

# Corruption in Mexico Looking to the Future

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Corruption is by no means a modern evil. Historical evidence shows that it is at least as old as the Egyptian invention of the scales, later to become the symbol of impartial justice. Some researchers date the oldest signs of corruption in the ancient world at about 3000 B.C., when the idea that the population should not be forced to make offerings in return for government actions began to gain currency.

Age-old adages and proverbs also reflect the popular vision of corruption and what goes along with it; “Opportunity makes the thief,” for example, or, “There is not the thickness of a sixpence between good and evil,” are common sentiments. Judging by both these sayings, the vox populi seems convinced that the dikes containing corruption are not built with ethical principles, but with arrangements and measures that eliminate or at least abate the possibility of making off with other people’s property.

Scholars argue, however, that just as important as creating policies against corruption is seeking a change in individuals’ attitudes. For example, writer Federico Reyes Heróles, president of the Mexican chapter of Transparency International, says, “If societies do not change their values, if they do not foster personal integrity, corruption will always find a breeding ground for it to rear its head and reproduce.”<sup>1</sup> Solid ethical values and behavioral norms would make illicit wealth unacceptable to many people in society. The other great antidote against corruption is public policy, on which we will center our attention for the Mexican case. In this country, the fight against corruption was a central

part of the debate and proposals during the year 2000 presidential campaigns.

## INTERNAL AND EXTERNAL CONTROL

In Mexico, anti-corruption policies are applied through two types of budget controls. One is the internal, or self-control that each of the branches of government exercises. In the executive branch, internal control is enforced by the Ministry of the Controller and Administrative Development (Secodam); in the legislative branch, by an internal controller’s office; and in the judicial branch, by the Federal Judiciary Council.

Since the executive branch spends most of the federal budget, it merits a closer look at its internal control. To carry out its duties, the Secodam depends in turn on the internal control mechanisms set up for each body of the federal government.

Secodam has the right to freely appoint and dismiss officials, controllers and the heads of the areas of complaints, auditing and the departments which decide and apply penalties (called in Mexico, the “responsibilities area”). The administrative authority that the law gives to these internal controllers and the heads of the “responsibilities area” enables them to apply all types of administrative and economic penalties to public servants guilty of wrongdoing; it also gives them the power to directly bring charges before the corresponding district or state’s attorney when they suspect a crime has been committed.

Now, the other type of control over public funds is external, the responsibility of the Chamber of Deputies. The Chamber of Deputies has a tech-

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nical body called the Finance Controller's Office, which has jurisdiction over the executive, judicial and legislative branches. Since it is the highest monitoring authority, it is responsible for reviewing the federal government's public accounts and, federally, for one of the essential rules for maintaining a democracy: ensuring the accountability of government officials.

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#### CORRUPTION LEVELS

In Mexico, both internal and external controls have traditionally had to deal with a complicated tangle of administrative corruption, irregularities linked to the violations of norms and the abuses committed by public servants for their own benefit or that of third parties. The spectrum of corrupt practices detected over the years is considerable. Just as examples, we can cite arrangements with private companies so they can pad their invoices for goods or services sold to the government; charging for work that has not been done or goods that have not been delivered at all; setting up dummy companies that simulate being intermediaries; or accepting fake receipts to cover items in the budget. Transparency International's 1999 Perception of Corruption Index (IPC) put Mexico in fifty-eighth place among the 99 countries it examined, with 3.4 points on a scale of 0 (highly corrupt) to 10 (extremely honest), tying with Byelorussia, China, Latvia and Senegal.<sup>2</sup> This implies that, according to the perceptions of businessmen, risk analysts and the general public, of the 99 countries scrutinized, 57 had fewer problems of corruption than Mexico, and 41 had more.

Thus, internationally, Mexico is not on the extreme end of the spectrum, but that does not

mean it is not a concern for Mexicans. Quite to the contrary, fighting corruption to the very core is one of the most recurrent social demands in Mexico, and political parties of all stripes often put it among the basic planks of their electoral platforms and strategies.

We can get a better idea of the Mexican case if we situate it in the Latin American context, which allows us to compare it to countries whose history, culture and level of economic development are closer to Mexico's than those of the United States, Canada, Europe and the rest of the world. The IPC estimates that Guatemala, Nicaragua, Argentina, Colombia, Venezuela, Bolivia, Ecuador, Paraguay and Honduras suffer from more corruption than Mexico. Chile (which occupies position 19, between the United States and Israel), Costa Rica, Peru, Uruguay, Brazil, El Salvador and Jamaica are cited as having less.

#### THE FUTURE

Since Mexico's corruption levels continue to be a concern, the question we must answer is, what innovations in public policy are being put forward to deepen the fight against it? The answer to this essential question must necessarily take into consideration the two levels of control that we have already mentioned. In terms of internal controls, we will have to wait for the new administration to take office on December 1, 2000, when it will formulate its overall plan to confront this problem.

