

“The beginning of the new presidential administration presents Mexico with a fresh opportunity to counter the systemic corruption that is undermining democratic governance and increasing inequality throughout the country. Despite the passage of freedom of information and anti-corruption legislation over the past two decades, the existing framework for oversight is highly inadequate and in urgent need of reform. Meanwhile, as functions typically in the realm of the public sector are increasingly handled by private corporations, the nascent gains achieved in governmental transparency now have the potential to be undermined by the growing trend of “outsourcing opacity” to the private sector. This emerging context of “structural pluralism” presents new challenges that require new approaches to public policy.



It is time for Mexico to move beyond framing corruption as principally a cultural issue and, alternatively, to develop strategies that address the institutional and political roots of corruption. Mexico should strengthen the autonomy of anti-corruption bodies; engage citizens in accountability reform efforts; and ensure private corporations are legally subject to FOIA legislation. By adopting a new structural approach to fighting corruption, Mexico can realize its full economic potential and avoid an authoritarian reversal. ”

—Irma Sandoval-Ballesteros, May 9, 2013

TRANSPARENCY AND THE STRUGGLE FOR ACCOUNTABILITY IN MEXICO

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The views expressed in this presentation represent the opinions and analysis of the speaker and do not necessarily reflect those of the National Endowment for Democracy or its staff.

MEXICO



GDP

Rank / Country (GDP Billions of \$USD), 2012

LATIN AMERICA

1. Brazil (2,395.968)
2. **Mexico (1,177.116)**
3. Argentina (474.954)
4. Venezuela (382.424)
5. Colombia (366.020)
6. Chile (268.177)
7. Peru (199.003)



WORLD

1. US, China, Japan Germany, FR, UK
7. Brazil (2,395.968)
8. Russia (2,021.960)
9. Italy (2,014.019)
10. India (1,824.832)
11. Canada (1,819.081)
12. Australia (1,541.797)
13. Spain (1,352.057)
14. **Mexico (1,177.116)**
15. South Korea (1,155.872)



Corruption: Basic Facts

- In 2012 Mexico received a score from **Transparency International** of 34 points out of 100
- Mexico today is ranked at the level of Egypt and below Sri Lanka, Gambia, Mali, Bolivia, and Senegal (**Transparency International**)
- 43% of Mexicans are convinced of government ineffectiveness and of government collusion (**Transparencia Mexicana**)
- Victimization rate of Mexicans according to the 2012 **Americas Barometer** went up between 2008 and 2010, from 32% to 37%
- In 2011: Mexican families spent 32 million pesos (3 million USD) on bribes, or an average of 14% of their income and more than a third part 33% of the income for the poorest families. (Americas Barometer – LAPOP)
- In 2012: Mexico received the second worst ranking in Latin America, behind Haiti, for the highest levels of corruption

<http://www.transparency.org/country#MEX>

http://lapop.ccp.ucr.ac.cr/pdf/Report_on_the_Americas_English_Final2.pdf

Three Premises

A. **Democracy** not “modernization” is the key to combat corruption

B. Corruption is rooted in the **dynamics** of state-society relations

C. The **privatization** of public functions creates new accountability challenges

Structural Corruption Approach

- ▣ Bribes *vs.* capture of the state /conflicts of interest
- ▣ Street-level bureaucrats *vs.* top officials
- ▣ Individual incentives *vs.* pyramidal structure of institutionalized corruption

New Approach to Corruption

KLITGAARD:

- ▣ Corruption (C) = Monopoly of Public Action + Discretion – Accountability

STRUCTURAL APPROACH:

- ▣ Corruption (C) = Abuse of Power (AP) + Impunity (I) – Citizen Participation (CP)

Failure of the consensus package

- ▣ **Synergy between economic and political “liberalization”?**
- ▣ Privatization as transfer of rents from public to private sector
- ▣ Bailouts as distribution of private losses to public hands
- ▣ Increased concentration of wealth
- ▣ Increased vote buying/electoral fraud
- ▣ **Economic liberalization=>Corruption & electoral fraud?**

Carlos Slim



Telmex, América Móvil (Telcel), Grupo Financiero Inbursa,
Grupo Carso, *The New York Times*, etc.

US \$73 billion

"Carlos Slim Helu & family," Forbes, <http://www.forbes.com/profile/carlos-slim-helu/>

Bribery at Walmart



- ▣ 2006-2012: 2,000 government contracts, hundreds of permits to open new stores, in areas prohibited by the law
- ▣ 2011: One new store a day, 365 permits
- ▣ Violation of Foreign Corrupt Practices Act and the Mexican Constitution

“Wal-Mart Abroad: A retail giant fueled growth with bribes,” *New York Times*, April 15, 2013, http://www.nytimes.com/interactive/business/walmart-bribery-abroad-series.html?_r=0.

Peña Nieto's Proposals

1. Elimination of New Democratic Institutions (SFP, SSP)
2. Domestication of “Transparency” and Corruption Control



Institutional Reforms

- 1) Disappearance of SSP → politicization of public security under Secretary of the Interior
- 2) Disappearance of SFP → politicization of civil service and internal audits
- 3) Creation of a new “autonomous” agency
 - Centralized and politicized appointments of agency heads
 - Limited powers and definition of “corruption”
 - Political control by a National Integrity Council
- 4) New controls on “autonomous” transparency agency (govt. appeals to supreme court)

PROPOSALS

- ▣ Authentic Agency Independence
- ▣ Citizen Participation/Investigative Journalism
- ▣ Legal Subjection of Private Entities to FOIA