Q.

What are the mechanisms recently implemented in Mexico to reduce corruption and what is still to be done?

POLICY RECOMMENDATIONS

A.

- Provide the special anti-corruption prosecutor with autonomy from government and other sources of potential conflict of interest.

- Creating new laws alone will not reduce the problem. It is about implementing and setting an example.

- Do not measure anti-corruption success by simple metrics of prosecution, instead rely on financial measures such as "government corruption savings."

Mexico's Anti-Corruption Spring

BY MAX KAISER AND VIRIDIANA RÍOS

Mexico's policy priorities have shifted greatly during the last couple of years, moving from an agenda focused mostly on reducing drug-related homicides to one that places a war against corruption as a requirement for successfully combatting drug trafficking organizations and their violence.

This shift is significant on many fronts. The war against drug-related violence was a war of the government against criminal organizations, a war to try to regain control over the impunity that reigned in territories where drug trafficking operations were conducted. The war against corruption is a war of its citizens against corruption rackets, a war against the illegal arrangements for private gain that pervade business, government, media, and many other sectors of Mexican society, and that have allowed impunity to become systemic. Most critically, the definition of success has changed in nature, moving on from the targeted goal of reducing activities of organized crime to the more general goal of implanting the rule of law.

In this chapter, we provide the reader with an up-to-date recounting of Mexico's most recent efforts to promote the implementation of the rule of law in public affairs, namely the struggle to create a complete legal framework for prosecuting corruption cases. To do this, we describe the roots of this endeavor in a previous war against organized crime, the

principal agents that have pushed this agenda forward, the way this battle has changed the political system, and some expected consequences for the future of public investment, citizen security, and economic issues that could arise if corruption is tackled.

The chapter is organized in seven sections. The first section describes how Mexico came to realize that, in order to be successful in fighting organized crime, the country should first focus its efforts on reducing corruption. The second section describes the Mexican government's insufficient efforts to fight corruption. The third section explains in depth a unique feature of Mexico's corruption reduction efforts: the critical role of some civil society organizations (CSOs) in promoting and lobbying for Mexico's anti-corruption constitutional reform in 2015, in drafting a bill to create the National Anti-Corruption System (NAS) in 2016, and in working to properly implement the reform in 2017. This section also outlines the long-term consequences of the civic fight to legislate anti-corruption measures for Mexico's political system by (a) breaking the monopoly of the Mexican Congress to set the agenda of topics to be discussed, (b) promoting a public discussion of bills, and (c) influencing the timing of legislative debate. A fourth section explains in detail the reform that created the (a) independent and effective authorities coordinated around a common mission to prevent and combat corruption; (b) a system of administrative responsibilities; (c) a criminal regime to fight corruption; and (d) a control and oversight system to coordinate state and local authorities. The fifth section details how Mexican civil society has participated in the implementation of legislation against corruption. A sixth section calls attention to the need to set up tighter and more accessible controls on public procurement and explores what remains to be done to implement and consolidate the NAS, discussing human, administrative, economic, and legal issues that need to be addressed. Finally, the last section describes the benefits that could be produced in society and the economy if corruption is confronted and reduced, analyzing two concrete expected results: improved policing and economic development.

From a War against Drug-Related Violence to a Battle against Corruption

Mexico's "war against drug-related violence" started in December of 2006, immediately after Mexican President Felipe Calderón took office. As one of his first official actions, he deployed the army in his native state, Michoacán (Jiménez 2006). Homicide rates in Michoacán had increased greatly during the previous years due to the expanding presence of drug trafficking organizations (Coscia and Ríos 2012). Cartels had spread in Michoacán and all over Mexico as a result of the inability of local governments to coordinate law enforcement operations with the federal government due to political differences between federal, state, and local governments (Ríos 2015). Corruption had become more pervasive in an environment where different levels of government could not agree on protecting a single cartel, allowing many to exist in a single territory (Ríos 2012).

Even if the decision to deploy the army was rightly justified, the implementation strategy proved to be unsuccessful. By focusing on capturing the capos of drug cartels, the Mexican government unexpectedly created instability within drug cartel organizations; without visible heads, their members battled each other for turf (Guerrero 2011, Ríos 2013, Calderón et al 2015). Most critically, cartels split into smaller criminal gangs, incapable of engaging in large-scale drug trafficking operations at the U.S.-Mexico border. These smaller criminal gangs, unable to become large drug cartels, started committing other crimes locally, such as extortion and kidnapping (Ríos 2013).

