

Tópicos Selectos de Recursos

Andy Hira
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Directores

Como disminuir la corrupción y
mejorar la gobernabilidad en
países de desarrollo

ECORFAN[®]

Tópicos Selectos de Recursos

Volumen I

ECORFAN Tópicos Selectos de Recursos

La serie del libro ofrecerá los volúmenes de contribuciones seleccionadas de investigadores que contribuyan a la actividad de difusión científica de ECORFAN en su área de investigación en Recursos. Además de tener una evaluación total, en las manos de los editores de la Universidad Mayor, Real y Pontificia de San Francisco Xavier de Chuquisaca que colaboraron con calidad y puntualidad en sus capítulos, cada contribución individual fue arbitrada a estándares internacionales (LATINDEX-DIALNET-ResearchGate-DULCINEA-HISPANA-Sudoc- SHERPA-UNIVERSIA-e-Revistas), la serie propone así a la comunidad académica, los informes recientes sobre los nuevos progresos en las áreas más interesantes y prometedoras de investigación en Recursos.

María Ramos · Andy Hira · Javier Serrudo

Editores

Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo

Universidad Mayor, Real y Pontificia de San Francisco Xavier de Chuquisaca, Bolivia, Julio 15 de 2014.

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ISBN-978-109-5628-79-9

ISSN 2007-1582

e-ISSN 2007-3682

Sello Editorial ECORFAN: 607-8324

Número de Control TSR: 2014-01

Clasificación TSR (2014): 150714-101

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Prefacio

Una de las líneas estratégicas de la misión y visión universitaria ha sido la de impulsar una política de ciencia, tecnología e innovación que contribuya al crecimiento económico, a la competitividad, al desarrollo sustentable y al bienestar de la población, así como impulsar una mayor divulgación en beneficio del índice de desarrollo humano, a través de distintos medios y espacios, así como la consolidación de redes de innovación de la investigación, ciencia y tecnología en Bolivia.

La Universidad Mayor, Real y Pontificia de San Francisco Xavier de Chuquisaca visualiza la necesidad de promover el proceso de la investigación, proporcionando un espacio de discusión y análisis de los trabajos realizados fomentando el conocimiento entre ellos y la formación y consolidación de redes que permitan una labor investigativa más eficaz y un incremento sustancial en la difusión de los nuevos conocimientos. Este volumen I contiene 10 capítulos arbitrados que se ocupan de estos asuntos en Tópicos Selectos de Recursos, elegidos de entre las contribuciones, reunimos algunos investigadores y estudiantes.

Hira hace una introducción a la mejora de la gobernabilidad y lucha contra la corrupción en América Latina; *Barria & Ramirez* analizan para que se crea y se usa información de gestión también analizan de forma exploratoria el funcionamiento del sistema de evaluación y control de la gestión chilena; *Busumtwi-Sam & Dogah* examinan un nuevo sistema regional de África que tiene potencia como ejemplo para América Latina; *Hussain* examina el contexto histórico, institucional, y cultural para los fuentes de la corrupción mexicana; *Jabary* discute los desafíos de corrupción en la región emergente de Kurdistan; *Jimenez & García* estudian el desarrollo urbano de Guadalajara, capital del estado de Jalisco, ha estado fuertemente influido por la ineficiencia institucional de diversas dependencias en el ayuntamiento y por la corrupción que exhiben diversos funcionarios públicos; *Migone* descubre los raíces profundos de la corrupción italiana; *Murata* analiza las posibilidades de instigar un impuesto de las transacciones de cambio, con referencia a los problemas de volatilidad monetaria en América Latina; *Murillo* sugiere un nuevo índice de transparencia basado en la información que proveen los gobiernos en sus sitio de web; y *Quah* provee las lecciones claves de la experiencia singapuriana con el combate exitoso contra la corrupción para América Latina.

Quisiéramos agradecer a los revisores anónimos por sus informes y muchos otros que contribuyeron enormemente para la publicación en éstos procedimientos repasando los manuscritos que fueron sometidos. Finalmente, deseamos expresar nuestra gratitud a la Universidad Mayor, Real y Pontificia de San Francisco Xavier de Chuquisaca en el proceso de preparar esta edición del volumen.

Sucre, Bolivia
Julio, 15 2014

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Introducción: La mejora de la gobernabilidad y lucha contra la corrupción en América Latina

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M. Ramos, A. Hira, J. Serrudo (eds.) Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo. Tópicos Selectos de Recursos ©ECORFAN-Bolivia. Sucre, Bolivia, 2014.

Resumen

Este artículo presenta una colección de ensayos sobre temas de gobernabilidad en el mundo en desarrollo, con un enfoque particular sobre la corrupción. El objetivo de la colección es sugerir nuevas perspectivas para examinar esas cuestiones en América Latina. La colección sugiere que los retos para luchar contra la corrupción y mejorar la gobernanza son mucho más profundos que han sido contempladas por los esfuerzos de reforma hasta ahora en los niveles ya sea regionales o nacionales. El enfoque actual de esperar que la democracia o declaraciones puedan detener la corrupción fracasa porque sus supuestos de la naturaleza humana están defectuosos. Los seres humanos son criaturas de la historia y cultura, no solo incentivos y por lo tanto un esfuerzo serio para luchar contra la corrupción tiene que dedicarse a la ingeniería social y re-conceptualización del estado. Ingeniería social en este caso significa llegar a un consenso que la corrupción en cualquier forma en cualquier nivel es inaceptable y debe ser castigada. Puesto que nadie está fuera del comportamiento social, la aplicación del estado sólo puede ir tan lejos-la aplicación real viene del abrazo informal de nuevas normas, actitudes y comportamientos. El catalizador para iniciar estos cambios es una nueva visión del estado. El estado tiene que volver a ser concebido no sólo como un regulador de los mercados, sino como una encarnación de la voluntad colectiva, con un sentido de misión y un fuerte sentido de profesionalismo, a cuidar los intereses sociales a largo plazo, tanto a nivel local y global.

Los problemas de corrupción y gobernabilidad

Esta edición especial dirige a las preguntas de cómo mejorar la gobernanza global en América Latina. Reúne a un útil ecléctico grupo de escritores de todo el mundo para proporcionar sugerencias de diferentes contextos. El volumen ofrece vistas sobre la gobernanza en general porque la corrupción es sólo una fuente, aunque quizá la más importante fuente, por la ineficacia de las políticas de estado. A pesar de las promesas del neoliberalismo que el retiro del estado conduciría a nuevas soluciones, los clásicos problemas de crecimiento volátil, concentración y dependencia de la exportación y las desigualdades en los ingresos y la formación de capital humana y social todos piden irónicamente estado capaz aún más activo que nunca antes (Hira 2011). La esperanza de este volumen es estimular un nuevo examen de la cuestión de la gobernanza de perspectivas más innovadoras. Aunque se han hecho numerosos esfuerzos dentro de la región para combatir la corrupción, esos esfuerzos han sido en gran parte ineficaz sin cambio perceptible o significativo en los niveles de corrupción en el tiempo. Si, a pesar de importantes esfuerzos por agencias de ayuda, los gobiernos y las organizaciones no gubernamentales tales como transparencia internacional, no ha cambiado mucho, tal vez necesitamos profundizar en algunas de las premisas subyacentes a tales esfuerzos.

Grupos de vigilancia incluyendo las organizaciones no gubernamentales y los medios de comunicación proporcionan servicios importantes en la sensibilización acerca de los efectos de la corrupción omnipresentes y universales, pero no ofrecen ninguna solución general. El famoso índice de Transparencia Internacional muestra un orden increíblemente estable de países bien gobernados y mal gobernados en todo el mundo, a pesar de la parcialidad de la encuesta en la orientación hacia el comercio internacional en que se basan estas medidas. Dadas las limitaciones de financiación y personal, el sector sin fines de lucro está paralizado en la provisión de soluciones duraderas para los problemas que aumentan notablemente. Incluso si tuvieran respuestas, en otras palabras, que no tienen capacidad para promulgar este tipo de soluciones.

Algunos podrían sugerir que las soluciones se encuentran en gran cambio histórico de la región de los militares a gobiernos democráticos en los años 1980-1990. El hecho de que hay una mayor conciencia de la corrupción y casos de alto perfil de vez en cuando es prueba que ahora se pueden hacer preguntas de deshonestidad en la esfera pública. Gran esperanza se ha planteado que las democracias vibrantes crearán responsabilidad (BID 2006). Pero no debemos ser delirantes sobre la democracia de que los misma manera los economistas tienen sobre los mercados. La calidad y los resultados de las transacciones de mercado dependen en buena parte en el contexto específico en el que ocurren en la misma forma que casting votos pueden conducir a populismo o sobrio rendición democrática de cuentas. Promulgación de nuevas Constituciones no cambia 500 años de historia. El hecho de que la corrupción mas baja de estados esta en tales como Singapur y Hong Kong que han limitado la democracia y la alta corrupción de estados como la India, donde hay democracias fuertes, subraya el punto. Al igual que en el funcionamiento del mercado, mucho depende del poder de negociación y conocimiento de las partes involucradas en la transacción. Donde la población carece de acceso a información preparada y la educación para entender asuntos complejos, o si el país está polarizado a lo largo de racial, étnica, o líneas de clase, habrá una tendencia a elegir líderes populistas como Chávez que promesa a través de acción unitaria resolver rápidamente problemas históricos persistentes. Por supuesto, estas tendencias son parte de la naturaleza humana y no específica a América Latina. La historia de la política urbana en Chicago, por ejemplo, un reconocido por su carácter populista.

De alguna manera, se puede argumentar que la democracia tiene elementos que atentan contra la gobernabilidad. La rotación frecuente de funcionarios de alto nivel designados por los políticos dificulta la planificación a largo plazo y consistencia.

El sistema de "botín" es otra característica universal por el que los políticos recompensan circunscripciones con citas y más política fiscal en términos generales. Por lo tanto la necesidad de venderse a grandes distritos electorales en una campaña corta se presta a un enfoque a corto plazo para la plataforma que se elige; incentivos para la ambigüedad; y prometiendo demasiado; es inevitable consecuencia, aún más cuando el electorado está polarizado. La tendencia natural será participar en políticas económicas pro cíclicas, gasto en lugar de ahorro durante los auges, creando inflación y perder la oportunidad para los fondos de estímulo cuando se produce la caída inevitable. En las economías de la materia primaria dominante de la región, los ciclos de precios de comodidades crean la "paradoja de la abundancia" como llamaba Terry Karl (1997), la tendencia de las alzas rápidas de la corrupción inflamará los ánimos por percepción de mal distribución.

Si cambiar el sistema de gobierno no resuelve el problema, debemos recurrir a nivel meso de sistemas de las políticas públicas. El movimiento llamado la nueva gestión pública que se presenta en la década de 1990 se compromete a cambiar la orientación fundamental de las políticas públicas mediante la creación de una lógica de mercado para la reforma de la administración pública. En lugar de ver el estado como proveedor de bienes, el movimiento nos empuja a pensar en el estado como un agente contratado por los ciudadanos. En todas partes los Estados han establecido por lo tanto organismos similares a departamentos de servicio al cliente en empresas y sitios Web. El desarrollo de la Internet sólo ha acelerado la idea que colocar montañas de documentos oficiales y proporcionar canales de denuncia electrónica así como la encuesta de clientes ocasionales revolucionará el servicio público.

Aunque loable en sus intenciones, debemos reconocer honestamente las limitaciones de tales esfuerzos. Funciones estatales van mucho más allá de las funciones de servicio al cliente básico de proporcionar licencias de conducción y la salud pública clínicas de atención para los pobres, aunque evidentemente son importantes.

La complejidad del desarrollo de políticas monetarias, fiscales e industriales que son apropiadas en un momento dado para un país en particular son más probables en la naturaleza más allá del alcance de una porción significativa de los ciudadanos. Más importante aún, el concepto del estado sugiere una entidad colectiva, uno con intereses más allá de la suma de los de sus distritos electorales o grupos de intereses. Como un problema de acción colectiva a largo plazo, transformando una sociedad en desarrollo en una economía moderna con altos niveles de protección social requiere una visión a largo plazo y un conjunto coherente de políticas. Cambiar una larga historia de disfuncionalidad de las políticas públicas que tiene muy profundas raíces históricas, requiere del aislamiento del estado de los intereses, tanto nacionales como extranjeros, que controlan el status quo. Mientras que los países latinoamericanos con su historia de abuso militar del poder son naturalmente recelosos de dotar al estado con cualquier autonomía grave, el no hacerlo pierde la capacidad de participar en las reformas estructurales en forma seria. Por lo tanto, la democracia y abrazo neoliberal de mercado dan como resultado la exclusión y la captura del estado por intereses privados. Como he demostrado en otros lugares, sin lugar a dudas el "mandarines" o tecnócratas con visión de largo plazo son buena parte responsable de guiar a economías de Asia Oriental como Corea del Sur, Singapur y Taiwán a través de décadas de crecimiento estable y relativamente equitativo (Hira 2007).

Es muy difícil encontrar a contrapartes en cualquier lugar en América Latina; los ejemplos más cercanos que he encontrado son el notable papel del BNDES (Banco Nacional de desarrollo) en Brasil y la CORFO en Chile. Ambas instituciones han jugado un papel importante en el desarrollo de nuevas industrias en esos países, pero curiosamente se ignoran las lecciones de su éxito.

Dada la rígida postura contra el estado del neoliberalismo, no es de sorprender que los economistas han tendido a ofrecer una explicación de la caja negra de "instituciones" ofreciendo una solución acerca de por qué el mundo en desarrollo ha permanecido detrás (North 1981; Acemoglu, et. al 2002).

Mientras que ciertamente es loable que los economistas han descubierto que hay variables que afectan la calidad de los mercados, la mayor parte de esta literatura se ha centrado en las correlaciones simples mismas que encontramos en la historia del desarrollo- los países con altos niveles de logro económico tienen mejores instituciones y viceversa. El nuevo movimiento de gestión pública viene de esta visión excesivamente simplista de las instituciones y, a su vez, los seres humanos como los consumidores o votantes racionales.

Los problemas de la literatura sobre corrupción son aun más que crear una variable explicativa ambigua cosificada en "instituciones". Debido a la orientación al mercado de la ciencia social dominante, la economía, la reforma de la corrupción ha adoptado las mismas hipótesis subyacentes. La suposición clave siendo que la principal unidad de análisis es el individuo. Al igual que en teoría de la votación, que ha llegado a dominar la ciencia política, en economía la capacidad de rastrear los precios e inventarios sustenta gran parte de lo que sabemos sobre la economía. Por lo tanto, al igual que en la economía, una gran parte de la literatura de la corrupción se centra en las correlaciones entre la corrupción y otras variables, como el crecimiento económico, invariablemente demostrando como los índices de transparencia en sus efectos negativos (por ejemplo Kulshreshtha 2008).

La otra parte principal de la literatura se centra en la estructura de incentivos para los burócratas individuales (e.g. Klitgaard 1988), paralelo a las hipótesis económicas para los consumidores. Es esta literatura que más ha guiado a los esfuerzos de reforma.

La idea es que crear procesos más transparentes, elevar el pago de servicio civil y creando la posibilidad de sancionar las transgresiones, por ejemplo, cambiará los incentivos para los burócratas de corrupto al comportamiento honesto. Como demuestro en futuras investigaciones, este enfoque es totalmente inadecuado para la tarea. La visión defectuosa de la naturaleza humana subyace el continuo fracaso de las reformas de gobernabilidad y corrupción. Un examen rápido de la corrupción en el contexto de América Latina revela por qué han fracasado los esfuerzos de reforma basados solamente en incentivos.

Corrupción de América Latina

Las burocracias latinoamericanas comparten una cultura común, relacionadas en buena parte de su herencia colonial ibérico. Los gobiernos latinoamericanos, en general, son conocidos por sus hiper-ejecutivos, donde gran parte del poder tiende a estar concentrada, penetración por intereses extranjeros y nacionales basada en recursos (estado) de élite adinerada/rentista y fragmentación y dividieron en grupos sociales (Hira 2007). Es difícil discernir patrones causales, ya que existe una notable falta de información sistemática sobre las burocracias latinoamericanas.

No existen revistas académicas o sitios web y "falta de transparencia es la regla," a pesar de los esfuerzos para avanzar hacia la gobernanza electrónica (Barzelay et al, 2002, 32). Sin embargo, los analistas tenga en cuenta una serie de disfuncionalidades históricos (Thurber 1973, 33-34):

- Formalismo excesivo y falta de delegación - una tendencia a exigir los ciudadanos comunes a seguir exactamente la letra de la ley en un sentido procesal, mientras daba un bypass a aquellos con acceso; Así, el deseo de no aceptar responsabilidad o autonomía y preferencia por la estrecha supervisión.
- Personalismo- el predominio de relaciones patrón-cliente, basada en lazos personales; viendo el sector público como una arena para el beneficio privado.
- La corrupción - generalizada y tácitamente aceptado sobornos en los niveles bajos y altos
- Separatismo ministerial- brazos fuertemente independientes con poca coordinación o comunicación.
- Burocracia como una fuente de empleo- con el sector público para aliviar el desempleo, así como para aumentar el poder del partido político a través de patrocinio.
- La tradición humanista- El predominio de la formación en humanidades y derecho en comparación con más antecedentes técnicos.

A éstos, una encuesta más reciente de las burocracias latinoamericanas (Longo 2003) agrega los siguientes problemas endémicos:

- Ineficacia- incluyendo la falta de información y planificación; y los gastos de nómina pesado como % del total de los gastos.
- Falta de rendición de cuentas- incluyendo la imposibilidad de considerar los beneficios del personal, falta de datos básicos como ausentismo.
- Falta de mérito - brechas entre las pautas oficiales para la contratación y prácticas reales son comunes, criterios de cualificación profesional son incompatibles; a menudo carece de capacidad técnica para la tarea en cuestión; Aunque hay ciertas zonas donde parecía competencia.

- Incoherencia estratégica- ningún vínculo entre los recursos humanos y estrategia institucional.
- Grado/sistema perdido - falta sistemática pagar grado y deberes por tipos de posiciones, ni son posiciones clasificadas sistemáticamente según salario, a menudo conducen a librar la compresión; escaleras de carrera están desaparecidas y movilidad, especialmente horizontal, es limitada; a menudo los salarios son muy bajos en comparación con el sector privado; las reglas disciplinarias están ausentes o inactivo; a veces esto refleja la falta de un organismo central de recursos humanos.
- Estrategia de capacitación No- así como la falta de capacitación para el liderazgo y la participación de los supervisores; Hay una baja inversión regional en formación.
- Rigidez - la falta de movilidad dentro de los servicios civiles e inflexibilidad en cuanto a la búsqueda de soluciones creativas a los problemas de política.

Podríamos agregar muchos otros como poder ejecutivo hiper o la dualidad de las sociedades latinoamericanas, por el que el metropole, o central élite política y económica, centrada generalmente en las grandes ciudades, es ajeno a la realidad y necesidades de la población, cifras prominente (Graham 1990, 29). Monteiro (2003, 185-6) constata que el sector público tiene una cultura autoritaria, que es 'aislados' de la opinión pública, pero responde muy bien a las elites conectadas. Tal aislamiento alcanzó su apogeo durante los regímenes militares de los años sesenta y setenta, que adquirió el apodo "burocrático-autoritario," que encarna el hecho de que el estado estaba involucrado también fuertemente en la economía a través de su plan de importación sustituyendo industrialización (Hira 1998) con importantes logros, pero carecen de la capacidad de consolidarlos en competitividad a largo plazo. Como afirma Nickson (2006, 83).

"Esta cultura política pork barrel prospera en la ausencia de estabilidad en el empleo y la rotación constante de una burocracia mal pagada y exceso de personal. Empleos del sector público no es visto como insumo necesario para producir resultados para los ciudadanos en la forma de prestación de servicios. Por el contrario, es visto como una salida en su propio derecho-una recompensa justa por favores prestados o que se va a procesar. En gran medida por el clientelismo, los sistemas de personal siguen siendo débiles y altamente fragmentados en toda la región. Contratación y los ascensos se basan todavía principalmente en patrocinio más mérito. Sólo Chile tiene algo parecido a un sistema de administración pública auténtica carrera. Pero incluso aquí, como en el resto de la región, la carrera se trunca a nivel del Departamento cuyos titulares cambian con frecuencia en respuesta a cambios en el plano político.

Intentos de abordar estas debilidades datan de manera integral por lo menos a la década de 1950, cuando las agencias de ayuda externa promovieron y aconsejaron sobre una serie de reformas. Estos esfuerzos tenían elementos comunes, incluyendo un panel asesor extranjero para supervisar el proceso y programas de capacitación y becas para mejorar la capacidad técnica y administrativa procesal. En la década de 1960, el proceso se había convertido en menos uniforme y más adaptadas y guiados por expertos regionales y nacionales (Hammergren 1983, 25-32).

Una segunda ronda principal de la reforma tuvo lugar en la década de 1980 en consonancia con deuda y acompañando a la crisis fiscal en la región. Por supuesto, esto también llegó con una nueva ola de democratización, como perdido legitimidad de los gobiernos militares.

El llamado consenso de Washington consiste en la aplicación de las ideas neoliberales a las economías latinoamericanas. Estos requieren grandes cambios en la orientación del estado de intervención y palabras abrazando que el mercado dirija el desarrollo. Paradójicamente, (Hira 2011), esto también requiere una burocracia más capaz en términos de gestión del proceso de privatización y más deliberadamente, desarrollando capacidad regulatoria para asegurar el funcionamiento liso y la competitividad de los mercados internos. Mientras que el número de empleados públicos se cayó durante la década de 1990, el sector público cuesta en realidad aumentada (Lora 2007, 16). La ola del neoliberalismo discutida como comúnmente se divide en dos generaciones de la reforma. La primera generación era las reformas "fácil", a saber: independencia del banco central, la liberalización del comercio y la privatización. La segunda generación generalmente se refiere al mercado laboral, impuestos, administración pública y reforma regulatoria y generalmente mejora de la capacidad institucional del gobierno para entregar servicios necesarios (Naím 1994). Más recientemente, desde finales de los noventa, el estado ha tomado en términos de funciones adicionales de la nueva ola de programas de bienestar social, tales como el condicionar de transferencia de dinero por el cual los gobiernos proporcionan subsidios a familias pobres a cambio de asistencia a la escuela (como "Oportunidades" y "Bolsa Familia"). La segunda generación de las reformas fueron acompañadas por los intentos de mejorar "el cuatro Es:" mejorar la eficacia en términos de extensión y calidad de la cobertura de los servicios públicos; mejora de la eficiencia de la entrega; mayor equidad a través de una mayor orientación, especialmente en salud y educación; y crear un ambiente más propicio para el desarrollo del sector privado (Nickson 2006, 82).

Reflejando la idea ingenua que incentivos formales son suficientes, treinta y cuatro países de América Latina firmaron la Convención Interamericana contra la corrupción en 1996. La Convención fue organizada por la organización de Estados americanos. El Convenio establece las motivaciones como un deseo "para prevenir, detectar, sancionar y erradicar la corrupción" y promover la cooperación de los agentes. El Convenio también establece el principio de que los empleados públicos tienen la obligación de la corrupción del informe.

La OEA seguido en 2006 con el Programa Interamericano de cooperación para combatir la corrupción, con la finalidad de mejorar la cooperación e intercambio de información entre los países miembros y las organizaciones internacionales (Andrews 2011, 212-13). Es fácil para los gobiernos con buenas intenciones firmar pactos. Reformar la forma en que hacen negocios conforme al principio de la regla de la ley es mucho más difícil.

Imperio de la ley se ve socavada en los aspectos más fundamentales de los sectores públicos de la región. Sobre el papel, Grindle señala (2010), todos los países de AL tienen las trampas formales de una burocracia moderna. Sobre el 80% de los puestos de servicio civil deben para ser profesionalmente, a diferencia de llenado políticamente, en cada país. En la práctica, la mayoría de los países tiene un margen considerable para la contratación de "su gente". Evasión ocurre vía una variedad de métodos creativos, de optar fuera de, esforzó, hambre o redefiniendo en sistemas de servicio civil nuevo de términos más limitados a inventar maneras de contratar fuera del sistema central de personal, incluyendo permitir contratar a discreción a nivel ministerial. Argentina y México, entre otros, experimentaron las reformas principales funcionarios solo para tener los resultados que se frustró por la evasión del partido en el poder. Mientras tanto, señala mientras que Brasil y Chile permiten para algunos políticos contrataciones, tienden a elegir a los candidatos más meritorios en ese ámbito. Sin embargo, Meacham señala que el desarrollo de sistemas de mérito en la mayoría de los países de la región en realidad no han sido puesto en su lugar.

Líderes políticos ignoran todavía libremente partituras de examen de servicio civil en orden al personal recomendado: superior (Meacham 1999, 282).

Por otra parte, aunque ha mejorado la capacidad técnica, siguen existiendo serios problemas con el desempeño y la responsabilidad de los funcionarios del sector público (Echebarría y Cortázar 2007, 154). Monteiro (2003, 183) afirma que hay dos burocracias públicas en América Latina. El primero es un pequeño grupo de organismos centrales, principalmente aquellos involucrados con finanzas, "en el cual racionales métodos de selección, gestión y control han sido establecidos" (que se llaman 'Islas de eficiencia,'); y un grupo grande, suelto y muy descentralizado de los organismos subsidiarios, relacionadas con salud, educación y políticas sociales, "en que los métodos racionales de gestión son deliberadamente evita o comprobados para hacer espacio para el clientelismo, patrimonialismo, dualismo o la corrupción."

Nickson (2006, 85-87) señala algunas de las razones por qué han fallado las nuevas reformas de la gestión pública (NGP) para hacer una diferencia. El primero es el predominio de la rama ejecutiva, que refleja una falta de coherencia entre ésta y el poder legislativo, impidiendo el desarrollo de los cambios legislativos necesarios para la organización financiera y reformas de la gestión de personal. La segunda es la rígida interpretación del derecho administrativo, volviendo a la época colonial. Esto se traduce en un énfasis en los medios más que los objetivos de la administración pública, limita las posibilidades de descentralización de la autoridad y restringe la rendición de cuentas. Por ejemplo, en América Latina las agencias de auditoría actúan de manera punitiva, ofreciendo poca orientación sobre cómo mejorar la gestión y eficacia presupuestaria a través del gobierno. Otro resultado es una rígida interpretación de la ley ya no hay ninguna confianza subyacente al cual NPM reformas dependen. Ninguna parte en América Latina se puestos directivos han ligado a la evaluación del desempeño. Hay bastante limitada transparencia en la contratación de servicios para el sector privado y débil control de esos contratos. El desarrollo de medidas de responsabilidad ciudadana, tales como cartas, códigos de conducta y metas de desempeño, también han sido "muy limitado" y "rara vez institucionalizado". Sin embargo, en algunos casos los usuarios por los servicios se han promulgado, principalmente en el sector salud.

Nuestra breve revisión de la literatura sobre la corrupción en América Latina revela que los temas de gobernabilidad tienen mucho más profundas raíces históricas y culturales que los esfuerzos de reforma quieren admitir.

Mientras cambio de incentivos puede afectar a algunos de los daños en las ramas, claramente se requiere un esfuerzo más profundo para cambiar las normas, creencias y estructuras. Los ensayos que siguen ofrecen nuevas ideas para nuevas direcciones en América Latina y caen generalmente en las dos áreas de diagnóstico y soluciones. Ensayo de Murata nos ayuda a comprender mejor el contexto actual de volatilidad financiera ligada a la dependencia de las materias primas, que desemboca en la incapacidad para estabilizar la política fiscal y monetaria. Hussain ofrece sus reflexiones sobre la corrupción en México, basándose en sus años como investigador allí. Ensayo de Jaén y García apunta a la difusión de la corrupción en toda la sociedad mexicana, al examinar el caso de Guadalajara. Barría señala los desafíos significativos de crear un sistema de evaluación pública por el caso de Chile. Entonces recurrimos a una serie de estudios de caso de corrupción desde fuera de la región que podría ofrecer algunas ideas útiles para lectores allí. Jabary recuenta la corrupción en el Kurdistán el contexto político en que surgió el nuevo estado, sugiriendo otra vez la importancia de las condiciones de los orígenes del estado puede tener efectos a largo plazo dependiente. Migone contribuye a nuestro conocimiento de la dificultad de erradicación de la corrupción incluso en economías modernizadas, en este caso la de Italia. Migone demuestra que los esfuerzos de aplicación solos no pueden cambiar una cultura profundamente enraizada de corrupción.

Nos dirigimos a ensayos más orientados a soluciones en la segunda parte de la colección. En esta parte, Quah, uno de los principales expertos mundiales en la corrupción, ofrece su resumen de las lecciones de sus muchas décadas de estudios de Asia oriental y, particularmente, su país natal de Singapur. Murillo, a su vez, sugiere una nueva forma de medir la transparencia de la información del gobierno, para responsabilizar a los gobiernos más a las necesidades de los ciudadanos. Busumtwi-Sam y Dogah ofrecen tal vez una sugerencia más intrigante basado en los modelos regionales emergentes de la gobernanza en África. Mientras que deberíamos ser cautelosos acerca de las diferencias de contexto y de las carencias de esfuerzos enfoque internacional como los esfuerzos de las Naciones Unidas para los derechos humanos en Honduras y Guatemala y para ayudar a Haití a volver a la pista, se reúnen la idea de un grupo de autoayuda regional que ambos contextos específicos conocimientos y monitor de gobierno puede ser especialmente útil para los países de la región. Problemas de América Latina sólo se puede resolver por latinoamericanos en el final, y estos ensayos apuntan hacia la determinación necesaria para promulgar los profundos cambios estructurales y culturales que reducirán la corrupción y crear fe en el estado para jugar su papel que le corresponde como líder para el bien colectivo de la nación.

