

QUALITY OF GOVERNMENT AND POVERTY: FACTORS IN MEXICO FUELING ILLEGAL IMMIGRATION TO THE UNITED STATES: LESSONS FOR DEVELOPING AND DEVELOPED NATIONS BASED ON THE CHILEAN EXPERIENCE

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ABSTRACT

The kidnaping, rape, mutilation, and murder of more than 400 women and girls in Juárez, Mexico since 1993 expose the dismal weakness of all the institutions responsible for criminal investigation, prosecution, prevention, and justice. If the inept handling of the femicides were confined to Juárez, that would be tragic enough. However, the 2007 report of Amnesty International suggests that this is a national situation, with implications for Mexican poverty and the pressure to illegally migrate. A theory of national poverty (political elasticity theory) is put forward to link injustice in Juárez to Mexican poverty and illegal immigration, suggesting that Mexico is politically inelastic, without the capacity to effectively decentralize (like a rubber band) and to influence and control national behavior (like a balloon). Corruption is therefore uncontrollable (i.e., secondary in nature) and forms of decentralization cannot be used to facilitate business and rural development. At the conclusion, a comparison with Chile is made, indicating that, because it is far less corrupt than Mexico, its globalization efforts have been far more effective than those of Mexico in improving living conditions for the majority of its population.

INTRODUCTION

We owe a debt of gratitude to Teresa Rodriguez of Univision (the largest Spanish-language television network in the United States) and her co-authors Diana Montane and Lisa Pulitzer for their recent book (2007) having to do with the kidnaping, rape, mutilation, and murder of more than 400 women and girls in Juárez, Mexico since 1993 and the disappearance of countless others. What we see clearly exposed here is the dismal weakness of all the institutions responsible for criminal investigations, prosecution, prevention, and justice, including:

(1) The police. The local police are described as completely unprofessional - poorly paid, badly educated, untrained, unequipped, corrupt, and associated with drug dealers and other criminal elements. The Chihuahua state police were considered somewhat better and, as such, had more authority. Nevertheless, "their salaries were still considered low on the pay-scale, and corruption was rumored to be rampant among their ranks" (p. 21). Police officers lacked the most basic tools for their work, much less state-of-the-art computers, phones, and laboratories. They were slow to get started on investigations, regularly mishandled or destroyed evidence, and even falsified findings. Some of the special police task force investigating the crimes against women were found to have "ties to the powerful Juárez drug cartel" (p. 96). So poorly handled

was the evidence that it “led credence to theories that it was the police themselves who were committing the murders” (p. 178).

(2) The prosecution. Prosecutors seldom bother to get testimony from key witnesses, including those who discover the bodies. Forensic tests “are riddled with grave problems of validity and trustworthiness” (p. 266). In many cases, officials “either lost, mishandled, burned, or intentionally destroyed much of the evidence collected” (p. 273). Even the Mexican government concluded that the “State government of Chihuahua lacks an ethical system of checks and balances” (p. 263).

(3) The judges. While 79 people were convicted of being responsible for the Juárez femicides, the legitimacy of the judicial process remains in doubt. In many cases, torture was allowed and evidence was manufactured. Those charged were automatically “considered guilty.” In other words, contrary to the American legal system, it is the responsibility of the defense attorney “to disprove charges brought by the prosecution, and up to a judge, not a jury, to determine a person’s guilt of innocence” (p. 104). Defense attorneys (together with family members) were often threatened and attacked. “It seemed that whoever tried to get to the bottom of the crimes was either threatened, fired, forced to resign, or killed” (p. 221).

MEXICAN JUSTICE OUTSIDE JUÁREZ

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The vast majority (69%) of those arrested are never told the reason for their detention; 73% are without a lawyer; 71% are forced to testify without a judge present; 80% never speak to a judge; and 59% do not know what is happening to them. Quoting from a 2003 UN Committee against Torture report, “the police commonly use torture and resort to it systematically ...whenever required in order to advance the process” (p. 16). On the one hand, in some states (e.g., Oaxaca and Guerrero), only 15% of warrants were acted on in 2000; on the other hand, 42.7% of the prison population in Mexico as a whole (as of 2004) were in pre-trial detention. “In some states suspects can spend years on remand facing criminal charges before finally being acquitted and released” (p. 12). Moreover, regardless of how long detainees have spent in custody, “there is no right to compensation if charges are dropped during the course of proceedings or if they are found innocent” (p. 12).