The media and Mexican society were outraged by the short-term effects of the war against drug cartels; from 2007 to 2010, homicides in Mexico doubled (SEGOB 2011). Every day, Mexico's national newspapers would report the number of murders, creating full public awareness of the toll taken by the war against drug cartels. Mexicans increasingly questioned the real benefit of enforcement against drugs, a problem that would not be solved so long as demand for illegal drugs persists in the United States. Indignation increased further when the killing of innocent by-

standers rose. For example, the son of a well-known poet, Javier Sicilia, was assassinated in 2014 by mistake (El Universal 2014), and a raid at a private home killed 14 innocent students in Salvárcar, a neighborhood of Ciudad Juárez (Silva 2010).

Yet, starting in mid-2011, homicides began to decrease (SNSP 2016). A change in government strategy was behind this. Rather than deploying military forces under the command of federal authorities, Mexican authorities at the federal, state, and local levels created new police forces. These forces, hired with greater controls on corruption, established coordinated enforcement operations between all levels of government and worked closely with civil society to prevent crime and increase surveillance trust (Booth 2012, Guerrero 2013). Civil society organizations made proposals, monitored results in reducing violence and crime, and improved social programs in neighborhoods by directly addressing their concerns to the government. In the city of Monterrey, the private sector partially funded the creation of a new police force. As a result of this type of pro-active participation, homicides in cities like Ciudad Juárez, the most violent municipality in the country, were greatly reduced. In Monterrey, the new police force with all new hires, along with close coordination between businessmen's organizations and government, also led to quite a significant reduction in kidnappings and murders.

It became clear that reducing violence and crime was possible as long as government and civil society worked together to create more professionalized police forces, develop a more efficient judicial system, and build better monitoring capacities to bolster crime prevention. The role of civil society proved to be critical for success, not only because it provided extra material resources, but because it made authorities accountable and transparent (Conger 2014). The more accountable authorities became, the more difficult it was for them to engage in corrupt arrangements, and thus, impunity was reduced. The few success stories of Mexico's war against drug-related violence revealed a critical lesson for Mexican society: to properly fight crime we needed to get rid of systematic corruption. The leading lesson of Mexico's war on drugs, then, was that corruption was among the principal factors undermining the capacity of the

Mexican State to enforce the law. Corruption allowed impunity to reign and crime to survive and flourish.

Mexico's realization about the critical role of corruption in fostering impunity and violence was somehow frozen by the arrival of a new federal administration. Most public debates during the first years of the administration of President Enrique Peña Nieto focused on the approval of much needed structural economic reforms to eliminate Mexico's inhibitors to growth. Up to 11 reforms were approved in a period of 20 months, turning the country and President Enrique Peña Nieto's administration into an exemplary case of how to make different political forces agree on approving real, structural changes.

Yet, President Peña Nieto's reform honeymoon was shattered abruptly by the same factor that had worsened Mexico's homicide rates some years ago: corruption. A prominent Mexican journalist, Carmen Aristegui, reported that Peña Nieto had a luxurious home that he had not declared as part of his assets (Aristegui Noticias 2015). The house was registered under the name of one of the most important government contractors who allegedly had purchased the residence on behalf of Peña Nieto's wife. With a value of around USD$7 million, Aristegui's report raised serious questions as to whether the first lady (a former soap opera actress) could have been able to afford it, and most importantly, whether there was a conflict of interest between President Peña and his favored contractors. Public indignation flared up when Aristegui was fired by her network, and when it was revealed a month later that Mexico's Finance Minister, Luis Videgaray, had also acquired a property from the same contractor, at preferential interest rates, making a down payment with a couple of pieces of art. Both cases were investigated by federal authorities appointed directly by Peña Nieto, and no justification for prosecution was found (New York Times, 2015).

The scandal not only took a heavy toll on the credibility of Mexican authorities,[1] but also an outcry to fight for what was, to the eyes of most Mexicans, the only real structural requirement to make Mexico succeed in defeating crime: the rule of law. In public opinion, the main war to fight

in Mexico changed abruptly. To win the war against drug-related violence, a battle against corruption needed to be waged first.

The Mexican Government's "Simulated Battle" Against Corruption

That corruption was an issue was hardly new. The need to create an entity to fight corruption was among Mexico's policy priorities, at least rhetorically, since well before Enrique Peña Nieto came to power. In fact, the first of the 266 commitments that Peña Nieto had made during his electoral campaign was to create a "National Anti-Corruption Commission" (NAC). The NAC would be a centralized entity, championed by a form of "anti-corruption czar" who would oversee the actions of federal public servants and conduct corruption-related investigations without restrictions.