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**¿Para qué se crea y usa información de gestión?
Análisis exploratorio del funcionamiento del sistema de evaluación y control de
gestión chileno**

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M. Ramos, A. Hira, J. Serrudo (eds.) Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo. Tópicos Selectos de Recursos ©ECORFAN-Bolivia. Sucre, Bolivia, 2014.

Resumen

En 2013 se cumplieron veinte años desde la incorporación de los indicadores de desempeño como herramienta para medir los resultados de las instituciones públicas. Durante este tiempo, la Dirección de Presupuestos (DIPRES) del Ministerio de Hacienda ha sido exitosa en lograr implantar el Sistema de Evaluación y Control de Gestión, el que abarca casi la totalidad del gobierno central y que, año a año, cuenta con más de 1.000 indicadores de gestión y desarrolla una treintena de evaluaciones, repartidas en cuatro líneas distintas.

Este sistema fue creado siguiendo la tendencia internacional de incorporar nuevos enfoques de gestión para superar lo que se ha venido identificando, por décadas, como vicios de la burocracia, principalmente su foco en los procesos y un descuido en los resultados. Así, las orientaciones de la gestión y presupuesto por resultados se ha materializado en una serie de instrumentos que proporcionan anualmente información a las autoridades del Ejecutivo, los congresistas que deben aprobar la ley de presupuestos, y la ciudadanía en general.

Este artículo, que forma parte de una investigación en curso, presenta un análisis exploratorio respecto al para qué se levanta información sobre desempeños de gestión y el para qué se utiliza. Atendiendo la inspiración del enfoque de presupuesto por resultados del sistema chileno, pareciera claro que la información se crea y usa para tomar decisiones sobre la asignación de recursos. Sin embargo, a partir del uso de información pública generada por el sistema, este trabajo muestra que ese no es el caso.

1 Introducción

En 2013 se cumplieron veinte años desde la incorporación de los indicadores de desempeño como herramienta para medir los resultados de las instituciones públicas. Durante este tiempo, la Dirección de Presupuestos (DIPRES) del Ministerio de Hacienda ha sido exitosa en lograr implantar el Sistema de Evaluación y Control de Gestión, el que abarca casi la totalidad del gobierno central y que, año a año, cuenta con más de 1.000 indicadores de gestión y desarrolla una treintena de evaluaciones, repartidas en cuatro líneas distintas. Este sistema fue creado siguiendo la tendencia internacional de incorporar nuevos enfoques de gestión para superar lo que se ha venido identificando, por décadas, como vicios de la burocracia, principalmente su foco en los procesos y un descuido en los resultados. Así, las orientaciones de la gestión y presupuesto por resultados se ha materializado en una serie de instrumentos que proporcionan anualmente información a las autoridades del Ejecutivo, los congresistas que deben aprobar la ley de presupuestos, y la ciudadanía en general.

Este artículo, que forma parte de una investigación en curso, presenta un análisis exploratorio respecto al para qué se levanta información sobre desempeños de gestión y el para qué se utiliza. Atendiendo la inspiración del enfoque de presupuesto por resultados del sistema chileno, pareciera claro que la información se crea y usa para tomar decisiones sobre la asignación de recursos. Sin embargo, a partir del uso de información pública generada por el sistema, este trabajo muestra que ese no es el caso.

La estructura del artículo es la siguiente. En la siguiente sección se discuten los conceptos de gestión y presupuesto por resultados, prestando atención al uso que, en estos enfoques, se le debiera dar a la información sobre desempeño.

Con posterioridad se describen las principales características del sistema chileno. A continuación se presentan algunos datos sobre el funcionamiento del sistema, especialmente en lo referido al uso de la información para asignar recursos. Finalmente, se presenta una sección discusión sobre los hallazgos y perspectivas futuras de debate.

1.1 Gestión y presupuestos por resultados y la creación de información de gestión

Durante las últimas décadas del siglo XX, el Estado pasó a ser foco de ataque por su ineficiencia. La crisis fiscal de los países desarrollados fue un factor que gatilló el abandono del keynesianismo en favor del paradigma monetarista. Otra forma de ver este fenómeno es la creciente incorporación de soluciones del sector privado a problemas públicos y de gestión de la administración pública, por sobre la forma tradicional de enfrentarlos a través del Estado y sus organizaciones. Este cambio paradigmático llevó a que en el campo de la administración pública apareciera el concepto de la Nueva Gestión Pública (Hood, 1991). Ella incorpora conceptos como la eficiencia de la acción estatal, la reducción de su tamaño, la competencia entre unidades públicas, la adopción de la lógica del cliente, y además la idea de medir los resultados de la acción pública (Olías de Lima, 2001; García y García, 2010).

Una de las principales ideas que sustentan estos cambios es la desconfianza, que desde el enfoque de la elección racional, se levanta sobre los funcionarios públicos. Ante la figura de los burócratas como maximizadores del presupuesto de sus respectivas organizaciones, se plantea la necesidad de encontrar mecanismos y desarrollar incentivos que orienten los comportamientos de los funcionarios para alcanzar resultados (Gil-García, 2010). En esa misma línea, en la década de 1990 surgieron conceptos que intentaron orientar esos esfuerzos. Muestra de ello es el concepto de valor público, planteado por Mark Moore (1995), el cual considera tanto cuestiones monetarias como no monetarias, y apunta a que la creación de valor público por parte de los directivos públicos, se da a partir de una evaluación positiva de la ciudadanía, respecto a los resultados que la acción estatal genera, al mismo tiempo que ésta es operacionalmente posible para lograr el valor deseado por la comunidad y cuenta con la legitimidad los actores políticos quienes autorizan qué producir y con cuántos recursos.

Estas ideas han cristalizado en un enfoque denominado gestión por resultados. García y García (2010: 7) la define como una forma de gestión que busca lograr “el mayor valor público posible”, además de traer cambio social y beneficio para la población. En forma alternativa, estos autores hablan de “gestión para resultados” (GpR) en países en desarrollo, cuyo propósito es mantener los niveles de desarrollo que éstos han alcanzado y hacer frente a las diversas crisis fiscales y financieras que enfrentaron desde la década de los 80’s, y en el contexto de países en desarrollo se ha acuñado el concepto de “gestión para resultados de desarrollo” (GpRD), con el fin de lograr un mayor desarrollo¹.

El concepto es elusivo, y cada definición enfatiza en diferentes aspectos, tal como afirman el Banco Interamericano de Desarrollo (BID) y el Centro Latinoamericano de Administración para el Desarrollo (CLAD) (2007).

¹ En este trabajo se usa el concepto de gestión por resultados, en forma genérica, para referirse indistintamente a gestión para resultados (GpR) o gestión para resultados de desarrollo (GpRD).

Sin embargo, aunque los significados e interpretaciones varían, la gestión por resultados comparte una idea central: generar las condiciones para que los esfuerzos de las instituciones públicas tengan como norte la concreción de resultados (Figueroa, 2012; OCDE, 2006; BID-CLAD, 2007).

Hay quienes plantean que el enfoque de la gestión por resultados se centra en los resultados del proceso productivo, a diferencia de la burocracia, cuya preocupación central son los procesos y los insumos (por ejemplo, recursos financieros, personas y tecnología) que se requieren para realizarlos (González y Cerdán, 2008; García y García, 2010). Ello se logra enfocándose en cuestiones centrales para incidir en los resultados de la acción pública: el nivel de las políticas y estrategias, el presupuesto, la ejecución y la evaluación (BID-CLAD, 2007: 24-25). Otras miradas entienden que la gestión por resultados combina la atención en la planificación y en el monitoreo y evaluación de las acciones (UNDG, 2011). En ese sentido, la gestión por resultados no es una repetición del control, como ha sido concebido tradicionalmente dentro del proceso administrativo, sino que apunta hacia el uso de instrumentos para lograr resultados.

Una de las principales preocupaciones del enfoque de la gestión por resultados es qué se hace con el presupuesto. En consecuencia, surge el concepto de presupuesto por resultados. Éste puede ser entendido como un proceso en el cual la asignación presupuestaria no apunta a los insumos, sino que a los resultados que obtienen o se espera obtener (Schick, 2007). Lepore (2010) ha señalado que el presupuesto por resultados tiene como meta generar mecanismos de rendición de cuentas, junto con lograr los cambios de comportamiento de los “burócratas” que buscan maximizar su beneficio (Downs, 1967). Así el enfoque apunta a asignar recursos en directa relación con las definiciones establecidas por las instituciones públicas en sus procesos de planificación estratégica. Herramientas comúnmente utilizadas en esquemas de gestión por resultados son los indicadores de gestión, la matriz de marco lógico, la evaluación costo-beneficio de programas, el seguimiento del gasto, además de la revisión de los gastos de las instituciones (Lepore, 2010: 577).

La instalación de esquemas de presupuestos por resultados lleva a debates respecto a su institucionalización (Krause, Mackay y López-Acevedo, 2012), sustentabilidad en el tiempo (Mackay, 2012: 26-30) y la información generada. En este sentido, resulta fundamental que ella sea confiable y legítima para sus usuarios (Briceño, 2012: 36-42). De igual forma, es relevante el uso que se hace de dicha información. En este punto, la literatura también reconoce otros desafíos a afrontar para incorporar evidencia en las políticas. Por una parte, es necesario que se cumplan dos requisitos básicos: 1) que exista una voluntad política por incorporar la evidencia; 2) que exista capacidad en los sistemas de gobierno y/o universitario para levantar sistemas de información y evidencia sobre programas públicos (Bracho, 2010). A ello se agrega la complejidad de armonizar las redes de actores, formadas por distintos niveles territoriales de la administración, tomadores de decisiones y académicos (Sundell et al. 2010).

En relación a lo anterior, la información que se genera sobre políticas públicas y la marcha administrativa de los estados tiene diferentes usos. Carroll Weiss (1999) afirma que los resultados de investigación sobre políticas públicas pueden ser utilizados de diversas maneras. La primera es el uso de la investigación como datos de políticas públicas. En este nivel, la evidencia provista por las investigaciones podría ayudar de forma concreta a mejorar intervenciones. Sin embargo, aunque las intervenciones públicas se verían beneficiados si tomaran en cuenta datos provenientes de investigaciones, en ocasiones ello no ocurre, principalmente porque en los debates de políticas se priorizan valores, ideologías e intereses de organizaciones.

La segunda forma en que se usan los resultados de investigación en políticas públicas es como ideas. Para Weiss, “las ideas pueden modificar el modo en que la gente percibe los elementos de una situación que puede modificarse y los que tienen que aceptarse como datos” (1999: 383). Pueden ayudar a alterar la agenda pública, establecer la relevancia de ciertos problemas y cambiar la forma en que se enfocan las políticas públicas. En esta línea, la evidencia también puede ilustrar y llevar a que las políticas públicas en funcionamiento sean revaluadas. Por último, la información que proviene de investigaciones (a lo que habría que agregar sistemas administrativos) puede ser utilizada como argumento para los actores políticos. Ellos tomarán en cuenta solamente las investigaciones que se encuentran dentro de una gama de valores similares a los propios, descartando la evidencia que no aporte para sustentar sus propios puntos de vista.

Lepore (2010: 578-579), basado en definiciones realizadas por la OCDE y a partir del uso que se hace de la información, identifica tres tipos de presupuestos por resultados:

- Presentacional. En él, la información generada es publicada en documentos oficiales, pero no es relevante al momento en que se toman decisiones presupuestarias.
- Informativa. La información generada es utilizada en el proceso presupuestario, pero no es claro cómo se incorpora a la toma de decisiones. Este esquema es el más utilizado a nivel internacional. En él, señala Lepore, aunque la información podría ser utilizada, existe el peligro que las autoridades prioricen criterios políticos y no consideren la evidencia sobre desempeño.
- Decisiva. El uso de la información para la toma de decisiones presupuestarias es sistemático y formal. La ventaja es que se utilizan criterios técnicos, pero puede llevar a que los directivos de las instituciones no reporten información confiable, para evitar que se reduzcan las asignaciones.

El presupuesto por resultados es una cuestión no exenta de problemas. Un riesgo latente es que la promesa de conectar asignación de recursos con desempeño no se cumpla. A la vez, es probable que, aunque se implemente un esquema de este tipo, el presupuesto continúe con un crecimiento inercial e incremental, y que las herramientas utilizadas para levantar información terminen incorporando rituales sin efectos en la gestión. En este sentido, es común que los presupuestos por resultados terminen levantando información de procesos y productos, pero no de los efectos que ellos tienen en la sociedad (Sotelo, 2008; véase también Schick, 2003, 2007). Ello puede ocurrir por la falta de un ente rector, que cumpla la función de un tercer actor con capacidad de exigir comportamientos a través de recompensas y sanciones (Jacoby, 1973; North, 1990).

De igual forma, es necesario tomar en cuenta ciertas cuestiones que afectan el funcionamiento del presupuesto por resultados. Por una parte, ocurre que los desempeños no siempre dependen de las instituciones, y a veces puede verse influido por factores externos. Por otro lado, pueden existir problemas de la información, derivados de la dificultad de los modelos de medición e incentivos perversos, por ejemplo de funcionarios maximizadores de las partidas presupuestarias sin considerar el aporte que se está haciendo a la ciudadanía. Además, no resulta del todo evidente que sea conveniente reducir partidas presupuestarias a instituciones o programas que han sido mal evaluados. Por último, la decisión sobre el presupuesto, a pesar de estos esfuerzos, continúa siendo una cuestión fundamentalmente de carácter política (Arellano, 2010: 712).

1.2 Modernización de la gestión pública y gestión por resultados en Chile²

Desde comienzos de la década de 1990 y hasta la actualidad, en Chile se han desarrollado esfuerzos incrementales por mejorar la gestión de los servicios públicos, a través de documentos, normativas e instrumentos orientadores, además de iniciativas más sistémicas desarrolladas por los distintos gobiernos (véase Ramírez-Alujas, 2004; Armijo, 2002; Olavarría, Navarrete, y Figueroa, 2011).

De igual forma, se ha apuntado a la incorporación de las tecnologías de la información para mejorar la prestación de servicios (Araya y Barría, 2008), y además se han desarrollado reformas institucionales para mejorar la calidad de la descentralización que, desde la década de 1980, se ha llevado adelante (Montecinos, 2008).

Un ámbito en el que las iniciativas de modernización han tenido una especial fuerza es el monitoreo y evaluación. Entre 1993 y 1997, de forma paulatina y desagregada, apareció un conjunto de iniciativas. En 1993, se instauró el llamado Plan Piloto, que comenzó a operar un año después y marcó la incorporación de indicadores de gestión a nivel de los servicios públicos. En un inicio, se incorporaron cinco instituciones, pero paulatinamente fue creciendo el número, y en 1997 sesenta y siete servicios ya contaban con indicadores de gestión en funcionamiento. Con la incorporación de los indicadores no se buscaba condicionar las asignaciones presupuestarias al desempeño, pero sí generar preocupación en la administración pública sobre la importancia de los resultados en la gestión, instaurar presiones para una gestión más eficiente y entregar mayores elementos de juicio para la discusión parlamentaria (Ramírez de la Cruz y García, 2010: 434).

El Plan Piloto surgió como una idea del Ministerio de Hacienda, pero con posterioridad fue compartida por el Congreso Nacional, en el contexto de la discusión presupuestaria. De hecho, los acuerdos entre DIPRES y el Congreso Nacional son el punto de partida de las iniciativas en materia de evaluación de programas. En esa línea, en 1997 se acordó comenzar con la evaluación de programas implementados por servicios públicos del nivel central de la administración pública. A la vez, el Protocolo de Acuerdo entre la Dirección de Presupuestos y el Congreso Nacional estableció la creación de los Balance de Gestión Integral, un documento que cada año los servicios públicos deben presentar para informar cuestiones críticas sobre la marcha de su gestión (véase Guzmán, 2005; Arenas y Berner, 2010). Un año después, tras un acuerdo entre el gobierno y la Asociación Nacional de Empleados Fiscales (ANEF), se creó un nuevo instrumento, el Programa de Mejoramiento de la Gestión (PMG) para diferentes áreas y ámbitos que abarca la gestión de los servicios públicos, tales como capacitación de funcionarios, gestión territorial y género, entre otros, el cual en un inicio se constituyó en un mecanismo de mejora salarial asociada al cumplimiento de metas en diversos ámbitos, las cuales son medibles a través de un conjunto de indicadores (Arenas y Berner, 2010: 13-14). A comienzos de la década de 2000, a estas iniciativas se sumaron nuevas líneas de evaluación, la de Evaluación de Impacto y la Evaluación Comprehensiva del Gasto, las que junto a los PMG, rediseñados a comienzos de la década, pasaron a constituir lo que hoy se conoce como el Sistema de Evaluación y Control de Gestión. El cuadro 1 resume el conjunto de iniciativas que fueron apareciendo durante las décadas de 1990 y 2000, en relación al monitoreo y la evaluación.

Tabla 1 Instrumentos de M&E en Chile

Instrumentos de monitoreo de la gestión de servicios públicos	
Definiciones estratégicas	2000
Indicadores de desempeño	1994; rediseñado en 2000
Balance de Gestión Integral	1997; rediseñado en 2000

² Esta sección se basa en Barría, Ramírez y Paris (2013).

Programas de Mejoramiento de la Gestión	1998; rediseñado en 2000
Instrumentos de evaluación de programas públicos	
Evaluación de Programas Gubernamentales	1997; rediseñado en 2000
Evaluación de Impacto	2001
Evaluación Comprehensiva del Gasto	2002
Evaluación de Programas Nuevos	2009, rediseñado en 2011

Fuente: Dussauge (2012: 185)

En el periodo 1997-2012 se han evaluado 284 programas gubernamentales en diferentes sectores. Estos representan el 63% de todas las iniciativas evaluadas a la fecha, mientras que las evaluaciones comprehensivas del gasto alcanzan a 48, u 11% del total, las evaluaciones de impacto son 105 (23%) y las evaluaciones de nuevos programas suman 14 o el 3% del total.

Tabla 1.1 Número de programas públicos evaluados en Chile, 1997-2012

	1997-1999	2000-2005	2006	2007	2008	2009	2010	2011	2012	Total
Evaluación de Programas Gubernamentales	80	94	13	14	16	20	18	10	19	284 (63%)
Evaluación Comprehensiva del Gasto	-	19	2	4	7	5	2(3)	(6)	0	48 (11%)
Evaluaciones de Impacto	-	30	7	14	12	8	12(2)	(9)	(11)	105 (23%)
Evaluación de Programas Nuevos	-					4(1)	4	(5)	0	14 (3%)
Total	80	143	22	32	35	38	41	30	30	451 (100%)

() Evaluaciones en proceso

Fuente: DIPRES (2012: 94)

El desarrollo de la evaluación ya ha sido analizado por otros trabajos (Ramírez y Barría, 2013; Olavarría, 2012). Por ello, a continuación se presta atención a aquellos componentes del sistema que permiten conectar la planificación estratégica y el proceso de asignación presupuestaria, rasgo esencial del presupuesto por resultados. Esta cuestión se logra a través de la obligación que tienen los servicios públicos de completar, en el contexto del proceso de formulación presupuestaria, ciertos instrumentos conocidos como los formularios A1, H y E. A través de ellos, DIPRES obliga a los servicios públicos a un proceso de reflexión y planificación de carácter estratégico.

Desde 2000, los servicios públicos deben llevar a cabo un proceso de establecimiento de definiciones estratégicas que se asemeja al desarrollo de una planificación estratégica, en la cual se deben definir la misión institucional y los objetivos estratégicos institucionales, los cuales se deberían alinear con la misión y los objetivos ministeriales.

La misión es entendida por DIPRES como un enunciado que señala cuál es la razón de ser de la institución, cómo actúa y para quién. Los objetivos, en tanto señalan los resultados que se espera lograr en el mediano plazo. A la vez, de la definición de objetivos estratégicos, se identifican productos estratégicos, se los describe, y se identifican clientes de la institución.

En resumen, a través de este proceso, los servicios deben abordar las cuestiones propias de un proceso de planificación estratégica (Arenas y Berner, 2010: 19).³

Ello ocurre en el contexto en el que el servicio respectivo envía a DIPRES su propuesta presupuestaria para el siguiente año. En una primera fase, DIPRES envía a los servicios comentarios respecto a las definiciones estratégicas presentadas al año pasado, los que derivan de un análisis que considera la asignación presupuestaria, además de las orientaciones gubernamentales y del respectivo Ministerio. Los servicios proceden a reajustar sus definiciones estratégicas, las que son discutidas con la Dirección de Presupuestos, que realiza un análisis técnico de las mismas. Como resultado de este proceso, se acuerdan las definiciones para el año siguiente y se adjuntan al proyecto de ley de presupuestos, para que sean analizadas por el Congreso.

Un aspecto interesante de las definiciones estratégicas es que el instrumento utilizado, el formulario A1, está diseñado de una forma tal que impone, en la práctica, la obligación que los servicios públicos desarrollen un proceso similar al de la planificación estratégica. El siguiente cuadro es un ejemplo real, readecuado respecto al formato original, que muestra el tipo de información que contiene el formulario (ojo no está el cuadro).

Dado que este instrumento está asociado a la ejecución presupuestaria, que en Chile anual, las definiciones de orden estratégico de los servicios se encuentran, en el papel, en constante revisión.⁴

El proceso de formulación presupuestaria se compone, además, de la definición de indicadores de desempeño. Estos son entendidos como una “herramienta que entrega información cuantitativa respecto al logro o resultado en la provisión de productos (bienes y/o servicios) de la institución, pudiendo cubrir aspectos cuantitativos o cualitativos de este logro.

Es una expresión que establece una relación entre dos o más variables, la que compara con períodos anteriores, productos similares o una meta o compromiso, que permite evaluar desempeño” (DIPRES, 2011: 2). Los indicadores se centran en cuatro dimensiones de gestión: eficacia, eficiencia, economía y calidad. La eficacia apunta al grado de cumplimiento de los objetivos planteados. Por su parte, la eficiencia es una relación entre la producción y los insumos o recursos utilizados.

Economía, por su parte, es definido por DIPRES como “la capacidad de una institución para generar y movilizar adecuadamente los recursos financieros en pos de su misión institucional”. Por último, la calidad del servicio, asociado a la eficacia, apunta a medir la capacidad institucional para

³ En relación a este punto, en este trabajo se argumenta que si bien el enfoque de la Dirección de Presupuestos contempla algunos elementos de un proceso de planificación estratégica, la planificación que finalmente realizan los servicios públicos es más de carácter operativo que estratégico. Lo anterior se sustenta en que i) los requerimientos de la DIPRES no contempla la elaboración de una “visión” organizacional, componente central de un proceso de planificación estratégica, que señale qué es lo que la organización pública quiere llegar a ser en el futuro, usualmente en el mediano plazo, la que hará movilizar estratégicamente los recursos organizacionales para el logro de ésta y ii) el ciclo presupuestario del sector público, que es el contexto en el cual se desarrolla el proceso de planificación de las organizaciones públicas es anual, lo que no permite establecer legalmente compromisos de gasto más allá de ese período, situación que no es consistente con una planificación de mediano plazo como lo requiere la orientación hacia el logro de la visión organizacional. La existencia de presupuestos plurianuales en el sector público chileno podría permitir que la DIPRES adoptara un mecanismo de planificación estratégica más robusto. No obstante esta situación, en la experiencia chilena existe un número de servicios públicos que han desarrollado procesos de planificación estratégica por decisión de sus directivos.

⁴ En Chile, el ciclo presupuestario incluye las etapas de formulación que realizan los servicios públicos y la DIPRES como partes del poder ejecutivo; discusión y aprobación por el Congreso Nacional; ejecución que realizan los servicios públicos con la supervisión de la DIPRES; y evaluación que es realizada por la DIPRES con la colaboración de evaluadores externos.

responder a las necesidades de los clientes. Dichas dimensiones son medidas en los distintos elementos que forman parte de la cadena de valor : procesos, productos, resultados intermedios y resultados finales o impactos, los que se transforman en ámbitos de control de la gestión.

Los servicios públicos, a través del formulario H, deben establecer indicadores que se asocian a los productos estratégicos, y además se definen metas para el año siguiente. La cobertura de este instrumento abarca todas las instituciones del Poder Ejecutivo que forman parte del presupuesto público, con la excepción de la Agencia Nacional de Inteligencia, el Consejo de Rectores y la Unidad de Análisis Financiero del Ministerio de Hacienda.

Estas propuestas son entregadas a DIPRES, la cual realiza un análisis técnico de la consistencia entre las metas propuestas por los servicios y el presupuesto asignado para cumplirlas. Del análisis hecho por la Dirección de Presupuestos, se procede a una definición, en acuerdo con la institución de los indicadores que se enviarán al Congreso. Una vez que la ley de presupuestos es aprobada, se realiza un seguimiento al cumplimiento de la meta.

Existen otro instrumentos que se utiliza durante el proceso presupuestario, que no se analizan en este trabajo: el formulario E, que informa sobre programas nuevos o rediseño de programas existentes y el Balance de Gestión Integral (BGI), que hace las veces de una memoria anual en la que los servicios informan sus avances durante el año anterior y los desafíos para el entrante (véase Arenas y Berner, 2010).

Al asociar estos instrumentos al presupuesto, tanto la definición precisa de la misión, los objetivos y los productos estratégicos, como el cumplimiento de las metas de gestión comprometidas a través del formulario H, el monitoreo se ha convertido en una función vital para los servicios públicos. Por lo mismo, en diversas instituciones han surgido departamentos dedicados, casi exclusivamente, a procurar que los servicios sean capaces de operar eficientemente dentro del Sistema de Evaluación y Control de Gestión. Estas unidades han replicado, de cierta forma, el rol que tiene DIPRES como órgano rector de toda la administración pública. A la vez, el monitoreo se ha convertido en una especialización de desarrollo profesional que ha vivido un auge en los últimos años.

1.3 ¿Cómo funciona el presupuesto por resultados en Chile? Un análisis exploratorio

En el proceso de formulación del presupuesto para el período 2013, el total de indicadores de desempeños presentados por parte de los servicios públicos fue de 1.035. La gran mayoría de ellos (74,01%), corresponden a indicadores de productos. Un 19,23% se concentra en resultados, intermedios y finales (DIPRES, 2012: 111), lo cual constata el hecho identificado en la literatura respecto a que los países que se enfocan a desarrollar gestión por resultados, muchas veces, terminan centrando su atención en los productos (Schick, 2003: 73).

Dado que los indicadores son propuestos por los propios servicios, es muy probable (aunque es algo que requiere comprobación posterior) que los directivos prefieran comprometerse al nivel de productos, pues es una dimensión que pueden controlar, no así los efectos que ellos pueden tener en los beneficiarios. El que los servicios sean quienes definen sus propias metas ha tenido la ventaja de generar adhesión y viabilizar las iniciativas para mejorar la gestión (Armijo, 2002), pero a la vez ha generado el problema, recién mencionado, de hacer que las metas sean poco ambiciosas, lo que ha llevado a cuestionar la efectividad del esquema de monitoreo y evaluación chileno).

A continuación, se presentan algunos datos obtenidos de la recopilación de información sobre el nivel cumplimiento de los servicios públicos chilenos en relación a las metas comprometidas en el contexto de la formulación presupuestaria. El período analizado es 2004-2012.

Si bien existe información desde 2002, es en 2004 cuando el uso de los indicadores se expandió de forma clara a la gran mayoría de servicios administrativos. En ese año, 130 servicios formularon indicadores, llegando a 142 en 2012. En total, en el período, 167 unidades han presentado indicadores en algún momento.

Un primer aspecto a destacar, a partir de los datos obtenidos, es que este sistema de evaluación del desempeño presenta altos niveles de cumplimiento de metas por parte de los servicios. En 2004, el promedio de cumplimiento fue de 82,3%, pasando al año siguiente al 90,6%, para estabilizarse en los años siguientes en un 95%. La distribución de resultados no cumple con criterios de normalidad estadística, y se concentran en altos niveles de cumplimiento, lo que lleva a plantear la pregunta respecto a la validez de la medición.

Esta situación también existe en la administración pública chilena en lo relativo a la calificación de desempeño individual de los funcionarios públicos. En ese caso, la ley 18.834 establece un sistema en el que los funcionarios son clasificados en listas, de acuerdo a su desempeño. En la práctica, la gran mayoría de los trabajadores son calificados en la lista de excelencia. Algunas de las causas que se aducen es que los superiores no quieren tener problemas con sus subordinados, por lo que les dan las más altas calificaciones, desvirtuando el esquema de medición del desempeño individual. Por lo mismo, en los últimos años se han impulsado ciertas recomendaciones desde la Dirección Nacional de Servicio Civil para aumentar el nivel de dispersión en las calificaciones y dotar de cierta legitimidad al instrumento (Dirección Nacional de Servicio Civil, 2009, 2012).

En el caso de las evaluaciones de los indicadores de desempeño comprometidos por los servicios, existe otro dato que permite pensar que podría existir un problema con el instrumento. En 2004, aunque el promedio de cumplimiento estaba por sobre el 80%, lo que puede ser considerado alto, un 74,6% de los servicios tenían un nivel de cumplimiento menor al 100%. En otras palabras, las instituciones que obtenían el óptimo eran una minoría (menos del 25%). Sin embargo, en los años posteriores el número de servicios que cumplían con el máximo fue creciendo a tal punto que en 2011 115 de los 138 servicios obtuvieron el 100% de cumplimiento (83,3%). Esta información se encuentra resumida en el Cuadro 3.

