

POLITICAL SCIENCES

HOW TO MEASURE THE MONSTER OF CORRUPTION IN MEXICAN LOCAL GOVERNMENTS?

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Abstract

This article explores the main mechanisms for measuring corruption in Mexico. It also discusses some ideas about the costs of corruption and the reasons that motivate citizens and other actors to engage in this practice. Furthermore, it presents data on the states and municipalities that have registered the highest rates of perceived corruption. Although effective mechanisms for combating corruption are not yet available, it has been concluded that one of the most important steps is to acknowledge the existence of corruption in the country, with the expectation of raising awareness among future generations of decision-makers.

Keywords: Perception of Corruption, indicators, public policy, accountability.

Introduction

What distinguishes countries whose institutions benefit everyone is not the democratic accountability of their leaders, but rather their incorruptibility. We now know that corruption acts like a cancer, hindering the proper functioning of institutions. It doesn't "grease the wheels" of a society; on the contrary, there is growing evidence that corruption corrodes public institutions in countless ways. (Costas, 2016: 15-16). The debate about corruption is out in the open, and in a much more raw and persistent way in recent years, as reflected in the data from public opinion polls that appear periodically. (Rodríguez, 2017: 353).

Regarding the measurement of corruption, the fundamental question is: how do we measure corruption objectively and comparably? The first option, and perhaps the most objective, would be to quantify the number of corruption complaints filed in a country, or the number of convictions related to corruption offenses. However, this indicator presents problems in comparative studies, as it is not easy to standardize the data, and furthermore, there is sampling bias, since unreported or unprosecuted corrupt acts are not included in these measurements. Therefore, most international studies that compare countries use indirect indicators of corruption. (Artés y Jiménez, 2017: 48).²⁸ In this context, surveys are quantitative tools for measuring the perception of corruption, which will be used in this document.

The increased effort to improve our understanding of the costs generated by corruption, at both the micro and macroeconomic levels, allows us to identify its economic and socio-political consequences, such as the loss of trust in institutions, the questioning of the democratic system, and the erosion of the rule of law (Sánchez-Macías, 2017: 128). Investigating the practices most prone to corruption at the local level allows

for the introduction of new administrative systems with lower levels of discretion, improvements in the quality of public services, and the implementation of ICTs as tools to combat administrative corruption.

Identifying and quantifying these costs is essential to understanding the scope of the problem among citizens and designing appropriate public policies for its prevention, containment, and eradication. However, the task is far from simple. Because corruption is an illegal and elusive phenomenon, both its direct and indirect costs are difficult to calculate. Among the direct costs are the money that ordinary citizens or businesses must allocate to bribe payments. Indirect costs, on the other hand, are even more difficult to document or quantify. Ultimately, it is always the citizen or consumer who pays. Whether through direct or indirect costs, it is known that the harmful effects of corruption in Mexico include economic ones. (Casar, 2016: 1), although unfortunately they are not the only ones.

Measuring the perception of corruption at the local level requires a diagnosis of corruption in Mexico. In this regard, one of the greatest difficulties in corruption research has been the lack of a solid empirical basis. Researchers have generally used two types of instruments to "measure the level of corruption". Some have used written documents, such as press reports, court records, and reports from anti-corruption agencies. Others have used data provided by surveys. Both types of instruments have advantages and disadvantages. However, surveys allow for comparative measurements between different levels of government and between countries (Sánchez, 2013: 17). Measuring corruption has become an increasingly important research topic (Villoria e Izquierdo, 2016: 247) among democratic societies that have perceived the perverse effects on the market, democracy and society.

²⁸ Among the most commonly used are: the Corruption Perceptions Index, produced by the non-governmental organization Transparency International; and the Governance Index, developed by the World Bank..

Using documents to measure the level of corruption has three advantages (del Castillo, 2001: 383-384). First, data collectors are often unaware of the specific research objective they are working on, so data collected from archival sources is often non-reactive and potentially more accurate than interview data. Secondly, if a type of document covers events over a substantial period, it is possible to perform a longitudinal and comparative analysis, which allows for more reliable data. Finally, document analysis has a cost advantage. By using written records, researchers can avoid the cost of collecting raw data themselves, as well as the cost of storing voluminous documents. (Sánchez, 2013: 17).

The greatest difficulty in investigating corruption lies in unraveling how corrupt practices are carried out and the role that different actors play in corruption networks. This difficulty is exacerbated by the fact that public administration tends to be networked, and it is increasingly clear that networks of actors define public problems and implement programs of all kinds, a circumstance that makes the scope of investigation almost limitless. Consequently, despite the difficulty, differentiating corrupt networks from “honest” ones is necessary and important if we want to identify good governance practices and identify corrupt activities. (Villoria, 2006: 11). The public services provided by public administrations allow us to identify those services that are provided with a low level of corruption and those services that are identified by citizens as having a high level of corruption.