In September 2014, a bill to create the NAC was first presented to Congress. Yet, that bill was rejected by many civil society groups because it was considered incomplete. Among the most important criticisms they advanced was that the NAC was a hierarchical entity unable to coordinate efforts between the many state and federal entities that already had capacities to audit the actions of public servants and that lacked autonomy from other branches of power. There are no credible international experiences in which one single institution was able to control the entire problem of corruption.

Think tanks, university research centers, and NGOs organized as a coalition and lobbied in favor of a different form of anti-corruption solution, one that did not rely on a centralized agency, but functioned as a coordinated system. Instead of a NAC, the groups proposed the creation of a "National Anti-Corruption System" (NAS), a coordinating entity that would bring together institutions that were already in place and that had mandates to impede corruption, but that were operating in fractured ways, without autonomy or resources. More than being an institution commanded by a "czar," the NAS would be an entity regulated by a board. Furthermore, the proposed system would need to recognize the

role of private citizens in promoting corruption, creating sanctions not only for public servants but also for private businesses that engaged in corrupt practices.

In many ways, if Mexican civil society decided to start leading the fight against corruption, it was not by choice, but by necessity. After the many corruption scandals that erupted in 2015, and knowing the limitations of the NAC, waiting for political parties to take action was no longer a logical option. Authorities seemed to be "just too corrupt to create an anti-corruption law with real teeth," said Enrique Cárdenas, CEO of Centro de Estudios Espinosa Yglesias (CEEY), a Mexican think tank that participated in the NAS negotiations. Indeed, the legislative agendas of all parliamentary fractions saw corruption as an issue, but no political force seemed to care about hurrying to create a concrete law to regulate it.

Mexican Civil Society's Battle to Legislate Against Corruption

A first strike of Mexican civil society to reduce corruption was quick to come. In April 2015, just some months after they decided to lobby for creation of the NAS, a constitutional reform to establish the system was approved by the federal Congress and sent to state legislatures for their validation. To become a part of constitutional law, the reform needed to be validated by a majority of all Mexican state legislatures. To pressure for such validation, civil society groups created a digital tool called the "anti-corruptometer," a digital clock that counted the days that every state legislature took to discuss and approve the constitutional reform (The Economist 2015). The clock went viral on social networks, and the NAS reform was approved by most state legislatures in just some weeks. By May 2015, Mexico had approved the full creation of a NAS (Diario Oficial de la Federación, May 27, 2015).

Once the NAS reform was promulgated, at least seven more secondary laws were required in order to regulate and implement the whole system, thus civil society decided to keep the battle going.

In early 2016, civil society groups, academics, and activists gathered together to design those laws, using a recently created Mexican legal mechanism called a "citizen initiative." A "citizen initiative" is a bill that originates with citizens and is presented by citizens to Congress, which is legally bound to debate it so long as the draft legislation is backed by 120,000 signatures (0.13 percent of the electorate), each one in hard copy and supported with detailed information from the photo ID of all signatories.

The seven drafted initiatives that citizens' wanted to be debated were: compulsory publication of assets, tax returns, and conflicts of interest by all elected officials; a new code of ethics for civil servants; a standard framework of responsibilities for public servants at the federal, state and local levels; administrative sanctions for corruption committed by civil servants; new fines for businesses and individuals involved in practices that violate international standards of business ethics; a full mandate and adequate budget for investigative authorities, and efficient coordination of 90 audit and investigative bodies of the national government.

Many thought it would be impossible to gather so many signatures, especially for such dry topics. Yet, civil society groups proved them wrong mainly because students, citizens, and business chambers were on-board. Employers' associations like the *Confederación Patronal de la República Mexicana* (COPARMEX) asked their businessmen and women members to sign the citizen bill. Important Mexican radio stars like "El Sopitas," Fernanda Familiar, Pamela Cerdeira, and many more talked about it on their daily shows. Activists, academics, and columnists discussed the bill endlessly in broadcast shows and the printed press. In just a few months, civil society groups managed to collect more than five times the number of required signatures. In April 2016, about 630,000 signatures were presented to Congress.

Amassing five times the number of signatures required to propel the anti-corruption citizen initiative onto the agenda of Mexico´s Congress was historic, not only because of the size of citizen mobilization it required,[2] but also because it meant the de facto destruction of the monopoly of agenda setting by political parties.