Tabla 1.2 Estadísticas sobre los indicadores de desempeño, 2004-2012

Año	Número de servicios que formulan indicadores de desempeño	Promedio de cumplimiento de metas por parte de los servicios	Porcentaje de servicios que no cumplen el 100%
2004	130	82,3	74,6
2005	129	90,6	54,2
2006	137	91,4	56,2
2007	140	95,5	34,2
2008	143	94,2	32,1
2009	151	94,5	31,1
2010	151	95,1	25,1
2011	138	95,5	16,6
2012	142	94,3	27,4

Otra cuestión que se realizó en este análisis exploratorio fue ver si el Sistema de Evaluación y Control de Gestión toma decisiones de asignación presupuestaria a partir de la información obtenida sobre nivel de cumplimiento de las metas establecidas en los indicadores de desempeño. En otras palabras, lo que se busca es entender, a partir de la distinción planteada por Lepore (2010), qué tipo de presupuesto por resultados existe en Chile.

Como se mostró en la sección anterior, la conformación del Sistema de Evaluación y Control de Gestión fue fruto del interés mutuo de DIPRES y del Congreso Nacional por contar con información sobre el desempeño de las instituciones. Este interés surgió, precisamente, en el contexto de las discusiones presupuestarias.

Por lo mismo, en las últimas dos décadas se ha institucionalizado un esquema en el cual al momento de presentar la propuesta de presupuesto al Congreso, el Ejecutivo informa sobre los indicadores de gestión comprometidos y las definiciones estratégicas establecidas por los servicios públicos (Dussauge, 2012: 187). De igual forma, el Ejecutivo informa sobre los resultados de las evaluaciones realizadas durante el año, las que previamente fueron decididas entre los dos poderes del Estado. Teniendo claro que existen fluidas relaciones entre el Congreso y el Ejecutivo para compartir información sobre metas y definir qué evaluaciones se deben realizar, la gran cuestión por entender es cómo se usan esos datos en el proceso de aprobación del presupuesto. Al respecto, no existen reglas formales respecto a cómo se debe usar esta información.

Ramírez de la Cruz y García (2010: 438) afirman que el uso, por parte del Congreso, de los datos derivados de los indicadores de gestión depende, entre otras cosas, del interés de los parlamentarios respecto al servicio o programa en discusión.

Por su parte, en un estudio sobre otro componente del Sistema de Evaluación y Control de Gestión, las evaluaciones, Olavarría (2012) muestra que los congresistas no usan sistemáticamente la información que DIPRES les entrega. Si bien algunos la utilizan, ello no es generalizado, y en palabras de un congresista, no sería posible para un congresista procesar la cantidad de información que recibida durante la discusión presupuestaria. El mismo estudio de Olavarría, a partir de entrevistas en profundidad con congresistas, sugiere que lo que predomina a la hora de tomar decisiones son los criterios políticos.

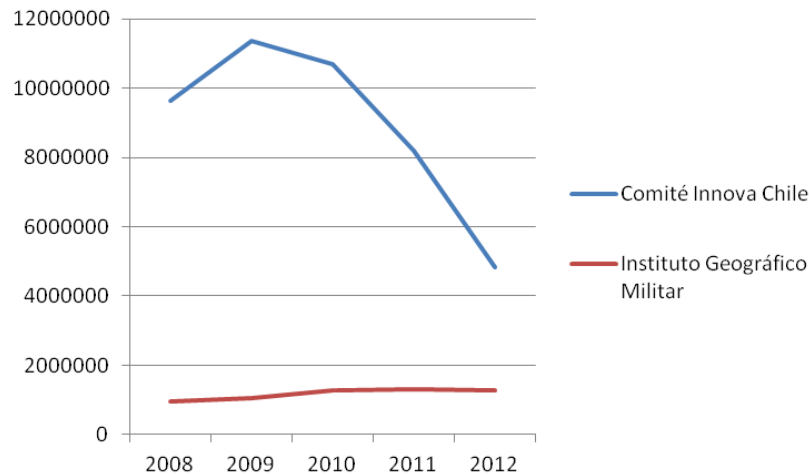
Ello se confirma si se toma en cuenta el caso de algunos servicios públicos. Para ello, se seleccionaron los cuatro peores rendimientos de cumplimiento de indicadores de gestión en el período 2004-2012. Ellos son el Instituto Geográfico Militar (60%), los Servicios de Salud (68,55%), la Administración del Sistema de Concesiones del Ministerio de Obras Públicas (72,5%) y el Comité Innova Chile del Ministerio de Economía (76,44%). Se toman en cuenta estos servicios públicos siguiendo el supuesto que, por su rendimiento, debieran ser castigados en la asignación de recursos. La evolución de los porcentajes de cumplimiento de estos servicios se resume en el siguiente cuadro.

Tabla 1.3 Servicios con bajo nivel de cumplimiento de metas comprometidas en indicadores de desempeño, 2004-2012

Año	Porcentaje de cumplimiento del Instituto Geográfico Militar	Porcentaje de cumplimiento de los Servicios de Salud	Porcentaje de cumplimiento de la Administración del Sistema de Concesiones	Porcentaje de cumplimiento del Comité Innova Chile
2004	Sin información	82	Sin información	100
2005	Sin información	77	Sin información	68
2006	Sin información	88	Sin información	70
2007	Sin información	74	75	50
2008	100	62	70	64
2009	70	43	70	94
2010	40	76	85	60
2011	55	60	75	94
2012	35	55	60	88
Promedio	60	68,55	72,50	76,44

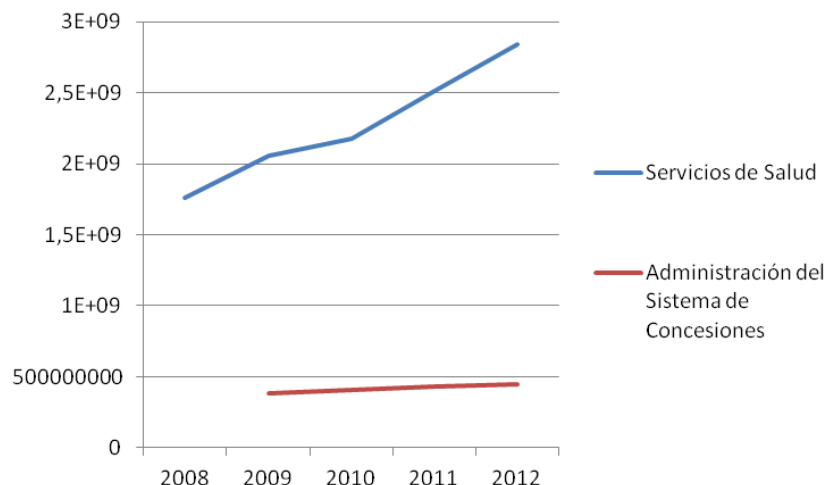
En el caso del Instituto Geográfico Militar, a pesar de un rendimiento cada vez más bajo en términos de logro de metas, cuenta con un presupuesto que se mantiene estable en el tiempo. En cambio, el Comité Innova Chile ha visto su presupuesto reducirse año a año, y de forma pronunciada, sin importar que desde 2009 hasta 2012, salvo 2010, haya contado con altos niveles de cumplimiento de las metas establecidas.

Tabla 1. 4 Evolución presupuestaria del Comité Innova Chile y el Instituto Geográfico Militar, 2008-2012



En la Administración del Sistema de Concesiones el presupuesto crece año a año, y sin embargo desde 2010 se constata una reducción en el porcentaje de cumplimiento de las metas comprometidas por la institución. Algo similar ocurre con los Servicios de Salud, los que han vivido un proceso de creciente asignación de recursos.

Tabla 1. 5 Evolución presupuestaria de los Servicios de Salud y la Administración del Sistema de concesiones, 2008-2012



Si bien estos pocos ejemplos no permiten hacer generalizaciones, al menos permiten mostrar casos en los que no se cumple la lógica del presupuesto por resultados. A la vez, entregan luces que abren paso a plantear la hipótesis que existe un desacople entre los resultados de gestión reportados por el Sistema de Evaluación y Control de Gestión y las asignaciones presupuestarias.

En este sentido, el caso de los Servicios de Salud es ejemplificador. Aunque tengan resultados magros en lo relativo a los indicadores de gestión, cumplen una función social relevante (administrar el sistema público de salud), por lo que otras consideraciones ajenas al esquema de presupuesto por resultados parecen ser más importantes. En resumen, se ha mostrado que si bien la información de desempeño sí es parte del proceso de formulación presupuestaria en Chile, no es claro que ella sea usada de forma sistemática ni vinculante para tomar decisiones sobre asignaciones.

1.4 Discusión

Este artículo presenta los resultados iniciales de una investigación en curso sobre el funcionamiento del Sistema de Evaluación y Control de Gestión chileno. Utilizando información sobre uno de los componentes del sistema, los indicadores de desempeño, se ha intentado problematizar sobre la utilidad de la información generada en relación al desempeño institucional, en el contexto de la aplicación de un enfoque de presupuesto por resultados. El sistema chileno ha sido destacado internacionalmente (Blöndal y Curristine, 2004; Banco Mundial, 2008; García y García 2010). Sin embargo, también existen miradas críticas sobre su funcionamiento. Por ejemplo, Ramírez de la Cruz y García (2010: 454) plantean que la falta de reglas claras sobre cómo se asignan recursos hace que los instrumentos que reportan resultados de gestión pierden efecto.

Un hallazgo relevante presentado en este artículo es el alto nivel de cumplimiento de metas que se da dentro del sistema.

Si bien desde sus inicios fue así, en 2012 alcanzó un 95%, aproximadamente, cuestión que sumada al hecho que la gran mayoría de los servicios obtiene un 100% de logro, obliga a plantear el debate sobre la utilidad de los indicadores de desempeño. Muy probablemente, esta situación se debe al hecho que son los mismos servicios quienes proponen indicadores y metas, por lo que probablemente intentan establecer metas alcanzables. Si esta suposición es posteriormente comprobada por la evidencia, entonces es necesario llevar adelante un debate respecto a qué resulta importante, contar con mecanismos de medición funcionando o generar información de desempeño sobre cuestiones sensibles y relevantes para los diferentes actores (institucionales y ciudadanía). En este mismo sentido, otra pregunta relevante es qué hace DIPRES en el proceso de negociación de metas. Más importante todavía, es necesario entender cuál es el interés de esta institución en relación al cumplimiento de éstas. Una potencial hipótesis para explicar el alto nivel de logro, pero que requiere ser probada en investigaciones posteriores, podría ser que los funcionarios de la Dirección de Presupuestos entienden que el logro de los servicios es también un éxito de ellos y que, por lo tanto, están comprometidos para que se alcance el logro máximo. El Sistema de Evaluación y Control de Gestión chileno se encuentra suficientemente consolidado y expandido en la administración pública chilena. Funciona regularmente sobre la base de una institucionalidad dirigida por DIPRES, y levanta suficiente información de desempeño, sin embargo, parece ser incapaz de dar una respuesta clara respecto a cómo ella es utilizada en el proceso presupuestario. Así, es un sistema formalmente exitoso pero de poco impacto, algo advertido por Hira (en prensa) como característica de la administración pública chilena. En enero de 2014, el ex-presidente Sebastián Piñera (2010-2014) presentó un proyecto de ley para crear una la Agencia de Evaluación de Políticas Públicas. La actual mandataria, Michelle Bachelet (2014-2018) cuenta en su programa la creación de una Dirección Nacional de Evaluación. Se abre, entonces, una ventana de discusión respecto a reformar la institucionalidad existente. En estos debates es necesario abordar también la cuestión de la conveniencia, utilidad y uso de la información de desempeño generada por el Estado para una mejora continua de los servicios que sus diferentes organizaciones entregan a una ciudadanía cada vez más demandante de resultados por los recursos que aportan a las finanzas públicas.

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Governing Through Peer Review: Can NEPAD's African Peer Review Mechanism Make a difference?

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M. Ramos, A. Hira, J. Serrudo (eds.) Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo. Tópicos Selectos de Recursos ©ECORFAN-Bolivia. Sucre, Bolivia, 2014.

Abstract

In 2001, African leaders made a commitment to improving political and economic governance under the New Partnership for African Development (NEPAD). Among other aims, NEPAD seeks to promote governance reforms on African terms that will advance opportunities for sustainable development in the region. As part of this new commitment, member states of the African Union (AU) instituted a collective self-monitoring mechanism under the African Peer Review Mechanism (APRM). As part of its structure, mandate, and process, the APRM seeks to subject domestic governance systems in Africa to peer review in the thematic areas of democracy and good governance, economic, corporate governance and socio-economic development. While optimists are hopeful about the ability of this voluntary self-governing framework to propel governance reforms and bolster prospects for democracy, political governance and accountability in Africa, pessimists remain skeptical about the extent to which the APRM can lead to meaningful governance reforms in a continent supposedly riddled with a 'culture of corruption', neo-patrimonial politics and political instability. We argue that in spite of its shortcomings, the APRM constitutes an important normative shift in governance systems in Africa. The APRM engages African states in a strategic long-term common partnership, in which they forgo some of the traditional privileges of sovereign power, open up their domestic polices to scrutiny by their peers, and share many governmental activities with their neighbors. The apparent willingness to confront domestic political and economic issues in the AU-NEPAD-nexus represents a significant change in the norms of African governance, statehood and diplomacy institutionalized in the immediate post-colonial era. Although far from being an unqualified success, the APRM has the potential to promote and reinforce higher governance standards in Africa, and may provide lessons for other Global South states in Asia, and Latin America.

2 Introduction

In 2001, African leaders announced a New Partnership for African Development (NEPAD) as a program to provide a "new framework of interaction with the rest of the world...based on an agenda set by African peoples through their own initiatives and on their own volition" (NEPAD 2001; UNECA 2005; Akopari 2004). Among other aims, NEPAD seeks to promote African development on African terms, through political and economic governance reforms to advance opportunities for sustainable development in the region (NEPAD 2001). Through its core principles of good governance, peace, stability and security, sound economic management and effective partnerships, domestic ownership and leadership, NEPAD aims at transforming the political and economic fortunes of the African continent.

To realize these aims and objectives, African leaders have agreed to subject their countries to peer review under an innovative African Peer Review Mechanism (APRM). Established in 2003, the APRM is a voluntary initiative launched to address governance challenges in Africa including systemic issues such as political rigidity characterized by executive dominance in governance and the lack of accountability and transparency, political exclusion, poor economic governance, and political instability (NEPAD/HGSIC 2003; ECA 2011).

Commonly held as the most unique and innovative aspect of NEPAD, the APRM is said to reflect a renewed commitment by African leaders to improve all aspects of governance on the continent and a recognition that poor governance contributed to the failure of previous development programs on the continent. Ghana, Kenya, South Africa, Rwanda and Mauritius, were the first five countries to undergo peer review on a pilot basis. Since then, more than 33 other African states have agreed to be peer reviewed under the APRM.

Despite the optimism expressed by some African leaders regarding NEPAD's ability to transform the continent's governance, institutional and development landscape, critics question the extent to which peer review can lead to significant reforms in political and economic governance institutions in Africa. For some analysts, the voluntary nature of the APRM and the unwillingness of all African countries to be part of the peer review process is a notable sign that this idea will not travel far on the governance landscape in Africa. Others doubt the ability of this initiative to make any meaningful impact on governance structures in a continent where 'neo-patrimonial politics', political instability, a 'culture of corruption' and economic mismanagement are supposed to be endemic (Akopari 2004; Nduru 2005; Taylor 2003).

A key question that arises, which this paper attempts to shed light on, is whether governance through peer review can improve the institutional framework for political and economic governance in Africa. We argue that although several weaknesses and shortcomings exist, the APRM constitutes a useful tool for reforming political and economic governance in Africa. The APRM engages African states in a strategic long-term common partnership, in which they forgo some of the traditional privileges of sovereign power, open up their domestic policies to scrutiny by their peers, and share many governmental activities with their neighbors (Busumtwi-Sam 2006). This complements and extends the African Union's (AU) attempts at redefining sovereignty on the continent. Essentially, the apparent willingness to confront domestic political and economic issues in the AU-NEPAD-nexus represents a significant change in the norms of African governance, statehood and diplomacy institutionalized in the immediate post-colonial era. When viewed from this perspective, the APRM has the potential to socialize and influence AU member states to conform to practices that may improve the institutional framework of governance in the region. In addition to being the first of its kind to subject a wide range of political and economic governance systems in Africa to external scrutiny, the APRM adds to domestic measures in member states aimed at improving legitimacy, accountability, and transparency in governance structures. More importantly, through the APRM, African leaders can share knowledge on best practices that could stimulate transformations in the institutional architecture of governance and development in Africa.

Certainly, peer review on its own cannot completely eradicate governance problems and corruption in Africa. As such, rather than seeing the APRM as an instrument that will rid Africa of these problems, the mechanism should be seen as a tool that adds to existing measures for fighting corruption and improving governance systems in the region. With time, as more African states are socialized into the process, the APRM will hold prospects for tracking the institutional gaps in the domestic governance systems in Africa. This has wider implications for rebuilding the institutional framework for governance and sustainable development in Africa.

It is important to stress, however, that because NEPAD's peer review process is still in its infancy, not enough time has elapsed to assess conclusively its impact on African governance systems. Yet, lessons from the APRM mandate, structure and processes can serve as a model for improved governance in other Global South countries in Asia and Latin America.

The paper is structured as follows. Section one provides an overview of governance through peer review in the broader global and regional context. Section two examines the structure, purpose, mandate and processes of the APRM. Next, the paper provides a brief overview of the APRM process in Ghana, Kenya and Mauritius. Here the key focus will be on how the APRM may help in transforming the institutional framework of governance in Africa. Finally, the paper concludes with a review of the APRM process, lessons for the developing world and an agenda for future research.

2.1 Peer Review and Governance in the Global Context

Peer review refers to the systematic examination and assessment of the performance of a state by other states (peers), by designated institutions, or by a combination of states and designated institutions (Pegani 2002; ECA 2002; Godfrey 2002). While not a popular concept in analysis of inter-state relations, peer review has been a prevalent practice among international organizations such as the Organization for Economic Cooperation and Development (OECD), UN Specialized Agencies, the International Monitoring Fund (IMF), and the World Trade Organization (WTO). For instance, since its inception, peer review has been a characteristic feature of policy monitoring within the OECD. Through this mechanism, the organization sets standards, criteria and principles to evaluate the performance of member states in substantive issue areas such as trade, economic policy, and development assistance (Pegani 2002).

Within the UN system, for example, the United Nations Environmental Program (UNEP) subjects environmental policies in member states to peer review. The UNDP's Evaluation Office likewise subjects developing country investment policies to peer review. The UN system itself has developed a comprehensive peer review framework by which it professionally peer reviews its functional offices, commissions and specialized agencies. This framework builds on the "Framework for Professional Reviews" developed by the OECD Development Assistance Committee (DAC) and the United Nations Evaluation Group (UNEG) joint Task Force on Professional Peer Reviews of the Evaluative Functions in Multilateral Organizations (UNEG 2011; DAC/UNEG 2007). The overall aim of these peer review processes is to facilitate transparency, credibility and accountability in the operations of key organs, agencies and member states of these international organizations in specific issue areas.

Drawing on these international examples, NEPAD launched the APRM in 2003. However, unlike peer review within multilateral organizations that are limited to specific issue areas, the APRM extends the idea of peer review to a broad range of governance issues in committed member states, including political governance, corporate governance, economic management practices and socio-economic development policies. Prior to the APRM, African leaders made an initial commitment to resolve collectively domestic governance challenges under the AU Constitutive Act, which among other things, contains a commitment to only recognize governments that come to power through constitutional means (African Union 2002). This Act also contains provisions for intervention in member states to restore peace and security in times of war, genocide and crimes against humanity. The APRM thus takes the AU's Constituent Act a step further in confronting political and economic governance challenges that affect development in Africa. The section below provides a comprehensive overview of the structure, mandate and processes of the APRM, while emphasizing its prospects for improving democracy, political accountability and transparency in African governance systems.

2.2 The African Peer Review Mechanism: Mandate, Structure and Processes

Devised to help African countries to improve governance practices through national and continental reviews, the APRM is a mutually agreed upon self-monitoring program, voluntarily adopted by member states of the African Union, to promote and reinforce high standards of governance in Africa. The APRM mandate is to ensure that the policies and practices of participating states conform to accepted political, social, economic and corporate governance codes and standards contained in the "Declaration on Democracy, Political, Economic and Corporate Governance" that was endorsed by the inaugural Summit of the African Union (AU) in Durban, South Africa, in July 2002.

Its primary purpose is to foster the adoption of policies, standards and practices that will lead to political stability, high economic growth, and sustainable development and accelerated sub-regional and continental economic integration by sharing experiences, reinforcing successful best practices, identifying deficiencies, and assessing the needs of capacity building in member states (NEPAD/HSGIC/APRM 2003).

To realize these purposes, participating states commit themselves to appropriate laws, standards and policies, as well as building the necessary human and institutional capacity to translate these into practice. In addition, member states agree to adopt specific standards, criteria and indicators for assessing and monitoring progress in key political and economic governance issue areas. To ensure fairness, transparency and accountability in the review process, the APRM guiding principle stipulates that every review exercise carried out under the authority of the mechanism must be technically competent, credible and free of political manipulation (APRM 2003). The guiding principle also states that participation in the APRM process will be open to all member states of the African Union. However, after the adoption of the Declaration on “Democracy, Political, Economic and Corporate Governance” by the African Union, countries wishing to participate in the APRM will have to notify the Chairman of the NEPAD Heads of State and Government Implementation Committee. As well, the entry requirement procedures entail an undertaking by prospective participating states to submit to periodic peer reviews, and to facilitate such reviews under the guidance of agreed parameters for good political, economic and corporate governance (APRM 2003).

Structurally the APRM is comprised of:

- The Committee of Participating Heads of State and Government (APR Forum), which is the highest decision making authority in the APRM;
- The Panel of Eminent Persons (APR Panel), which oversees the review process to ensure integrity, considers reports and makes recommendations to the APR Forum;
- The APRM Secretariat, which provides secretarial, technical, coordinating and administrative support for the APRM; and
- A Country Review Mission Team (CRM Team) that visits member states to review progress and produce an APRM Report on the country (NEPAD-APRM 2003)

2.3 Leadership and Management Structure of the APRM

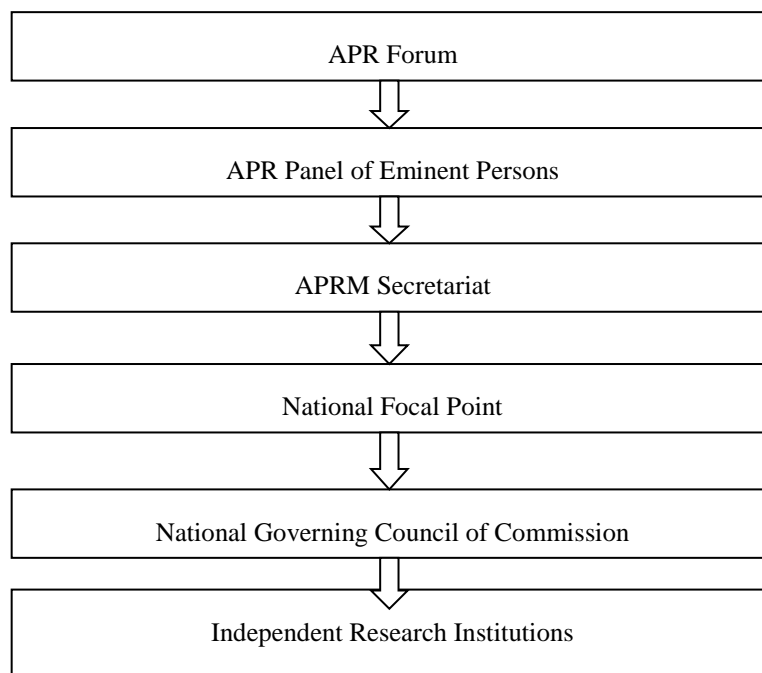
Operations of the APRM are to be directed and managed by an Independent Panel of between 5 and 7 ‘Eminent Persons’. Members of this Panel must be Africans who have distinguished themselves in careers considered relevant to the work of the APRM. In addition, the Panel members must be persons of high ‘moral stature’ who exhibit demonstrated commitments to the ideals of Pan Africanism. Candidates for appointment to the Panel will be nominated by participating countries, shortlisted by a Committee of Ministers and appointed by Heads of State and Government of the participating countries (APRM 2003). In addition to the above criteria, the Heads of State and Government will ensure that the Panel has expertise in the areas of political governance, macro-economic management, public financial management and corporate governance. The composition of the Panel will also reflect broad regional balance, gender equity and cultural diversity. As part of its mandate, the Panel will exercise the oversight function over the review process, in particular to ensure the integrity of the process.

The APRM Secretariat may engage, with the approval of the Panel, the services of African experts and institutions that it considers competent and appropriate to act as its agents in the peer review process (APRM 2003).

Furthermore, the APRM framework defines the frequency or periodicity of the process in member countries. At the point of formally acceding to the peer review process, the APRM requires that each participating state clearly define a time-bound Programme of Action for implementing the 2002 AU “Declaration on Democracy, Political, Economic and Corporate Governance”, including stipulated times for periodic reviews in line with these standards. Specifically, the Panel conducts four sets of reviews, the first completed within eighteen months of a state’s accession to the APRM process, with successive reviews occurring between every two to four years. In addition to these, a state participating for its own reasons may ask for a review that is not part of the periodically mandated reviews. Early signs of impending political or economic crisis in a member country may also be sufficient cause for instituting a review.

Figure 2 below illustrates the key APRM institutions.

Figure 2 APRM Institutions



Source: Authors’ own compilation

2.4 The APRM Process

The peer review process starts with the preparation of a self-assessment report by the participating country, based on questionnaires developed by the APRM Secretariat, in consultation with civil society organizations and other private and public stakeholders. Next, the APRM Country Support Mission, led by eminent persons, visits the country and judges the self-assessment process and submitted National Programs of Action. Subsequently, the peer review Mission holds extensive consultations in the country and prepares a report based on its own self-assessment and findings. The country report is next presented to the APR Forum and Presidents of participating countries for scrutiny and action (NEPAD/HGSIC/APRM 2003).

The process includes periodic reviews of the policies and practices of participating states to ascertain progress towards achieving mutually agreed goals and compliance with agreed political, economic and corporate governance values, codes and standards as outlined in the 2002 AU Declaration.

Upon joining the Mechanism, a state is assessed (the base review) and a timetable (Programme of Action) for effecting progress towards achieving the agreed standards and goals is drawn up by the state in question, taking into account its particular circumstances. Funding for the Mechanism is supposed to come from assessed contributions from participating states, as emphasized at the Thirty-Fifth session of the conference of African Ministers of Finance, Planning and Economic Development, convened by the UN Economic Council for Africa in Johannesburg in 2002. The framework is however open to external funding partnerships in as much as such funding will not “interfere with African ownership of the ARPRM structure and processes” (NEPAD/HGSIC/APRM 2003, 16).

In practice, the process consists of five stages of review or analysis. Each review, begins with a ‘background analysis’ of the participating state by the APRM Secretariat. At the same time, government and civil society actors in that country work together on a Country Self-Assessment Report (CSAR) and a draft ‘Programme of Action’, which is supposed to contain actions to remedy any governance problems noted in the CSAR. Next, a team of experts visits the country for several weeks and writes a final APRM report.

The Fourth Stage begins when the Team’s report is submitted to the participating Heads of State and Government through the APRM Secretariat. The consideration and adoption of the final report by the participating Heads of State and Government, including their decision in this regard, marks the end of this stage. Finally, reviewed states must report back to the APRM Forum every six months on the progress they have made in implementing the programme of action (NEPAD/APRM 2003).

Six months after the Heads of State and Government of participating member states consider the report, it should be formally and publicly tabled in key regional and sub-regional institutions such as the AU’s Pan-African Parliament, African Commission on Human and Peoples’ Rights, Peace and Security Council and Economic, Social and Cultural Council (ECOSOCC). This constitutes the Fifth and final stage of the process. The entire peer review process lasts for six months. With the above standards, structure, principles and processes, the APRM can facilitate dialogue among African countries through peer influence, public scrutiny, formal and informal recommendations that can add to domestic efforts in reinforcing democracy, transparency, accountability and good governance in Africa. In order to illustrate these arguments empirically, the section below provides an overview of the implementation of the APRM on pilot basis in Ghana, Kenya and Mauritius.

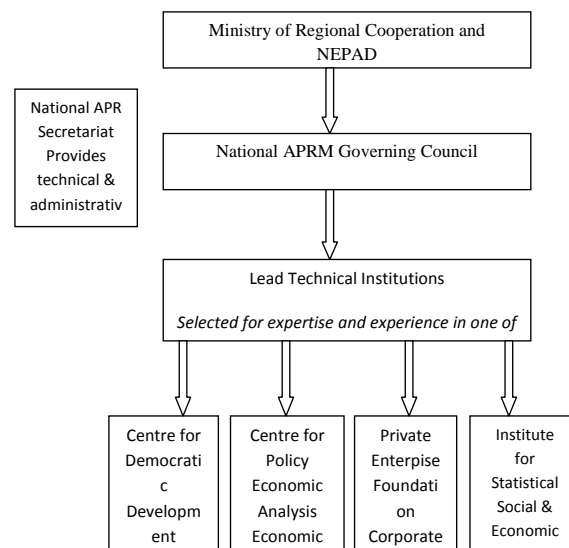
2.5 Case Studies Ghana, Kenya and Mauritius

Being the first to submit their governance systems to the APRM, these three states devised different working national models to facilitate the peer review process at country levels. Ghana was the first country in Africa to consent to the APRM at the sixth summit of HSGIC of NEPAD held in Nigeria in March 2003. In order to facilitate the APRM process, the then President, John Agyekum Kufuor, created the Ministry of Regional Cooperation and NEPAD to oversee the implementation of the peer review process in Ghana. As a first initiative, this Ministry embarked on a nationwide sensitization campaign to launch the APRM initiative in all ten regions of the country.