We can already say that whoever is elected president July 2 will have to deepen the fight against administrative corruption, for his results will exert a powerful influence on whether that same political force will win the following presidential elections in 2006.

With regard to external controls and the accountability of government officials for their spending of public funds, in 1999 a transcendental step was taken that will have a profound impact on the efficacy and credibility of monitoring in Mexico: the Chamber of Deputies' Federal Con-

troller's Bureau was created. The constitutional amendment that created this technical body officially became law July 30, 1999, when it was published in the official gazette, and went into effect January 1, 2000.<sup>3</sup> The new body will replace the Finance Controller's Office, which, although it has existed since 1824, never achieved credibility as a monitoring body in the eyes of either the other branches of government nor Mexican society as a whole. What is more, very few Mexicans even know of its existence or what its attributions are.

A question, therefore, inevitably arises: What is different about the Federal Controller's Bureau that might lead us to think that government officials will now be made accountable in an atmosphere of institutional credibility and public trust?

Truth to tell, before looking at the attributes of the new institution, we must examine the changes around it. This transformation can be summarized in the following way: the Chamber of Deputies, traditionally a quasi-monopoly because of the overwhelming presence of legislators from the party in power, is now not only pluralist, but also the scene of lively political rivalry, to the degree that today most deputies are from the opposition. This unprecedented plurality, which seems at least essentially irreversible, has made for greater interest on the part of legislators in strengthening the accountability process, fostering its effectiveness and evaluating the results of its functioning.

The amendment to the Constitution gives the new Federal Controller's Bureau a great deal of technical and operating autonomy, which implies a substantial change in the dependence that the previous body had vis-à-vis the Chamber of Deputies. This innovation is highly significant because it will permit the new bureau to carry out its technical activities free from any pressure or partisan orientation that could bias the selection, planning and execution of its audits.

The way the head of this body is designated is another fundamental aspect of its independence. The Chamber of Deputies will elect him/her

by a two-thirds vote of members attending the session. The current head was approved by 74 percent vote of the deputies present in the session the day of the vote. This means that whoever heads up the bureau has no reason to feel specially indebted to any of the parties in Congress.

With regard to auditing functions, the constitutional amendment also establishes that the

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new bureau will be in charge of examining income and expenditures after the fact; management, custody and application of funds and resources of the different branches of the federal government and public enterprises; and achieving federal program objectives.

This is a reflection of legislators' interest in broadening out the audits to activities involving the performance of public functions. That is to say, reviews will not only involve financial aspects such as proving and justifying spending, but will include government programs. The aim here will be to verify that they are completed both in time and content, that they actually offer the quality services they were supposed to and that they reach their goals in terms of numbers of beneficiaries. This is a great leap toward review capabilities including the evaluation of efficiency levels in the use of public funds. We should remember that society is not only damaged by illicit but also by inefficient use of funds. Another positive thing about the legislation is allowing the auditing body in exceptional situations to require the institution or individuals it is scrutinizing to review the items it considers pertinent and to account for them, regardless of whether they report annually or not. This opens up the possibility of acting in a more timely fashion to avoid anomalous situations becom-

ing worse. A fundamental innovation is that the Federal Controller's Bureau will be able to fix blame directly on public servants when a review or audit reveals that the public trust has been violated. Until now, the auditing body has only been authorized to formulate observations and recommendations.

Lastly, another important question is that once the bureau turns in its report to the Chamber of Deputies, it will be made public. This shows that the underlying spirit of the reform is the intention that the media and society at large should be informed down to the last details about the accountability process to make sure it is both legal and fulfills its ends.

At this point we should remember how Norberto Bobbio correctly defined democracy: as "the government of public power in public." Thus, insofar as management and monitoring of the funds that belong to Mexican society are made public, the media and social organizations

will be given enormous potential for participating in Mexico's democratic development. ■■

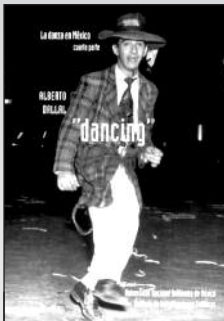
NOTES

<sup>1</sup> Federico Reyes Heróles, *Memoria del 1er Foro Internacional sobre Fiscalización Superior* (Mexico City: Contaduría Mayor de Hacienda de la Cámara de Diputados, 1999), p. 86.

<sup>2</sup> Transparency International explains that the Perception of Corruption Index (PCI) classifies countries according to how different sectors of society perceive corruption among public officials and politicians. The 1999 PCI is based on 17 different canvasses and surveys done by 10 independent institutions among businessmen, the general public and country experts. At least three surveys are done for each country.

<sup>3</sup> Given that regulatory legislation has not yet been passed, however, the Chamber of Deputies' Finance Controller's Office continues to function.

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