Mexico's parliamentary groups used to meet a few days before the start of the legislative session, on a Mexican beach or retreat, to decide on their priorities. After creating their lists of legislative priorities, groups would negotiate them, that is, agree on the method to address the various issues and decide on the timing of the discussion.[3] Also, political parties in Mexico were used to receiving general ideas, academic papers, and generic proposals for discussions. They would mix those ideas with their ideas, and convert them into legal instruments that included the ideas of every party but were technically unfeasible to implement.

When citizens brought to Congress not just an idea but a complete, polished legal product, endorsed by specialists and practitioners and backed by social support, the rules of congressional discussion changed. The anti-corruption citizen initiative showed that the creation of laws in Mexico could become a political response to social demands, and that the Mexican congress could be "the great translator" of these demands into social needs.

Citizens also demanded that the debates were made fully public, and that civil society groups were allowed to defend their initiative themselves. Opening the legislative discussion to the public marked a change in Mexico's congressional traditions. Senators' discussions are regularly held in private, removed from public scrutiny, and parties were accustomed to establishing politically correct positions in public and negotiating and forging agreements in private to minimize the costs of controversy.

Social support for the citizens' bill was so strong that the Mexican Congress had no option but to accept a public debate. Senators allowed the CSOs that had drafted the bill to participate in the debate of all seven anti-corruption laws and listened to their specific proposals and ideas. With video cameras turned on, the *Canal del Congreso* (Mexico's C-SPAN) recording, and mobile devices following the discussion on social networks, politicians looked uncomfortable and appeared to be outside their comfort zone. For the first time, parties needed to reveal publicly their positions on complex issues such as the organizational structure of the NAS, the coordination and shape of the relationships between various

authorities of the new administrative responsibilities regime (code of conduct), transparency in declarations, and a new model of Administrative Tribunal to sanction violations by civil servants.

After long deliberations and many sessions—and many efforts from political parties to change the content of the citizens' initiative—on July 18, 2016, the creation of the NAS was approved. The House of Representatives approved the law with 338 votes in favor and 110 votes against. Both PAN and PRI voted in favor, while PRD concentrated almost half of the votes against the law. Other small left parties followed PRD and also voted no, and they accounted for the other half of the votes against the law. The Senate approved the law with 104 votes in favor and only five votes against. The law was approved in both houses of Congress with a clear majority.

Graph 1. Distribution of votes, approval of Mexico's anti-corruption federal system
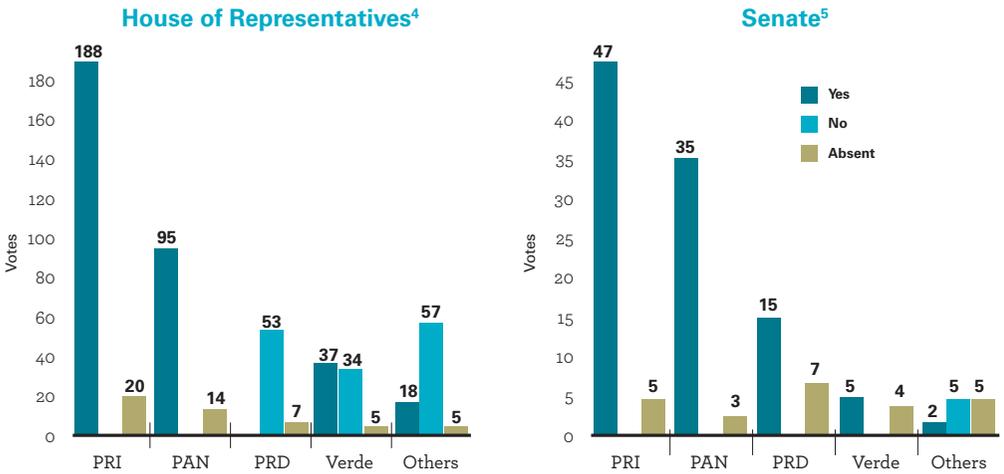
Mexican Legislation against Corruption

The main objective of the Mexican anti-corruption system was the coordination, collaboration, and systematization of the operations of anti-corruption institutions that were already in place at federal and local government levels. To do this, NAS focused on creating a system composed of (1) independent and effective authorities coordinated around a common mission to prevent and combat corruption; (2) a new comprehensive and integrated code of conduct for public servants with punishments and sanctions for corruption; (3) a new criminal regime to fight corruption; and (4) a new monitoring and oversight system to coordinate state and local authorities.

