

The Role of Corruption on AMLO's victory

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AMLO made corruption the key theme of his campaign, and he greatly benefited from it. Corruption not only gave him a clear enemy—he systematically appealed to the “mafia of power”, or those illegally benefiting from merging of economic and political power, as the reason behind Mexico’s poor economic performance—but more importantly, it allowed him to create a narrative in which a leftist platform of increased public spending and social programs appeared viable without raising taxes.

The focus on corruption gave AMLO the element that his previous presidential campaigns of 2006 and 2012 lacked: a platform that appealed to his base, without confronting economic elites opposed to a progressive tax reform.

Yet, even if the rhetoric of battling corruption was brilliant as a campaign tool, his proposals will be hard to implement once he takes office. The reason is simple: If AMLO wants to reduce corruption to pay for a significant increase in Mexico’s government spending, he will have to do much more than he is currently proposing.

His advisers estimate that AMLO’s proposed policy program would cost 10% of the federal budget. That is a conservative estimate. Even so, this estimated cost is larger than the estimated size of identified corruption costs. According to Mexico’s Federal Auditor, each year about 4 billion dollars of public money are spent in ways that cannot be tracked, and thus, are potentially a drain on public finances. Yet, even if all this money was to be recovered after penal sanctions were implemented by AMLO’s administration, those funds would only represent a minuscule share of the total national budget.

Improving spending efficiency could indeed create meaningful savings. For example, the Mexican Institute of Social Security (IMSS), in 2011, began a process to consolidate purchases of medicines after discovering that 78 institutions had bought the same medicine for ten different prices. As a result, public contracts became between 8% and 17% cheaper in less than five years.

It is clear that there is only one way to increase Mexico’s public resources without a tax reform, and that is to conduct a thorough reengineering of public administration. Unfortunately, there is no evidence yet as to whether AMLO will take on this task.

AMLO ran on a platform of “sweeping corruption from top to bottom through his example” by framing corruption as a problem of leadership/agency, rather than an outcome of institutional design. It is still unclear what AMLO will do. The implementation of his policies could mean

anything from higher centralized controls on federal spending, to simply relying upon the rather romantic idea of reducing corruption via example.

A couple of weeks ago, AMLO sent a signal of what his policies may really mean when he rejected considering a constitutional reform to create an independent National Prosecutor's Office. This reform has been strongly advocated by Mexican civil society under the citizen collectives #FiscalQueSirva and #Reforma102. AMLO's statement was extremely discouraging as there is unmistakable evidence that the current institutional design in which the President and the Senate select the National Prosecutor has led to political meddling in corruption and criminal investigations. The Odebrecht and Ayotzinapa cases stand as examples. AMLO rejects the constitutional reform because, he argues, it was designed by civil society groups that do not represent society as a whole, but rather a group of elite interests represented by a small part of business-funded Mexican civil society. This is extremely debatable as the citizen groups advocating for this reform are members of organizations across the political spectrum.

For all we can tell, AMLO's anti-corruption policies may gravitate towards working with institutions, allowing less participation of organized civil society, and promoting more centralized decision-making. As of now, it is unclear whether that would be enough to reduce corruption in Mexico.



President-Elect Andrés Manuel López Obrador holds a press conference after meeting with current President Enrique Peña Nieto at Palacio Nacional on July 3, 2018.