Reforms of the judicial system are often enacted but seldom implemented. Regardless of what the law states, “poor pay, limited resources, lack of training, and excessive workload, as well as continuing political interference in many spheres, often seriously undermines their independence and impartiality” (p. 6). Despite the Constitution and criminal procedure codes guaranteeing the right to adequate legal defense, particularly during the pre-trial period of detention, the public defender service

is so inept as to rarely win cases. Moreover, “there is virtually no means of holding lawyers to account for misconduct” (p. 21). Consequently, in the absence of adequate access to legal council or of an evaluation system of the defense carried out, the appeal process becomes hopeless. The Amnesty International report therefore concludes: “The failure of the authorities to ensure that representatives of key institutions, such as police, prosecutors, state-appointed lawyers and judges, act in accordance with standards of impartiality and legality to protect human rights allows the frequent misuse of the justice system” (p. 31).

The lack of trust in the police and the courts accounts for the increasing tendency of citizens to resort to mob justice, “including lynchings and beatings of suspects caught in the act” (Levy and Bruhn, 2001, 17). Because torture has been “standard operating procedure” in the Mexican legal system, there is a profound lack of trust in the judiciary (Weiner, 2001, A10). To reform it is going to require a complete overhaul of the justice system, including changing the nature of criminal investigations and judicial standards. Many criminals escape simply because cases are delayed, thrown out on technicalities, or undermined by the lack of a national police database. During the 1990s, there were major efforts to reform the judicial system; but, according to a study by Pilor Domingo, the “alarming persistence of human rights violations, high levels of inefficiency in the administration of justice, overburdened courts, and the continuing crises of corruption scandals and political violence undermine the notion that the rule of law is advancing in Mexico” (Domingo, 2000). In 2001, a United Nations special rapporteur on human rights in Mexico claimed that up to seven out of ten federal judges were corrupt (*The Economist*, June 15, 2002, 36).

MEXICAN POVERTY

Of the 12 million illegal immigrants in the United States, an estimated 60% are from Mexico. This means that, of the estimated 500,000 coming in illegally each year, at least 300,000 of them are likely to be from Mexico. The assumption is that poverty is what is bringing them in, together with the opportunity of greatly increasing income (nearly \$10 an hour, as against about \$2.50 in Mexico for an unskilled laborer) and the availability of jobs, particularly in agriculture (hiring about a fourth of the illegal immigration force) and construction (about 15% of those coming illegally) (*The Economist*, June 2, 2007, 83). This is, as will be suggested here, somewhat simplistic. Mexican poverty and the pressure to illegally emigrate can be linked to the institutional weaknesses that have been described.

The most recent World Bank survey finds that, as of 2005, 45 percent of Mexico’s population was living in moderate poverty and 18 percent in extreme poverty (World Bank 2007, 1). Severe poverty especially affects rural Mexico, containing (as of 1998) 25 percent of the population but accounting for nearly 60 percent of those in extreme poverty. The incidence of rural poverty has remained nearly 50% since 1970 (de Janvry and Sadoulet, 2004, 2). Because nearly three-fourths of all Mexican households in 1996 were considered at least somewhat impoverished, the expectation that NAFTA membership would reduce illegal migration to the United States proved illusory. An estimated 60 percent of the economically active population continue to

work within the informal sector and, as such, lack the protection of social security, unemployment insurance, and other social safety provisions found in most industrialized countries (see Levy and Bruhn, 2001, 11).

On the Human Development Index (combining per capita income, health, and adult literacy statistics), Mexico scores 78.6, as against 80.1 in Costa Rica, despite Mexico's higher per capita purchasing power (25.5 percent of that of the United States, as against 19.9 percent in Costa Rica) However, one can point to other indications of the failure of the Mexican government to use its economic success for a higher standard of living. Mexico's illiteracy rate remains at about 13 per cent, as against about 6 per cent in such an impoverished country as Cuba. While Mexican education has improved in recent years, with the average child receiving 7.7 years of schooling, the poorest ten per cent of children, particularly in rural areas, receive only a few years of education under extremely inadequate conditions (OECD, 2002, 67-68). Whereas Mexico and Poland had about the same per-capita purchasing power in 2000, the percentage of the adult population in Mexico with upper secondary education was 21.2 percent, as against 54.3 percent in Poland; and Mexico was then spending 50 percent less than Poland on each primary school student (\$935 as against \$1,435). Mexico spends only 2.8 per cent of its GDP on health, as against 4.2 percent in Poland, partly resulting in an infant mortality rate (per 1,000 live births) three times higher (30 compared to 10). Perhaps more significant is that, whereas almost all Poles now have access to adequate water sources and sanitation, the comparative percentages for Mexico are 83 and 66 (World Bank 2000, 287).