1. Independent and effective authorities

Three laws were created for this purpose. First, the law that regulates the NAS. A body of five citizens, with no ties to political parties or public institutions, presides over the NAS, oversees its mandate and obligations, and creates public policy to combat corruption. Second, the law of the Federal Court of Administrative Justice. This law gives autonomy to the Court to sanction public servants with administrative responsibilities, promotes efficiency in procedures, and creates organizational capacity to administer thousands of cases. Finally, a specialized section of the Court was created, with regional chambers and specialists in the field. Overall, the Court was redesigned as a strong and independent body to promote accountability for acts of corruption. It was also agreed upon to redesign the Ministry of Public Administration, to give it new capacities and functions required by the NAS, including the ability to audit, investigate, supervise, and sanction cases and offenses.[4]

2. A new system of administrative responsibilities

For its first time in history, Mexico legally defined "types of corruption" for both individuals and corporations, compliance regulation. It also created special investigative tools and capabilities for government authorities and mechanisms to protect witnesses and whistleblowers.

The laws also spelled out codes of ethics for civil servants with specific legal implications. It established penalties graduated by the conditions of the act, the rank of the public servant involved, and established a national registry of sanctioned public servants.

Finally, public servants were required to provide yearly public declarations of (1) assets, (2) tax statements, and (3) conflicts of interest, which must contain all materials necessary to know the origin of the information provided. It became a requirement to install a digital platform to verify the information released to the public.

3. A new criminal regime to fight corruption

The NAS required the creation of an anti-corruption special prosecutor, with full autonomy to pursue criminal offenses, independent appointment and removal processes, clear and complete mandates, autonomy in management, human, material and budgetary resources, and in the provision of pretrial investigations. A revision to the Federal Penal Code was undertaken to establish the offenses that should be considered acts of corruption and would be investigated and prosecuted by this special prosecutor.

4. A new type of monitoring and oversight system

The law on Control and Accountability of the Federation was amended in 68 of its articles with the intention of creating a robust monitoring system able to coordinate internal and external monitoring at all levels of government. The law provided them with broad powers to secure its efficiency. The NAS strengthened the functions of the Ministry of Public Administration and the Chief Audit Office and their relationship and authority vis-à-vis the audited entities. It also created a new, more flexible and effective audit and review cycle, one that allows for auditing programs during their implementation, and not only ex post facto. This measure enabled a more complete and useful exercise of public resources at all levels of government.

Mexican Civil Society's Battle to Implement Legislation against Corruption

Once the secondary laws were approved, a new battle for implementation began. Implementation is frequently unsuccessful in Mexico. The idea that a new law will be implemented just because it is mandatory seems to prevail among those responsible for creating them. There is often a sense of accomplishment every time a new law is passed as if legal reforms, by themselves, could change a systemic and intrinsic problem like corruption.

In the case of the new anti-corruption laws, several issues needed to be resolved in the implementation phase. The first was to select the five citizens who would serve as presidents of the NAS. The law dictated that these citizens would not be selected by Congress, to avoid partisan quotas, but by a group of nine notables postulated by civil society organizations and academic institutions. This group would be called the NAS' Selection Commission.

After receiving the nominations of 28 candidates to the Commission, and conducting congressional hearings for each of them, the Committee was created with four academicians (José Luis Caballero, Sergio López Ayllón, Viridiana Ríos, and Pedro Salazar), an independent official of a local transparency institute (Cynthia Cantero), and representatives of civil organizations (Antonio Gómez, Edna Jaime, María Elena Morera, and Juan Pardinas). The Selection Commission was fully integrated on October 13, 2017, and the search for citizens who would preside the NAS began with a public call issued in November 2016.

The call attracted 70 candidates from various states of the republic and of all profiles, from which 15 were chosen for interviews and finally five were hired. The process was carried out with transparency and with public consultation sessions in Mexico City and Guadalajara, which allowed citizens to provide their opinions on the candidates and the selection process.

The citizens selected to be presidents of the NAS were officially appointed on February 9, 2017. They were Jacquelin Peschard, academic transparency specialist and former electoral counselor, Mariclaire Acosta, Freedom House director and human rights activist, José Octavio López Presa, Luis Manuel Pérez de Acha, an expert in strategic civil society litigation, and Alfonso Hernández, an academic from Jalisco with experience in electoral issues and transparency. Jacquelin Peschard was appointed as the first president, for one year.