How can we quantify the perception of corruption in Mexican local governments, and how big is the problem at the municipal level? This is the research question that we will attempt to answer in this chapter using surveys and measurements of corruption at the national, regional, and local levels. We aim to understand its importance to citizens in general, and to scholars in particular, with the goal of establishing the extent of corruption in the country's municipal governments.

For an accurate diagnosis of corruption in Mexico, the National Corruption and Good Governance Indices are used (2001, 2003, 2005, 2007 y 2010) prepared by Transparencia Mexicana, as well as the National Survey of Government Quality and Impact (2012, 2014 y 2016) conducted by INEGI (Sánchez, 2012: 2017). However, the first tool that measures the perception of corruption in local governments stands out: the National Survey of Regulatory Quality and Government Impact on Businesses (2016) in which it carries out a measurement in 42 strategic municipalities and delegations at the local level.

I Measuring the perception of corruption in Mexico at the federal and state levels

In a modern society like ours, citizens have the right, and increasingly demand, to be well-informed

and to have a greater degree of participation in the decisions that affect them. Transparency, and ultimately the right to know, is truly a fundamental right and one of the inherent values of a developed society that aspires to be genuinely democratic. Transparency is the best antidote to corruption, and it is urgent to combat the proliferation of various improper or irregular conduct that unfortunately continues to occur in numerous institutions. (Llaneras, 2016: 147-148). Democracy needs sufficient economic resources, but at the same time, this poses a serious threat to the very legitimacy of democratic regimes. (Lapuente, 2016: 87-88).²⁹

Within this framework of transparency of information to have more measurement tools, the National Survey on Corruption and Good Governance (ENCBG) conducted by Transparencia Mexicana for the first time in 2001, and subsequently in 2003 and 2005 during the government of Vicente Fox. The National Survey on Good Governance and Public Relations (ENCBG) served as a quantitative tool to measure the perception of corruption at the federal and state levels. The ENCBG was administered between 2007 and 2010 during the administration of Felipe Calderón, resulting in a historical series of five surveys. This allowed for the measurement of the perception of corruption during the period of political alternation, specifically during the administrations of Vicente Fox Quezada and others. (2000-2006) and Felipe Calderón Hinojosa (2006-2012), emanating from the National Action Party (PAN). However, the ENCBG's importance did not allow it to measure the perception of corruption at the local level.

National Corruption and Good Governance Index

The National Survey on Corruption and Good Governance (ENCBG) was conducted by Transparencia Mexicana, a section of Transparencia Internacional, in a historical sequence of five installments. Three were carried out during the administration of Vicente Fox (2001, 2003, and 2005) and two during the administration of Felipe Calderón (2007 and 2010). It should be noted that the measures that should have been applied during Enrique Peña Nieto's government are missing, so it will not be possible to know whether the perception of corruption decreased or increased during this period (Sánchez, 2017).

The methodology of the National Survey on Corruption and Good Governance and its National Corruption and Good Governance Index (INCBG) generally consisted of selecting the 35 most relevant public services and recording acts of corruption when the respondent reported paying a bribe in exchange for a public service. The summary of the five INCBG reports shows the following results:

²⁹ “When citizens perceive the stark power of money in politics, their trust in governments, politicians, and elections is undermined. If they observe that parties primarily represent the interests of large donors, they lose faith in the political

process. All analysts agree that citizens in democracies are increasingly distrustful of politics and politicians” (Lapuente, 2016: 89).

Table No. 1

INCBG Results 2001-2003-2005-2007-2010

Year	INCBG	Acts of corruption	Average cost	Total cost (million pesos)	% of income	% of income (Income 1 sm)
2001	10.5	214 millions	\$109.50	\$23,400	6.9%	13.9%
2003	8.5	101 millions	\$107.00	\$10,656	7%	29.5%
2005	10.1	115 millions	\$177.40	\$19,000	8%	24%
2007	10.0	197 millions	\$138.00	\$27,000	8%	18%
2010	10.3	200 millions	\$165.00	\$32,000	14%	33%

Source: Prepared by the author based on the ENCBG

The average INCBG in 2001 was 10.5 percent and reached 10.3 percent in 2010, showing a slight decrease. Only in 2003 did the INCBG drop to 8.5 percent, its lowest point; afterward, it tended to increase, as shown in Table 1. Regarding acts of corruption, there were 214 million in 2001 and 200 million in 2010, indicating a continued decline. In 2003, the number of acts of corruption fell to 101 million, before resuming its upward trend. (Sánchez, 2012: 481). This result could demonstrate the impact of the anti-corruption campaigns launched in the first part of Vicente Fox's administration until 2003, when they were widely disseminated in the media, and in the second stage of his government, they ceased to be visible in the media.

While the following indicators show an upward trend in the costs of corruption, the average cost of corruption rose from \$109.50 in 2001 to \$165.00 in 2010. The overall cost of corruption illustrates the magnitude of the problem: in 2003 it was \$23.4 billion pesos, and by 2010 it had climbed to \$32 billion pesos. Finally, the cost of corruption disproportionately affects the poorest segments of the population, who had to allocate 13.9 percent of their income to it in 2001, while by 2010 this figure had reached 33 percent (Sánchez, 2012: 485). The cost of corruption affects all sectors of the population, but in different ways and has diverse impacts, but in general, it has a higher cost for the most vulnerable sectors.

