristics in many Mexicans. For them, then, it seemed to create a new type of social contract or nationalist sentiment, one in which economic growth, stability, and modernisation under authoritarian rule was accepted in exchange for ‘progress and a better future in a viable, coherent country’.<sup>188</sup>

Mexico is continuing the process of shifting to a more open economy and embracing more democratic characteristics. However, the shift has been slow and not altogether successful. This requires a new social contract that would replace the older and long-held populist contract. It is the absence of this new ‘development-oriented political pact’ in Mexico that continues to reinforce the public’s low levels of confidence in law

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<sup>186</sup> Bailey, *The Politics of Crime in Mexico: Democratic Governance in a Security Trap*, 13-14.

<sup>187</sup> *Ibid.*, 16.

<sup>188</sup> *Ibid.*

enforcement and legitimacy of institutions, thus creating ‘incentives for a legality (indifference toward the law) and illegality (intentional law-breaking)’.<sup>189</sup> It is quite possible that this illegality and the lack of a strong social contract has allowed organised crime to flow and operate so efficiently within Mexico.

It is quite apparent that Mexicans perceive rampant corruption within the police-justice system to be a national security threat. Anticorruption laws passed by the Mexican Congress, new law enforcement agencies and drug task forces that have emerged recently, and the general discourse outlined in election and campaign speeches by the executive, show that Mexicans are highly concerned with the state of its domestic affairs. Concern and action, however, cannot be confused. The ineffectiveness of a justice system that is plagued by allegations of corruption and co-optation in conjunction with the hollowness of anticorruption laws makes it difficult to control the cartels. Furthermore, a weak social contract between citizens and the state and its institutions create general mistrust in law enforcement, which cartels continue to use to their advantage in recruiting new members from the bureaucracy to their payrolls.

Scholarly evidence and research pertaining to DTOs is limited at best. It is simply too difficult to fully assess the extent to which they operate, unlike perhaps some of the more well documented cases in Colombia, for example. However, the political, cultural, and societal ramifications are nevertheless evident. Threats to political stability are inherent within any narco-state. The informal economy is likewise vulnerable because of high levels of counterfeit currency, stolen and pirated goods on the markets, and informal

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<sup>189</sup> Ibid., 15.

work that cannot be documented or taxed.<sup>190</sup> Ineffective institutions in combatting these operations further undermine efforts to minimise organised crime. In the end, DTOs in Mexico operate in all of these forms leaving many private citizens with little security, recourse, or hope for a better future for society. In this situation and hostile environment, it is then unsurprising that Mexico has such high emigration (legal or otherwise) rates to countries, such as the United States, that can provide a more stable and secure way of life. Ultimately, until the Mexican domestic security apparatus is strengthened this trend will continue in the coming years.

## **Conclusion**

Mexico continues to struggle with combatting corruption on various levels. Society continues to lack trust and confidence not only its in institutions but also anticorruption reforms and rhetoric. If citizens believe that anticorruption policies and reforms actually bolster corruption the government is unable to successfully combat participation in corrupt activities. Economically, the costs of corruption in Mexico are astronomical. Drug trafficking and narcoterrorism has affected the once thriving tourism industry in multiple states and left Mexicans in many communities fearful for their safety. Capital flight and reluctance to invest in the domestic markets has been observed because of wariness due to shaky economic and political conditions surrounding DTOs. Tax evasion by millions of citizens coupled with the government's inability to efficiently monitor tax compliance robs the government of the necessary funding to create a more transparent and accountable democracy with sincere objectives to fight corruption.

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<sup>190</sup> Bailey, "Drug Traffickers as Political Actors in Mexico's Nascent Democracy," 480-481.

Politically, Mexico continues to face many challenges. Drug trafficking, cartels, violence, and illegal immigration have created tension with the United States. Finally, in cultural terms, the pervasive nature of corruption continues to undermine societal trust institutionally and, perhaps even worse, interpersonally. When corruption becomes the culture and mode by which one lives, as we saw in the example of Mexico City, socioeconomic constraints become inevitable. What results is a highly fragmented society that lacks the means to better their community politically, economically, and culturally.

## CHAPTER VI

### Conclusion

Corruption is, to varying degrees, visible in every state; democracy is generally thought to alleviate its pervasiveness. Although corruption cannot ever be fully eradicated from any polity, high levels of institutionalised corruption present many problems for effective democratic governance. It creates a political environment in which low accountability and transparency foster clientelism and abuse of public power for private gain. Clientelism hinders societal development by entrenching corruption within a society's culture. Moreover, clientelism and institutional weakness negatively impact economic conditions in states with high levels of corruption by creating unstable and unrealistic economic policies. In Mexico, high levels of clientelism, vote-buying, and political unaccountability set forth serious challenges to its political and economic stability. It undermines the legitimacy of the state, which is evident by Mexican citizens' consistently low levels of confidence in public institutions (refer to Table 7). High levels of bribery, extortion, patronage, division of partisanship, and organised crime likewise undermine the legitimacy of Mexico's political institutions, which further compounds the problematic nature of entrenched corruption. Such lack of legitimacy and confidence in public institutions inherently creates immobilism (strong resistance to political change).<sup>191</sup>