Thus, after a long struggle to create a functional, participatory, and autonomous institution to fight against corruption, the NAS was officially born on April 4, 2017, when the NAS officially held its first meeting.

Mexican Civil Society's Next Battles

It would be a poor bet to expect that the political elite, whose way of life is about to be changed by the NAS, will joyfully engage in implementing every aspect of it. A great deal of political will is required, as well as concerted pressure, control, and oversight from civil society.

New institutions are still to be created and the success of the new system depends on them. For example, the new Special Anti-corruption Prosecutor is designed by law to become a pillar in the fight against corruption, with special powers to investigate high-level officials or powerful private companies. For that purpose, this institution must have a special degree of autonomy and independence from government and special interests. It will also need an adequate budget and highly qualified people to become an efficient institution. This prosecutor must be run with very strict integrity standards to ensure honesty and become a respected institution. As of now, there is a lot of skepticism as to whether the special prosecutor will indeed be autonomous.

The war against corruption is a necessary battle that never ends. The aim is not to eliminate the risks of corruption, but to control them. A good anti-corruption system should be able to identify, investigate, and sanction every act of corruption. It should be able to control the presence and

impact of corruption on governmental functions and services, and the anti-corruption system should constantly learn from each case to establish improved preventive measures.

An important next step in combating corruption is to control public procurement. Most of the corruption scandals in Mexico are related to public procurement. Corruption in this fundamental activity can leave a hospital without medicines, a classroom without computers, two towns without a road connecting them, or a police force without the proper equipment.

The high risks derive not only from the enormous budget allocated to public procurement, but also from the quantity of procedures that are performed by the government every year. At the federal level, the Mexican government performs more than 150,000 acquisitions a year worth more than P$400 billion (www.compranet.gob.mx). Many of these are for buying standardized products, such as staples, vehicles, blankets, telephones, internet, and parking, yet others are for purchasing very complex and expensive public goods and services. A proper system of control and oversight in public procurement is a great tool for fighting corruption and increases efficiency in the allocation of goods and services and the construction of public works.

Compranet, established in 1997, is an example of the government making an effort to establish transparency and accountability in government purchases by publishing bids online. The platform of bids, purchases, and contracts has been revised three times since then with poor results. The latest iteration of Compranet, called 5.0, is an improvement because it eliminates contact between tender participants and government officials, allows the public to observe every purchase made by the government, and simplifies procedures. However, it still leaves much to be desired because the system has no proper control or oversight, and procurement processes cannot be tracked on the website from beginning to end. The Mexican Procurement Law needs to be revised and reformed in order to reestablish Compranet as the cornerstone of control and oversight in the government´s procurement and public works.

The creation of NAS, and its regulatory laws, is only the first of step of the reform process. The most important part is still to follow: implementation and consolidation of a mature NAS.

To consolidate a mature and successful NAS, Mexico will need to solve complicated human, administrative, economic, and legal issues. New institutions are born with high expectations, to solve in a short period of time a highly complex problem that triggered the legislative process. As failure becomes imminent, the immediate response is often to change the law again, which makes it impossible for a public institution to mature.

Finding the appropriate human resources for combating corruption is a particular challenge. There are no real experts in corruption investigations in Mexico. Therefore, a new corps of specialized officials needs to be created and developed. This requires the creation of a rigorous capacity-building policy and program and requires time and patience.

To ensure sound administration of anti-corruption agencies, we need to create conditions for public servants to work in proper environments with adequate procedures. For example, criminal prosecutors in Mexico spend most of their time doing bureaucratic work, in cramped offices, with low budgets, and attending more cases than they can handle properly. If the fight against corruption is going to be successful, it will need specialized servants actually solving cases of corruption, instead of spending their valuable time filling out administrative forms to comply with internal regulations.

An economic commitment must be made to making anti-corruption efforts work. The new institutions to be created must be endowed with adequate economic resources and imbued with political will. This will not be easy because it is difficult to argue that the fight against corruption naturally supersedes health, education, or security. Civil society will need to oversee the allocation of proper levels of resources, at least for a certain period of time, in order to allow the system to mature.