Globalization may have increased income inequality in Mexico, with the top 20 per cent of households expanding their share of total income from 49.5 per cent in 1984 to 58.2 per cent in 2000, leaving Mexico with one of the most unequal income distributions in the world. The top decile of the population now accounts for more than 40 percent of the nation's income, as against only about one-third in 1984 (Cypher, 2003, 29-30). Globalization seems also to have intensified "territorial polarization" in Mexico, with the states south of Mexico City largely excluded from export activities. Summarizing the impact of the "neoliberal model of development" for Mexico, Paul Cooney (2001, 80) concludes that, while it may be useful for the elite, "the benefits for the majority of Mexicans appear minimal if not nonexistent."

Inequality in Mexico, as in the United States, is certainly associated with racial and cultural divisions. While one-quarter to one-third of Mexico's poor are indigenous, indigenous peoples make up about 60 percent of the extreme poor. This is particularly true in rural areas where the typical pattern remains of *indigenous* landless peasants working for *white* large landholders (the *latifundios*), who are protected by private militias, soldiers, and police. This has resulted in the Zapatista rebellion in the state of Chiapas. However, no more than 10 percent of Mexicans speak primarily an Indian language, and, despite Mexico's diversity, "the degree of homogeneity is increasing" (Cooney 2001, 80). This situation will certainly continue inasmuch as primary schools (dismal as they may be) are now reaching just about all children in the appropriate age group. Based upon comparative studies of automobile assembly plants in Canada, the U.S., and Mexico, assemblers in Mexico (using appropriate recruitment and training

methods) were found to achieve the highest levels of productivity and quality, indicating that political factors are more responsible for indigenous poverty than cultural ones, contrary to the prevailing myth (Posthuma, 1995, 109)..

A THEORY OF NATIONAL POVERTY

In linking Mexican poverty and the pressures to illegally emigrate to the weakness of Mexican institutions, a theory of poverty is here put forward. The objective is to explain why it is that the Mexican government, despite the development of a multi-party system and other manifestations of democracy, seems so unsuccessful in undertaking institutional reform.

On the American Political Science Association Web site, it is recognized that there is more than one definition of politics. Yet, the only one mentioned, presumably derived from Harold Lasswell's 1936 book, is "who get what, when, and how." This is explained as follows: "Almost always the political process involves competition for scarce resources." This seems to me to be a unidimensional definition of politics, emphasizing partisanship (rather than statesmanship or governance) and, as such, is misleading and counterproductive. Above all, as explained in this article, it prevents us from understanding political power. Consequently, it distorts our understanding of such political words as democracy, corruption, and decentralization and prevents us from linking political science to public administration.

Ask a political scientist what he or she means by "politics." The reaction is likely to be a mixture of irritation and confusion. Introductory political science textbooks frequently use such meanings of politics as "the authoritative allocation of values" and "the pursuit of power" without indicating the relationship between these concepts (Norquest, 1998). Yet, values cannot simply be imposed (behavior, yes; values, no) and power cannot be pursued within an empty framework. The process of inculcating values requires a strong relationship between leaders and followers. Such a relationship cannot develop unless the struggle for power is carried out within an acceptable framework. This is where we need my suggested overall definition of politics: *the relationship of leadership to followership for the purpose of governance*, introducing political elasticity (PE) theory (see Werlin 1998/2001).

We pay property taxes in the United States because of the reliability of institutions responsible for evaluating our property, communicating with us, and enforcing collection. As these institutions are weakened or undermined, both the capacity of the government to collect property taxes and our willingness to pay them are reduced. While police and soldiers can be sent out to force us to pay taxes or to take away our property, their capacity to do so is lessened insofar as it lacks institutional support. Because PE theory is essential to our effort to better understand the relationship of national poverty to the weakness of political institutions, its five propositions are presented here:

1. The more governments or those in authority can integrate and alternate soft forms of political power (linking incentives to persuasion) with hard forms of political power (including disincentives and coercion), the more effective they will be.

2. As leaders integrate and alternate soft and hard forms of power, their political power takes on “rubber band” and “balloon” characteristics, allowing them to (a) decentralize or delegate power by various methods without losing control and (b) expand their influence in ways that predictably affect the behavior of wider circles of citizens, participants, and subordinates.

3. Political elasticity depends partly on the selection of appropriate political hardware (including “objective” forms of organization, regulation, procedure, and technology) but mostly on the enhancement of political software (i.e., policies and practices that foster respectful relations between leaders and followers).

4. The effectiveness of political software is directly proportional to governmental success in establishing acceptable goals, hiring qualified personnel, encouraging training, delegating responsibility, stimulating motivation and competition, paying attention to morale, expanding two-way flows of communication, promoting legitimacy, maintaining supervision, cultivating contractors, protecting independent spheres of authority, and developing conflict resolution procedures. Inasmuch as a government fails to do any of these commonsensical requirements (with appropriate variations), its efforts to reform both micro-and macro-administration are going to be problematic. Yet, progress can be measured on the basis of steps taken to improve any aspect of these requirements.