During its hegemonic rule, the PRI, I argue, has contributed to (and even bolstered) institutionalised corruption and political instability. Top-down decentralisation and hyperpresidentialism under its authoritarian régime has left the Mexican people wary

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<sup>191</sup> Seligson, "The Impact of Corruption on Régime Legitimacy: A Comparative Study of Four Latin American Countries," 429.

of and unconfident in their government and its ability to protect its citizens and their rights. The consequence of such rule is a fragmented political system in which society at large lacks trust in their elected officials, the police, and the justice system. Indeed, in 1997, only 25 per cent of Mexicans believed that more democracy would ensure better laws.<sup>192</sup> In the same poll, 65 per cent of Mexicans indicated that violating the law ‘was not so terrible, what’s bad is getting caught’.<sup>193</sup> These figures demonstrate mistrust and an overall sense of ambivalence within Mexican society. As we have seen in chapter 4, more recent polls have not demonstrated a significant change in these views even after the disbandment of the PRI monopoly, which indicates lingering sentiments that the government is not working in the people’s best interests. Although reforms seeking to create more transparency and accountability have been introduced or established, the corruption that was so prevalent during the PRI-era continues because of a lack of state legitimacy and its overall ineffectiveness of its institutions in sufficiently fighting corruption.

### **Institutional Reforms and Anticorruption Discourse**

Corruption and its consequences have long been studied by social scientists. However, proposed reforms were historically based on theoretical assessments and ideas. In the last couple of decades the issue of corruption has become a focal point within the international community. Its tendency to undermine democratic legitimacy and foster terrorism has made targeting corruption in transition economies and developing nations a

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<sup>192</sup> Camp, *Politics in Mexico: The Democratic Transformation*, 260.

<sup>193</sup> Ibid.

priority for many organisations (such as the World Bank).<sup>194</sup> While these international efforts have sincere objectives, domestic reforms continue to be weak. There are a number of reasons why domestic reforms have failed to produce any tangible results. In some instances domestic anticorruption reforms have essentially augmented corruption. The intrinsic problem with reform surrounds the low level of state legitimacy and enforcement and compliance with anticorruption measures. How does a state enforce reforms with weak institutions, underfunding, and societal mistrust in the reforms? Are the reforms sweepingly popular but ultimately unrealistic? Are the reforms or laws passed in ways that present further opportunities for corrupt activities such as clientelism or extortion? These questions represent the paradoxical problem in combatting corruption through reforms. Although difficult, passing realistic reforms is not impossible.

Corruption networks that have been built by régimes like the PRI are complex and extremely strong. These networks took many decades to build and have spanned several generations.<sup>195</sup> One response to this is to build reform networks to combat the corruption networks. Many individuals united in a reform network will be more successful than individuals pursuing reform.<sup>196</sup> Another approach to fighting corruption networks is to target local level institutions instead of beginning with the executive, legislative, or judicial branches of the federal government.<sup>197</sup> In doing so, it can create more transparency at the level in which most citizens experience corruption. It would also

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<sup>194</sup> Mlada Bukovansky, “The Hollowness of Anti-Corruption Discourse,” *Review of International Political Economy* 13 (2006): 181-182.

<sup>195</sup> Nielsen, “Corruption Networks and Implications For Ethical Corruption Reform,” 143.

<sup>196</sup> Ibid

<sup>197</sup> Ibid.

reinforce efforts for reform networks in a grassroots and localised manner with more exposure to the general public.

An obvious reform would be one that targets institutions. I argue, however, that it would perhaps be more beneficial to target peripheral institutions before attempting to reform the centre of the political system where the corruption network is likely based. Assuming that the extent of the corruption network is present even within the outlying institutions, it is probably not as strong there as is in, for example, the executive or congress. Reform networks that educate citizens and propose realistic reforms can then take on the smaller and less politically involved institutions before then pushing for large-scale institutional reforms. This proposition for reform, although possible, could be difficult, however, because of generalised apathy amongst citizens. The media (by reporting on a low-level institution scandal, for example) could prove to be a helpful and potential actor in rallying citizens in this reform scenario.

Mexico's anticorruption efforts have not gone unnoticed. While running for president, then-candidate Vicente Fox, voiced concerns about widespread corruption within the PRI and promised to vigorously fight corruption within the political system. As we now know, most of his anticorruption strategies did not significantly change the dynamics of political corruption.<sup>198</sup> Fox is certainly not the first president to run a campaign heavily centred on fighting corruption. He will certainly not be the last. Despite presidential campaigns addressing allegations of widespread corruption, however, Mexicans still have little faith in change. Instead of theoretical propositions for reform, more practical scholarly research is certainly needed with regard to institutional reforms.

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<sup>198</sup> Morris, *Political Corruption in Mexico: The Impact of Democratization*, 122-123.