The legal framework for anti-corruption requires further work, and several laws still need to be reviewed and adapted. For example, the Public Procurement and Public Works laws must be reformed to establish better

monitoring mechanisms and enhance transparency and accountability for every procurement process. Also, asset recovery laws need revision to become enforceable. The fight against corruption is incomplete if a convicted felon can enjoy the fruits of corruption after a period in jail or a separation from public service. The law that regulates asset recovery needs to consider the proper mechanisms, procedures, and institutions for engaging in fruitful international cooperation for recovery of assets located overseas. Adding to this, the most complex process will be legislative adaptation at the local level. Governments of all 31 states and Mexico City will need to adopt and adhere to the new anti-corruption system.

In a democratic country in which corruption and impunity have become systemic and intrinsic, a system to fight it in public procurement is a necessity of survival. Overall, as this chapter has shown, the Mexican Spring of 2016 will be remembered as a time in which Mexicans erupted peacefully in their Congress to inaugurate a new version of democracy. Yet, it will also be remembered as the first of many steps to follow.

Expected Benefits if Corruption is Reduced

What are the benefits of approving anti-corruption laws and effectively implementing them? There are powerful arguments in favor of pursuing rigorously to prevent, chase down and punish corruption. Promoting the development of a proper and solid NAS should be a priority of the Mexican state because it could achieve better outcomes in (1) policing, and (2) economic growth. In this section, we describe why this would be the case.

1. Police forces

Trust in police forces in Mexico is among the lowest in the world. Mexico ranks at the bottom, 130th out of 138 countries, with respect to the extent to which its citizens believe that police services can be relied upon to enforce law and order (WEF 2016). This places Mexico below countries like Guatemala (128), Pakistan (118), and Colombia (113). Furthermore, about 90 percent of Mexicans believe the police forces are

corrupt, which makes the police not only the institution with the highest perception of corruption in Mexico, but among the highest in the entire world (in 98th place out of 106 countries, according to Transparency International in 2013). Indeed, it is estimated that there are about 1.7 million cases of corruption involving public security agents yearly in Mexico (INEGI 2016).

The use of stricter mechanisms to identify, prevent, and deter corruption in police departments could make them work more efficiently to reduce crime and violence. Some empirical evidence seems to support this premise. In Nuevo León, for example, after the creation of "Fuerza Civil," a new, more professionalized corps of police officers were vetted to be less prone to corruption, and homicides were reduced significantly between 2011 and 2014.[7]

There are at least three channels through which reducing corruption could improve police effectiveness in Mexico:

1. Improving cooperation between police forces. It has been proven that lack of coordination between different levels of government creates environments in which crime tends to emerge (Ríos 2012, 2015). When different police forces do not share information, procedures, and objectives, prosecuting criminals is less efficient. Interestingly, corruption is one of the main reasons that police officials cite to explain why cooperation is rare between Mexican federal and state police forces. Indeed, according to INEGI (2016), the incidence of corruption is almost six times greater at municipal levels than with federal authorities.[8] Federal forces, which tend to be much more professionalized than police at lower levels, are wary of the honesty and capacity of state and local police, so they prefer not to share sensitive information with them. As a result, intelligence is either done twice (at the local and federal levels) or is absent at the local level. A positive outcome of reducing corruption would be the promotion of cooperation between police departments at different levels of government and thus better use could be made of information and intelligence. Enhanced cooperation between police departments would be particularly important in fighting crimes like extortion or kidnapping, which are widespread throughout the country but are usually planned at the local level.

2. Functional implementation of judicial reform. Mexico's newly implemented judicial system grants much larger investigative responsibilities to police departments (Rodríguez and Shirk 2015). Diminishing corruption will be fundamental to producing investigations that are conducted fairly and professionally and developing a judicial system that Mexican citizens can trust. It is estimated that about half (50.6 percent) of the interactions that citizens have with public security authorities involve some form of corrupt activity (INEGI 2015).

3. Increases in crime reporting. The police are the first contact that most people have with the judicial system and represent about five percent of all contacts that Mexicans have on average with authorities.[9] As a result, the interaction with police is decisive in determining the confidence of normal citizens in judicial procedures. Given the widespread perception of corruption among the police, it is not a surprise that out of 33.7 million crimes committed in Mexico every year, only 10.7 percent are reported. The reason Mexicans give for not reporting crimes are distrust of the authorities, in 16.8 percent of cases, and blatant fear of being extorted by authorities in 0.7 percent of the cases. This means that, by reducing corruption, reports of crimes could increase up to 17.5 percent, giving the Mexican State a greater ability to identify when and where crimes occur and to implement plans to deter it (INEGI 2015).