5. Enhancing political software requires a balancing of two forms of struggle - for competitive advantage and for consensus - suggested by the various meanings of politics found in Wolin’s 1960 study of political thought. Within the framework of his overarching definition of politics (the relationship of leadership to followership for the purpose of governance), measures taken to increase advantage may be considered “primary politics” (i.e., partisanship) and measures taken to build consensus may be considered “secondary politics” (i.e., statesmanship).

SECONDARY CORRUPTION:

Heidenheimer, Johnston, and LeVine (1989) classify definitions of political corruption into three often overlapping categories: (1) misuse of money or favors for private gain; (2) inappropriate exchanges of money or favors for undue influence or power; and (3) violations of public interest or norms of behavior for special advantages or self-serving purposes. Transparency International (the most important international organization fighting corruption) has combined these definitions into one that we might refer to as "the standard definition of political corruption": "the misuse of public power for private benefits." Heywood (1997), along with other scholars, have indicated the following problems with this standard definition:

1. *Acceptability.* Many countries operate semi-feudalistic systems in which positions of power and economic productivity are given to loyal subordinates, relatives, ethnic cohorts, and friends in return for the feedback of a percentage of whatever is gained as a result. In Mexico, Cornelius and Wayne (1991) describe these interwoven chains of patron-client relationships as "camarillas." Consequently, how clients gain access to wealth is less important than the loyalty, deference and services that they provide to their patrons.

2. *Functionality.* Caiden (1988) summarizes the arguments of analysts, indicating that corruption may at times be functional: (a) to speed up the administrative and legislative process; (b) to make the bureaucracy more humane and approachable for those who have not yet adjusted to the modern way of life; (c) to overcome excessive bureaucratic inflexibility, sluggishness, and bungling; (d) to integrate otherwise alienated groups (particularly, politically weak ethnic, religious, and racial groups) and, thereby, be an alternative to violence; and (e) to enable entrepreneurs to function within a difficult business environment.

3. *Democracy.* Democracy is supposed to reduce corruption. After all, the more democratic a government is, the more it is expected to use a participatory and consultative approach. Yet, it is difficult to use this approach in justifying such controversial requisites for reform as downsizing the civil service, reducing consumer subsidies and scholarships, cost recovery, privatization, and trade liberalization. Political leaders, regardless of the origins of their power, must maintain the support of such powerful groups as the military, the civil service, large business owners, and trade unions. Often these groups oppose reform because of its threat to their power and wealth when it includes privatization, deregulation, decentralization, and reduction in the work force. In any case, as elections become more competitive, they also usually become more costly, as leaders or parties vie with one-another for votes, giving rise to what is often called, "money politics."

4. *Capitalism.* The promotion of private enterprise is generally recognized as essential for political, as well as economic, development. In recent years, the World Bank has pushed privatization only to discover that, under "crony capitalism," corruption continues much as before, including: monopolistic arrangements, special access to foreign exchange and needed supplies, the avoiding of taxes and legal requirements, and the misuse of bank loans.

5. *Rent-Seeking Behavior.* Much corruption is not really illegal but opportunistic and, as such, it is sometimes called "rent-seeking behavior." Economists tend to see this in a narrow way as "the direct use or waste of economic resources for non-economic gain" (see Gallagher, 1991).

As we turn to Less Developed Countries (LDCs), rent-seeking behavior is so widespread as to be almost undistinguishable from overt forms of corruption. This is because of the prevalence of improper policies, weak bureaucracies, inadequate supervision, the illegitimacy of laws and regulations, and the lack of independent spheres of power.

If the reader agrees with me that there are problems with the standard definition of corruption in More Developed Countries (MDCs), he/she will certainly agree that there are more problems with them in LDCs. After all, what does corruption mean, first of all, in Hobbes's "state of nature," where the life of man is so "solitary, poor, nasty, brutish and short" that survival is more important than legality and, subsequently, under his Leviathan, where those in authority are unchallengeable and, as such, law is illegitimate? The standard definition does not adequately take into account that "greed," however repugnant in the abstract, cannot easily be judged "immoral," in the absence of effective or institutionalized governance.

The definition of corruption here introduced - "the subversion of statesmanship by partisanship" or "of governance by greed" - is intended to overcome the problems that have been

mentioned with the standard definition. It emerges from a balancing of two meanings of political power (presented earlier) found in Sheldon Wolin's 1960 book, *POLITICS AND VISION: the struggle for competitive advantage and the struggle for consensus*. These two meanings of politics (i.e., partisanship and statesmanship) can be considered as subdivisions (primary and secondary politics) of my overarching definition of politics (which is also derived from Wolin's 1960 book): the relationship of leadership to followership for the purpose of governance.