Next, the country instituted an independent seven member APRM Governing Council, made up of distinguished non-political professionals, to conduct an independent self-assessment of its governance record in the four thematic areas of democracy, political, economic and corporate governance (APRM Country Report 2005).

To ensure the credibility of the review process, the Council engaged the services of four independent research institutions to conduct the country self-assessment review, in consultation with civil society organizations, the media and other private sector organizations. Together, this team of experts presented the country self-assessment reports to the President of Ghana, on February 2005, with recommendations and a program of action to improve transparency and accountability in democracy and governance in Ghana (APRM Country Report 2005). Led by Dr. Chris Stals, the first APR country support Review Mission was conducted in Ghana from 4th-6th April 2005. The Review Team was made up of experts from the APR Secretariat, Strategic Partner Institutions such as the UN Economic Commission for Africa, UNDP and consultants from 12 African countries. Like the National Governing Council, the APR country review mission also extensively consulted with a variety of stakeholders, including government officials, representatives of civil society organizations, the media, academia, trade unions, political parties and policy think tanks in conducting the country assessment in the four main areas of governance. Following its reports and recommendations in 2006, the country has consistently been implementing the national program of action and submitting annual program reports to the APRM secretariat (National Governing Council-Ghana 2008). Figure 2 provides a summary of the ARPM structure in Ghana.

Figure 2.1 Ghana's National APRM Structure



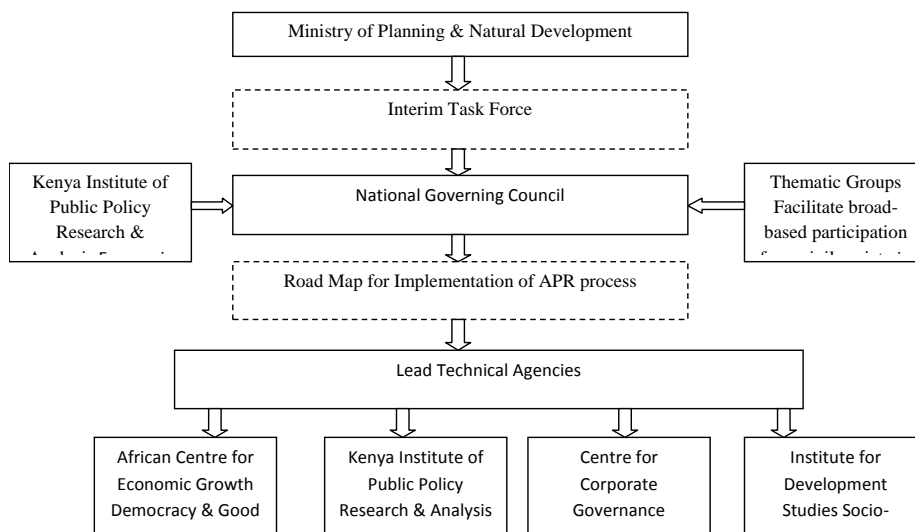
Source: UN Economic Commission for Africa (2005)

2.6 The APRM process in Kenya & Mauritius

Like Ghana, Kenya acceded to the APRM process in March 2003. At the national level, the Kenyan government entrusted the peer review process under the authority of the Ministry of Planning and National Development. Next, a 33 member independent National APRM Governing Council was created to oversee the APR implementation process at sub national levels.

Together with representatives of civil society organizations, this council engaged the services of prominent research institutions in conducting the country’s self-assessment review. The Council submitted its draft national action program and self-assessment report in August 2005. Unlike the national implementation structure in Ghana, the Kenyan model placed particular emphasis on the strong participation of civil society in the APRM structures (APRM Kenya Report 2006; Akoth 2007; Masterson 2005). A two-stage approach was adopted in conducting the Country Review Mission. The first review was conducted from 26th to 27th July 2004. However, the second review was postponed until July 18, 2011, due to the 2007/08-post election violence in the country. Since then, Kenya has been implementing the proposed National Plan of Action and progress reports to the APRM Secretariat. Unlike in Ghana and Kenya, the APR process in Mauritius did not benefit from a newly created or clearly defined structure. In an attempt to facilitate the process, the government made use of the National Economic and Social Council (NESC) in coordinating the APR process. This Council established a National Secretariat and its National Coordinating Structure (NCS) and Steering committee for the APR process. Together with representatives from CSOs, NGOs and research institutions, NESC launched the country self-assessment process in 2004. However, due to lack of a tangible organizational structure among the various stakeholders engaged in the process, the review process was delayed until 2009 before Mauritius submitted its country self-assessment report and program of action to the APR secretariat. Subsequently, the APR Country review process was commenced and completed in July 2010 (APRM Country Report 2010, 1; Eisa 2005). Figure 3 illustrates the APRM process in Kenya.

Figure 2.2 Kenya’s National APRM Structure



Since its pioneering experiences in Ghana and Kenya, seventeen other African countries completed the peer review process in 2014. The remaining sets of participating countries are at various stages of the process, with pioneering states far leading new entrants in the peer review process. Based on first hand experiences from the implementation of the APRM process in leading countries, the next section outlines the challenges and prospects of the APRM process in promoting good governance in Africa.

2.7 Implementation Challenges: Experiences from Leading Countries

Experiences from the implementation of the APRM process in pioneering countries has, so far, shown that the completion of the self assessment and country review processes come with a number of challenges. These include delays in the conduct of country assessment reviews; inadequate and inappropriate implementation guidelines; questions about the composition, credibility and independence of governing panel members at national and regional levels; autonomy of national program of action implementation bodies and the non-binding nature of policy recommendations in national assessment and country review reports (Ross & Gruzd 2009, 10-25).

Also, with five different stages, multiple participants, an initial self-assessment by participating states, assessment by external actors, lengthy questionnaires and assessment indicators, the APRM process appears to be a hefty task to undertake. Due to these complexities, the review process in participating countries has been slower than expected. In effect, although the process envisaged that acceding member states would begin the peer review within the first 18 months of joining the APRM, experiences from pioneering states indicates that the process takes very long to get underway in member countries. In addition, country experiences also show that the APRM process is not only lengthy and complex to undertake, but also limited in practical guidelines (Kajee 2004; Nnadozie 2008; Mohiddin 2008; Ross & Gruzd 2009; Gruzd 2014).

At the national levels, participating countries struggle to establish national governing bodies. For instance, both Ghana and Kenya adopted different national strategies to the country self-assessment process. Also, while Ghana adopted a much more centralized approach to the peer review process with strong government hands at all levels of the review process, the Kenyan government limited its role in the design and structure of the National structures, giving greater responsibility to civil society organizations in the peer review process (Masterson 2005, 11; APRM Kenyan Report 2005; Reitmaier 2011). Aside from the challenges of designing a broadly representative national governing body, these countries also faced the challenge of how much civil society participation should be included in the process and how to manage this participation in an all-inclusive manner (Ross & Gruzd 2009, 11-16).

Additionally, due to the complex and lengthy nature of the APRM process, the final country reports were not presented in a timely manner. Moreover, although final country reports propose a program of action based on the findings from the country review reports, the implementation of these programs of action are at the mercy of participating states (Masterson 2005; Gruzd 2014). However, as noted by the UNDP report on the implementation of the APRM, “none of these practical challenges confronting the APRM should be considered as more important than ensuring that the APRM implementation process at the country level is conducted in a transparent, inclusive, and democratic manner for it to remain credible and inspire the confidence of the people it is intended to serve” (UNDP/APRM Secretariat 2006).

Indeed, the operative challenges of the APRM process in participating countries should not be allowed to overshadow the continental governance ambitions embedded in this framework. Through policy dialogues, peer learning and capacity building, the APRM can act as a stimulus to domestic measures in changing the governance landscape in Africa. In particular, the open and participatory nature of the peer review process enables governments to engage in information exchange on policy instruments that can lead to governance reforms in Africa. This would allow for knowledge sharing on best practices that can enhance enduring prospects for democratic governance in Africa.

In 2011, for instance, the APRM Secretariat published a manual on identified best practices from thirteen (13) Country Review Reports that are worthy of emulation by other African countries in the APRM process. The report identified 107 good governance practices that can be shared among African countries, including 42 best practices in democracy and political governance; 25 best practices in economic governance and management; 15 practices in corporate governance; and 25 best practices in socio-economic development (APRM Secretariat 2011; Ndanglza 2013; Gruzd 2014).

In addition to being a common forum for knowledge sharing, participating countries also have the chance to present and clarify national rules and adopted practices before the final APRM reports are presented at the African Governance Forum. The APRM process, thus, inparts a greater degree of transparency and accountability into governance practices of participating member states. Above all, the public nature of APRM reports and its recommendations allow for public scrutiny of governance codes and conduct in a more transparent and inclusive manner. To ensure that recommendations from the APRM process are incorporated into governance practices, the APRM Secretariat conducts periodic reviews to assess progress towards the attainment of mutually agreed goals in participating member states. Also, the APRM mandate requires participating states to submit annual progress reports on the implementation of national programs of action. Unfortunately, the soft nature of APRM recommendations and monitoring systems are often cited as the mechanism's main weakness in instituting reforms in African governance systems. However, it should be noted that the final recommendations of the APR process couldn't be made binding on participating states due to the self-monitoring nature of the APRM process. Nonetheless, in the absence of binding mechanisms, the APRM structure and processes should be seen as operating under a "soft law" system whose effectiveness will derive from the mutual trust, legitimacy, credibility and representativeness and the political commitment of African leaders and citizens to the APRM process. In other words, self-monitoring is central to compliance with the APRM mandates. Notwithstanding the diversity among African countries in terms of political and socio-economic development, the APRM process can produce similar governance reforms in different country contexts. However, the domestic institutional contexts of the peer review process will determine the extent to which APRM recommendations will translate into actual practice in participating states.

At the continental level, APRM process should be heralded as a new political commitment on the part of AU, NEPAD and African leaders to confront the governance challenges that hinder sustainable development in the region.

Through its structure, mandate and principles, the mechanism provides a common forum for African leaders to engage with civil society organizations, public and private sector institutions in promoting democratic practices, transparency and accountability in political and economic governance in the region. In addition, the appointment of an Independent Panel of Eminent Persons (IPEP) to conduct the country review processes is designed to ensure that the review process is credible and legitimate before citizens and governments of participating countries.

The independent composition of the Panel of Eminent Persons is a boost to the integrity of the APRM process. When taken seriously by governments of participating states, APRM process can inspire underperforming African countries to embrace reforms in democracy and political governance, corporate governance, and socio-economic development. In the long-run, these could have positive multiplier effects on Africa's development performance (Kempe 2005, 1)

Compared to previous governance practices, the APRM has come as a significant change in the normative framework of governance in Africa. As a result, the framework needs to be celebrated in spite of its practical challenges. Precisely, the APRM needs commendation for introducing the idea of “collective self-governance” in the political discourse in Africa. With more than thirty-three African countries voluntarily submitting to be peer reviewed under the APRM, the mechanism is gradually changing governance practices in Africa. By taking a more revolutionary stance on governance issues that were formerly considered exclusively domestic amidst sovereignty concerns, the AU-NEPAD Nexus appears to have gone much further than any other international or regional organization in challenging traditional notions of sovereignty and non-intervention (Busumtwi-Sam 2006; Kajee 2004).

This represents an affirmation of the determination of African leaders to forge a new partnership with all stakeholders in promoting good governance and sustainable development in the region. However, the extent to which this idea will translate into governance reforms in Africa depends on the political commitments of African leaders and the multiple stakeholders engaged in the APRM process.

2.8 Conclusion Lessons for Developing Countries in Asia and Latin America

As part of the African Union and NEPAD’s renewed commitment to good governance and sustainable development in Africa, the African Peer Review Mechanism (APRM) was introduced in 2003 to help in transforming the institutional framework of governance in Africa. Through set standards, codes, principles and criteria, the APRM aims to improve governance practices in Africa in four thematic areas, including democracy and political governance, economic governance and management, corporate governance and socio-economic development. Since its inception, more than 33 African states have agreed to be peer reviewed under the APRM. Yet, despite the optimism of committed African leaders that the APRM will help in building the necessary institutional apparatus for political governance and sustainable development on the continent, critics are less hopeful about the ability of this new initiative to make meaningful impacts on governance structures in a continent supposedly noted for its widespread corruption and neo-patrimonial politics. Using case studies of Ghana, Kenya and Mauritius, this paper examined the extent to which the APRM can help in transforming the institutional framework of governance in Africa. Future research is clearly needed on the actual impact of the APRM on governance structures in Africa at both national and regional levels. We argue that in spite its operative challenges, the APRM can be conceived as a novel tool for political and economic governance reforms in Africa through policy dialogues, peer learning, knowledge sharing and capacity building. In addition, we argue that the APRM constitutes a significant change in the normative framework of governance in Africa. By opening governance practices in member states to external and internal public scrutiny, the APRM conveys collective self-governance values and practices that transcend beyond traditional notions of sovereignty in the international system.

Above all, it provides a forum that seeks to speak with an “African voice to Africans” in promoting democracy, political governance and sustainable development in the region (UNECA 2005). In all, this may exemplify the commitment of African leaders to adopt “African solutions to African problems” through collective governance mechanisms. Although far from being an unqualified success, the APRM model of governance can serve as a pacesetter for “collective self-governance” in both Global South and North countries. In particular, Global South countries in Asia and Latin America can incorporate ideas from the APRM model into their regional governance institutions, as an additional mechanism to facilitate transparency and accountability in their domestic governance systems.

While formal structures of accountability remain relevant in all countries, governance through peer review should be embraced as an additional structure to enhance participatory democracy, transparency, and accountability. This will provide an open space for state governments, civil society organizations and external actors to come together in strengthening the institutional framework for political and economic governance at national and regional levels.

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Mexico at bay? Corrupt crossroads

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M. Ramos, A. Hira, J. Serrudo (eds.) Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo. Tópicos Selectos de Recursos ©ECORFAN-Bolivia. Sucre, Bolivia, 2014.

Abstract

Inquiring into the length, breadth, and depth of corruption in Mexico, this piece examines historical, institutional, and cultural contexts for an answer, only to find it in the overlap of all three domains: a discursive Iberian inheritance that elevates friendship-based over pragmatic governance, a truncated institutional setting whose reform measures easily get trumped by idiosyncratic interventions, and an extended-family cluster of cultural values more receptive to subjective than objective dispensation. The net result not only worsens Mexico's corruption ranking each year, but also threatens to spread beyond its borders.

3 Introduction

Not a newcomer to the corruption literature, Mexico also carries the dubious distinction of getting better at whatever constitutes corruption. In Transparency International's (TI's) 2013 Corruption Perception Index, for example, with a score of 34, out of 100, Mexico ranked 106th along with Argentina and Bolivia from Latin America—sliding eight positions down from a previous TI survey, which was also the worst ranking Mexico had had in this century (Camp, 2014: 314).

Of the 177 countries tabulated for 2013, Denmark, with a 91 score, topped the ranking while Somalia, managing a paltry score of 8, came across as the most corrupted country on this planet. More significantly, between Mexico and Somalia, there were only seven other Latin countries: Dominican Republic (123rd with a 29 score), Guatemala (also 123rd: 29); Nicaragua (127th: 28), Honduras (140th: 26), Paraguay (150th: 24), Venezuela (160th: 20), and Haiti (163rd: 19)—dubious company indeed for one of the most irreversibly democratized Latin countries.

Contrasting these countries with those ranked between Denmark and Mexico offers a clearer distinction between the frying pan and fire allegories. In this second TI list, we will find Barbados (ranked 15th with a 75 score), the Bahamas (22nd: 71), Chile (22nd: 71), Puerto Rico (33rd: 62), Costa Rica (48th: 53), Brazil (72nd: 42), El Salvador (83rd: 38), Peru (83rd: 38), Ecuador (102nd: 35), and Panama (102nd: 35). Improvements appear more likely than not over time in this group, but it is the absence of a Damoclean Sword over countries in this group that distinguishes it most from countries in the first group.

Corruption may be more than Mexico's Damoclean Sword. How it is nibbling away at some giant economic strides the country has taken since Latin America's lost decade (1980s) ultimately threatens to undermine its neighbors.

3.1 Questions & Concerns

How is corruption being defined in this discussion? What is at stake? Where can remedial work begin?

How corruption is being defined might matter. Webster's Third New International Dictionary offers a fairly neutral and widely referenced definition: that it refers to "inducement . . . by means of improper considerations . . . to commit a violation of duty" (from Klitgaard, 1988: 21, but see 21-4). Social corruption, for example, boils down to favoritism ("in favor of family members" or "diverting resources to friends and associates"), or clientelism (to "distribute public resources or prevent violence to those who provide favors or contributions") (Asch, Burger, and Fu, 2011: 30, 30fn).

Within the context of development, several different corruption types have been squeezed out: administrative, petty corruption, graft, influence, bureaucratic, political, political influence, patronage, state capture (privately paid money to public officials), and high-level corruption (misuse of public resources) (Bracking, 2007: 6-7; and Brooks, et al., 2013).

Unfortunately, we will find all of these in play, as evident in some of the measurement yardsticks used for global comparisons. For instance, the Heritage Foundation ranked Mexico as having the 55th freest economy at the start of 2014 on the basis of 10 indicators, grouped under rule of law (property rights and freedom from corruption), government limitation (government spending and fiscal freedom), regulating efficiency (business freedom, labor freedom, and monetary freedom), and open markets (trade freedom, investment freedom, and financial freedom). With very high marks in virtually all arenas, Mexico was eventually stumped by the two rule of law determinants (and labor freedom). The report goes on to note corruption being “deeply embedded culturally,” remaining “pervasive,” as one might expect, “at all levels of society,” and fed by “the power of monopolists, party bosses, and other mafias” (Heritage Foundation, 2014).

Writing for *Forbes* on December 16, 2013, Dolia Estevez’s appraisal is even more blunt with Mexico (Estevez, December 2013). Finding Mexico as “one of the two most corrupt countries in Latin America” during 2013 (Argentina was the only other; on the other hand, Transparency International found seven more corrupt countries in Latin America), she isolated four areas of Mexican weaknesses, as expressed in a survey spanning 107 countries and seeking to identify the institutional sources of corruption: political parties (91 percent thought so), police (90), legislature (83), and judiciary (80)—in other words, along the very backbone of the country’s political culture.

Her list of the 10 most corrupt Mexicans bore this out: eight of them were former politicians (seven of whom were state governors), another was Elba Esther Gordillo, who used to head the National Union of Education Workers (SNTE, in Spanish), while the last was Carlos Romero Deschamps, the worker’s union leader of the nationalized oil corporation, Pemex. Both major political parties—Partido Revolucionario Institucional, or PRI, and the Partido Acción Nacional, or PAN—were deeply implicated. We notice political institutions wrapped up in a corporatist pattern of interest intermediation, the one favoring “a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories”—such as the teacher’s union and oil-worker’s union, molded as they were in accordance with the PRI political apparatus.

Lawrence Weiner, who reduces political culture to similar monopolistic instincts, behavior, attitudes, and expectations identifies Mexican monopolies at the top of the corruption league (Weiner, June 2013).

These include Telmex, the telephone and telecommunication giant whose owner, Carlos Slim, is among the world’s top-three billionaires; Cemex, the world’s third largest cement companies under the current chairmanship of Lorenzo Zambrano; Grupo Televisa, Mexico’s dominant television broadcaster, cable operator, and magazine publisher founded by Emilio Azcarraga Vidaurreta in the early 1950s; Modelo, the beer giant; Ocesa, a subsidiary of Corporación Interamericana de Entretenimiento, the entertainment conglomerate owning Palacios de Los Deportes, among other sporting venues, with Alejandro Soberon Kuri as the current chief executive officer; Femsa, the largest Coca Cola bottler and owner of OXXO chain of convenience stores; and Pemex, the public sector oil monopolist; among others.

Monopolies constitute “the kind of a goose,” Weiner posited, “that has laid golden eggs for so long,” facilitated by the political environment and parties. “The PRI and PAN parties are largely responsible for preserving Mexican monopolies,” one journalist observed, “as their owners are both associates and campaign backers” (ibid.).

Not a word, one will notice, has been said about Mexico’s drug cartels thus far. Widely seen as a synonym of Mexican corruption today, their impulse is recent, not historical—and we would miss some of the other causal factors. After all, cartels themselves reflect monopolistic behavior, and though the past three decades have seen one or another cartel in a brutal war with the government, several examples of high governmental officials working with cartels depict the very opposite—of a cozy relationship: as high up a politician as the former President Carlos Salinas de Gortari’s brother, Raul, was incarcerated by the Swiss authorities in 1995 for possessing too huge accounts that even his privileged political position would not have been able to provide; and as high up a military officer as General Jose de Jesus Gutierrez Rebello who was imprisoned in 1996 for facilitating cocaine flows of the “Lord of the Sky,” a nickname given Amado Carrillo Fuentes of the Juárez Cartel for the way he used military helicopters to facilitate his cocaine shipments.

In reviewing Anibel Hernandez’s *Narcoland: The Mexican Drug Lords and their Godfathers* (Verso Press, 2013), Phillip Smith spells out what he calls “the layers of corruption and complicity surrounding the drug trade in Mexico.” These include “the state police force, the ever mutating federal police forces, the military, or the high ministries.” That he found their inter-associations to be also “long-held and well-founded,” reiterates the point being made of Mexico’s political culture being intrinsically involved (Phillip Smith, 2014).

Phillip Smith’s skillful elaboration of Hernandez’s testimony tells us more, especially against the May 2014 background arrest of Joaquin “El Chapo” Guzman Loera, head of the powerful and eclipitic Sinaloa Cartel. Erstwhile President Felipe Calderon Hinojosa, she argued, adopted an anti-drug strategy that “was designed to favor El Chapo Guzman and his main partners,” and Calderon’s Secretary for Public Safety, Genero Garcia Luna (one of Estevez’s 10 most corrupt Mexicans), as being “deep in El Chapo’s pocket,” even deploying “Mexican state security forces on his behalf.”

Clearly, then, Mexican corruption extends far beyond institutional settings into cultural confines, and routine daily activities that perpetrators take to be normal when, in fact, they remain part and parcel of what constitutes corruption. Given the deeper interest in reforming corruption, how can such a peripatetic beast be profiled so as to both expose the equally stern reform measures needed, the sooner the better, and draw a balance sheet capable of predicting future trends?

3.2 Theoretical Terrain

3.2.1 The Institution-Culture Embrace

At stake is not only a tension between the divergent institutional and cultural interpretations of corruption in the relevant literatures, but also a historical setting that might help describe and diagnose the problem. Not always will we find all these three strands addressing each other or even simultaneously in the same scholarly work, but distinguishing them helps us to (a) comprehend why Mexico’s corruption climate is worsening even as it is registering economic strides; and (b) broaden Mexico-based observations to shed more Latin light. Discussions begin with the historical setting before turning to the institutional and cultural in this section, before examining some empirical cases in the next.

3.3 Historical Setting

Very much like a large swathe of Latin America, Mexico's socio-cultural and politico-economic development were anchored upon Iberian practices, specifically Portugal's and Spain's.

At the time of their Latin conquests, and for a long period thereafter, neither Portugal nor Spain had experienced anything like the Reformation in certain other parts of West Europe, like England. Consequently, a "pragmatic" bureaucratic tradition that originated in West Europe's Protestant countries and spread elsewhere through colonialism, never really happened wherever Portugal and Spain extended their own influences. Instead, a "discursive" alternative so typical of Europe's Catholic countries took hold. Whereas the former introduced a "formal, legal order," the latter continues to rely on "clientelism, personal loyalty, and favors" (Morris, 2009: ch. 8). By trumping legality, loyalty in Mexico helps "provide support, career mobility and improved communications," in addition to being able to "unite individuals within one agency against encroachment by another" (Bailey, 1988: 76-7; and Grindle, 1977: 40-69).

On the one hand, whereas a "government based on law," in Protestant Europe, opened space to combat all forms of corruption, a "government based on friendship," in Catholic Europe, only invited more corruption—so much so that causal factors get obscured, ultimately thwarting even sincere reform measures. On the other, any conflict between the two becomes an *echternach waltz*: as in a popular Luxembourg dance, the players begin by moving three steps forward, then two steps backward, with varying results depending on how the two dance segments are interpreted. If the three-step forward represents reform and the two-step backward depicts corruption, there is a chance over the long-run to conquer the beast—perhaps the description fitting the list of Latin countries ranked between Denmark and Mexico in the 2013 TI list; but if the three-step forward represents corruption and the two-step backward reform, then the future looks very bleak and irremediable. Mexico arguably belongs to this second group, along with all those other Latin countries in this dubious list: they have nothing but a Damoclean Sword hanging over their democratization and liberalization efforts, given the length, breadth, and depth of their corrupt practices, institutions, and instincts.

Arguably Mexico has been at some kind of a corruption crossroads for far too long to suddenly expect past patterns to change. Is the problem institutional, cultural, or both? Let's consider the propositions of both before seeking evidence.

3.4 Institutional Expectations

Corruption, from this view, boils down to how state and society have institutionalized relations with each other, reflected largely in the strength of checks and balances against discretionary executive power (Morris, 1991: ch. 3). Given Mexico's historical backdrop, this executive power was Spain's monarch, evolving not only into today's presidential rule, but also a "power elite" of "common social origin" (Peter Smith, 1977: 133-8). While the shift from one to the other was sanctioned by the slow and stuttering embrace of popular elections (given the frequent accusations of fraud), the absolutism of that power did not wane by much. One way to curb that power was to restrict the president to a single term. As we shall see, this perpetuates corruption in a different way by stepping outside institutional settings into legitimate cultural practices.

Those dynamics have been put into the following equation: $C=M+D-A$, where C stands for corruption, M monopoly power, D discretionary authority, and A accountability (Klitgaard, 1988: 75, but see 74-93). We can be deceived into believing, since the corruption springboard is reduced to institutional relations, cure must also be sought through institutional reforms.

A subsequent discussion points out the inherent fallacy, but one cannot help noticing how the 10 Heritage Foundation indicators measuring corruption epitomizes, as a large body of comparative works on corruption also does today, the institutional approach as a hallowed pathway. It is a necessary but not sufficient diagnosis and prescription.

It is necessary since it provides objective criteria for comparisons; and especially, since corruption rankings today increasingly influence policy preferences of other countries, we can utilize it as a fairly workable yardstick. Yet, we cannot capture the full picture since not all dynamics are institutional: there are private, personal relations, particularly traced back to the Catholic duality separating the private from the public. We need the cultural complement.

3.5 Cultural Expectations

Some authors invoke morality to explain corruption (the more corruption, the lower the moral factor) (Noonan, 1984), others see it in the clash between modernizing forces and traditional practices (universalism, legalism, rational behavior representing the former, ascription, hierarchy, and patronage characterizing the latter) (Nef, 2001: 54-68). The persistent Manichaen worldview of “myself” against “you” does not beget an “us” identity because a number of cultural traits get in the way (Lipset, 2000: 12-24): extended family loyalty, solidarity, particularism, formalism, favoritism, corporatism, patrimonialism, among others. Modernization and new functional institutions (a judiciary; elected offices, like the legislature; and so forth), continue to clash and intertwine with past behaviors and instincts to the detriment of the common welfare—due mostly to the ravaging effects of corruption.

1.6 Mexico

“So Far From God . . . ” . . . but also Corruption Reforms

Porfirio Díaz, who institutionalized corruption during his tenure (1876-1911) more than any other Mexican leader, is well-known for perpetually lamenting how his country was too far from God by being too near the United States—even though his own policies shifted Mexico from an European orientation irreversibly towards the United States. He might have been closer to reality had he acknowledged that the farther Mexico was from God, the nearer it was to not only corruption but also consummating corruption. Both institutions and culture depict the depth of the accumulating and multiplying corruption.

3.7 Institutional Realities

The automatic starting point to examine Mexican corruption is, of course, the dominant political institutions—with the political parties at the apex. Party positions and performances have, over time, strengthened the executive over the legislature. Though this is only expected in presidential systems, as seasoned Latin experts inform us, it weakens the institutional infrastructure and prevents “horizontal accountability”—that is, “the relationship among separate branches of government”—thus lowering the “downward accountability” of the president and the quality of democracy itself (O’Donnell, 1994; and Beer, 2003: 30-1).

Although it would be very unfair to blame the entirety of a corrupt tradition to the PRI for having governed Mexico in one straight stretch of 70 years since 1929, Mario Llosa Vargas's encapsulated labeling of the party as "the perfect dictatorship" becomes very relevant for at least two reasons: (a) it recognizes the party, or group, setting from which corruption springs; and (b) it confirms why there is no easy exit for Mexico from the second, lower-ranked list of Latin countries in the 2013 Transparency International survey. Without delving into party history, the salient features aiding and abetting corruption should be clearly identified. These include (a) the continuation of military domination from the Porfiriato years (1876-1911); (b) the unwitting consequences of a single-term presidency; (c) the growing financial/political gap between Mexico City and the countryside; and (d) the independently emerging cash-flow, that is, the drug trade lubricating corruption by intertwining inextricably with political institutions.