Corruption also impacts poverty and wealth distribution through its effects on various economic and governance variables. By reducing investment, productivity levels, and the rate of growth, corruption negatively affects income levels, but also, as various empirical studies indicate, it tends to worsen wealth distribution. Corruption increases poverty by creating incentives for investment in labor-intensive projects, which can deprive the poorest classes of the opportunity to generate income (Salinas y Salinas, 2017: 38).

II Measuring the perception of corruption in local governments in Mexico through the National Survey of Government Quality and Impact

The municipality is the front line of democracy. In most countries, it is the elected administrative body closest to the citizens. Furthermore, its job is to manage and resolve problems that are intimately connected to the daily lives of voters. This is probably why we often perceive what we see in our town halls as a setback or a reflection of politics as a whole (Jiménez, 2016: 61).

Measuring corruption at the municipal level is relevant to understanding citizens' perceptions of corrupt acts and the extent to which local governments take action to improve public services with the least possible corruption.

At the local level, municipalities in Mexico foster an environment conducive to corruption. Their weak institutions are staffed by poorly trained personnel and suffer from various operational deficiencies. For example, some offices lack basic computer services, and this is compounded by excessive regulations and insufficient oversight from accountability institutions and the general public. The result is a local environment rife with opportunities for corruption, as confirmed by perceptions: 76% of Mexicans believe that corrupt practices are frequent or very frequent at this level of government (Grandet y Reséndiz, 2015: 71).³⁰

In this regard, the National Survey on Government Quality and Impact (ENCIG), conducted by INEGI, measures corruption at the federal and state levels, while at the local level it only provides a percentage approximation compared to the former. This situation is verifiable in the ENCIG (2012), which includes these measurements at the local level, although the specific local governments analyzed are not identified. Therefore, we will now proceed with a description of its results.

The National Survey of Government Quality and Impact (2012)

Surveys have been a widely used tool for measuring perceptions, attitudes, and experiences of corruption. Particularly noteworthy are questions related to the level and trend of corruption (whether it will increase or decrease) or how corrupt a government or specific institutions are perceived to be. There is also considerable concern about how culturally acceptable corruption is, or how likely a public official is to solicit a bribe, as this depends on the political, economic, and social context. In other words, corruption surveys are a tool that allows us not only to measure the extent of the phenomenon but also to characterize it. In this sense, through a survey, it is possible to know the profile of the victims, the institutions most frequently associated with experiences of corruption, as well as the methods used and the amounts disbursed. (INEGI, 2016a: 20).

Regarding the Government Quality and Impact Survey (2012), specifically concerning the quality of public services by level of government, 67.2% rated the

³⁰. "Two of the factors behind these corruption cases are 1) the lack of interest in developing information systems on municipal management and 2) the lack of transparency in municipal procedures. (...) Generating information, firstly, im-

proves transparency and the potential for oversight of municipal management. Furthermore, computer systems lead to greater efficiency in public services by providing automated systems and create less room for discretion" (p. 72).

quality of state public services as “Good,” while 67.0% selected this option for municipal and borough public services, and 58.7% for federal public services. The rating given for the quality of public services at the federal

level is lower than that given at the municipal, borough, and state levels. The perceptions of “bad” and “very bad” services are very similar. See Table 2. (Sánchez, 2013: 29).

Table No. 2

Perception of the quality of public services by level of government

Quality of public services	Perception			
	Very good	Good	Bad	Very bad
Municipal or local delegations	3.5	67.0	25.0	4.3
State	1.9	67.2	25.5	3.3
Federal	3.4	58.7	29.9	5.4

Source: own elaboration based on (INEGI, 2012: 12).

Based on the National Survey on Government Integrity (ENCIG), it is estimated that nationally, 34.3% consider the prevalence of corruption in municipal or borough governments to be “Very Frequent”; in state government, the figure is 35.2%; and in federal government, it is 37.6%. Although the data are very similar,

the perception of corruption is most prevalent at the federal level, followed by state government, and then municipal or borough government. See Table 3 (Sánchez, 2013: 30).

Table No. 3

Degree of occurrence of corruption by level of government

Degree of occurrence	Perception			
	Very common	Frequent	Infrequent	Never
Municipal or borough government	34.3	48.1	13.9	1.1
State government	35.2	47.8	13.2	1.2
Federal government	37.6	43.9	13.5	1.5

Source: own elaboration based on (INEGI, 2012: 13).

If we combine the perception of corruption as “very frequent” and “frequent” at the local level, it reaches 82.4 percent, at the state level it is 83 percent, and at the federal level it reaches 81.5 percent, indicating that corruption is least prevalent at the federal level. Local corruption follows in second place, with the state level being the most susceptible to corruption.

34.3% considered that the degree of occurrence of these illicit practices is “Very frequent” in the municipalities and delegations; a similar percentage, 32.2% and 37.6%, respectively, opined the same with respect to the state and federal governments (INEGI, 2012: 3).