In using Wolin's three definitions of politics, I am able to distinguish primary and secondary corruption. Primary corruption is my term for excessive partisanship or greed; secondary corruption indicates a governmental inability to control or mitigate this situation. As an analogy, we might think of basketball fouling under two situations: one in which there is normal refereeing, so that fouling is meaningful, punishable, and tolerable; the other in which refereeing is corrupt, causing fouling to be pervasive, essential, and destigmatized.

This concept of secondary corruption suggests a balance between greed and governance. The weaker the governance, the more dangerous and dysfunctional the manifestations of greed.

While under primary corruption, greed is somewhat controlled; under secondary corruption, it becomes more or less uncontrolled and even uncontrollable. However, as here indicated, primary

corruption includes systemic (rent-seeking behavior) as well as personal manifestations.

While primary corruption does not necessarily prevent development, secondary corruption has a corrosive effect on the requirements for development. This proposition

follows from Political Elasticity theory (as presented in the previous section). Under this theory, the effectiveness of leadership depends upon the ability to integrate and alternate soft and hard forms of power. Such effectiveness requires a high quality of political software (the quality of relations between leaders and followers), allowing political power to be both effectively delegated and controlled (like a rubber band) and also to be effectively implemented (thereby expanding public cooperation like a balloon). Secondary corruption stems from as well as contributes to weak political software. In so doing, it causes or intensifies political inelasticity (allowing coercive but not persuasive forms of power).

Transparency International's most recent Corruption Perception Index (available on its Web site) puts Mexico at 3.7 (slightly higher than Egypt). OECD reports are also useful. A 1998 report (pp. 251-152) having to do with regulatory reform in Mexico notes that "the enforcement of regulations is problematic in Mexico," adding: "Complex and unclear regulation, and difficulties at the judicial level with interpretation and enforcement, have meant that Mexican regulation has long been the source of considerable uncertainty and confusion to the citizen." In Mexico civil society "remains thin and uneven compared with advanced industrial democracies" (Levy and Bruhn 2001, 75). Consequently, Mexico's own anti-corruption czar estimates that corruption costs the country about 10 percent of its G.D.P. - twice the education budget (Rosenberg 2003).

While Mexico may have improved the quality of administration in recent years, it still remains very weak. In 1998, the OECD (which tends to be very diplomatic) reported (p. 113) that "Mexico does not have a true civil service as this term is understood in other OECD countries, with the exception of a few Ministries" and that management and training are very inadequate. Observers of Mexican administration point to a variety of weaknesses. According to an article in *The Economist* (May 12, 2001, 36), "There are few evaluations, either inside or outside government, of how well it performs," thereby facilitating the corrupt handling or mismanagement of contracts as well as the inefficient performance of work. The practices of ministries are often opaque; and insofar as there are no instruments to force them to comply with regulations, there is also no effective oversight. Because about a third of officials are affected by the *sexenio* system (the change in government every six years), those who gain power often consider it their right "to partake of the system's spoils" Consequently, meritocratic considerations are less important than the loyalty, deference, and services that clients can provide to patrons; and corruption here "is less a sickly deviation from Weberian health, than the cartilage and collagen which holds a sprawling body politics together" (Knight, 1996, 231).

While greater transparency is certainly essential for reducing corruption, this requires an independent press and other media outlets. In Mexico, freedom of the press is undermined by the fact that journalists, editors, and publishers are often paid (or given financial inducements) by the government or criminal elements to exercise "self-

ensorship,” therefore preferring “to follow the corruption-paved avenue to mobility offered by members of the state rather than attack the system” (Morris 1991, 52). Those who resist (as happened to more than thirty reporters during the late 1980s) may well be murdered. Since 2000, 16 journalists have been killed; and in 2006 alone, nine killed, making Mexico (after Iraq) the deadliest country for journalists (Roto, 2007, . A10).

INELASTIC DECENTRALIZATION

What can be more important in public administration than the capacity to effectively decentralize? The failure or inability to do so would have the same devastating impact as the failure or inability of a business to delegate responsibility to subordinates or to contract out what is needed to be done. Political elasticity theory (as earlier explained) suggests that in More Developed Countries (MDCs) much more than in Less Developed Countries (LDCs), political power takes an elastic form - able to be delegated by leaders in many ways without being lost (like a rubber band) and affecting the behavior of expanding circles of followers in a predictable way (like a balloon). Thus, political power becomes a form of social energy. This is partly based on the quality of political hardware (institutional arrangements and rules) but mostly on political software (the quality of social relations essential for the effectiveness of these arrangements and rules), which is built up in commonsensical ways.