2. Economic development

Mexico is not growing to its full potential and is characterized by deep inequality in income distribution. Over the last decade, the average growth of Mexico has been 2.3 percent per year, and social mobility has remained among the lowest in Latin America (Neidhöfer 2016).

Corruption may well be one of the factors contributing to this trend. As Rothstein and Holmberg (2011) have demonstrated, corruption tends to be correlated with lower levels of growth and human development, and this trend is accentuated among lower income countries (Ugur and Dasgupta 2011).

There are at least three channels through which reducing corruption could improve economic development in Mexico:

1. Cost reduction. The costs of operating a business increase when corruption is present, particularly due to the amount of informal payments (bribes) that firms are required to cover with some regularity (De Rosa, Gooroochurn and Görg 2010). It is estimated that 44 percent of Mexican firms pay bribes, worth a total of USD$1.7 billion per year (Transparencia Internacional 2010). Currently, 63 percent of Mexican businesses consider that corruption is simply "business as usual" in Mexico (Rodríguez Arregui 2015). Conservative estimates argue that 4 percent of the average construction contract value is spent in bribes, although some claim that this could be up to 30 percent (Transparencia Internacional 2010). Indeed, tackling corruption would signify large savings for firms in Mexico.

2. More effective taxation. Corruption allows loopholes to exist in the tax system that permit powerful interest groups to avoid taxation. This affects not only the size of government income, but its composition. For example, it has been shown that corrupt countries are less able to tax corporations and have bigger informal economies (Kauffman et al. 1999). Furthermore, if corruption facilitates tax evasion, it smooths the way for the existence of less productive underground economies (Nawaz 2010). In general, corruption is correlated with less progressive tax systems and with fiscal prerogatives that favor those that are capable of bribing or well-connected (Gupta et al 2002). Mexico's fiscal policies are a mix of progressive/regressive taxes that have been difficult to change (Romero 2015).[10] Fighting corruption may lead to creating better taxing schemes over the long term.

3. More productive public investment and greater private investment. Countries that are corrupt tend to have lower levels of investment, particularly foreign investment (Sanyal and Samanta 2008, Zurawicki and Habib 2010). The few investments they receive tend to come from more corrupt countries, rather than from countries that, like the United States, criminalize corrupt acts committed outside their borders (Cuervo-Cazurra 2006). Corruption also corresponds to a statistically significant degree to less productive investment. It is estimated that a one-point increase on a scale from zero to ten lowers productivity by minus four percentage points of GDP, and reduces foreign capital inflows by -0.5 percent (Lambsdorff 2003). Given Mexico's great need for increasing its investment, fighting corruption must be a top priority for the country.

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Endnotes

1   During the six months after Ms. Carmen Aristegui broke the news that the president owned, through his wife, a luxurious home that had not been declared as a part of his assets, approval of the president fell 20 percentage points, sharply decreasing from 59 percent to 39 percent, according to *Parametría*, one of Mexico's leading polling companies.

2   According to electoral legislation, 220,000 signatures are required to register a new political party. In this case, Mexican citizens gathered enough signatures to create almost three new political parties.

3   Except for budgetary issues, which have an inescapable deadline set by the Constitution, if the regular period ends without enough time to discuss an issue, that topic or legislation is stored in the docket (supposedly slated to be discussed in the next legislative period).

4   "Others" refers to one independent congressman and the following parties: Morena, Encuentro Social, Movimiento Ciudadano, and Nueva Alianza (Cámara de Diputados, 2016).

5   "Others" refers to one independent congressman and the following parties: Partido del Trabajo and independents (Cámara de Senadores, 2016).

6   This Ministry disappeared from the Law when the NAC was proposed and has been functioning without a proper legal basis ever since.

7   This was not the only measure responsible for diminishing violence. Among other factors contributing to this was greater cooperation between civil society and government, collaboration between different levels of government, better technology and strategies to track crime, and social cohesion programs. Indeed, it is hard to disentangle the effect that corruption-related measures had on the overall reduction of violence (Conger 2014).

8   When dealing with federal authorities, incidence of corruption is 2,729 per 100,000 adult inhabitants, at the municipal level the figure is of 12,645 (INEGI 2016).

9   Out of an estimated of 70 million yearly contacts between Mexicans and their authorities (INEGI 2013), 3.6 million are with "public security authorities" or in the form of "emergency calls to the police."

10 Measured as the ratio of consumption over property/income taxes, consumption taxes are regressive.