In summary, the ENCIG provides insight into the perception and occurrence of corruption in local governments compared to the state and federal levels, but it doesn't elaborate on the fact that corruption is more prevalent and frequent in local governments. The National Survey of Regulatory Quality and Government Impact on Businesses (ENCRIGE), for the first time, conducts a comparative study of 42 strategic municipalities and boroughs in Mexico, bringing us closer to understanding the extent of corruption in Mexican local governments.

III National Survey of Regulatory Quality and Government Impact on Businesses 2016

Corruption, initially of public origin (with the necessary collaboration of private individuals), has also taken root in the private sphere. It is no longer merely a pathological practice of certain public servants, but has manifested itself as a mechanism for generating illicit business and substantial private profits. However, despite undeniable parallels, there is a crucial difference: public corruption acts against the public interest,

weakening the legal and political system, while private corruption affects private interests (Lizcano, 2016: 107).

In this context, the National Survey of Regulatory Quality and Government Impact on Businesses (ENCRIGE) becomes relevant. It was first developed by the National Institute of Statistics and Geography (INEGI) in 2016, among other topics, to measure the perception and experiences of economic units in relation to acts of corruption when carrying out procedures, payments and requests for public services. (INEGI, 2017a: 1). This is a perception of business owners when dealing with state and local governments.

One of its objectives is to generate estimates on the number of acts of corruption that private sector economic units may have suffered when making payments, carrying out procedures, requesting public services and other types of contact with the authorities during 2016 (INEGI, 2017b: 1).

The ENCRIGE was developed in six sections. The first, regulatory framework; second, contract compliance; third, evaluation of basic public services and infrastructure; fourth, public infrastructure services; fifth, experiences with procedures, payments and service requests; and sixth, perception and experiences of corruption. This last section is the one we are interested in analyzing, because it describes: the perception; causes; prevalence rates and incidence rates of corruption; as well as experiences of corruption.

The perception of corruption in economic units regarding the frequency of acts of corruption carried out by public servants in 2016, by federal entity, is shown in table no. 4.

Table No. 4

Perception of economic units regarding the frequency of acts of corruption committed by public servants, by federal entity

State	Acts of corruption (%)	State	Acts of corruption (%)
NATIONAL	82.2		
Aguascalientes	69.3	Morelos	84.0
Baja California	74.2	Nayarit	62.3
Baja California Sur	75.9	Nuevo León	86.7
Campeche	71.5	Oaxaca	83.6
Coahuila	80.2	Puebla	74.0
Colima	62.2	Querétaro	71.1
Chiapas	88.5	Quintana Roo	80.5
Chihuahua	84.0	San Luis Potosí	72.2
Ciudad de México	91.5	Sinaloa	85.3
Durango	75.9	Sonora	86.5
Guanajuato	77.7	Tabasco	92.7
Guerrero	71.6	Tamaulipas	81.2
Hidalgo	77.2	Tlaxcala	84.0
Jalisco	88.6	Veracruz	84.0
Estado de México	85.4	Yucatán	72.9
Michoacán	72.0	Zacatecas	87.8

Source: (INEGI, National Survey of Government Quality and Impact on Businesses 2016 (ENCRIGE) 2017b).

The average frequency of corrupt acts committed by public servants nationwide was 82.2%, meaning that entities above this average are considered more corrupt. Tabasco has an average of 92.7%, followed by Mexico City with 91.5%, and Zacatecas with 87.8%. While Colima has fewer records of acts of corruption, with 62.2 percent, it is the entity with the lowest frequency of acts of corruption.

Another set of data that is useful in demonstrating the ineffectiveness of anti-corruption institutions concerns governors. Between 2000 and 2013, a period in which Mexico had 63 governors, the press reported 71 cases of corruption involving 41 governors. Of these,

only 16 cases were investigated, and only five governors were prosecuted and found guilty. In contrast, in the United States, nine governors were investigated, nine were prosecuted, and all nine were arrested (Casar, 2016: 10).

The next section addresses the causes of corruption. The ENCRIGE results show that 64.6% of academic units believe that acts of corruption occur to expedite procedures. On the other hand, 39.4% indicate that these acts are generated to avoid fines or penalties (INEGI, 2017b: 2). Furthermore, for 30.7 percent, obtaining licenses or permits and 29.7 percent, avoiding the closure of the establishment, are also corrupt practices, as shown in Table No. 5.

Table No. 5

Perception of academic units regarding the causes of corruption

Causes of corruption	Percentage
Streamline procedures	64.6
Avoid fines or penalties	39.4
Obtain licenses or permits	30.7
Avoid business closure	29.7
Pay less in taxes	29.3
Avoid inspections	25
Obtain services	22.2
Avoid legal compliance	18.3
Win government contracts	13.9
Participate in bidding processes	12.9

Source: (INEGI, National Survey of Government Quality and Impact on Businesses 2016 (ENCRIGE) 2017a).