Anwar Shah, in his introduction to the 2006 World Bank book, *Local Governance in Industrial Countries*, suggests a difference between federal and unitary states. However, differences between unitary and federal systems fade insofar as the effectiveness of all governments requires a blending of soft and hard forms of power, including various mixtures of private incentives, public subsidies, insurance systems, tax rebates, block funding, and cost containment policies. In regard to health care, for example, Patricia Day (1988, 49) notes that regulators in all industrial countries “are constantly juggling to achieve the right balance between coercion and enlisting cooperation, between seeking to establish a bargaining relationship with the regulated while yet avoiding regulatory capture.”

From a careful reading of the chapters of the World Bank book on industrial countries (Shah 2006), the point made by Mochida (p. 151) in regard to Japan would be true of other MDCs, that decentralization and centralization are not seen “as being antagonistic but, rather, as coexistent.” This is so because of the high quality of political software that exists in MDCs so that, while, in the case of Switzerland, the Confederation “plays the role of parents vis-a-vis their children,” it does so in a consensual and constructive way (OECD 1991, 52-53). In Norway, to use another example, the nearly 100 different types of central government grants are referred to collectively as “the golden whip,” but these grants are looked upon as providing opportunity as well as control” (kjellberg 1981, . 154).

Mexico is essentially a politically inelastic country, despite the fact that opposition parties (non-PRE) have gained access to office since 1990 in every part of the country and that subnational governments (state and municipal) spend more than half of national expenditures (Diaz-Cayeros 2005, 15). However, access to funds is limited by the fact that municipal and state governments together only collect around five percent of national revenue and they “have little if any taxation authority” (Diaz-Cayeros, 2005, 21). Because of inept tax collecting and fiscal evasion (including a 40 percent tax evasion rate), Mexico collects in taxes less than 11 percent of its GDP, as against nearly 25 percent in most OECD countries (Del Castillo, 2004, 3). Municipalities remain highly dependent upon transfers from the federal level; but, as explained by Rowland (2003, . 13), these transfers remain problematic inasmuch as they “are processed and distributed by state governments, which often attach political strings to their use and amounts.” Local politicians seem to be more interested in “access to patronage channeled through federal bureaucracies and attractive careers in the federal legislature” than in accomplishing anything (Diaz-Cayeros, 2005, 21). The fact that locally elected officials have only three years in office without a chance for re-election is only part of the answer. The continued domination at the local levels of political bosses in many parts of Mexico may be more important in explaining why it is that, in Mexico, “the relationship between local residents and local authorities remains confused and often distant” (Rowland, 2003, . 14).

IMPLICATIONS

Mexico’s poor quality of governance undermines business development in all sorts of ways. A 2000 study by the World Economic Forum and Harvard University found “that organized crime, police inefficiency, payoffs to judges or other civil servants and a general lack of transparency were clear disincentives for investing in Mexico” (Pérez Henriquez, 2004, 4). A 2002 survey indicated that businesses were spending approximately 8.5 percent of their revenue to influence official decision-making (Pérez Henriquez, 2004, 8). While some Mexican states have greatly improved their facilitation of business, it takes more than 20 days to register property in even the best Mexican states (as against 2 days in Thailand) and requires more than 20% of its Gross Domestic Product, as against 10-13% in Brazil (World Bank, 2007, 1-2). Enforcing contracts require over one year and costs on-average about 20% of debt value, as against less than 5% in Norway and New Zealand.

Perhaps even more serious is the failure of the banking system to facilitate business development. Because land and credit markets are “strongly wealth biased,” the poor “tend to be shut out of financial markets” (de Janvry and Sadoulet, 2004, . 6). The average cost of a banking transaction, including the use of checking accounts and debit and credit cards in Mexico is \$1.62, compared with 52 cent in the United States. Only about 70 percent of Mexicans (including 40 percent of those in formal employment) use commercial banks or have contact with financial services (*The Economist*, August 9, 2003, 61). While officials are anxious for more Mexicans to have access to banking and credit, they have failed to supervise existing financial institutions and enforce regulations, thereby discouraging expansion of the banking system. It is not so much lack of capital that prevents Mexican banks from lending more, but rather, the difficulty of working through the existing political institutions.