## **The Return of the PRI and the Future of Mexico**

Enrique Peña Nieto, the former governor of the state of México, won the presidency on 1 July 2014 marking the return of the PRI to the national stage. At only 38 per cent of the vote, his win was not enthusiastically overwhelming. This indicates that Mexicans are still divided ideologically. Despite this, Mexican politics have evolved steadily since 2000. The president, although still widely considered to be at the centre of politics in Mexico, is not as strong and authoritarian in his decision-making as he once was. He now must work closer with opposition parties to achieve policy goals and to avoid political deadlock within the Mexican Congress. The Supreme Court of Mexico too has drastically evolved in the last two decades: once virtually an extension of the presidency under the PRI, it now exerts its own independent authority and acts as a check on the president.<sup>199</sup> These political changes indeed represent a political system that is transitioning from an authoritarian state toward a more transparent and democratic polity.

Although Mexico has witnessed some democratic change, it is still a fragile state. According to the Failed States Index in 2013, Mexico ranked 97<sup>th</sup> out of 178 countries (178 represents highly sustainable, such as the Nordic countries, and 1 represents a failed state, reminiscent of something like a Somalia collapse) indicating that there is some concern for its political stability.<sup>200</sup> The index noted that there was some elevated concern, in particular, for uneven economic development, legitimacy of the state, and its security apparatus.<sup>201</sup> As we have seen, these three concerns are strongly related to rampant and entrenched institutionalised corruption.

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<sup>199</sup> O’Neil, *Two Nations Indivisible: Mexico, the United States, and the Road Ahead*, 171-172.

<sup>200</sup> The Fund for Peace, “Failed States Index 2013,” 2013.

<sup>201</sup> *Ibid.*

Increased democratisation is theoretically supposed to reduce corrupt incentives. Based on the data that has been examined, however, it is clear that corruption has remained the same in Mexico. This could be the result of a combination of reasons. Institutional development has remained weak and horizontal accountability has been slow to achieve. Second, clientelistic networks persist throughout all levels of governance, which has not created more political legitimacy for the state. Thirdly, Mexican politics still remain highly centred on the executive even after decentralisation occurred. Finally, cultural norms have not drastically shifted within Mexico that would allow for the reduction of corruption. Many citizens still believe that the government is inherently corrupt and institutionally weak.

The advent of democracy in Mexico should have theoretically reduced overall corruption. This has evidently not been the case (refer to Figure 2). Investment in state-building has remained relatively weak in terms of strengthening Mexico's institutions. Well-organised clientelistic party machines and networks can potentially explain why democratic policies have not been able to curb corruption and ensure good governance.<sup>202</sup> Moreover, administrative reforms cannot effectively ensure democratic state-building if they are 'entrusted on corrupt leaders' thereby further complicating the question of viable democratic governance.<sup>203</sup>

Economic underdevelopment and inequality continue to be problematic for Mexico. Likewise, the economic consequences of corruption are plenty. Tax evasion remains high. Bribery is a highly visible concern throughout the country. Rural areas suffer from deteriorating public services and are largely ignored by the federal

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<sup>202</sup> Manzetti and Wilson, "Why Do Corrupt Governments Maintain Public Support?": 963-964.

<sup>203</sup> Ibid., 964.

government. The shadow economy (black market) in which millions of Mexicans rely upon undermines and precludes international and domestic investment within markets. Organised crime networks, DTOs, and cartels continue to engage in money laundering thereby intensifying already shaky economic conditions. Corrupt police officers continue to engage in illicit monetary transactions to supplement their low salaries, which detracts from their official duties in ensuring the safety of citizens.

Perhaps the worst consequence of corruption in Mexico has been its effect on its culture. When corruption becomes the norm and means for which one conducts daily transactions it perpetuates mistrust. It creates a sense that ‘everyone is doing it’ and intensifies ambivalence toward public law and justice. If citizens must engage in corrupt activity as a means of survival or for fear of their own safety then it is not surprising that they continue to lack trust in their institutions. Culturally, corruption arguably pervades society in higher levels than as seen in political corruption. Interpersonal relationships are, as a result, negatively affected. If a cultural tolerance of corruption is the mainstay of a society it makes any anticorruption reforms significantly difficult to achieve and unlikely to be taken seriously.

In sum, Mexico is at a crossroads; it is still in a transitional phase democratically. Although it has changed drastically since the Mexican Revolution and the seventy-plus years of monopolistic rule by the PRI, the lingering effects of the PRI-era continue to present challenges for the country. Dissatisfaction and distrust of political institutions, parties, and actors within the system continues to systematically weaken politics and democratic governance. Economic inequality, poverty, classism, and Mexico’s own troubled political history has created a cultural and political environment consisting of

apathy and grim scepticism.<sup>204</sup> However, it is these disillusioned citizens in search of a better democracy and cultural enrichment that could prove to be the key to unlocking Mexico's future success in combatting institutionalised corruption. Recent protests, the increasing emergence of private watchdog groups, and the demand for greater societal accountability can only prove to be steps in the right direction.

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<sup>204</sup> Morris, *Political Corruption in Mexico: The Impact of Democratization*, 238.

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