Although Lázaro Cárdenas is widely considered the most popular PRI president, he continued a long tradition of military leadership (and he would, in fact, become the last military-trained president). In and of itself, military rule is not an automatic corruption springboard: we have seen in many other parts of the world how a military intervention becomes necessary to prevent endemic corruption (Pakistan's history is littered with examples, from military generals Ayub Khan to Ziaul Huq and Pervez Musharraf). Mexico's leadership, including the military until World War II, became a vehicle for corruption in at least two ways. First, it repeatedly kept postponing a legitimate conversation with civil society whereby checks and balances could be introduced and adversarial legislative politics could take root—so much so that political commentators, by and large, really see the 2000 electoral defeat of the PRI by PAN as the country's first democratic election (Acosta, 2010: 268).

Second, without a state-society rapprochement, at least two consequences of a socially divided Mexico become relevant to this discussion. On the one hand, social division helps divert resources/dividends towards the upper echelon within what might still be called a feudal order in the absence of a more appropriate term: historically, pitting land-owners against peasants until ejidos, or collective farms for primarily indigenous groups, were established by the 1917 Constitution; and today, including owners of capital against low-wage workers, typified by the maquiladoras. Both historically and currently, one of the hard-core features of Mexico's social fabric has been the man-servant relationship, both inside the house and outside, reflecting a caste orientation, and perpetuating the patron-client syndrome, and squarely at odds with functional democracy.

On the other, this socially divided setting necessitated armed groups for protection. Beginning with the state, these armed groups became the police force, of which several variations exist, but largely along a federated scheme (federal, state, municipal)—each one of them with the power and impunity to impose penalties upon real or imaginary offenders, not necessarily to fill the public coffers with as much as to add to their personal accounts. Without checks and balances, practices of this sort only became institutionalized. Yet, the state was not the only agency seeking protection. These sprung up even at the bottom of the social ladder, for example, the Zapatistas, forcefully exposing the unfinished task of social accommodation that follows typical independence wars. Mexico's independence war became amazingly "of the few, by the few, and for the few," but it was stretched out long enough so that it could eventually claim inclusiveness. Patronization, a form of corruption, was part and parcel of fulfilling that task.

Mexico is positioned at the corruption crossroads through the confluence of corrupt law enforces and growing public demand for accountability and democracy-based transparency. Every elected president (or any other elected official) must now publicly announce anti-corruption measures—on the one hand, to make domestic leeway at election time, on the others to convey to other countries, as well as agencies, like Transparency International, but most importantly, the United States, that corruption would be grappled with by the horns. One very recent offshoot of this was the 2007 Merida Initiative with the United States—a mirror image of Plan Colombia whereby drug-trafficking was fought by training policemen and equipping them with the necessary tools.

A growing literature on the subject conveys the unfolding outcome reflecting more failures than successes.

Yet, incremental progress in institutional cleansing has indeed been recorded in the 21st Century, though the seeds were sown in the 1990s.

Genuine police reforms began with the shoe-shiner-turned-president, Ernesto Zedillo Ponce de León, who was also responsible for staging the country's first democratic election in 2000 (by not choosing his successor—a tradition called *el dedazo*, discussed later—thus alienating himself from his own corrupted, sclerotic, and sinking party for the greater glory of the country).

His creation of the federal preventive force (*Policía Federal Preventiva*—PFP) and the federal police force (*Policía Judicial Federal*—PJF) spun into action a reform mindedness that not only created a “new police model,” but also produced relatively encouraging news. Police reforms went the extra yard in 2009 when the PFP was upgraded into the Police Force—PF—and PJF into the *Policía Federal Ministerial*—PMF. One rigorous study of these reforms concludes that “although overall corruption shows an upward trend, corruption for activities associated with the police or security services do not” (Asch, Burger, & Fu, 2011: 32).

Feeding precisely into the city-country divide alluded to previously, its measurement of various indicators show PF bribe-rates falling from 4.8 percent in 2005 to 4.5 in 2009, and from 6.1 percent to 5.9 for the state-level judicial and ministerial police. On the other hand, municipal-level police corruption increased from 8.8 in 2005 to 10.9 four years later, while transit police were even worse, depicting 2005 figures of 22.1 percent spiking to 28.4 in 2009 (*ibid.*, 34). Cultural factors might help explain the uneven reform outcomes, but before elaborating further, the other three factors aiding and abetting corruption in Mexico that was listed previously, demand some discussion.

Mexico's president cannot be re-elected, serving as each one does, a six-year term. In fact, until 2000, each was chosen by the outgoing president, a process involving both *tapadismo* (to involve a successor) and *el dedazo* (to literally finger-point out the chosen successor), but illustrating the essence of that “perfect dictatorship”: power would remain concentrated in the very, very few, while all others would follow the leader—the perfect road-map for institutionalized corruption, so much so that “perfect dictatorship” has often been called “presidential despotism” (Hodges and Gandy, 2002:13). To be fair, one of the original *el dedazo* purposes was to prevent the chief executive, that is, the “perfect” dictators between 1929 to 2000 from becoming as overbearing as the dictators before them, dating back to 1811, and even before, to the Spanish monarch. Yet this produced quite a perverted long-term consequence while also depicting very clearly the intertwining relationship between institutional and cultural expectations/realities. To better understand the problem, one must bear in mind that Mexico has not fully transformed its bureaucracy into the kind of a “pragmatic” body that contemporary democratization needs.

As mentioned at the outset, the colonial inheritance of “government based on friendship,” together with “clientelism, personal loyalty, and favors” still overshadows a “government based on law” with a “formal legal order” in the recruitment process, especially in the bureaucracy, but also going up the chain of command, through *el dedazo*, to the president. Presidential election is quickly followed by a sweeping change of personnel, especially in the civil services and bureaucracies.

New entrants, by and large, commence their public duties with a predator dictum: how much can I usurp public finances during my six years? With this mind-set, corruption trickles from the very top down to the very bottom—every level of leadership joining in the loot. Here is one opportunity where, by introducing re-election, uninterrupted corruption can be halted, even if temporarily, as the accountability ledger becomes relevant. With the advent of an oil-exporting Mexico, a third factor compounded the loot: public sectors not only sprung to address the new policy-making domains and resource-exploitation just before World War II, but, very much like the feudal lords in colonial times, they concentrated more in the cities than in the countryside—with the result that, as Mexico City became the financial and political hub, the gap with the countryside only widened.

This was one of the reasons why the *ejidos*, meant originally to bridge that gap, broke down in the 1980s, resulting in the Zapatista uprisings of the 1990s. It reaffirms the reason why every group also seeks protection through a militia—the state, against the Zapatista, engaging both the military and police; indigenous farmers turn to Zapatista-like armed outfits; and typical countryside-dwellers find solace and rewards in cartel groups as they increasingly provided the kind of monetary and material welfare the government was supposed to provide but usually did not (and one reason why cartel leaders are so hard to track down in any hunt even though the relevant public knows where they are).

All in all, local power-centers mushroomed by the 1990s. This was as much evident in the geographical zones claimed by each of Mexico’s narco-trafficking cartels as it was in the centers of legitimate authority—the governors.

Among the drug cartels, Joaquin “El Chapo” Guzman Loera’s Sinaloa outfit controls the north part of Mexico’s west coast, just like the Los Zetas control the east coast along the Gulf of Mexico; a narrow strip of the east coast, from Matamoros to Ciudad Victoria, is controlled by the Gulf Cartel, to which Los Zetas were once belonged.

The Cartel de Jalisco Nueva Generación also wields power over Jalisco province, with Guadalajara as its key metropolitan, while further north, and in conflict with the Sinaloan cartel is the Beltrán Leyva Cartel, leaving the adjacent state of Michoacan in the hand of the La Familia. Previously dominant cartels, Tijuana and Juárez, controlled the cities they are named for, though their power has diminished significantly once their leaders were captured or killed. That is still a large list of illegitimate actors to permit functional democracy.

Among only the recent governors charged with corruption (in many cases through drug-cartel alignments) are Coahuila’s Humberto Moreira, Mexico State’s Arturo Montiel (he is, in fact, an uncle of the present president, Enrique Peña Nieto), Quintana Roo’s Mario Villanueva, Tabasco’s Andreas Granier, Tamaulipas’s Manuel Cavazos Ierma, Tomas Yarrington, and Eugenio Hernandez (astonishingly three consecutive governors), and Veracruz’s Fidel Herrera—quite a lengthy list for so short a duration.

We now have a better understanding why Dolia Estevez's top-ten corrupt Mexicans (or even Forbes's similar 2013 list) is dominated by past governors. A final factor contributing to making corruption a high-stakes game in Mexico is in fact drug-trafficking. By the 1990s, the amount of money involved simply sky-rocketed as the trafficking of Colombian cocaine to the United States shifted from the Gulf of Mexico (and highlighted by the television serial, *Miami Vice*, starring Don Johnson) to overland routes. Overnight Mexico was riddled with powerful cartels, the two most newsworthy then being the Juárez Cartel led by Amado Fuentes Carrillo and the Tijuana Cartel led by a number of Felix brothers and one sister (Benjamin, Ramón, Javier, and Eduardo brothers, with sister Enequina). How they penetrated every segment of public life at all levels of policy-making is a story that will be told for a long time to come, if not already through the anecdotes and ballads the people talk about or hum openly out of admiration/inspiration.

3.8 Cultural Realities

One pre-eminent cultural trait parallels the "perfect dictatorship" model just presented: a patrimonial society. An innocuous setting, Mexico's patrimonial society unwittingly feeds into a corrupt climate, but even more, it is a tough nut to crack for reform.

A patrimonial society often goes hand-in-hand with an extended-family social structure. It existed even before Spain set foot in the country and the continent, but in conjunction with Iberian patterns, it has prevailed in Mexican and Latin societies even to this day against the twin modernization challenges of a nuclear family and the democratization-induced individualism. The corruption upshot is straightforward. The dominant male, determined usually by age, becomes the "perfect" dictator analogue: he sits at the head of the dining table, bequeaths the knowledge and wisdom he has been taught by his father to his son(s), and, when in a position of power or privilege within society or in a government office, carries all the rights to give his kith, kin, and children all the privileges and pecuniary benefits permissible. In fact, this has become the *sine qua non* of Mexican family life: privilege-extension begins at home, and once the entire extended household has been catered to can the patronizing arm extend outside. In and of itself, patrimonialism need not necessarily be treated as a source of corruption. Yet, within the context of dictatorships, or any form of government in which accountability, checks, and balances remain absent or fragile, it becomes the handmaiden of corruption—until it gets to a point when it has been so institutionalized that it looks too normal to be dubbed something as coarse as corruption, thereby defying any reversion.

This last point where the "discursive" trumps "pragmatism" may easily become the source of confusion and anger: no one taking patrimonialism beyond certain pecuniary limits, not even those benefiting from this opportunity, has any reason to believe corruption is in the making; and especially, when others from a more "pragmatic" society, in which "discursive" elements do not intervene in selection and reward processes, hint at corruption taking place, clashing perceptions often do more damage to reforming corruption than identifying corruption. A "culture clash" involving corruption may be emerging as the final straw against reform (Klitgaard, *op. cit.*, ch. 6). As the essay has often pointed out, the divisive Mexican social history, the tendency to be closeted within one's clan, even better, one's family, has served as a *sine qua non* of Mexican life: the family has been the best historical protector of one's values, therefore it cannot fall under any corruption scrutiny or charge. Yet, as the detached observer notices, some of the most rampant cases of corruption in Mexico, whether in routine politics or in cartels, have been family-based directly: the Salinas family politically, on the one hand, the Felix brothers as traffickers, on the other. When a direct nuclear family passage is not possible, the extended family enters the picture, as with Amado Carrillo Fuentes's Juárez Cartel; and when even that is not possible, bonds of brotherhood step in, as with the emergence of the Los Zetas. Corruption, then, begins at home—a place too sacrosanct and far too numerous for public policy to enter for reform purposes.

3.9 Conclusions

The essay began by locating Mexico on the 2013 Transparency International list, then arguing that Mexico is more likely to join the seven Latin countries with a worse corruption record than the ten Latin countries with a better corruption record. At stake is not just the institutional malaise wrought by corruption, nor simply certain cultural patterns, but the admixture of both—that too, in such a way that, even after genuine reforms have been registered with key institutions, the country still falls backward owing to the sometimes unwitting intervention of facilitative cultural patterns.

Mexico has been stranded, as if permanently, at the crossroads of corruption precisely because of this circumstance: its European inheritance mirrored the pre-colonial “discursive” lifestyle, rather than “pragmatic,” and thereby strengthened the private domain more than the public in a society that was never fully integrated before the Spanish conquest, and perhaps even more bitterly divided thereafter.

Reforming perverted institutions may be more palatable even in a society riddled with them than reforming cultural traits exposed as misfits under modernizing pressures. Mexico’s attempts at institutional reform have been held hostage to both unsuspected cultural patterns and such exogenous/circumstantial factors as the size of drug-trafficking pay-offs. Even if it conquers its legacy as a “perfect dictatorship”, it is far too big to streamline its culture with institutional reforms, and far too near the United States to be able to quickly abandon drug-trafficking. The net result: a dismal Transparency International ranking predicted to continue worsening—and yes, of course, moving even farther from the God Porfirio Díaz revered. One other finding sheds light on the broader Latin American picture. Since the best two corruption index scores belong to Barbados and the Bahamas—two areas where the “pragmatic” government “based on law” was nurtured by Great Britain—mainland Latin America, nurtured under Portuguese and Spanish “discursive” government “based on friendship,” expose corruption to have not just institutional and cultural springboards, but also civilizational. Here might be a model for mainland Latin America to follow, as some countries like Costa Rica have earnestly sought to. Yet, the corruption tide is such that, in a variation of Gresham’s economic law that bad money drives good money away, bad behavior is more likely to drive good behavior away—country by country, from bad to good country, ultimately more from Mexico than the Dominican Republic, Guatemala, Nicaragua, Honduras, Paraguay, Venezuela, and Haiti to Barbados, the Bahamas, Chile, Puerto Rico, Costa Rica, Brazil, El Salvador, Peru, Ecuador, and Panama—ultimately even to the United States and Canada, given the migration and drug-trafficking flows.

The corruption Catch-22 becomes most manifest in reforming the institutional way, which will fall far short of the cultural adaptation desperately needed. That, the world’s 10th largest economy and 11th by population size, is not prepared to do. One astute observation posited that “most Latin American countries have spotty historical democratic rule,” and, as if to drive the nail home, “Mexico ranks low even within this group” (Levy and Bruhn, 2006: 35). Mexicans increasingly need Porfirio’s God to reform corruption, since they have been simply unable to do so themselves: perhaps a faith-driven distinction between what is “right” and what is “wrong” that places what is universally claimed as corruption in the “wrong” bracket.

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Corruption as a Major Challenge in Newly Developing Kurdistan

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M. Ramos, A. Hira, J. Serrudo (eds.) Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo. Tópicos Selectos de Recursos ©ECORFAN-Bolivia. Sucre, Bolivia, 2014.

Abstract

Current research struggles to identify the factors that contribute to corruption in developing nations. In the process of development at large, corruption is a challenge that is affected by social factors. This paper hypothesizes that corruption is culturally supported, with citizens consider doing favors for each other as their responsibility. The paper argues that training programs, recruitment and education systems do not work in developing nations due to this public support to corruption. The paper presents Kurdistan, the newly developing region, in northern Iraq, as its case study. Even though this region is aggressively developing, corruption, nepotism, and favoritism are huge challenge in this process of development.

4 Introduction

Corruption in developing nations has been considered as one of the major issues that these nations face. The Kurdistan Regional Government (KRG) represents a good example that has been challenged by corruption. According to the United Nations Office on Drugs and Crime, 48% of Iraqi citizens, including the residences in Kurdistan, pay bribe to speed up administrative procedures or better service from the public institutions (2013). On a scale of 1 to 175, one being the least and 175 the most corrupt, the International Corruption Index also has ranked Iraq as the 171st state (2013). The Kurdistan Region Reform Commission (KRRC) also states that under the KRG, the political appointees in this regional government have been a way for selecting administrators in the public institutions. The KRG itself has publicly confirmed that the findings from the KRRC's study are accurate and the public institutions in Kurdistan have been challenged by corruption (2012).

This paper seeks to understand the sources and the types of corruption in Iraqi Kurdistan. By examining these two aspects of corruption, this study contributes to furthering research on corruption and understanding this problem in the developing nations in two ways. First, it enables us to understand the nature of corruption that exists under the KRG's authority in Kurdistan. Second, it allows us to identify whether the political parties and the ruling elites should only be held accountable for having such a high level of corruption in Kurdistan. Knowing the factors that contribute corruption in Kurdistan is important because the existing literatures mostly focus on the ruling class that abuses authority for personal gains in the developing nations, while ordinary citizens suffer and complain about it. However, very little known about ordinary citizens' contribution to this negative phenomenon in the developing nations. This study argues that by providing support to the corrupt ruling elite and in return receiving free salaries, and different types of grants, ordinary citizens have given corruption a different meaning in Kurdistan. It has become a way of exchanging favors between citizens and officials under the KRG's leadership.

Explaining this relationship is important because the current literature ignores the social support for such negative phenomena in the developing countries. This study also argues that one way to deal with corruption is by improving governing capacity through the performance of civil servants.

First, this paper will provide some overviews on the common types of corruption, the political conditions that foster corruption, and the type training methods that can be implemented to fight corruption. Second, this study will provide a brief background of the creation of the KRG. Providing this background is significant because it places the issue of corruption in its historical context. This part also touches on the key areas that have been shaped by past events and address the ones that remain relevant to the challenges that the KRG is currently facing.

In particular, this section will discuss the type of corruption that has been happening in the KRG's institutions, boards and agencies. Thirdly, this research will examine the KRG policies such as training courses, educational activities, and a good recruitment system in its public sector as ways of putting a stronger hand on corruption in the public sectors. The final part will conclude the study and suggest some recommendations that are essential for the developing nations, in particular the KRG, to decrease corruption.

4.1 Corruption, a Major Challenge for the Developing Nations

According to Kenny and Clarke (2010), some communities have high levels of corruption due to "their structural, political and resources impediments in their way" (p. 9). Other literature considers corruption as one of the major problems that is behind weakness in the governing performances (Lengeth, 2006; Brown, 2006). However, before reviewing literatures on the effect of corruption on a government's performance, it is important to provide some definitions of corruption and its types. According to Brown (2006), "corruption is the abuse of public and private power for private, personal, unlawful, financial, pecuniary profit, benefit and gain" (p. 59). Even though there might be a universal basic understanding of corruption, for the purpose of this study, I review some detailed acts of corruption as major challenges in developing nations.

According to Lengeth (2006), these acts of corruption include: (1) grand and petty, (2) active and passive, (3) embezzlement, theft and fraud acts of corruption. The petty and grand acts of corruption are challenging the capacity building process because while the former involves the distortion of the central functions of government, the latter exists in the context of established governance and social frameworks. Petty corruption is about receiving a small amount, and in return granting or making favors to civil servant's relatives using public position.

The active and passive acts of corruption perhaps do not need much explanation. While active corruption is about a payment of an offer that is accepted, passive is about an attempt that has not been accepted. The components of this type could be anything from giving out valuable documents or inside information, to sexual or other favors in return for direct or indirect benefits to the public employee. This is also a challenging phenomenon because one incident of corruption in one organization can encourage similar acts in other institutions. It could even become an acceptable act in the society. Last but not least, the "embezzlement" act of corruption involves conversion of cash, property or any valuable items by individuals who are not entitled to them, but due to his or her position, he or she has access to them (Langseth, 2006). These sorts of corruption are challenging because they slow down the attempts for establishing openness, justice, and efficiency in the public sector's institutions (ADB and OECD, 2006).

These definitions and approaches are important because they explain the differences between the types of corruption. However, as Baser and Morgan (2008) point out, since the level of complexities of some issues, such as corruption, relevant to public policy are different from one place to another, it could be a challenging assignment to assign a single approach that fits in all the environments. For example, public organizations and boards contain different types of actors with different types of skills that can affect the impacts and activities of these boards on the society. Thus, each nation's development must be studied in the light of its own circumstance (Hira and Parfitt, 2004; Smith, 1973). This point that these scholars embrace is important because the factors that contribute corruption are different under the political conditions of the developing regions in which developing an effective capacity is the target (Brinkerhoff, 2009; Hira and Parfitt, 2004).

However, despite the differences amongst the developing nations, it is important to review some of the literature on these political conditions and how they affect capacity development, as a mean for fighting corruption, differently.

4.2 Conditions that Promise Less Corruption

The literature mentions three important political conditions that are necessary for promising better transparency, responsibilities, and accountabilities in governments' activities. These conditions must also be supported by a strong political leadership that has a clear vision and agendas for developing its nation; and a strong political will that is eager to conduct all the necessary reforms, and apply the rules that are necessary for developing an accountable government (Dwivedi, 2002; Masciulli and Knight, 2009; Rotberg, 2012).

According to Dwivedi (2002), there are several characteristics that good political leadership should contain. These characteristics are showing responsibility and accountability not only for administrative procedures but also respecting the rule of law, and avoiding illegal activities. By being ethical, responsible, and accountable, the political leadership will be able to ensure that public servants and officials fulfill their responsibilities and prevent the abuse of power. Some other authors explain political leadership in the context of not only responsibilities, but also the need for leaders to be good, effective, and ethical (Masciulli and Knight, 2009). According to these authors, good political leadership should be determined and use efficiency in achieving its targeted goals. It should be adaptive, using different means in responding to its challenges, in particular corruption, and considering the short and long-term consequences of their actions. These characteristics of political leadership are important because they enable leaders to generate new perspective and invent new rules for new situations. According to Rotberg (2012), political leadership in developing nations plays a critical role because it "makes much more of a difference in every realm, in particular the political realm" (p. 16). However, even though some of the political leaders in the developing nations have been able to provide some level of stability, seeking private gains is still a visible phenomenon.

Thus, another condition for better capacity in managing the challenges, in particular corruption in the public institutions, is political will. According to Brinkerhoff (2000), political will is a complicated matter because it incorporates individuals, organizations, and governance systems and activities.

Individuals' political will involves motivations and capacities that they possess and practice through the governance systems of public institutions or organizations. For example, open democratic countries are more likely to have leaders with strong political will for reforms due to accepted rules of accountability and responsibility as foundations of their political systems. However, under authoritarian regimes, which most developing nations have had such regimes, political leaders are less willing to conduct reforms because they have leaders "whose will to tackle corruption is limited, superficial, or cynical" (Brinkerhoff, 2000, p. 244). In addition, under such regimes, there are limited chances to express concerns about corruption, and its negative impacts on the public in general.

Another condition that could promise less corruption is a stable political environment. This is important because public institutions and public servants do not perform their duties in a political or cultural vacuum (Brinkerhoff and Johnson, 2009; Eade, 1999). The state's institutions or personnel duties are determined by the extent of collaboration that exists within the political conditions that they have created. According to Eade (1998), a stable environment is one of the vital preconditions because empowering the public institutions to limit corruption is a slow process, not a shortcut for development.

Political stability is necessary because actors and organizations need a suitable operation space where legitimacy and political support are secured and not disrupted.

According to Duit and Galaz (2008), the Western democratic governments have been able to present good governing performances due to their stable political conditions upon which their “explorative and exploitive” capacities can flourish. Furthermore, Bourgon (2010) points out that this is the case because they have been able to create rules and principles without which it is impossible to present accountable model of governing. Through this process “A respect of the rule of law and public institutions, fairness, transparency and accountability for the exercise of powers and the use of public funds and public sector values... in serving the public trust, will exhibit integrity, probity and impartiality” (p. 205). Because of these values and principles, democratic governments have been able to create a stable environment upon which building further capacities is possible (Brinkerhoff and Morgan, 2010; Baser and Morgan, 2008). However, most developing nations lack political stability. As Baser and Morgan (2008) point out, the political systems that are more focused on their survival under unstable conditions lose the interest of pursuing the process of capacity development, which most of the times leads to lack of transparency and high level of corruption in the public sectors. Furthermore, fragile states could have capacity deficits because of ongoing ethnic, religious, and class-based groups deep divisions and conflicts that have offered limited opportunities for stability (UNDP, 2010). When these negative phenomena exist in these fragile states, stability moves towards failure, and the process of policy implementation faces more challenging environments (Brinkerhoff, 2010; Hira and Parfitt, 2004). Fred-Mensah (2004) mentions that unstable political environments encourage limited trust among public servants and politicians. In such distrusted political environments, there will be a very limited legitimate interaction between not only the government organizations and agencies but also between the public servants and ordinary citizens. In addition, if government organizations and agencies lack trust, they will not be able to act effectively in managing the challenges and difficulties that they face (Fred-Mensah, 2004). Berg and Hjerm (2010) refer to three types of political trust, but the most important of these is trust in institutional performance.

This is important because it explains trust in association with the tasks and performances of public organizations in unstable environment. This trust can only be built as a consequence of government’s delivery of the services that the public’s demand. However, what determines the capability of public organizations and their functions in trustful ways is the type of political structures that they function upon. As Brinkerhoff argues (2000), the central agenda for good governance is responsiveness to citizens’ demands because citizens do not tolerate a political structure that does not foster accountability and transparency. This seems to be possible only in a stable political environment that can foster all the above requirements but not corruption.

4.3 Training Programs to Decrease Corruption

The literature on training programs as means of fighting corruption refer to various types of educational training to increase accountability in government’s capabilities and performance. These training programs should be designed in a way to generate further capacities that government’s policies are effective, and to encourage “stability, predictability and adaptability” (p. 15). Overall, they should be designed in a way to increase the level of capability and responsiveness of the public servants within public institutions (Klingner, 1996; Caiden, 1991).

However, according to the United Nations’ Department of Economic and Social Affairs (2008), the success of educational and training programs also rely on responsible agencies that identify and address the training needs for all the government’s ministries and institutions inclusively. Conducting the training under such agencies is necessary because they can provide inclusive training and support for all the administrative units that are required and expected to demonstrate different types of skills and talents.

These training programs should be designed in a way to cover three areas: First, they should deliver preliminary training for junior and senior staff in the targeted public institution: Second, they should train these individuals for specific administrative occupations: Finally, they should not only provide these training programs continuously, but also to reinforce professionalism through these educational courses incessantly (UN- Department of Economic and Social Affairs, 2008). According to UNDP, there are some other procedural activities that should be conducted in the process of educating public servants as a promising way to fight corruption.

However, there are several conditions that could limit the impact of educational training on the public servants' ability to learn how to perform better within the public sectors' organizations. According to the UN (2005), some of these challenges can come from the fact that each level in the public sector's organizations requires specific trainings that cannot be learned from general training programs. Furthermore, in the developing nations, the subjects and agendas in the training programs and courses sometimes are poorly related to the activities and challenges, specifically corruption, that the public organizations and institutes conduct or face. Therefore, it is vital for the governments and agencies that provide these training programs to make sure that all actors that are involved in these educational preparations agree on the target objectives of the need to be accomplished.

4.4 The Emergence of Kurdish Nationalism in Iraq

To understand the roots of corruption in Kurdistan, as a newly developed region, it is important to provide an overview on the emergence of this region's political leadership. Kurdish nationalism as a political movement in Iraq arguably started in the late 1940s. However, this movement has been shaped by disagreements and competition between the key Kurdish political figures. The emergence of this negative political phenomenon within the Kurdish nationalism started upon Barzani's return from Iran. Barzani with some other Kurdish political figures formed the KDP in 1947. A short time after his return, and due to Sheik Ahmad's revolt, his brother, against the government of Iraq, "Barzani had little option but to fight his way out of Iraq and seek sanctuary in the USSR" (Gareth R. V. Stansfield, 2003, p. 66). Stansfield reports that the real leader of the KDP was Ibrahim Ahmad, who was popular among students and the intellectual elite in Iraq but received very little support from rural areas. When General Qassem removed the monarchy and established the Republic of Iraq, he legalized political freedom and invited Barzani to return to Iraq. However, when Barzani arrived, he was displeased with the socialist orientation that the KDP had developed during his exile under the leadership of Ahmad. General Qassem was annoyed by the amount of support that the communists and the KDP were jointly enjoying in Iraq. Thus, while Barzani went back to his tribal region, Barzan area that is located on the eastern side of the city of Duhok in Iraq, where he received enough support to challenge Ahmad, Qaseem attempted to limit the political freedom that the communists and the KDP were enjoying (Stansfield, 2003, Pp. 67-70).

In 1963, the Ba'ath party overthrew Qaseem from power aggressively. However, Barzani was able to keep the KDP as a nonaligned force in this leadership change in Iraq. According to Stansfield, after the removal of Qaseem, a negotiation took place between Barzani and the Ba'ath regime in 1963 (Stansfield, 2003, Pp. 70-71).

In this negotiation, Abdul Salam Arrif, the new president of Iraq, ignored Ahmad and signed a treaty with Barzani to crush the Iraqi Communist Party that had a good relationship with Ahmad (David McDowall 316). The agreement that Barzani signed with the Ba'ath divided the central committee of the party; Barzani and his followers on one side, Ibrahim Ahmad, and his son-in-law Jalal Talabani on the other (Stansfield, 2003, p. 71). Ahmad and his followers left the party, blaming Barzani for acting against the principles of the party (McDowall, 2000, p. 315).