For other types of illegal acts such as obtaining licenses, avoiding the closure of their establishment, paying less taxes and avoiding inspections, Tlaxcala, Quintana Roo and Morelos were the entities that registered the most cases. Within the experiences of corruption, the ENCRIGE (2016) quantifies data on federal,

state, and municipal public services. The following table lists only the procedures involving municipal authorities, illustrating the experiences of economic units with these types of services, as follows:

Table No. 6

Experience with at least one act of corruption per 10,000 Economic units during 2016 by type of procedure (municipal level)

Causes of corruption	Percentage
Contact with Public Safety Authorities	2,753
Licenses or permits for special business activities	1,245
Land use license or permit	986
Construction permit	881
Registration in bidding processes	714
Water and drainage feasibility studies	703
Opening a business	627
Connection to the local water system	522
Registration in the government supplier registry	181
Regular water bill payment	152

Source: (INEGI, National Survey of Government Quality and Impact on Companies 2016 (ENCRIGE) 2017.

The main procedures in which business owners faced acts of corruption were contact with public security authorities (municipal and state), the initiation or follow-up of preliminary investigations or investigation files and labor or commercial judicial processes (with state and federal authorities) (Animal Político, 2017: 2). Also at the municipal level, licenses or permits for

special business activities (1,245), in land use licenses or permits (986) and in construction permits (881).

The rate of economic units that were victims of corruption. At the national level, the prevalence rate of corruption is 561 out of every 10,000 economic units that carried out procedures during 2016, which experienced at least one act of corruption, as shown in Table No. 7.

Table No. 7

Economic units victimized by acts of corruption during 2016 by federal entity

Federal entity	Victims of corruption per 10,000 economic units in 2016	Federal entity	Victims of corruption per 10,000 economic units in 2016
NATIONAL	561		
Aguascalientes	858	Morelos	1,835
Baja California	787	Nayarit	1,504
Baja California Sur	944	Nuevo León	579
Campeche	814	Oaxaca	1,263
Coahuila	801	Puebla	1,551
Colima	1,094	Querétaro	552
Chiapas	1,123	Quintana Roo	2,077
Chihuahua	1,019	San Luis Potosí	819
Ciudad de México	1,504	Sinaloa	801
Durango	621	Sonora	1,252
Guanajuato	860	Tabasco	1,325
Guerrero	1,452	Tamaulipas	690
Hidalgo	693	Tlaxcala	2,019
Jalisco	764	Veracruz	1,050
Estado de México	1,663	Yucatán	859
Michoacán	990	Zacatecas	984

Source: (INEGI, National Survey of Government Quality and Impact on Businesses 2016 (ENCRIGE) 2017a.

In Quintana Roo, 2,077 out of 10,000 companies were victims of corruption; in Tlaxcala, 2,019; and in Morelos, 1,835. The states with the lowest levels of corruption were Querétaro and Nuevo León, with 552 and 579 companies, respectively, victims of corruption out of 10,000 companies (Animal Político, 2017: 2).

Therefore, it is not surprising that the governors are denouncing their predecessors, and at least five of them are under scrutiny (Veracruz, Sonora, Chihuahua,

Quintana Roo, and Oaxaca). It remains to be seen whether the illegal debt incurred by their states and the embezzlement they allegedly committed will be proven and punished (Casar, 2016: 10).

The incidence rate of acts of corruption, which implies acts of corruption when carrying out procedures or inspections per 10,000 economic units during 2016, is 3,055 on average at the national level, as shown in Table No. 8:

Table No. 8

Acts of corruption during procedures or inspections per 10,000 economic units during 2016

Federal entity	Acts of corruption per 10,000 economic units in 2016	Federal entity	Acts of corruption per 10,000 economic units in 2016
NATIONAL	3,055		
Aguascalientes	23,728	Morelos	19,549
Baja California	9,083	Nayarit	22,758
Baja California Sur	8,657	Nuevo León	15,601
Campeche	8,663	Oaxaca	14,217
Coahuila	9,136	Puebla	19,389
Colima	12,345	Querétaro	15,292
Chiapas	17,560	Quintana Roo	25,963
Chihuahua	15,090	San Luis Potosí	14,838
Ciudad de México	15,771	Sinaloa	6,668
Durango	5,558	Sonora	24,062
Guanajuato	13,002	Tabasco	15,169
Guerrero	34,236	Tamaulipas	6,627
Hidalgo	7,215	Tlaxcala	30,554
Jalisco	13,718	Veracruz	17,364
Estado de México	57,909	Yucatán	6,070
Michoacán	12,855	Zacatecas	15,148

Source: (INEGI, National Survey of Government Quality and Impact on Companies 2016 (ENCRIGE) 2017.

According to the ENCRIGE survey results, the State of Mexico, Guerrero, and Tlaxcala had the highest rates of corruption during administrative procedures and inspections. In the State of Mexico, 57,909 illicit acts were recorded for every 10,000 businesses, while in Guerrero the figure was 34,236 and in Tlaxcala 30,554 (Animal Político, 2017: 2).