Whereas Korea spends 13.3% of GDP on education, Mexico spends less than five percent of GDP on education. In regard to researchers per 10,000 labor force and scientific publications per 100,000 population, Mexico is far behind South Korea and comparable countries. The performance of Mexican students in science examinations is also far below that of the OECD average (*The Economist*, December 15, 2007, 46). Moreover, unlike other industrial nations, where on-average the private sector undertakes in excess of 40 percent of national outlays for Research and Development, in Mexico, it accounts for only about 17 percent of the total. Social expenditure in Mexico as a percent of GDP (14.7) is the lowest for any OECD member, which means that is about 50 percent lower than that of Korea. Moreover, according to Elizondo (2003, 44), “because the quality of expenditure is usually poor, the result is a very low provision of public goods when compared to the taxes collected.” A vicious circle therefore exists, with the bureaucracy inefficient, poorly paid, and corrupt and thus unable to cope with the needs of society, and, at the same time, the unwillingness of taxpayers to pay more because “they do not perceive the benefits of their taxes” (Levy and Bruhn 2001, 107).

The most recent World Bank report (2005) indicates that extreme rural poverty in Mexico (defined as less than \$1 a day) fell between 2000 and 2004 from 42.4 percent to 27.9 percent. Nevertheless, the OECD (2007) finds that the majority of the rural population (which remains at 37 percent of the entire population) to be impoverished, even though agricultural exports to the United States grew by about 80 percent during the first six years following NAFTA (Latin America and the Caribbean Region 2001, 3-4). The smaller producers (particularly, those within the so-called “*ejido*” sector) have been adversely affected, with agricultural exports as a percentage of total exports actually declining during the 1990s. Consequently, while more than twenty percent of the labor force remains engaged in agriculture, the sector contributed less than five percent of GDP (Appendini, 2003, 256).

As of 2005, according to a World Bank study (Caballero, 2007), there were 267 federal rural development (RD) programs, but they tended to be uncoordinated and without a national RD strategy. This made “it difficult for local agents to adapt program objectives to local conditions” and to communicate to potential beneficiaries the characteristics of the programs (Caballero, 2007, p. 3). Because staff members lacked entitlement to secure employment or social security, they “had little economic or moral incentives to do a good job” (Caballero, 2007, . 5). State governments and municipal councils also had little impact on these programs. Consequently, no one felt “truly responsible for RD outcomes” (Caballero, 2007, 7).

Some of the factors that have undermined the income of small farmers (particularly the indigenous population) include: limited education and extension assistance, remoteness, uncertain property rights and legal protection, unproductive soils, poor infrastructure, inadequate irrigation systems, land degradation and pollution, inefficient agricultural markets, problematic access to credit and storage facilities, and

lack of confidence in the banking system. While reforms were constantly attempted or promised, rural citizens, especially indigenous people, had little faith in them inasmuch as there was “no clear strategy to address poverty” (Tulchin and Selee, 2003, 19).

The most recent World Bank study of Mexico’s rural infrastructure (Fay, 2004, . 1) points out that at a national level, 36.1% of rural households lacked piped water, 62.3% lacked sanitary drainage, and 16.8% lacked electricity. In regard to rural transportation, this report (2004, . 8) noted that in Oaxaca, only 30 percent of rural roads are in good condition, which “is somewhat better off than the national average.” For these and perhaps other reasons, farmers undertaking horticulture get no more than 35-45 percent of the retail price of their products, which is about half of that obtained by farmers in most Central American countries (Kelly, 2001, 21). In explaining the inadequacy of rural infrastructure, the Fay report (p. 20) suggests some of the same problems noted earlier: lack of accountability, the failure to set priorities or define strategies, and the incentive “to spend the funds in a clientelistic manner, giving each requesting community a small share of the pie.”

CONCLUSIONS: LEARNING FOR MEXICO AND ALL NATIONS FROM CHILE?

Until the 1930s, Chile’s public administration was not much better than other Latin American countries, with increasing patronage coinciding with democratization (Shepherd, 2007, 2). Gradually, since then, reforms have been successfully introduced to limit patronage, improve tax collecting and accounting, professionalize the civil service, bring public sectors pay levels close to the private sector (including performance-based pay), and provide stronger supervision from the Comptroller General and the audit institutions. With the end of the Pinochet dictatorship (lasting from 1973 to 1990), there has also been more citizen control and participation combined with expanded decentralization and privatization. Consequently, according to a report prepared for the Russian Federation (“Lessons Learned from Comparative Public Administration”), Chile’s public administration “may be the most professional and capable in Latin America (Sheppard, 2007, 1). Whereas Chile is considered as “the least corrupt” country in Latin America (ranking 19th out of 99 countries at the end of the 1990s), Mexico is considered as “the most corrupt,” ranking 59th on the list. This has meant, according to a 2005 State Department (Embassy of Chile, 2) report, that its government has been able to introduce “new economic and productive application initiatives” by developing cooperation between the government, the private sector, universities and research centers. As of 2004, tax filing and processing, government purchases, and other government services could be provided electronically.