The departure of these intellectual members from the party was a chance for Barzani to gain full control over the KDP (McDowall, 2000, p. 316). However, after the Ba'ath crushed the leftist groups and forced them to exile, it turned its attention towards its Kurdish ally, the KDP (Hanna Batatu, 1978, Pp. 390-400). In 1968, Ahmad Hassan Al-Baker replaced Arrif as the new president of Iraq and offered Barzani a deal to solve the Kurdish question. However, in that deal, the rich oil city of Kirkuk, which has been the main demand for the Kurds, was not included (Yildiz and Blass, 2003, Pp. 35-40). In 1971, the KDP rejected the deal and Barzani was left with no choice but return to the mountains of Kurdistan to resume his revolution. Barzani was able to continue his resistance for a short time because of the support that he received from Iran. However, in 1975, the president of Iraq, Al-Baker, signed a treaty with Iran to resettle the border disputes and in return the Iraqi regime asked Iran to stop its support for the Kurdish rebellion.

This agreement with Iran gave the Iraqi army enough room to destroy the KDP's guerillas and force Barzani to leave the mountains of Kurdistan and seek refuge in Iran (Stansfield, 2003, p. 70-79). The crash of the KDP was a golden opportunity for the party's former political bureau, particularly Jalal Talabani, the current leader of the PUK. Talabani with certain colleagues established their own political party, the PUK in 1975 (McDowall, 2000, p. 343). Through this new political party, these political figures carried on their rivalry challenges against the KDP.

4.5 The KDP and PUK

Most of the major problems, including corruption, of the Kurdistan regional government are associated with some major events that have occurred between the PUK and KDP. By studying these events, we can realize why the PUK and KDP have not been able to present a sufficient and accountable model of governing through the KRG.

One major point that has always constrained the ability of the Kurdish nationalism is disagreement between its charismatic leaders. This phenomenon of the Kurdish nationalists presented itself in "Barzani's decision to abandon the struggle [against the Iraqi regime] after his defeat in 1975, and Talabani's ability to make use of this division to start a new party, the PUK, to carry on the struggle for Kurdish autonomy" (David McDowall, 2000, p. 22). After this disagreement, these two parties not only became opponents, but also attacked each other on the daily basis (Ibid, Pp. 348-50). In addition, to prove itself as the main opposition force in the mountain of Kurdistan, the PUK was fighting the KDP, which was also fighting the Iraqi regime, Iran and the Iraqi army at the same time. These operations by the PUK, particularly against the KDP and Iran, were a relief for the Iraqi army to focus more on its war with Iran along its southern borders (Entessar, 2010, p. 98). Thus Saddam offered a ceasefire and reconciliation with the PUK in 1983.

Nevertheless, after a few months, the PUK realized that Saddam was playing with time but giving nothing to the Kurds. In 1984, the PUK broke the ceasefire and intensified its attacks against the Iraqi army. In addition, for the first time, the PUK made peace with the KDP under the leadership of Barzani's son, Massoud, to escalate its attacks against Saddam's regime. Talabani and Barzani also formed a coalition, the Kurdistan National Front (KNF) in 1986 (Entessar, 2010, Pp. 90-100).

With help from Iran, the PUK and KDP jointly attacked the city of Hallabja and forced the Iraqi army to withdraw from it. As revenge against the PUK and KDP, the Iraqi army attacked the city with chemical weapons, killing over 5000 Kurd civilians. Many citizens in the region still blame the two parties for beginning such a tragedy on their own people.

In 1988, when the war between Iraq and Iran ended, Saddam turned his attention to the Kurds, in particular the prohibited areas around the cities of Sulaymania, Kirkuk, Kalar, and Khanaqeen.

In this attack, Saddam captured thousands of the Kurds, persecuted and buried them in mass graves (Makya, 1989, Pp. 6-8). This campaign destroyed the foundations of both parties, and the KDP and the PUK both left with a few members and resettled in Iran in 1989. However, these two political actors learned very little from their defeats and the distraction of their people because after a short time, they entered into another round of internal conflicts.

4.6 The Emergence of the KRG

After a Kurdish uprising in 1991, the Ba'ath regime withdrew from the Kurdish cities and the KNF took control over the Kurdish region. However, the KDP and the PUK's political differences affected the performance of the KNF negatively. Even though the PUK and the KDP agreed to form a decentralized government, the Kurdistan Regional Government, they both remained loyal to their parties and their "politburos" (Natali, 2010, p. 40). For instance, the KDP collected 85% of its revenues from taxation and customs generated by illegal trade at the Iraqi Kurdish-Turkish border, estimated at \$750 million annually. As well, the PUK in "the Sulamaniya cigarette factory increased production from 1,200 to 144,000 packs from 1991 to 1997 (Natali, 2010, Pp. 40-45). However, neither parties returned these revenues to the KRG. Both of these two parties concentrated their efforts to enrich their parties through the selling heavy construction machines and collecting tariffs. In fact disagreement on who should control these revenues exposed the older rivalry between the PUK and the KDP.

After not reaching an agreement, the PUK and the KDP launched a civil war against each other in 1994. At the beginning of this conflict, the PUK was able to enforce the KDP out of Erbil city, but this victory did not last very long. In 1996, with help from the Iraqi army, the KDP was able to defeat and push the PUK out of the city of Erbil to the city of Sulaymaniyah. Along the PUK, all other small political parties also left the city of Erbil and joined the PUK in Sulaymaniyah city. After this conflict, both parties established two different cabinets of ministries, one in Erbil under the KDP, and the second one in Sulaymaniyah under the PUK (McDowall, 2000, Pp. 388-90). However, the only difference between these two cabinets was that the PUK's cabinet included those small political parties that left the city of Erbil, and the KDP along governed in its cabinet in Erbil.

This situation lasted until 1998, but in the wake of the U.S.'s invasion, the KDP and PUK agreed to create one single government. Nevertheless, in the process of creating this unified government, the KDP insisted on demanding the prime minister position in the new cabinet, and the position of the President of Kurdistan. Since Jalal Talabani was interested in becoming the president of Iraq, he agreed to give the KDP the positions they required (Mustafa 2005). In the 2005 Iraqi federal election, the KDP and the PUK participated together as one list, mixed their cabinets, and created a new government under the leadership of Nechervan Barzani, the grandson of Mustafa Barzani with his deputy from the PUK. After dividing the important positions, the KDP received the Presidency of Kurdistan and agreed to present Jalal Talabani as their candidate for the sovereign post in the Iraqi Federal Government (Unification Agreement, 2006). Even though both cabinets were mixed, through the important positions in the KRG, the PUK and the KDP pursue their party interests, and technically both cabinets existed within the KRG until the last election in September 2013. In this election the balance of power between the two main political parties has change, now the PUK's support has declined and it is ranked as the third political party, replaced by the change movement (KRG website, April 29, 2014).

4.7 Political Leadership that Created Unpromising Conditions

The KRG's governing challenges, in particular corruption, have deeper roots that have started with the arrival of two main political parties to power. After a Kurdish uprising in 1991, the Ba'ath regime, which was in power until 2003 in Iraq, withdrew from the Kurdish cities.

After this withdrawal, the Kurdistan National Front (KNF), which included all the Kurdish political parties but dominated by the KDP and the PUK, took control over the Kurdish region. However, the KDP and the PUK's political differences affected the performance of the KNF negatively from this early stage. Even though the PUK and the KDP agreed to form a decentralized government, the KRG, they both remained loyal to their parties and their "politburos". For instance, the KDP collected 85% of its revenues from taxation and customs generated by trade at the Iraqi Kurdish-Turkish border, estimated at \$750 million annually. As well, the PUK in the Sulamanyah cigarette factory increased production from 1,200 to 144,000 packs from 1991 to 1997, and collected tariff from the goods entered to the region through its border with Iran (Denise, 2010). However, neither returned these revenues to the KRG. Both of these two parties also concentrated their efforts to enrich their parties through selling heavy construction machines of the state.

In fact, disagreement over the distribution of these revenues intensified competition between the KDP and the PUK. After not reaching an agreement, the KDP and the PUK launched a civil war against each other in 1994. At the beginning of this conflict, the PUK was able to expel the KDP from the city of Erbil, the current capital city of the Kurdistan province, but this victory did not last very long. In 1996, with help from the previous Iraqi army, the KDP was able to defeat and expel the PUK out of Erbil, forcing it to retreat to the city of Sulaymaniyah (Denise, 2010).

After this conflict, both parties established two different cabinets of ministries, one in Erbil under the KDP, and the second in Sulaymaniyah under the PUK (McDowall, 2000). However, the difference between these two cabinets was that while the PUK's included some small political parties in its new cabinet without ministerial structure, the KDP governed its cabinet in Erbil in which some level of governing structure existed (Stansfield, 2003).

This situation lasted until 1998, but in the wake of the U.S.'s invasion, the KDP and PUK agreed to create one single government. Nevertheless, the attempt to create this unified government lasted until the invasion of Iraq without any achievement. In 2005, the KDP and the PUK participated together as one list in the first election in Iraq. They mixed some ministries of their cabinets, and created a new government under the leadership of Nechervan Barzani, who is the nephew of Masuod Barzani, the leader of the KDP, and the current president of the KRG, with a deputy from the PUK (Denise, 2010). Under a power sharing deal the important positions were split 50/50, the KDP received the Presidency of Kurdistan.

The KDP agreed to nominate Jalal Talabani, the leader of the PUK, as their presidential candidate for the sovereign post of the Iraqi Federal Government (Unification Agreement, 2006). Even though both cabinets were mixed, the PUK and the KDP pursued their party interests through the KRG's institutions (Denise, 2010). Technically, there were two cabinets within the KRG. This division within the KRG was probably one of the major factors that limited the government's capacity of delivering services and presenting a sufficient model of ruling.

In 2009, the Kurdistan region held its second election in which the KDP and the PUK run jointly as one list. Another fact about the 2009 election was that 24 lists ran for 111 seats of the Kurdistan National Assembly (KNA).

Along these political parties, three individuals, Masud Barzani, Kamal Merawdali, and Husain Garmanyani, ran for the position of the president of Kurdistan. Barzani won the victory.

For a long time, the KDP and the PUK managed the public services in Kurdistan through administrators who were members of these two major parties. Due to this system of direct political appointees, the civil service functioned very poorly and there were shortages in services in almost all the institutions in Kurdistan (Denise, 2010). This dysfunctional nature of both cabinets was perhaps because changes in the central agencies and ministerial departments were decided upon directly by the political leaders from both political parties, the KDP and the PUK. For instance, without considering skill or required capacity, these changes were taking place in the public institutions under both cabinets. This type of mismanagement of human resources diminished these proposed policies and “the initial identification of the policy direction” (Stansfield, 2003, p. 167). This means that, even though both cabinets claimed that they attempted to improve their administrations by assigning qualified individuals to the public service positions, inefficiency, and the lack of designated budget and professionalism let down any attempt to reform the administration systems (Stansfield, 2003).

4.8 Poor Institutional Structures

Under the KRG’s leadership, there have been seven ministry cabinets (KRG, 2012). However, due to the lack of enough records about the KRG’s institutional reforms in public sector before 2005’s election, we will only be able to discuss some changes that have taken place under the KRG’s sixth cabinet, from 2005 to 2009, and seventh cabinet from 2009 to present.

These attempts for improving its performance include involving two ministries, the Ministry of Planning (MOP) and the Ministry of Higher Education and Scientific Research (MHESR). As one of the major attempts to improve its performance, the KRG established the Ministry of Planning in 2006. On paper this ministry has several directories but only Human Resources Development and Development Coordination and Cooperation (DCC) are directly involved with improving or developing capacities.

This directory has established an institute under the name of Kurdistan Institute of Public Administration (KIPA). The establishment of KIPA seems to be important for the KRG, however, except for some training courses; it is not clear what has been accomplished through this agency regarding governing capacity development as a mean for decreasing the level of corruption.

As mentioned earlier, the establishment of the Ministry of Planning put it in charge to provide y building, others htraining and programs for improving the performance of the employees in the public institutions. The central objectives of the training were developing the foundations of progress, and upgrading the skills of the public employees to administrate better capacities throughout the public institutions in Kurdistan (KRG-MOP, 2012).

Furthermore, to achieve these goals, the Ministry of Planning was supported and helped by some international agencies. These agencies included the Korea International Cooperation Agency (KOICA), the Japan International Cooperation Agency (JICA), the United States Agency International Development (USAID), the United Nations Development Programs (UNDP), the European Training Technology Center (UTTC), and the National School of Government (NSG) from the UK. While some of these NGOs have provided training and workshops for capacitave helped the KRG to implement various projects to improve its governing capacity.

Despite conducting all these courses and training programs, these training courses have not been effective due to several reasons. First of all, the process of selecting the public servants to participate in these programs is insufficient. Officials in the KRG's institutions show little proclivity for sending the targeted employees to attend these programs.

Favoritism in selecting the employees also is a major challenge; the high ranking officials send few ordinary employees to these local training courses but reward their friends or family members with the scholarships programs that send employees to study abroad. Some of these individuals have traveled to many countries several times just because they are related to general managers or high rank officials (KRRC, 2012). However, even though these NGOs have provided some training, according to a report on corruption and integrity that is conducted by UNODC (2013), only 7% of employees in all the KRG's ministries have received anti-corruption training.

4.9 Corruption in the Recruitment System of the KRG

The recruitment system is the major source for corruption in Kurdistan. This is due to the fact that "the KRG has become the largest employer in the region, providing monthly employment stipends to an estimated 1.5 million people in the public sector" (Denise, 2010, p. 91). However, due to lack of information, it is not clear where all these employees are positioned. Despite this lack of information about where these employees are positioned, it seems that mass recruitment in the public sectors is still conducted through the Prime Minister's office once a year.

In the recruitment process, decisions are mostly made based on who need jobs but not on the skills that the KRG's Ministries are in need. This is due to the fact that there is no job description within the KRG's institutions. Because of this system of mass recruitment, the government has become so big that any transaction in the public institutions has to go through many channels and faces a great deal of delay. Until 2010, it has been reported that individuals found about public positions through their personal connections or relative who are officials in government offices (Denise, 2010). In addition, 43% of the employees recruited in all the KRG's ministries received job information from friends or relatives. For instance, 55% of the employees in the Ministry of Planning are recruited with formal procedures (UNODC 2013).

Even though mass recruitment in the KRG institutions has witnessed some reforms by decreasing the number of public servants that are recruited every year, according to the KRG's Ministry of Labor and Social Affair (2012), more than 50,000 new employees were recruited in 2011, and close to 20,000 in 2012. In addition, 50% of this ministry's employees are recruited without formal procedures (UNODC 2013). This is perhaps because once in a while the Prime Minister office orders recruiting some new employees without consulting or following the procedural process or the legislations that have been established by the KRG for recruiting new employees in the public sector (KNN, Change movement website, 2012).

The KRRC's report in 2012 looked at this negative phenomenon at a wider range by examining various institutions or agencies. The report mentions the existence of a specific type of corruption that is similar to what has been identified as "grand" corruptions by Langseth (2006). For example, high ranking officials in the ministries and members on the boards or commissions that are in charge of rewarding the scholarships or of recruiting the new civil servants have practiced the grand type of corruption in Kurdistan. These public servants are involved in grand corruption because it is socially expected that these high- ranking employees should provide support for the people they know, not only for financial gains but also for showing loyalty to their relatives and friends (Jabary and Hira, 2013). In addition, this type of corruption is not just a fact that exists in the process of recruitment and promotion systems in Kurdistan, but also it is one way that leads this process of reform in developing nations (Caiden, 1991).

4.10 Conclusion and Recommendations

This paper has examined corruption in Kurdistan, as a newly developed region under the leadership of the KRG's. This problem of corruption has been conformed by the KRG's commissions, KRRC, and protested against by the public in Kurdistan.

A high level of corruption exists within the KRG's institutions that has resulted low performance by the civil servants, and further political parties' intervention into public institutions' tasks (Dr. Barham Salih, 2012). Therefore, this paper has attempted to understand the natures and the type of corruption in Kurdistan. It also has examined the recruitment and the preparations that the KRG's has been conducting in managing corruption. The factors that contribute to corruption include lack of a responsible political leadership that is willing to provide a stable political environment. This stability in political environment is important because it offers more opportunities for the government's institutions and agencies to function and design their agendas respecting transparency and accountability. This is important because it allows the public agencies to consider these changes through a wider vision by designing the necessary polices and agendas for further effective developments (Howlett, 2011; Neo and Chen, 2007; Hira and Patiff, 2004; Salamon, 2002).

By considering the mentioned steps such as reforming the existing institutions or designing new ones with more clear responsibilities of skills required (Neo and Chen, 2007; Howlett, 2011; Salamon 2002; Hira and Patiff 2004;) a developing nation such as Kurdistan could have a high chance to decrease the level of corruption.

These reforms include establishing various institutions and boards with clear responsibilities and functions, and adopting effective mechanisms of recruitment that depend on merit for hiring the employees for the public sectors' institutions. Finally, even though in some developing nations, corruption exists along public servants tasks (Caiden 1991), by conducting and following these tasks, the chances for emerging transparent and less corrupt governance seems to be possible.

This study recognizes that the Kurdish region is still in the process of development. However, to make this process of development more fruitful, KRG needs to build the foundations of a stronger governing model to put a stronger hand on corruption at this early stage. One can appreciate that the KRG has conducted some limited reforms in the political structure. However, the KRG must focus its attentions on further reforms in its structural organizations. This should include introducing and applying stronger regulations and effective policies to deal with corruption and to increase the level of transparency in the public institutions. The KRG should create more agencies and institutions to make the implementation process of government's polices easier.

The KRG needs to design new institutions with clear policies for educating its public servants. These policies should introduce improved emphasis on ethics within the KRG's institutions. Even though some might argue that this is a long-term process, the KRG can accomplish this objective by shifting public perspectives on corruption. This shift in public opinion can be supported by reforming the recruitment system in the KRG ministries by putting more focus on recruiting with formal procedures, hiring public servants based on their skills and expertise. This will become an ideal image that encourages others to earn the same positions. Another way is to introduce new regulations through qualified agencies to keep track on corruption in the public sectors.

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Corrupción y caos urbano en Guadalajara, Jalisco México

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M. Ramos, A. Hira, J. Serrudo (eds.) Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo. Tópicos Selectos de Recursos ©ECORFAN-Bolivia. Sucre, Bolivia, 2014.

Abstract

This study has the purpose to analyze that the urban development of Guadalajara, Capitol of Jalisco State has been influenced strongly for the institutional inefficiency of several dependences of the government and for the corruption of public workers. Evidence is presented how changed in land uses, money movements authorization of alcoholic beverages and buildings constructions in prohibited areas has been involved in corruption.

5 Introducción

El desarrollo urbano de las grandes metrópolis en América Latina no ha tenido un desarrollo armónico ni ambientalmente sustentable; en su gran mayoría el crecimiento de la población ha sido acelerado, producto de la migración campo-ciudad y en un crecimiento industrial y comercial desordenado. Esto ha provocado caos urbano, crecimiento exponencial del parque vehicular con la consiguiente contaminación ambiental. Este fenómeno hace muy difícil la gestión gubernamental en la provisión de servicios público en las grandes concentraciones poblacionales, y es frecuente que sea desde el mismo gobierno donde se alienta y genera este crecimiento urbano caótico y desordenado por efecto del incumplimiento de la normatividad que la regula. De forma paradójica, la población tiende a migrar a las grandes ciudades en busca de mejores niveles de vida, pero al paso del tiempo, su nivel de vida se deteriora producto del desordenado crecimiento urbano.

Este fenómeno del crecimiento urbano explosivo, frecuentemente está imbuido de una fuerte carga de corrupción gubernamental y debilidad institucional. Esta combinación provoca, en muchos casos, que el desarrollo urbano quede gobernado por intereses privados: industriales, comerciales, inmobiliarios que van guiando el crecimiento urbano desde su propio interés privado. La corrupción es un acto ilegal que ocurre cuando una persona abusa de su posición en el gobierno para obtener algún beneficio para sí mismo, para sus familiares o para sus amigos. La corrupción ocurre donde se cruzan la riqueza privada y el interés público. Ella representa el uso ilícito de la voluntad de pagar actos de corrupción traducida en la toma de decisiones, lo que afecta el interés público.

Existen distintos niveles de corrupción: la corrupción de bajo nivel y la sistémica. La primera ocurre dentro de un marco regido por leyes y reglamentos básicos y en donde los funcionarios lucran para obtener un beneficio personal; la corrupción sistémica involucra a la jerarquía burocrática en su conjunto, a la estructura gubernamental.

La impunidad en funcionarios públicos corruptos es el signo del México actual; no obstante, gracias a la existencia de una prensa crítica, los ciudadanos son informados de un cúmulo de anomalías en el desempeño de servidores públicos en todos los niveles, pero de forma lamentable también se dan cuenta de que casi todos se han quedado sin sanción alguna⁵. México no puede avanzar en la consolidación de su democracia mientras no sancione el desvío de recursos que hacen funcionarios públicos corruptos. Guadalajara adolece de los efectos del acelerado crecimiento urbano típico de muchas ciudades ubicadas países en desarrollo: contaminación ambiental, escases de suficientes y eficientes servicios públicos y en general, una fuerte desigualdad social.

⁵ Muchas de las irregularidades que han cometido las diversas dependencias municipales en el otorgamiento de usos de suelo ha sido a través de la prensa local. En muchos casos de estos se presumen actos de corrupción. Frecuentemente, un tema se convierte en tema público porque los vecinos se inconforman y molestan por la construcción de un edificio o la apertura de un motel en una zona no permitida por el reglamento, acude a la dependencia municipal, son ignorados y posteriormente se quejan ante la prensa; frecuentemente, ante la presión social el ayuntamiento actúa.

Guadalajara no ha tenido un desarrollo armónico en las últimas décadas, la ciudad está sumida en el caos urbano y la contaminación producto de un sistema de transporte público desordenado y el crecimiento explosivo del parque vehicular que reflejan la carencia de una política clara y explícita de fomento a fuentes alternas de movilidad. Todo esto se complementa con la indigencia, la delincuencia y el crecimiento sin control del comercio informal, principalmente en el centro histórico.

Esta dinámica de crecimiento es resultado de que están gobernando las fuerzas de las empresas, de los intereses inmobiliarios de la ineficiencia, corrupción y de la falta de coordinación institucional dentro del propio ayuntamiento de Guadalajara. Dentro del ayuntamiento de Guadalajara⁶, existen tres dependencias responsables de regular y conducir el desarrollo urbano: La Secretaría de Obras Públicas y la Comisión de Planeación Urbana y la Comisión Edilicia de Planeación Urbana⁷; existe una evidente descoordinación entre estas dependencias y corrupción ya que no han podido detener la expansión de giros comerciales que afectan el bienestar ciudadano y la construcción de unidades habitacionales y comerciales, todas en clara violación al uso de suelo aprobados en los planes parciales de desarrollo urbano.

Existe un desorden que prevalece en el otorgamiento y cambios de uso de suelos que llevan a la instalación de actividades comerciales y de servicios, y a pesar de las reiteradas denuncias de organizaciones vecinales que se ven afectadas por la instalación de una torre de departamentos, o la apertura de un restaurante, motel, bar o table dance, simplemente no han podido detener la expansión desordenada de giros restringidos en áreas que el reglamento municipal prohíbe.

Este trabajo se propone estudiar cómo la corrupción e ineficiencia institucional han generado en Guadalajara el crecimiento desordenado, sin apego a la normatividad de giros comerciales y de unidades habitacionales que inciden en caos urbano, despoblamiento y sobre todo en la irritación y confrontación en la ciudadanía. Se pondrá énfasis en revisar las atribuciones de cada una de las dependencias municipales que regulan el desarrollo urbano y cómo su corrupción e inacción han llevado al incremento paulatino de una crisis metropolitana que amenaza, cada vez más, el nivel de bienestar de los habitantes de Guadalajara.

Este trabajo se divide en tres secciones más, en el siguiente apartado se describe el marco normativo que regula el desarrollo urbano de Guadalajara; en el siguiente se presenta un sucinto diagnóstico del desarrollo urbano, en el siguiente se explica las razones del caos urbano, asociado a actos de corrupción y coordinación institucional. Finalmente, en las conclusiones se reflexiona sobre los hallazgos.

5.1 El marco normativo del desarrollo urbano en Guadalajara

El desarrollo urbano de Guadalajara está normado por una serie de disposiciones, tanto estatales como municipales. La ley que norma el desarrollo urbano a nivel estatal denominado Código Urbano pone énfasis en que el desarrollo deberá ser armónico, sustentable y procurar ante todo el bienestar de la población.

⁶ El ayuntamiento de Guadalajara actualmente está gobernado por el Ing. Ramiro Hernández García del Partido revolucionario Institucional (PRI). El cabildo del ayuntamiento está formado por 19 regidores, 10 regidores del PRI, cinco regidores del Partido Acción Nacional (PAN), tres regidores del Partido Movimiento Ciudadano (PMC) y uno del Partido Verde (PV), además del presidente municipal, el cabildo lo integra también el Síndico Municipal; en total 21 personas integran el máximo órgano de decisiones de Guadalajara.

⁷ Las dos primeras son dependencias municipales, sus titulares son designados directamente por el presidente municipal de Guadalajara; la tercera, es presidida por un regidor, el regidor forma parte del cabildo del ayuntamiento y tiene la capacidad de legislar en materia de creación o modificación de reglamentos; así como supervisar el trabajo de las dependencias del ayuntamiento.

El artículo 1 del Código Urbano establece que tiene por objetivo ordenar los asentamientos humanos en Jalisco y establecer las provisiones para los usos y ordenamiento territorial de los centros de población. A su vez, el artículo 10 del mismo Código establece las atribuciones de los municipios, las cuales incluye diseñar los programas municipales de desarrollo urbano, los planes de desarrollo urbano de centro de población y los planes parciales. El mismo artículo, establece que los municipios tienen la atribución de otorgar las autorizaciones para realizar obras urbanísticas.

Por otra parte, a nivel local existe el Reglamento de Gestión del Desarrollo Urbano para el Municipio de Guadalajara. Este reglamento establece que es la Dirección de Obras Públicas la encargada de llevar a cabo las disposiciones que se establecen en el Código Urbano. Para ello se va a auxiliar de la Comisión Dictaminadora de Ventanilla Única. Esta comisión se integra por unos representantes de las siguientes dependencias municipales: Un representante de la Dirección de Obras Públicas, quien a su vez coordina la comisión; un representante de la Comisión de Planeación Urbana, un representante del Sistema Intermunicipal de los Servicios de Agua Potable y Alcantarillado. Esta comisión dictaminadora es evaluada por la Comisión Edilicia de Planeación de Desarrollo Urbano.

Todo este marco legal e institucional, es el que regula la emisión de los Dictámenes de Trazos, Usos y Destinos. Cuando un ciudadano quiere abrir un negocio o quiere construir un edificio; la Comisión Dictaminadora de Ventanilla Única, con el marco legal mencionado, es la responsable de autorizar los permisos; estos dictámenes serán notificados a través de la Dirección de Obras Públicas. La autorización de permisos debe estar siempre acorde a los planes parciales de desarrollo municipales y respetar los usos de suelo. En los planes parciales se establecen los criterios para el otorgamiento de permiso con base en las características de infraestructura de la colonia. Si la colonia tiene vocación para uso exclusivo habitacional no se pueden autorizar la apertura de restaurantes, bares u otros giros que expendan bebidas alcohólicas ni tampoco la construcción de edificios para uso comercial.

Sin embargo, la reglamentación y el conjunto de instituciones dedicadas al desarrollo urbano en el municipio de Guadalajara no han mostrado la coordinación necesaria para guiar el desarrollo urbano con eficiencia. Las dependencias municipales están obligadas a respetar la reglamentación; los servidores públicos son los responsables de aplicar y vigilar las leyes y reglamentos. Para eso está la Ley de Responsabilidades de los Servidores Públicos del Estado de Jalisco y sus Municipios.

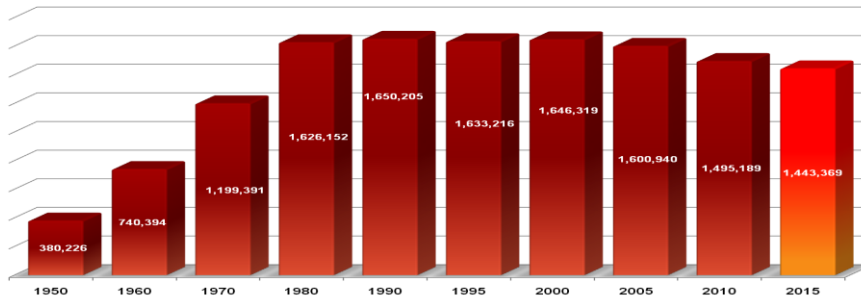
La realidad es que cada dependencia actúa de forma aislada, los servidores públicos hacen caso omiso del marco legal y autorizan cambios de usos de suelo, en la apertura de negocios de giros restringidos o la edificación de edificios en lugares que no están permitidos o con niveles (número de pisos) que no son aptos para la colonia. Por ello en la Comisión Dictaminadora de Ventanilla Única existen diversas dependencias que deben autorizar la apertura o construcción de nuevas empresas. Por ejemplo, si un particular quiere construir un edificio de veinte niveles para renta o venta de oficinas, la Dirección de Obras Públicas es la responsable de recibir la solicitud y revisarla. La Comisión de Planeación Urbana debe revisar la propuesta con base en los Programa Municipal de Desarrollo y con base en los planes parciales de desarrollo y finalmente el representante del Sistema Intermunicipal de Alcantarillado y Agua Potable debe revisar si la zona donde se va a construir el edificio cuenta con la infraestructura hidráulica y de alcantarillado para soportar la construcción de ese edificio.