The 2016 National Survey on Corruption and Integrity (ENCRIGE) allows, for the first time, the meas-

urement of perceived corruption in 42 strategic municipalities and boroughs in Mexico. Table 9 shows the relative data on the perceived frequency of corrupt acts, categorized as “very frequent” and “frequent,” as these are the only ones that allow for measuring the frequency of corruption. The “infrequent” variable is not included in the total for demonstrative purposes. The results are as follows:

Table No. 9

Economic units by municipality of interest, according to perceived frequency of acts of corruption, October to December 2016

Municipalities of interest	Perception		
	Very common	Frequent	Total
Estados Unidos Mexicanos	45.5	36.7	82.2
Aguascalientes, Aguascalientes	31.9	38.0	69.9
Mexicali, BC	48.8	20.8	69
Tijuana, BC	37.1	47.1	84.2
Saltillo, Coahuila	36.8	37.3	74.1
Torreón, Coahuila	44.7	41.9	86.6
Tapachula, Chiapas	47.1	45.6	92.7
Tuxtla Gutiérrez, Chiapas	38.7	35.4	74.1
Chihuahua, Chihuahua	52.2	38.4	90.6
Juárez, Chihuahua	46.1	36.3	82.4
Azcapotzalco, CDMX	50.6	40.7	91.3
Álvaro Obregón, CDMX	48.9	48.4	97.3
Benito Juárez, CDMX	65.4	24.8	90.2
Coyoacán, CDMX	61.8	14.6	76.4
Cuauhtémoc, CDMX	48.4	44.4	92.2
Gustavo A. Madero	55.5	36.1	91.6
Iztapalapa, CDMX	38.2	56.5	94.7
Miguel Hidalgo, CDMX	55.9	34.8	90.7
Tlalpan, CDMX	78.1	16.5	94.6
Venustiano Carranza, CDMX	71.7	28.1	99.8

León, Guanajuato	33.7	42.7	76.4
Acapulco, Guerrero	61.4	17.7	79.1
Guadalajara, Jalisco	67.0	22.8	89.8
Zapopan, Jalisco	58.5	35.2	93.7
Nezahualcóyotl, Edo. México	52.8	34.9	87.7
Ecatepec, Edo. México	65.0	26.0	91
Naucalpan, Edo. México	48.7	37.3	86
Tlalnepantla, Edo. México	47.5	23.0	70.5
Toluca, Edo. México	64.7	28.5	93.2
Lázaro Cárdenas, Michoacán	19.9	43.1	63
Morelia, Michoacán	58.6	25.5	84.1
Monterrey, Nuevo León	60.5	31.9	92.4
Salinas Cruz, Oaxaca	51.2	37.9	89.1
Puebla, Puebla	40.5	34.3	74.8
Querétaro, Querétaro	20.9	48.1	69
San Luis Potosí, SLP	37.7	32.6	70.3
Culiacán, Sinaloa	36.4	54.9	91.3
Hermosillo, Sonora	50.8	37.3	88.1
Centro, Tabasco	68.7	23.1	91.8
Reynosa, Tamaulipas	57.2	39.5	96.7
Coatzacoalcos, Veracruz	52.0	47.8	99.8
Veracruz, Veracruz	63.9	28.2	92.1
Mérida, Yucatán	32.4	46.8	79.2

Source: own elaboration based on INEGI, National Survey of Quality and Governmental Impact on Companies 2016 (ENCRIGE) 2017a, Table 6.23.

99.8% of companies located in the Venustiano Carranza delegation have a perception that acts of corruption occur frequently, making this locality, like Coatzacoalcos in Veracruz, the highest in all of Mexico according to the ENCRIGE. In second place nationally is the Álvaro Obregón borough with 97.3 percent of economic units; Reynosa, Tamaulipas in third place

with 96.7 percent; Iztapalapa in Mexico City with 94.7 percent; Tlalpan with 94.6 percent and Cuauhtémoc with 92.8 percent (Valdemar, 2017: 1). In total, five boroughs of Mexico City are among the 10 municipalities in the country with the highest perceived levels of corruption. See Table No. 10.

Table No. 10

Selection of economic units by municipalities of interest, according to perceived frequency of acts of corruption, October to December 2016

Municipalities of interest	Perception		
	Very common	Frequent	Total
Estados Unidos Mexicanos	45.5	36.7	82.2
Most corrupt municipalities			
Venustiano Carranza, CDMX	71.7	28.1	99.8
Coatzacoalcos, Veracruz	52.0	47.8	99.8
Álvaro Obregón, CDMX	48.9	48.4	97.3
Reynosa, Tamaulipas	57.2	39.5	96.7
Iztapalapa, CDMX	38.2	56.5	94.7
Tlalpan, CDMX	78.1	16.5	94.6
Cuauhtémoc, CDMX	48.4	44.4	92.2
Less corrupt municipalities			
Querétaro, Querétaro	20.9	48.1	69
Mexicali, BC	48.8	20.8	69
Lázaro Cárdenas, Michoacán	19.9	43.1	63

Source: own elaboration based on INEGI, National Survey of Quality and Governmental Impact on Companies 2016 (ENCRIGE) 2017a, Table 6.23.