Chile has clearly been able to use its higher quality public administration in various ways to promote better living conditions. According to the *World Development Report, 2000/2001* (280-1), Chile (despite a similar per-capita income - \$5,000, as of 2000 - to that of Mexico) was able during the 1990s to reduce the percentage of those with below \$2 a day income to 20.3, as against 42.5 in Mexico. The percentage of irrigated farmland in Chile was 54.3, as against only 22.8 in Mexico. In other words,

while both Chile and Mexico have effectively expanded their economies in recent years, Chile has been more successful than Mexico in improving the country's standard of living, judging by several figures from this *World Development Report* (284-7): percentage of illiterate females (15 and above): 5 in Chile, 11 in Mexico; under-5 mortality rate per 1,000: Chile, 12; Mexico, 35. Not only did Chile become "the fastest growing economy" in the Latin American region between 1990 and 2004, but also the only Latin American country to approach the advanced economies in enrollment in primary education, youth literacy, infant mortality, life expectancy, and other social indicators (World Bank, 2004, 9, 14). Much of this (according to the World Bank's 2004 "Economic Policy Review" of Chile) stems from low inflation and public debt, a high degree of financial sector stability, prudent monetary and fiscal policies, a strong financial sector, and "deep integration into the global economy" (World Bank, 2004, 13).

Mexico can also learn from Chile's weaknesses and mistakes. Chile is among "the most inequitable countries in Latin America and Africa" in distribution of income and inequality of opportunity (World Bank, 2004, 15). According to a recent OECD study, the performance gap between schools based upon pupils' socio-economic background remains "one of the widest in the region" (*The Economist*, December 15, 2007, 46). Among the recommendations of the World Bank's 2004 "Economic Policy Review" are: more access to credit and enforcement of creditor rights, improving the efficiency of bankruptcy proceedings and tax collecting, providing more social protection and better educational opportunities, and facilitating the requisites for a "knowledge-based economy."

Nevertheless, what Chile has achieved is remarkable, particularly in regard to urban coverage of water supply and sewerage, with nearly complete access (as of 2003), as against only about 50% with water supply and 25% with sewerage in 1965 (Calvo and Cariola, 2004). Much of this has to do with the elastic forms of decentralization developed here. The private sector is guaranteed a certain level of profitability, based upon transparent technical and economic criteria (encouraging public participation), with municipalities responsible for providing appropriate incentives for profitable investment and subsidies to protect the poor and vulnerable groups. Because of clear rules, goals, and policies, the central government has been able to delegate authority to various private sector/public sector entities, while maintaining supervision and responsibility for progress. Problems continue to exist in meeting the water and sanitation needs of numerous isolated households and rural localities, enforcing maintenance and upgrading of systems, and implementing cost recovery. Yet, there remains determination, as well as capacity, to deal with such problems

Calvo and Cariola, in their 2004 report for the United Nations Research Institute for Social Development, suggest that international trade agreements have been useful in encouraging the Chilean government to improve public services. Could such trade agreements (with NAFTA particularly in mind) also be used to put more pressure on Mexico in this regard? Considerations of this question go beyond the scope of this article. However, it can be pointed out that the European Union has put such pressure

on its more impoverished members, such as Spain, resulting in per capita income going here from 70.4% of the European average in 1985 to 85% in 2001 (Werlin, 2003, 337-339). With enough motivation, Mexico can certainly overcome some of the administrative weaknesses pointed out in this article. For example, because of NAFTA, the Mexican government and powerful businessmen were anxious to improve the country's customs system, which was notorious for its corruption and inefficiency (Rosenberg, 2003). Gil Diaz, an assistant secretary of the treasury, was given responsibility for doing so. By appointing professionals, doubling or tripling salaries, using licensed customs brokers, expanding inspections, imposing penalties, and making other changes, officially collected duties greatly increased, efficiency improved, and crime was reduced. Consequently, self-respect (at least in this sector) replaced the "cannot do" spirit that is so prevalent in Mexico.

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**This article is dedicated to the memory of my father (Joseph S. Werlin), a professor of sociology at the University of Houston from 1934 to his 1964 death, who was writing a book on Mexico at the end of his life. In teaching, among other subjects, criminology, he recognized that the poverty of Mexico stemmed from such factors as the relationship of police to criminals, the use of torture in the judicial system, and the prevalence of corruption. For me (and others) he left open the question of how politics affects culture and vice-versa. Indeed, we may always be searching for a better understanding of the linkage of culture to politics.*

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