5.2 Diagnóstico del desarrollo urbano en la ZMG

El Estado de Jalisco cuenta con 125 municipios, la capital del estado es Guadalajara que conforma con otros siete la Zona Metropolitana de Guadalajara (ZMG): Zapopan, Tlaquepaque, Tonalá, Tlajomulco de Zúñiga, El Salto, Juanacatlán e Ixtlahuacán de los Membrillos.

La ZMG está enclavada en la región centro del estado y abarca una superficie de 2,734 Km² que representa 3.4% de la geografía de todo el estado. De acuerdo al INEGI, en 2013 la población de la ZMG era de 4.6 millones de personas lo cual representaba 60% de la población total de Jalisco.

Gráfico 5.1 Población total del municipio de Guadalajara 1950-2010 y proyecciones 2015



La gráfica 1 muestra que la expansión poblacional de Guadalajara se presentó de 1950 a 1980, donde la población se multiplicó por cuatro, de 1980 el crecimiento poblacional se estabilizó y a partir de 2005 la capital del estado empezó a decrecer en su población. Este fenómeno de disminución poblacional en el municipio no ha disminuido los conflictos generados por la expansión urbana porque Guadalajara forma parte de la ZMG que ya abarca ocho municipios. Es decir, la expansión urbana ha continuado y son otros municipios que sí han tenido un crecimiento poblacional acelerado, tal como Tlajomulco de Zúñiga y Zapopan. Un problema adicional, que este ensayo no aborda es que la metrópoli ha carecido de una coordinación entre todos los municipios que forman la mancha urbana y esto, por supuesto afecta a la capital del estado.

A pesar de ello, Guadalajara es la ciudad más poblada de la ZMG, de acuerdo al censo de población de 2010, había 1.5 millones de habitantes, en 151 Km², con una densidad de población de 9901 h/Km². El desdoblamiento que vive Guadalajara no ha disminuido los problemas económicos, sociales y ambientales porque sigue siendo una ciudad de trabajo y de paso, la población habita en los otros municipios, pero trabaja en Guadalajara y consume servicios públicos, pero no contribuye a su desarrollo.

Guadalajara se conforma de siete zonas, una de ellas es el Centro Histórico. En el centro histórico es en donde más claramente se percibe el desdoblamiento, esto es consecuencia de una caída en la inversión en materia inmobiliaria, escasa generación de empleo e ingresos de alta remuneración, carencia de servicios públicos, el estrangulamiento de las vialidades porque por sus calles pasan las principales rutas de camiones de transporte público y el envejecimiento de sus edificios. Sin embargo, otra razón por la que el Centro Histórico se está desdoblándose es porque ahí se han autorizado la mayor cantidad de “giros restringidos”; bares, Tables Dance, cantinas, en todos se expiden bebidas alcohólicas, trabajan con sonidos muy elevados y no tienen espacios para estacionar los vehículos de sus clientes. Esto ha provocado que paulatinamente los vecinos hayan ido abandonando las colonias del centro histórico de la ciudad. Esta realidad no está reconocida en el diagnóstico del Programa Municipal de Desarrollo Urbano de Guadalajara⁸.

⁸ Durante los últimos meses de 2013 y hasta julio de 2014 se discutió y diseñó el Programa Municipal de Desarrollo Urbano; supuestamente es el marco estratégico que guiará el desarrollo urbano del municipio; lamentablemente estos programas, en la práctica se quedan archivados, su mal diseño que no asigna funcionarios ni dependencias responsables de aplicarlos, pero sobre todo, la debilidad institucional provoca que estos programas se quedan en letra muerta.

Otro problema que ha generado la mala aplicación de la norma para el desarrollo urbano es la deforestación de extensas áreas verdes luego pasan a convertirse en zonas comerciales, habitacionales o de infraestructura urbana. En 2014, Guadalajara cuenta con 2.5 cuadrados de áreas verdes por habitante, otros municipios de la ZMG, como Zapopan cuenta con 4.8 m² /h o Tlajomulco de Zúñiga que tiene 8.5 m² /h. Como consecuencia de la falta de áreas verdes y del parque vehicular, la contaminación del aire se ha deteriorado en los últimos años. En 2007, por ejemplo, El Índice Metropolitano de la Calidad del Aire (IMECAS) era de 9.2 y en 2011 se incrementó a 110.

Estos son sólo algunos indicadores asociados a la aplicación de las leyes y reglamentos que deben aplicar los funcionarios públicos municipales. El diagnóstico del Programa Municipal de desarrollo Urbano reconoce una serie de problemas tales como:

- Un proceso de expansión urbana inmoderado, bajo un modelo horizontal no sustentable.
- El surgimiento de múltiples polos de actividad económica en la conurbación.
- El agotamiento y deterioro de las redes de infraestructura, servicios públicos y del sistema vial.
- Una modernización urbana desordenada, impulsada por políticas de corto plazo que no favorecieron la articulación ni la armonía del entramado territorial. La zonificación restrictiva y las limitaciones a la densidad frenaron las inversiones en el municipio.
- La construcción de una estructura urbana supramunicipal que hoy resulta insostenible y que afecta negativamente la competitividad territorial del municipio y su metrópoli.

En este trabajo, partimos de la premisa de que diversos problemas que diagnostica el Programa, están asociados a la ineficiencia institucional y a la corrupción que priva en diversas dependencias municipales.

5.3 Planeación urbana por el “principio de equidad”

Un caso emblemático de ineficiencia y corrupción en el actual gobierno municipal de Guadalajara fue la violación de los Planes Parciales de Desarrollo Urbano (PPDU) mediante la expedición ilegal de Dictámenes de Trazos, Usos y Destinos de Suelo (DTUDS).

En Guadalajara, la normatividad municipal contempla que cualquier modificación en la urbanización debe estar sujeta a la validación de los usos de suelo y las normas de control a través de los DTUDS. De esta forma se prevé que se cumpla con la zonificación establecida en los planes parciales y que por ejemplo, las zonas exclusivamente habitacionales no se vean invadidas por giros comerciales o edificaciones que no cumplan con las características permitidas en la zona, ya sea en el número de niveles o en la capacidad habitacional. Así, cuando los ciudadanos están interesados en abrir un negocio comercial o edificar en un área determinada, necesitan certificar que el uso de suelo lo permite mediante los DTUDS. Estos dictámenes deben ser expedidos por la totalidad de los miembros de la Comisión de Ventanilla Única (CVU), conformada por los titulares de la Secretaría de Obras Públicas (SOP), de la Comisión de Planeación Urbana (COPLAUR) y del Sistema Intermunicipal de los Servicios de Agua Potable y Alcantarillado (SIAPA) del municipio de Guadalajara.

Aunque la norma municipal es muy clara y no deja lugar a dudas cuando señala que la totalidad de los miembros de *la CVU* debe certificar estos dictámenes, en la presente administración municipal continuamente se han expedido y aprobado arbitraria e ilegalmente, dado que sólo fueron suscritos por el titular de Obras Públicas, dejando de lado la participación de la COPLAUR y del SIAPA.

Esta situación ha generado un caos urbano, porque en el dictamen no participa COPLAUR que es la instancia encargada de llevar a cabo y vigilar el cumplimiento de los planes parciales y de los usos de suelo, ni el SIAPA que se ocupa de vigilar la viabilidad de las edificaciones en lo que respecta a la red de agua potable y alcantarillado. De modo que se han permitido entre otras cosas, la construcción de viviendas verticales de n pisos en zonas exclusivamente habitacionales (donde sólo se permiten 3 niveles), lo que ha ocasionado problemas de abasto de agua potable y drenaje en toda la zona -dado que no se cuenta con la infraestructura necesaria para solventar la demanda de agua y drenaje de estos edificios-, además de que se construyen al lado de casas de uno o dos niveles, lo que genera a la postre, problemas de infraestructura en estas edificaciones vecinas, como debilitamiento de los cimientos, hundimientos y coartaduras en las paredes. Además de la construcción de estos grandes edificios, otro problema recurrente es la aprobación de dictámenes para la apertura indiscriminada de negocios comerciales en zonas prohibidas. Este fenómeno tiene consecuencias negativas importantes en la calidad de vida de los vecinos, dado que el giro comercial de estos negocios mayoritariamente es para la venta de comida y bebidas alcohólicas y, lo que regularmente viene acompañado de ambientación musical, las cuales muchas veces se encuentra a altos volúmenes, rebasando la norma que indica que deben ser 65 decibeles. Entre las consecuencias negativas resalta el incremento significativo de la afluencia de personas en los alrededores de la zona, lo que implica mayores concentraciones de tráfico vehicular y contaminación del aire, mayores volúmenes de basura, invasión de espacios privados y banquetas públicas para hacer la función de estacionamientos de los negocios comerciales (dado que los negocios no cuentan con cajones de estacionamiento aunque esto sea un requisito para dar el permiso), contaminación auditiva provocada por los altos decibeles de la música de estos giros comerciales e incrementos en la inseguridad de la colonia, entre otras cosas.

Los vecinos de las colonias afectadas han sido recurrentes en sus demandas para la solución de esta problemática, tanto ante las autoridades como ante los medios de comunicación para visibilizarla. Eduardo Morfín, representante de la colonia Americana en el Parlamento de Colonias de la Zona Metropolitana de Guadalajara (ZMG),⁹ es enfático al señalar que la apertura indiscriminada de bares, restaurantes y cantinas ha incrementado “la inseguridad y el robo a transeúntes y casas habitación” lo que ha generado descontento social y la consideración de acciones de emergencia como la autodefensa “porque la ley no se respeta, y existe un vacío en la autoridad”.¹⁰ La ilegalidad de estos dictámenes salió a la luz cuando la asociación de vecinos organizados de las colonias Providencia y Americana en Guadalajara, ante la invasión de sus espacios y la clara violación de los usos de suelo, comenzaron a indagar y a obtener mediante el mecanismo de transparencia del Ayuntamiento, copias de estos dictámenes y de los Planes Parciales de Desarrollo. Al analizarlos se dieron cuenta que las irregularidades eran varias: en primera instancia eran expedidos sólo por el Secretario de Obras Públicas de manera unilateral, cuando tenían que ir certificadas por otras dos firmas, como se mencionó líneas arriba. Además, se dieron cuenta que otra forma ilegal de aprobar estos dictámenes era mediante el llamado Recurso de Reconsideración.

⁹ El Parlamento de Colonias es una asociación civil integrada por delegados vecinales, representantes de cada una de las colonias de la ZMG. Tienen como objetivo participar en los quehaceres, las decisiones y acciones gubernamentales a través de la propuesta de proyectos ciudadanos y la vigilancia del actuar de funcionarios y autoridades con el fin de mejorar la calidad de vida en la ciudad.

¹⁰ Nota periodística en El Occidental, *Denuncian penalmente al director de Obras Públicas*, en: <http://www.oem.com.mx/eloccidental/notas/n3264621.htm>

Este mecanismo funcionaba cuando en un primer momento el DTUDS se expedía por la SOP rechazando la petición del interesado por la incompatibilidad en los usos de suelo. Ante el rechazo, el interesado hacía uso del Recurso de Reconsideración, en donde argumentaba los motivos por los que no debía ser rechazada su petición.

En un movimiento casi automático, la SOP expedía otro dictamen pero éste, en sentido aprobatorio. Además de la ilegalidad en la expedición de un segundo dictamen aprobatorio, que contravenía no sólo lo dispuesto en el primer dictamen sino también el Programa Municipal de Desarrollo Urbano y en los Planes Parciales de Desarrollo, se presentaba otra violación normativa. Ésta consistía en que el Recurso de Reconsideración no estaba dispuesto en ninguna norma municipal o estatal. La norma¹¹ establece para estos casos un Recurso de Revisión que tiene que ser resuelto por el Comité Dictaminador de los Recursos de Revisión en Materia de Desarrollo Urbano. De modo que el Recurso de Reconsideración es ilegal porque no existe y además porque fue expedido al igual que los DTUDS de manera unilateral por el Secretario de Obras Públicas. Otro elemento que utilizaban recurrentemente para aprobar ilegalmente edificaciones de viviendas fuera de los parámetros normados, era la modificación en un segundo dictamen del coeficiente de ocupación (COS) y utilización del suelo (CUS).¹² Un ejemplo de ello es el dictamen 0681 que fue emitido procedente por la Comisión de Dictaminación de Ventanilla para 15 viviendas con un COS de 0.6 y un CUS de 3.1. Sin embargo, este dictamen después fue modificado y terminó por expedirse para 20 viviendas con un COS de 0.7 y un CUS de 4.2, lo que violaba la superficie mínima para una vivienda establecida en el Plan Parcial de Desarrollo Urbano. Es decir, en el mismo terreno contemplado para 15 viviendas, se aprobó, contrario a los parámetros establecidos en la norma, construir 20 viviendas, con las ganancias que ello implica para el constructor y las pérdidas para las personas que llegaran a habitar esas viviendas. Otros ejemplos de la expedición de DTUDS emitidos para zonas no permitidas son los siguientes:

Tabla 5.1

No. Dictamen	Uso solicitado
3989	Vivienda vertical
681	Vivienda vertical
2256	Bar anexo a restaurante
2877	Gimnasio
758	Consultorios médicos
3241	Restaurante
1299	Vivienda vertical
2776	Negocios comerciales
4793	Fonda con venta de cerveza y vinos
3779	Negocios comerciales
4889	Mini súper con venta de vinos y licores
4897	Consultorios médicos
4949	Edificio con locales comerciales
137	Estética

Fuente: Asociación de Colonos de Providencia Sur, A.C.

También se aprobó el dictamen con el número 1298 en el que se permite la construcción de un edificio habitacional con doce niveles, cuando el Plan Parcial sólo permite la construcción de tres niveles, o el enumerado 3241 en el que se aprueba la apertura de un restaurante en una zona estrictamente habitacional. El hartazgo y la presión social de los vecinos de las colonias afectadas rindió frutos cuando al Secretario de Obras Públicas, Carlos Arias García, en una reunión organizada por la Comisión Edilicia de Transparencia, Rendición de Cuentas y Combate a la Corrupción, se le cuestionó en torno a su actuar ilegal y las razones de él.

¹¹ Ver detalle en artículo 162 del Reglamento de Gestión del Desarrollo Urbano de Guadalajara. En línea en: <http://portal.guadalajara.gob.mx/sites/default/files/reglamentos/Reg.GestionDesarrolloUrbanoGuadalajara.pdf>

¹² De acuerdo con el Código Urbano para el Estado de Jalisco, el Coeficiente de Ocupación del Suelo (COS) es el factor que multiplicado por el área total de un lote o predio, determina la máxima superficie de desplante edificable del mismo; el Coeficiente de Utilización del Suelo (CUS) es el factor que multiplicado por el área total de un lote o predio, determina la máxima superficie construida que puede tener una edificación.

El Secretario en un intento desesperado por cubrir la corrupción en la aprobación de los DTUDS apeló a lo que él llamó el *principio de equidad*, haciendo alusión a que si en la zona, aun estando prohibidos, ya había grandes edificios o negocios comerciales abiertos, entonces él por equidad no podía negarles el permiso a todos los interesados que así lo solicitaran, ello dejando de lado todas las políticas y normativas de urbanización del municipio. Tras haber asumido la responsabilidad total de la expedición de los dictámenes ilegales, las reacciones de todos los actores involucrados no se hicieron esperar. La primera asociación civil que interpuso contra el Secretario de Obras Públicas una denuncia penal y una demanda de tipo administrativo para su remoción, fue el Parlamento de Colonias de la ZMG.¹³ Entre los argumentos que destacaban en las denuncias, citaron que tan sólo en el año 2013 y en lo que va del 2014, se expedieron más de 5,000 licencias para bares, restaurantes, cantinas, oficinas y edificios habitacionales y se autorizaron más de 1,200 cambios de uso de suelo, autorizaciones irregulares dado que en la mayoría el uso de suelo era para zona habitacional.¹⁴ Otros actores políticos que emitieron denuncias penales contra el Secretario de Obras Públicas fueron las regidoras María Candelaria Ochoa Ávalos por el Partido Movimiento Ciudadano (PMC) y Cristina Solórzano por el Partido Acción Nacional (PAN). Estas dos fracciones partidarias en el Ayuntamiento, hicieron un llamado al presidente municipal para que removiera al funcionario y realizara las acciones necesarias para resarcir la ilegalidad en la que se había incurrido. Ante la presión política y social, y habiendo agotado los recursos *legaloides* en la defensa del Secretario de Obras Públicas, el Presidente Municipal anunció su renuncia.

No obstante, tanto el Presidente Municipal como los regidores del Partido Revolucionario Institucional (PRI), que son mayoría en el Cabildo, se mostraron renuentes a abrir los expedientes y estudiarlos. Sin embargo por conducto de una iniciativa impulsada por el grupo edilicio del PAN, se creó una comisión especial transitoria con el objetivo de revisar todos los expedientes de los DTUDS que fueron emitidos en lo que va de la administración municipal (octubre de 2012 a la fecha), de modo que se registre cuales no cumplen con el apego a la normatividad y a los Planes Parciales. Esta comisión especial todavía se encuentra trabajando, tienen la terea de revisar más de 3500 expedientes en donde se presumen actos de corrupción de parte de diversos funcionarios públicos o al menos, una aplicación inadecuada de la normatividad. Hasta el momento no se vislumbra una solución al conflicto.

Aunque las autoridades saben de antemano que tienen que actuar conforme a la legalidad y por lo tanto resarcir los costos y los daños ocasionados a la ciudadanía por la apertura indiscriminada de negocios comerciales y la construcción de grandes edificios en zonas prohibidas, coexiste en esta dinámica, una tercer variable muy poderosa determinada por los intereses de actores privados y el capital empresarial, que son realmente los que están marcando la pauta, mediante prácticas de corrupción, del caótico desarrollo de Guadalajara y su zona metropolitana, y en este sentido son los que pudieran frenar el proceso legal y de procuración de justicia en el que hoy se encuentran los cientos de expedientes de los DTUDS. Este tipo de desarrollo urbano caótico sólo es redituable para un porcentaje mínimo de la población: la clase política en turno que se beneficia con los ingresos extras que le generan la negociación ilegal de los permisos y los capitales empresariales que invierten e incentivan la apertura desordenada de negocios comerciales y grandes complejos verticales.

¹⁴ Jaime Veitia, representante de la colonia Country Club, denunció la autorización de 15 nuevas torres habitacionales, lo que de acuerdo con los vecinos ha incrementado los problemas viales de las avenidas aledañas.

Lo que la clase política no alcanza a vislumbrar es que el costo económico, ecológico y político a mediano y largo plazo de este desarrollo desordenado será mucho mayor y se tendrán que invertir grandes esfuerzos físicos y materiales para resarcirlo.

Así pues, aunque discursivamente los gobiernos y en específico, el gobierno municipal de Guadalajara esté apostando a la constitución anual de elaborados programas y planes parciales de desarrollo urbano, que se configuran con base en encuestas y consultas públicas -lo que implica una importante movilización de recursos humanos y monetarios-, en los últimos han sido dos los elementos que han diseñado y reconfigurado el paisaje de la llamada Perla Tapatía, y ellos son: la ineficiencia y la corrupción gubernamental.

5.4 Conclusiones

El municipio de Guadalajara es la ciudad emblema de Jalisco y de México, Como se mencionó, la capital del estado forma parte, junto con otros siete municipios la ZMG. Esta concentración urbana, típica de países en desarrollo ha tenido en las últimas décadas un desarrollo urbano caótico, con efectos negativos en la calidad de vida de sus habitantes. El análisis realizado en este estudio sobre Guadalajara, bien puede extenderse al resto de los siete municipios que forman parte de la zona urbana, los problemas de corrupción y debilidad institucional al momento de aplicar el marco normativo es muy similar en el resto de los ayuntamientos.

Han habido diversos llamados de los regidores de oposición en el ayuntamiento, así como de organismos civiles, dedicados a temas de desarrollo urbano para que el ejecutivo municipal aplique la normatividad que orienta el desarrollo urbano y para eliminar la corrupción de varios funcionarios que han sido señalados por la prensa local. El problema que origina el caos urbano no es la falta de normatividad, sino más bien la falta de aplicación de la que ya existe. Como se mencionó, existe una Ley de Responsabilidades de los Servidores Públicos, que supuestamente establece las sanciones a un servidor público que incumple la normatividad, sin embargo, en muchas de las ocasiones, tampoco se aplica. Esto genera que no sólo el fenómeno de la corrupción se ha extendido, sino también el de la impunidad: omisiones, ineficiencia y corrupción que no es sancionada. Es así como el caótico desarrollo urbano pasa por la dimensión política. No se percibe de parte del presidente municipal, ni de su partido, la voluntad política para enfrentar estos problemas de ineficiencia de diversos funcionarios municipales. Por ello, se extienden por todo el municipio, la apertura de sin fin de negocios y actividades comerciales que no están debidamente reglamentadas; en donde se percibe omisión de diversas autoridades para aplicar la normatividad.

En el otro extremo, existe en Guadalajara, organizaciones de la sociedad civil que evalúan, denuncian y proponen cambios el trabajo de diversos servidores públicos abocados al desarrollo urbano, gracias a estas ONGs, vario funcionarios públicos han sido removidos de sus cargos.

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A State of Permanent Corruption? Organizations and Practices as Catalysts for Italy's Corruption Problem.

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M. Ramos, A. Hira, J. Serrudo (eds.) Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo. Tópicos Selectos de Recursos ©ECORFAN-Bolivia. Sucre, Bolivia, 2014.

Abstract

Corruption in Italy can be considered a peculiar case of an economically developed nation that presents strong suggestions of pervasive environmental corruption. We argue that no single casual explanation accounts for all or even most of this situation. Hence, no one-dimensional approach to fighting corruption will ever be likely to address the problem. Instead, a complex and multi-faceted effort will be required: one that not only will involve the classic three prongs of punishment, incentives towards honest behavior and increased transparency but also go beyond them into more or less uncharted territory for Italian authorities. Success will only come if the apparatuses of the state begin by ridding themselves of the cultural and structural catalysts that enable and foster corrupt practices within the very organizations that are supposed to prevent and fight it.

6 Introduction

In this chapter we approach the case of corruption in Italy. The latter can be considered a peculiar case of an economically developed nation that presents strong suggestions of pervasive environmental corruption. We argue that no single casual explanation (i.e., the blocked nature of its national political system, the presence of powerful organized crime families, political and bureaucratic classes where dishonesty is seen as acceptable, and so forth) accounts for all or even most of this situation. Hence, no one-dimensional approach to fighting corruption will ever be likely to address the problem.

Instead, a complex and multi-faceted effort will be required: one that not only will involve the classic three prongs of punishment, incentives towards honest behavior and increased transparency but also go beyond them into more or less uncharted territory for Italian authorities. This will involve, first and foremost changing the cultural milieu in which corrupt practices take place today. To paraphrase Mao Zedong the Italian state must remove the water in which the corrupt swim. This will only succeed if the apparatuses of the state begin by ridding themselves of the cultural and structural catalysts that enable and foster corrupt practices within the very organizations that are supposed to prevent and fight it. In Italy, corruption is part of a larger problem of diffused illegality that – if not accepted – is often seen as a structural characteristic of the system. Within this broader, both cultural and practical milieu, we should set the challenge of dealing with what over time has become an issue of environmental corruption. This has contributed to the creation of a system of governance of corrupt and collusive behavior, which has exponentially increased the problems for those agencies that try to dismantle the problem by reducing the transaction costs embedded in any illegal transaction and by creating and reinforcing over time the cultural and practical elements of the governance system (Vannucci 2006).

We argue that an institutional economic reading, perhaps in the vein of Lambsdorfmann (2007), of the Italian case, sensitive to socio-cultural and historical contributing factors may help in both explaining Italy's past and offering at least a partial roadmap for future action.

The chapter is organized in five sections. In the next one we put forward some of the basic ideas and theoretical signposts that will help shape our analysis. In section three we deal briefly with the history and nature of Italian corruption, including some of the analytical questions that shaped previous research. The following section speaks to two of the most relevant sources of corruption in the country: political and criminal corruption while briefly highlighting recent changes and efforts by Italian authorities to enact effective anti-corruption legislation and practices. Finally some concluding remarks are offered.

6.1 Behavioral and Structural Catalysts to Corruption

Corruption presents two facets: it is an activity – a set of actions like offering or accepting a bribe – but it is also facilitated or enabled by specific structural characteristics of an administrative system. These characteristics act as catalysts for the corruptive activity itself. For example, if the fulfillment of administrative responsibilities passes through an excessively complicated or archaic model of reporting, or if the authority that is tasked with processing these files presents bottlenecks we can see how the opportunities for corrupt behavior would be more frequent than in a system with decentralized structures and a simplified and modern approach to reporting and processing administrative duties.

For example, by moving towards e-governance not only are citizens likely to see reduced processing times and the administration to enjoy higher levels of productivity, but a fully controllable administrative chain is enabled from the moment a file is opened to when it is closed. This does not in and of itself stop corruption and other illegal or illegitimate activities from taking place, but it permits controls by both the administrative unit in question and the courts that are superior to those that can be put in place in a conventional paper system.

In some cases, when a decentralized structure with not unduly complicated rules and modern tools is flanked by an open government approach we are also likely to provide citizens and organizations external to the state apparatus with the opportunity to control in a clearer and more in depth manner the activity of both politicians and bureaucrats.

This discussion, one should appreciate, is not terribly new. It was Klitgaard (1998) who argued that the basic formula to visualize corrupt practices is that corruption equals monopoly *plus* discretion *minus* accountability

$$C = M + D - A \tag{6}$$

In his model the likelihood of corruption is directly proportional to the level of control that officials have over a specific activity, and to the amount of discretion they have in allocating benefits or costs. It is inversely proportional to the level of accountability that they are held to. These are familiar calculations in Italy.

Ultimately, we can consider corruption as a response to process and structural problems in the political, social and economic systems that, within a polity, deal with the distribution of resources. In a properly functioning system an open and fair process regulates the access to resources. The mechanics of the process are clear, access is unfettered (within the boundaries of the rules regulating that access), and the tools available to both citizens and public servants are well suited to the process. Transparency and accountability are pervasive throughout the system and are used as a useful feedback loop to improve the efficiency of the system and the quality of the output, generally coming out on the side of increasing the ‘gain’ of the citizen in the relationship.

However, in a system with high levels of corruption we often find gatekeepers who monopolize or severely limit the avenues of access to these resources. The administrative processes that support these structures are often convoluted and overly complex with regulations that are in many cases both contradictory and esoteric. Gatekeepers tend to enjoy large latitude in their activities and there is a general lack of transparency and accountability. Often citizens are not seen as clients or legitimate users of a service but as little more than numbers in a bureaucratic practice if not a resource to be exploited.

Under these conditions, cronyism and corruption become the byproducts of many of the attempts at accessing resources. This is not to say that corruption is a fully structural event, or to relieve in any way the moral or legal responsibility of the actors who abuse their official positions, give or receive bribes and so forth. However, if we mean to address the problem of corruptive practices in full we need to deal with both the behavioral and the structural catalysts that favor or enable these practices. At the same time, we should be cognizant that, while redesigning the structure of a ministry or agency to eliminate gatekeepers may reduce corruption, the simple elimination of a node in this network will not be sufficient. Access to the resources that are distributed by and/or through this organization will continue to be a priority for various actors. Hence, the resource allocation rules must also change along with the network structure.

It may also be interesting to include in the arsenal of the anti-corruption fight more innovative ideas, like the principle of the ‘invisible foot’ that Lambsdorfmann (2007) put forward. He argues that “corrupt actors can neither commit to honestly serving the public nor credibly promise reciprocity to their corrupt counterparts. Reform is about exploiting this handicap” (Lambsdorfmann 2007, xiv). It would then be possible to employ a different set of measures that would include encouraging betrayal by one of the parties – for example by introducing asymmetrical penalties – in the corruptive exchange, better defining the terms of conflict of interest, and generally destabilizing the already risky environment in which corruption occurs (Lambsdorfmann 2007, 229). Even this should not be considered a foolproof solution in Italy because, as we shall see below, the challenges are complex and the system well established. However, a multi-pronged approach, focusing on destabilizing the very premise of environmental corruption, the almost ‘natural’ rules of corruption, is an important element in the fight.

6.2 Corruption in the Bel Paese: A Case of Italian Exceptionalism?

Historically, corruption is a common presence in many systems. Ch’in dynasty district officials received the *yang-lien yin*, an allowance paid on top of their salary, which translates as “money to nourish honesty” (Bardhan 1997, 1339). At the same time the Arthashastra, one of the earlier Indian public administration treatises, noted that “it is impossible for a government servant not to eat up at least a little bit of the King’s revenue” (Bardhan 1997, 1320). Ancient Italy was also host to corrupt practices. Political corruption in Rome was fostered in an environment where the patronage relation between the *patronus* and the *clientes* was capillary throughout the social classes and suffused Roman social, political and economic life, therefore shaping the nature of those relations (Perelli 1994). From Catilina’s second conspiracy, to Cesar’s allegedly shady financial dealings, tendrils of corruption run throughout the Roman Republic’s fabric. In the Middle Ages, Italian city states began utilizing an external chief administrative officer who went by the titles of *podestà* or *rettore*.

These men were chosen from outside of the local pool of administrators, tended to be kept separate from city life in their palaces and had limited terms of office to safeguard against the potential ‘contamination’ of their activities by factional politics and bribery. Cities that relied mostly on the local talent, as Genoa and Venice did, had strong safeguards built into their regulations. For example, Genoese consuls made their wives swear that they would not accept anything that might pertain to the consulate with a value higher than three *solidi* (Epstein 1996, 37).¹⁵

¹⁵ The solidus was originally a Roman coin of the weight of 4.5g of gold. It remained in circulation in the basin of the Mediterranean for centuries after the fall of Rome through its Byzantine counterpart.