Conversely, Lázaro Cárdenas in Michoacán is among the municipalities where the perception of frequent acts of corruption is infrequent, with 63 percent of businesses reporting such activity. It is followed by Querétaro with 69 percent and Mexicali with 69.6 percent. However, some consider this to be far below the national average of 45.5 percent.

In summary, Mexican companies estimate that they lost 1.6 billion pesos during 2016 due to acts of corruption, while 82.2% consider that such acts are frequent on the part of federal, state and local public servants. The monetary costs of regulatory compliance in 2016 were estimated at 115.7 billion pesos, represent-

ing 0.56% of the national GDP. Meanwhile, the average cost of corruption per company in 2016 was estimated at 12,243 pesos (Animal Político, 2017: 2)

IV Contributions of the ENCRIGE to the measurement of corruption in Mexican local governments

Local governance dominated by a single party, or a political team where loyalties are owed to the top represented by the figure of the mayor, the absence of effective checks and balances and the lack of separation of incentives between elected officials and technicians provide the fundamental framework of reference for why corruption could take place. It places the actors on the scene, including the private entities responsible for putting money on (or under) the table, and sets them in motion, defining where their interests lay. The fact that the local territorial structure was small and fragmented helped to conceal local problems. And the lack of clarity and effectively defined accountability in the distribution of money reinforced the desire of those already predisposed to corruption (Jiménez, 2016: 85).

The 2016 ENCRIGE is the first national survey prepared by a government entity that measures the perception of corruption at the level of local governments, although it is a small sample and from the perspective of economic units such as companies of various sizes (micro, small, medium and large).

The 2016 National Survey on Corruption and Integrity (ENCRIGE) measures the perception of corruption by assessing: perception of corruption; causes of corruption; rate of economic units victimized by corruption; incidence rate of corrupt acts; and experiences of corruption. The results of these assessments make it possible to determine the extent of corruption at the state and local levels in the country.

Nationally, the average perception of corruption is 82.2 percent, which is high considering that some states are above 90 percent: Tabasco (92.7%); Veracruz (92.1%); and Mexico City (91.5%). Other states are in the over 80 percent range: Jalisco (88.6%); Chiapas (88.5%); Zacatecas (87.8%); Nuevo León (86.7%); Sonora (86.5%); State of Mexico (85.4%); Sinaloa (85.3%); and Morelos (84.0%). These quantitative data could confirm that corruption in the states is steadily increasing; it has not been contained, nor has it been effectively and directly combated. Furthermore, it is not controlled by the governors themselves, since they are the beneficiaries of many of these illicit acts, and the list of former governors being prosecuted in 2017 demonstrates that administrative corruption has become decentralized to state governments.

The rate of corruption victims is 561 per 10,000 economic units nationwide. However, when broken down by state, the results are excessively high: Quintana Roo, with 2,077 cases, and Tlaxcala, with 2,019 cases, have more than three times the national average. Likewise, there are more than 12 federal entities that exceed 1,000 acts of corruption: Morelos (1,835); State of Mexico (1,663); Puebla (1,551); Nayarit (1,504); Guerrero (1,452); Tabasco (1,325); Oaxaca (1,263); Sonora (1,252); Chiapas (1,123); Colima (1,094); and Chihuahua (1,019). This reinforces the previous state-

ment: corruption in the federal entities is high, uncontrolled, and spreading in public services and administrative procedures, and since there is no effective sanction, corruption continues to grow.

Regarding the perception of the causes of corruption, in the two most common procedures – expediting procedures (64.6%) and avoiding fines and penalties (39.4%) – these are procedures where the level of discretion of public servants to provide a service or avoid fines implies that the public servant can condition, request a bribe or deliberately delay a procedure to request a reward.

These services and procedures need to be modernized, for example, through the use of e-government and ICTs, so that public servants can minimize the conditions placed on service, which would certainly reduce corruption. Another measure would be to improve the control and oversight systems of internal control bodies for these services and procedures, enabling them to sanction public servants caught accepting bribes or extorting citizens.

At the local level, the 2016 ENCRIGE survey on corruption experiences by type of procedure yielded relevant data. The main procedure involving acts of corruption was contact with public security authorities (2,753), followed by licenses or permits for special business activities (1,245), land use licenses or permits (986), and construction permits (881). As can be inferred, the high discretion, the lack of application of ICTs to provide some of these procedures and services, as well as the way of entering the public service – in most cases the public servant does not have the required professional profile – the spoils system as a form of organization at the local level, prevent the professionalization and consolidation of a merit system. For some municipal public servants, bribery and extortion are additional income to their limited salaries, but, above all, they consider these behaviors to be "socially accepted" even though they are not legal.

Within the selection of the 42 strategic municipalities and districts, some assumptions regarding the perception of corruption at the local level can be drawn and tested. First, there are local governments, such as Coatzacoalcos in Veracruz, which is considered the most corrupt local government in the country at 98.8 percent. Reynosa, Tamaulipas, follows closely behind with 96.7, as municipal governments with a very high perception of corruption and violence. What have these local governments done to reduce their perception of corruption? Will they do anything, or are they indifferent to what people think of their administration?

Second, five boroughs of Mexico City are among the 10 municipalities in the country with the highest perceived levels of corruption, a situation that was suspected but had not been quantified. 99.8% of businesses located in the Venustiano Carranza borough perceive that acts of corruption occur frequently. Next is the Álvaro Obregón delegation with 97.3% of economic units; Iztapalapa with 94.7%; Tlalpan with 94.6%; and Cuauhtémoc with 92.8%. These figures have significant implications for the delegations of Mexico City that will become boroughs in 2018. Beyond the politi-

cal reform that gave them institutional life, these boroughs urgently require local administrative reform to improve the preparation, experience, professionalization, and training of public servants in these districts. A local civil service in the future mayoral offices of Mexico City would be a good start to removing public administration from the control of the political parties that govern those local entities; otherwise, these perceptions of corruption will not change over time. The recommendations for the next edition of the ENCRIGE would be twofold. First, expand the number of local governments selected in each state, to at least two or three in each state, to measure the perception of corruption in these local entities. For example, there are states where only one municipal government was measured: Aguascalientes, Guanajuato, Guerrero, Nuevo León, Oaxaca, Puebla, Querétaro, San Luis Potosí, Sinaloa, Sonora, Tabasco, Tamaulipas, and Yucatán. Expanding the number of municipal governments included will provide a broader perspective on the perception of corruption.

Secondly, the survey should cover all of Mexico City's boroughs. In 2016, only 10 were surveyed, so covering all of the capital's local governments would allow for the identification of the most and least corrupt services, as well as the boroughs with the highest perceived levels of corruption. This is all in light of the creation of the new boroughs, which will have a broader organizational structure and will be required to adopt measures to offer better public services and procedures to citizens, free from bribery and extortion.

There is broad consensus on the economic and social costs of corruption. Among the economic costs, theoretical and empirical literature tends to highlight the negative effects of corruption on income levels and economic growth rates. Corruption also introduces distortions into both the incentives of private actors and the functioning of the public sector, leading to socially inefficient allocations and greater inequality in terms of opportunities and the distribution of income and wealth. These costs, in terms of both efficiency and equity, underscore the need to design effective strategies to combat corruption. (Salinas y Salinas, 2017: 40).

The menu of solutions to combat local corruption is varied (Jiménez, 2016: 85). First, separate political and technical interests, and with them the careers of both, their incentives, and their future. Second, establish a series of checks and balances against the all-powerful tendency of local executive branches, but always keeping in mind the inherently conflictive nature of the decisions they must make, in order to avoid falling into the technocratic fallacy of "more democratic," without pausing to define the word. Third, to favor ideologically based coalition governments (as opposed to patronage-based ones) in the representative bodies of local corporations, so that parties hold each other accountable and are not solely dependent on control within local administrations. And finally, to move towards a local financing system where politicians are more responsible for their actions and transfers between territories serve not only to ensure survival, but truly to put everyone more or less on the same level of development.

Conclusions

The measurement of perceived corruption at the federal, state, and local levels of government in Mexico has increased with a greater number and quality of surveys and indicators prepared for the various levels of government, some developed by Civil Society Organizations – such as the National Survey on Corruption and Good Governance (ENCBG) conducted by Transparencia Mexicana – and others developed by INEGI – such as the National Survey on Government Quality and Impact (2012, 2014 y 2016) and the National Survey of Regulatory Quality and Government Impact on Companies (ENCRIGE) 2016 - which are quantitative measurement instruments that allow measuring the quality of public services and procedures, such as the level of perceived corruption.

The results of the ENCRIGE should serve as a starting point for Mexican local governments to promote actions to contain and punish administrative corruption in public services and procedures, professionalize the local public service with better public servants, introduce electronic government into procedures to avoid the discretion of the public servant towards the citizen and dignify the public service with effective actions so that the public administration conducts itself within the framework of the law without breaking it.

The monstrous scale of corruption at the local level in Mexico has several aspects to consider. First, there are public services that, due to the enormous discretionary power of public officials, are designed to facilitate bribery of citizens. Second, more modern and technologically advanced public services that utilize ICT tools clearly prevent any form of bribery, corruption, and corruption. Third, transparency and accountability in local governments should foster greater citizen involvement in demanding ethical and honest public servants. Fourth, it is urgent that the National Anti-Corruption System fully function at all three levels of government, but especially at the local level, to prevent and punish local public servants who violate the legal framework and to restore confidence in local governments.

These are the challenges facing Mexican local governments: improving the quality of public services, professionalizing public servants, and investing in physical and technological infrastructure to enhance e-government processes and public services. Expanding citizen participation, collaboration, transparency, and accountability are also crucial to fostering the conditions for open government that combats the worst practices of bribery and extortion by local public officials.

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