6.3 The Italian Legislative Approach to Anti-Corruption: Recent Changes

Traditionally, the fight against corruption has been centered on a three-pronged approach. On the one side we have *repression*. This is a worthwhile measure, because the likelihood of some punishment for corrupt behavior will sometimes deter the wannabe corrupts. However, it is not a panacea. A second aspect is the attempt at creating *incentives* for public servants to be honest. This is not always possible, nor is it generally desirable to overstress this approach within the public sector. Finally, supporting *transparency* is a crucial part of making corruption more difficult. Here also we find some relevant issues with the degree of applicability of this prong of the strategy (Lambsdorff 2007).

As the European Union noted in its most recent report about anti-corruption activity (European Union 2014), Italy has just begun to develop a more comprehensive approach to anti-corruption. After having relied for the best part of a quarter century on a mostly punitive set of measures, the new anti-corruption law of 2012 (see more in detail below) and similar, recent legislation and administrative acts finally provided a stronger stimulus towards organizational measures.

For example, the Legislative Decree of 27 October 2009, n. 150 created the Independent Commission for the Evaluation, Transparency and Integrity of the Public Administration (*Commissione indipendente per la valutazione, la trasparenza e l'integrità delle amministrazioni pubbliche – CIVIT*). The Commission approved in the fall of 2013 a three-year anti-corruption plan for the Italian public administration that was prepared by the Italian Department of the Public Function as an integrated approach to the issue. At the international level Italy joined the *Group of States against Corruption* in 2007 and proceeded to ratify the Council of Europe Criminal Law and Civil Law Conventions on Corruption in June 2013.

In general we can say that the effort of the Italian public administration has become more diverse, including a stronger focus on preventive and evaluative activities, and has joined albeit perhaps a little late the ranks of other countries at the international level. However, the European Union (2014) is still concerned that these steps may fall short of a full success.

In 2011, the Italian Commission for the Study and Elaboration of Proposals in the field of Transparency and Corruption Prevention in the Public Administration published a white paper (Italian Government 2011) that individuated two bases for corruption in Italy: socioeconomic and socio-cultural.

It also spoke about the lack of transparency and accountability, the high levels of latitude granted to public servants and the presence of monopolistic rent positions (Italian Government 2011). In sum to reinforce the ethical bases of the Italian Public Administration.

All of these are familiar notes, however, during the tenure of the Monti Government there was an initial – if not necessarily very coherent – attempt at dealing with the issue through legislative approaches that yielded Law 190/2012 and the Legislative Decree 235/2012, which we shall briefly deal with below.

We believe that these two legislative inputs in the anti-corruption fight in Italy exemplify both the good and the bad side of the country's approach and would help to highlight the challenges it faces.

6.4 Corruption in the Italian Criminal Code

In modern Italy, the Criminal Code disciplines corruptive activity. This includes both the crimes of corruption (*corruzione*) and that of malfeasance in office (*concussione*). In the first case, it is the citizen who has the active role of initiating the illegal activity; in the latter it is started by the public official. Corruption¹⁶ is listed as a crime against the public administration and, while a variety of specific criminal activities can be found under this area, three elements are generally seen in the jurisprudence as common to corruption. Firstly, it is a crime committed by the public official, secondly it implies some kind of an agreement with a private actor, and finally, it involves the exchange of money and/or other benefits among the parts. Malfeasance in office covers the abuse by public officials, who utilizing their position either force or induce someone to deliver money or other benefits to the public official.

6.5 Law of 06 November 2012, n. 190 [Disposizioni per la prevenzione e la repressione della corruzione e dell'illegalità nella pubblica amministrazione]

This piece of legislation is important because it represents an attempt at developing a concrete response to corruptive practices. It also highlights some of the usual problems with the Italian approach to anti-corruption. For one thing, this *omnibus* law contains only two sections, the first of which has 83 sub-sections. Furthermore, the legal provisions that pepper these subsections are not always clear or exhaustive. This makes it harder for those who are mandated to implement the law to create a coordinated approach among the various norms. That said, the law moves Italy towards a reconciliation with international norms and treaties in the area of anti-corruption. It also establishes the CIVIT Commission seen above as the organizational spearhead for anti-corruption activity, and gives the Department of the Public Function the duty to promote common norms and methodologies to prevent corruption, develop a national anti-corruption plan and ensure that there are efficient communication channels between public administration levels and the CIVIT Commission.

Subsection 15 legislates what we could call a principle of open government in that it speaks to the fundamental principle of transparency in public administrative activities. Such transparency should be guaranteed through the publication of the information about administrative processes following the criteria of easy access, completeness and ease of consultation.

The following subsections deal with a host of areas, including contractual law, the monitoring of the contractual process, transparency and so forth.

6.6 Legislative Decree of 31 December 2012, n. 235

The Decree, also known as *Severino Law* from the name of the Justice Minister in the Monti Government under which it was created and passed, establishes the legislative signposts regarding the prohibition for persons who have received a guilty sentence in the third and final degree of the Italian justice system to stand for political office and be either an elected or government official. Applied for the first time for the National Elections of February 2013 and the Regional Elections of August of the same year, the first round of application of this decree led to the decadence of 37 among municipal and regional councilors, but its most famous 'victim' has been former Premier Silvio Berlusconi.¹⁷

¹⁶ Disciplined under Sections 318-321 of the Italian Criminal Code.

¹⁷ It should be noted that the activity for which Mr. Berlusconi was removed from his post of Senator in October 2013, had occurred before Legislative Decree 235 was passed. Some doubts about the constitutionality of this procedure were raised by Mr. Berlusconi and its *Popolo della Libertà* party. However, the Court of Appeal of Milan noted in one of its

What can be gleaned from this short excursus? On the one hand it is safe to say that the Italian legislator has finally embraced the concept that a different, more complex approach to anti-corruption legislation is needed. Whether the commitment will be more than just a façade or whether it will be able to have a lasting impact on the Italian problem it is too early to say. The early analyses of these efforts have been mixed, both in terms of the efficacy and capacity of the organizational structures that have been put in place, and of the overall clarity and comprehensiveness of the legal and regulatory apparatus on which the anti-corruption effort stands (Transparency International Italy 2012; European Union 2014).

6.7 Italy, Corruption(s) and Corruptors: A Brief Introduction

Italy is often represented in its own and in foreign media, popular culture and official reports as an endemically corrupt system.

Conflicts of interest, bribery, embezzlement, nepotism, abuse of power, receiving illegal contributions, extortion have become all too common companions to the daily lives of Italian citizens at all levels. The concept of working around – as opposed to following – the rules seems oftentimes embedded in Italian practice.

On the one hand we have the massive corruption exemplified by the *Mani Pulite* (Clean Hands) operation, of the 1990s that led to the dissolution of the so-called First Republic. While the results of that operation may have swept away part of the corruption, the public administration remains far from blameless in the area. According to a report compiled by the *Guardia di Finanza*, the Italian law enforcement branch dealing with financial crime and smuggling, during the first 10 months of 2013 a total of 5,073 public servants had been indicted for crimes related to corruption for a total financial damage to the state of over €2B (Sarzanini 2013).

On the other hand, there are the apparently capillary petty fiscal evasion practices of retailers, exemplified by the results of the December 30, 2011 operation of the *Guardia di Finanza*, that after placing officers in a wide selection of retail points in the luxury vacation spot of Cortina D'Ampezzo, recorded a 400% increase in sale receipts compared to the same day in 2010. In between we find the widespread reports of criminal organizations extorting 'protection' money from businesses, rigging public tenders, laundering money, bribing public and private officials and so on (Balsamo 2006; Canonico et al. 2010).

It is also the case that in various areas these three typologies will coexist to some extent. For example, in sectors where the mafia or camorra are prevalent, political collusion and corruption, extortion and threats, and petty practices all exist alongside one another.¹⁸

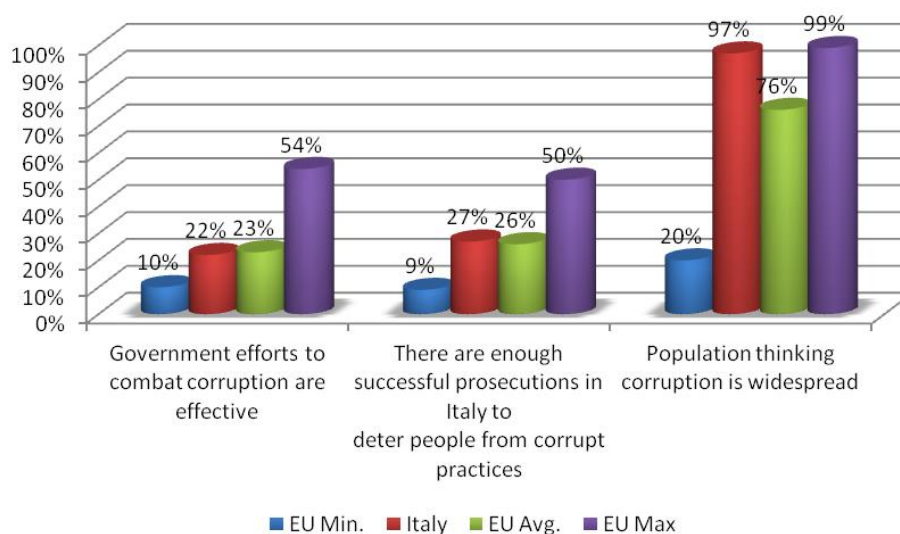
sentences that the principle of non-retroactivity of the law does not apply in this case because the Decree is, in practice, an administrative rather than a legislative norm.

¹⁸ One should refrain from the all too easy – and incorrect – assumption that Mafia, Camorra, 'Ndrangeta and the Sacra Corona Unita are regionally bound to the South of Italy. While in some of their strongholds of Naples and Palermo the clans control economic, political and social life to a very deep extent modern organized crime follows profits across not only Italy but also the world. It relies on sophisticated machinery that appears as comfortable with high-level corruption to secure large construction contracts as it is with the sale of 'counterfeit' bread and cigarettes on the streets of some cities.

While these organized crime groups can be thought of as filling a governance role in the absence of state enforcement (Skaperdas 2001), in the Italian case there is also a large ‘pro-active’ element in which organized crime is not simply satisfied with occupying areas where the state is absent or weak. It actively seeks to expand its reach and power. The Italian organized crime families are just as comfortable as the Latin American cartels in resorting to the idea of *plomo o plata* and they apply enormous pressure on the very fabric of economic life in the areas they control.

In Italy, the perception of the current state of affairs is rather bleak. The European Commission (2014) anti-corruption report reported some data on how Italians perceive their country’s corruption problem (see Figure 1).

Figure 6.1 Perception of Corruption in Italy



External actors, like the European Union and Transparency International also feel that the country has a weak record in tackling the issue. According to the latest Transparency International Italy assessment (Transparency International Italy 2012, 1) “Italy’s National Integrity System is far from robust, with an average NIS score of 55.04%.¹⁹ Corruption is able to flourish almost everywhere, as state institutions enjoy considerable autonomy, which does not correspond to standards of accountability and integrity.”

The cost of corruption is one of the major focuses in the fight against this phenomenon. While these costs are very difficult to assess in any system, no appreciable efforts have been made to fully measure them in the Italian case.²⁰ Whatever the correct figure, many billions of Euros are diverted from the regular economic flow every year because of these practices.

In practice corruptive practices affect more than just than financial costs, they affect the way in which individual relate to each other and the very way in which society operates.

For example, in cases where local entrepreneurs choose to resist pressures to pay protection money there is not simply the chance of their business being targeted perhaps by firebombs, or by the owners themselves having to fear for their lives.

¹⁹ The scores ranges from 0 (lowest or worst) to 100 (highest or best).

²⁰ Even the often-cited €60B figure, which appeared in the media and the EU reports is guess based on a 2004 World Bank report that guesstimated worldwide corruption at 3% of GDP. The figure for Italy was raised to about 4% but there is no real scientific/hard data to support or disprove it.

The economic relations of the owners with banks and suppliers change too. If there is the rather concrete chance that a person will be assassinated because of their actions in the near future, that person will become a ‘bad risk’ if they require a loan or if they ask a supplier for an extension in the payment schedule.

To summarize briefly, corruption in Italy represents a sometimes deeply entrenched behavior that is not solely ascribable to the public sector. It is much more of ‘a plague of both houses’ with the private sector being often just as involved and with both at times being connected to organized crime, as with the massive economic interests that surround the illegal disposing of toxic waste in Italy. The so-called ‘terra dei fuochi’ in the Campania region (Legambiente 2003), a triangle where cancer rates linked to heavy metals and toxic chemicals had reached extremely concerning levels already a decade ago (Senior and Mazza 2004) and even in the face of levels of dioxin 10,000 times higher than the Italian average the public administration and local and central political authorities seem impotent in the face of the powerful crime families (Iovene and Lombardi 2008) that control this traffic throughout the country. As we shall see later in the chapter these activities are not stand-alone ones, but are hinged on a powerful system of rules, a system of governance that embeds them in common practices and reinforces their grip on the very fabric of the Italian administrative and civil life.

6.8 Three Classic Explanations of the Italian Polity’s Shortcomings

It is often the case that the political system has a strong effect on the way in which illegal activity is perceived. With regards to the specific situation that we find in Italy, it should be noted that the Italian political system between the end of World War II and the so-called fall of the First Republic in the 1990s, morphed for a variety of endogenous and exogenous reasons into what a variety of Italian political scientists variously defined as a uniquely Italian case. Whether it was Giorgio Galli’s (1966) notion of imperfect bi-polarism and its attendant process of ‘blocked democracy,’ or Giovanni Sartori’s idea of polarized pluralism (Sartori 1982, 1984), or Paolo Farneti’s concept of centripetal pluralism (Farneti 1983), they all pointed towards a lack of real political alternation in the Italian governing apparatus. With the institutional marginalization of the Italian Communist Party at the national level,²¹ the normal alternation of right and left that is the core value and fundamental resource of liberal democracies (Bedeschi 2013, 337–338). Bedeschi reminds us that “[i]n the Italy of the First Republic all this was missing, with the gravest of consequences: one party, the Christian Democrats, and some other parties allied with them, were ‘condemned’ to govern. From this came the immovability of the political class, of its *grand commis*, of its ‘experts,’ of its technicians and so forth. From this also came the continued increase of corruption, thanks to that immovability” (Bedeschi 2013, 338).²²

The cultural milieu in which the mass parties of Italy (and large swatches of its intellectual and economic elites) developed their relationship with the polity remained largely untouched by the principles of liberal capitalist democracy that were dominant in the West during the 20th Century.

²¹ The Italian Communist Party (*Partito Comunista Italiano*) was effectively excluded from participating in any national government and it was only its successor, the Democratic Party of the Left (*Partito Democratico della Sinistra*) that was able to govern in the 1990s. However, while excluded from the centre, the party had important local and regional successes throughout the country especially in historically ‘red’ regions like Liguria, Tuscany, and Emilia Romagna. This is not to say that there was no contact or common set of principles among Italian parties in the 50 years during which this system survived. However, it is clear that the system itself created a set of very dysfunctional responses, compared to classic capitalist liberal democracies.

²² All translations of Bedeschi here are my own.

Rooted in a blocked democracy, which favored extra-parliamentary rhetoric and praxis, Italian political activity rejected free markets in favor of heavily subsidized and (poorly) planned economic approaches, corporatism and an elephantine but inefficient public sector. Furthermore, as the lack of true political alternatives was overlaid on an inefficient bureaucratic system and on a ‘dependent’ financial and industrial system that saw in the central government an economic and political enabler, many Italians began to adjust to these systemic dysfunctions by falling back into the familiar historical patterns of clientelism and corruption.

In a system that lacked effective and consistent ways to punish political failure and corruption, or to reward political efficiency and honesty, entire economic and social strata resorted to the very Italic *arte dell’arrangiarsi*: the art of muddling through. In practice, this meant that the relationship between parties and voters was not a modern one, centered on the aggregation of political values and on the principles of exit, voice and loyalty (Hirschman 1970), but rather on an almost pre-modern idea of ‘party as clan’ where party membership opened doors to jobs, resources and positions from which non-members were excluded. Meritocracy was one of the earliest victims of the Italian model both because in many ways the Italian welfare state was an employer of last resort, and because in a system of clientele and patronage the quality of the output plays second fiddle to ‘membership’ in the right group. Bedeschi (2013, 343) puts it succinctly when he notes that “[t]he image of the Country emerging in 1992 was that of a society, which was largely assisted, corporatist, immobile, and corrupt.” While the fall of the First Republic coincides with the Mani Pulite scandal and inaugurates a period of true left-right alternation in the Italian national political system, it did not signify the end of corrupt practices and clientelism.

On the one hand, the lack of political alternation was not the only cause of corruption and political immobility. Deeper and more complex causes are embedded in the Italian case. The lack of an effective capacity on the part of the repressive apparatuses of state to confront and defeat organized crime, the continued issues with fiscal elusion and evasion perpetrated by a variety of economic subjects, the only partial responsabilization of the political and administrative classes in terms of the efficient and honest administration of the public purse, and the paternalist approach that many Italian administrators and politicians continue to apply to their jobs limit the space for a true ‘cultural’ shift in the field. The end of the previous ‘blocked’ political system did not magically eliminate the other causes of what many dubbed a systemic corruption practices.

In this sense, it pays to consider the statement by Sabino Cassese according to whom we should focus on “the loss of relevance by the bureaucracy as part of the political body ... The bureaucracy that perceives itself excluded from the political body is pushed from an internal force to reacquire the lost spaces through corruption, which augments its power and personal income” (Cassese 1999, 183). Whether Cassese’s argument is valid as it stands or in conjunction with the socio-historical elements that we have put forward above, it still speaks to a complex and ingrained problem for the Italian jurists, politicians and enforcement officers who aim to tackle the issue.

In the next section we explore some of the ideas around the ‘systemic’ nature of Italian corruption.

6.9 Systemic Corruption in Italy

Given what we noted above one could well see how in Italy the concept of *corruzione ambientale* (environmental corruption) could be understood as a ‘normal’ context for political and economic activity.

This led overtime to the emergence of a culture where the expectation of malfeasance and dishonesty is so embedded that it is assumed as business-as-usual and therefore under-reported or – in some extreme cases – seen as a positive trait of those who are street-smart and/or powerful. In the next two subsections we provide some example on how organized crime and political actors have created a system within the system through which they have corrupted the competition for scarce resources that takes place for example within the public procurement system. While the trend, between 2000 and 2007, has seen less sentences and arrests for the crimes of corruption, since 2008 these have picked up again (Di Cristina 2012, 179). Here we wish to argue that both organized crime and political/administrative corruption have devised their (sometimes collusive) set of rules for the sophisticated management of corrupt practices in the country.

6.10 Corruption and Organized Crime

Illegal markets, such are the ones that involve corruption, are unstable and naturally prone to high transaction costs. In the case of criminal organizations, the goal is to achieve a monopolistic control of certain sectors so to be able to extract financial and other benefits for themselves and other actors that operate within illegal markets. In this context, corruption for these organizations is not only a means to an end in market governance (Schelling 1984), or a way to obtain a competitive edge (Maltz 1986), but especially a necessary element in the long-term relation between these criminal structures and members of political and administrative units (Newell 2005). Now, the durability of these networks is not simply a result of established relationships, but also and quite importantly in illegal markets, a premise to the establishment of a system of governance for corrupt practices. In a market where transactions are opaque and lack competition, exit costs are high and partners are generally not very reliable because of both exogenous and endogenous pressures, some kind of regulatory mechanism that will limit these negative effects is necessary. Hence, organized crime's at times very successful efforts to develop a system of governance in which its representatives often play the role of intermediaries between the administrators and politicians on the one side and the private sector agents on the other. It is on these systems of governance that the success of these organizations is based.

Organized crime in Italy has a very broad economic base. Recent estimates have placed their annual income with a low of €17.7B and a high of €33.7B per year. On average the amount is placed at about 1.7% of Italian GDP (Transcrime 2013). There is no doubt that corruption is one of the main tools in the hands of criminals, especially so for organized crime. In a recent interview, Mr. Franco Roberti, the judge in charge of the National Anti-Mafia Directorate noted that there is a “close connection between organized crime, corruption, money laundering ... Corruption is fully part of the method and the essence of the mafia's activity. The Mafioso does not immediately fire a gun, before acting he bribes” (Lipari 2013). At the same time, because of its capacity to directly involve the public official in a relationship of involvement and silence, corruption remains the main weapon that organized crime has against the state (Violante 1994).

The relationship between the state and organized crime, furthermore, is not necessarily one of competition alone. The late judge Paolo Borsellino noted “Politics e mafia are two powers that survive on the control of the same territory: they either are in conflict with one another or they are find an agreement” (CPAMI 2006, 139). Organized crime, especially in areas where the state is weak establishes a true system of governance where corruption is a clear part of the exchange process (Martone 2013). In some cases, as with the management of waste products in the Campania region, the process that was uncovered by criminal investigations highlighted what can only be described as a capillary control of the whole cycle of collection and (illegal) disposal of waste products over a large territory that spanned 20 municipalities.

The project involved the penetration of criminal subjects within multiple local administrations, the involvement of a Member of Parliament, the creation of a company that would practically function as the cover for the illegal activity and the establishment of both a complex network and of a system of governance upon which the whole process would be based (Martone 2013). Martone (2013, 106) argues that the premises to understand the development of this activity in Campania must be found in: 1) the weak regulative capacity of local administrations, 2) the progressive establishment of illegal activities in the public-private network that took care of waste management in the region, and finally 3) the particular ‘entrepreneurial’ bent of the local Camorra.

The system of waste management in Italy, based as it is on the privatization of services and their delivery at the local level is in areas like Campania, where often we find a historical nexus between local administrative and political elites and organized crime, almost an open invitation to the development of corrupt practices.

Local stakeholders are easily able to create monopolistic positions where, at least partially shielded by willing local administrators and using political patronage at both the local and sometimes national level, organized crime is able to develop a fully integrated network reliant of both local support and intimidation and providing a strong governance which includes the redistribution of very large profits within the members of the network but also massive environmental and health costs.

The connection between organized crime and the political elites was not always easy. Checks needed to be run and the intermediaries who offered themselves needed to be vetted. Below we can see a ‘pizzino’ (a small note) dated October 01, 1997 that Bernardo Provenzano addressed to another Mafioso, Salvatore Genovese: Now, you inform me that you have a well-ranked Political contact who would enable the handling of many and big jobs, and before going ahead you would like to know what I think about it: But, since I don’t know him I cannot tell anything, I should know the names? And how they are connected? Because nowadays you cannot trust anyone. Could they be conmen? Could they be cops? Could they be some double agents? And could they be amateurs? And they could be big planners, but is one does not know the way he must take he cannot start walking, same as I cannot tell you anything.

The presence of a political or administrative referent is obviously critical because it signifies access to a position of ‘political rent’ through which access to scarce resources such as public contracts may be skewed in favor of the criminal organization. However, the other partners are also necessary to the effective functioning of the system: without a network of private companies it would be impossible to extract the actual resources from the contracts and without the intermediary and enforcement role of organized crime it would become more costly to maintain a process where delayed payments are common and that is inherently risky. Hence, often along with corruptive practices we find collusive ones.

Collusion becomes a very important part of the process when the organization of a complex system of procurement is put in place (Vannucci 2006). Oftentimes multiple actors on each of the three sides are involved and very convoluted activities are required.²³ In Sicily a qualitative shift takes place in the late 1980s with the arrival on the scene of Angelo Siino, who was dubbed the Minister of Public Works for *Cosa Nostra*, a construction businessman who was co-opted into the job by Giovanni Brusca. With the waning of some established centers of power on the island – the arrest of Vito Ciancimino and the emergence of the Corleonese family as the dominant group – new spaces and new methods emerged.

²³ For a complete analysis see Vannucci (2006).

The so-called 'Siino Method' became the go to process for the mafia in regulating the lucrative market of state procurement, especially construction. Starting from an already existing but rough model, Siino perfected his approach into a machine that extracts a 4.5% surplus from a very large percentage of all procurement contracts.

The crime families and the participating politicians each obtain 2% of the contract and 0.5% is destined to the control agencies. The system is premised on corrupt and collusive practices from all who are involved. The private companies rotate as sub-contractors so that none who accepts collusion is left out and the amounts of the bids are agreed upon in a cartel-like fashion so that minimal price reductions are often enough to secure a bid.

Detailed information on bids and lists of bidders is obtained from the administrators and politicians. The considerable suasion and intimidation capacity of the mafia was thrown in full behind an effort to modify the existing system of cartels that some companies had developed before *Cosa Nostra* moved in. Rapidly the system based on the Siino Method expands and – while not the unique referent in Sicily for all of the mafia families, Siino becomes a critical part in the development of this approach to state procurement.

The success of the method even leads to some changes in the system of governance of the mafia: from strictly territorial approaches we see a more functional structuration of criminal activity in this area. A cooperative 'table' is set up with important representatives of the organized crime families and with select members of the largest private companies that have accepted to operate in collusion with them.

The excessive centralization of the system turned out to be its downfall. Siino himself began cooperating with the magistrates after his arrest and the 'table' approach has disappeared in favor of a more decentralized one, with an increasingly 'softer' presence of the large mafia families and a partial return to the older territorial model. As a partial result perhaps the balance between mafia exponents and politicians has shifted in favor of the latter since (Vannucci 2006). While this was just a brief recounting of a slice of the corruption that organized crime has fostered in Italy, it presents a clear image of the importance for its continued efficacy to maintain a strong system of governance. It is exactly at this juncture that the state should aim to unhinge the process.

6.11 Political Corruption

While for most readers the Mani Pulite inquest and the subsequent end of the political structures and agreements that held sway over much of Italian life since the end of World War 2 mark the most evident sign of the Tangentopoli that shook the system of this nation, some early signs had come about a decade before.

It all started in the city of Turin: one of vertices of the so-called 'industrial triangle' of northern Italy (the others being Milan and the port city of Genoa). In early 1983, a local industrialist denounces a system of bribes and corruption that is in place within the local public administration. The communist Mayor of the city went on to denounce the Vice-Mayor and a number of other members of the city's elite for corruption. While the subsequent trial led to short sentences for all involved, the *faccendiere* Adriano Zampini, who was in charge of connecting the dots in a vast network of illegal activities that purportedly linked political, administrative and economic interests, was later to comment on the way in which corruption was embedded in everyday activities.

I never found any kind of revulsion on anybody's part for my mentioning bribes; on the contrary, it seemed quite evident to me that my interlocutors were expecting just that from me. In the environment in which I moved the bribe was institutionalized. ... It was a behavior that was clearly impressed in the minds of those who were interested. ... The politicians I was dealing with were people who had understood that to keep the city moving forward it was necessary to overcome certain barriers and do certain things: therefore it was necessary to shelve the ideologies, Marx or whomever else, and do stuff; and if something could be pocketed, so much the better (ANSA, 22 January 1985).²⁴

Zampini was to go on and publish a book by the title *I the Corruptor* in the wake of the Milanese tangentopoli (Zampini 1993). The Turin inquest was led by a local District Attorney, Bruno Caccia, who had been in the past in the front line against both terrorism and organized crime. Just a few months after starting this inquest he was gunned down by what were later revealed to be 'Ndrangheta assassins. While it was unclear whether a direct connection existed between his new anti-corruption activity and the murder many speculated that this could have been the case.

6.12 Mani Pulite: When the Dominos start Falling

While the initial rumbling of Mani Pulite could be traced back to the early 1980s, not much changed in almost a decade: members of the Italian political and business classes continued to forge illegal relations exploiting a cultural milieu where one of the characteristics of power was the ability to extract these benefits from their positional power. Like the prebends of the Middle Ages, these payments functioned as a rent-seeking approach, that imposed higher costs than normal lobbying (Lambsdorff 2002).

Much the same corrupt nexus between politics and business was be highlighted a decade later in an interview to Italian journalist Giorgio Bocca by the ex-council member of the city of Milan, Mr. De Angelis: I believe that they were not any longer aware that they were stealing; in their own way they lived in a world where bribes functioned like a precision watch. At the upper levels the big deals were organized and the party pretended to ignore them, at the lower levels were the small thefts and the management shut their eyes and ears so that a scandal would not break out and the consensus would not be spoiled. None wondered about the future, none asked themselves where are we going to end up, everyone reassured each other by saying: we are allowed to do this (Bocca 1993, 127).

The Milan Mani Pulite operation begins February 17, 1992 when the judges in the city obtain an arrest warrant for an important local member of the Italian Socialist Party: Mr. Mario Chiesa. At the time, Chiesa was the manager of the Pio Albergo Trivulzio, a hospice for the elderly in the city. A businessman, Mr. Luca Magni who was contracted to deliver cleaning services to the hospice, went to the Milan police department and helped set up the sting operation that would lead to the arrest of Mr. Chiesa. Initially described as an 'isolated rogue' by then Prime Minister Bettino Craxi, Chiesa turned out to be the tip of a large iceberg.

Much of the focus of the investigations aimed at the illegal financing that the parties drew from the system of corruption they had allowed to flourish. Public procurement contracts were allocated through a capillary system of bribes that were then redistributed partially to the intermediaries who made the deals happen and partially to the parties that utilized the money to finance their operations. By some estimates, the Italian party system siphoned off billions of Euros through this system (Turani and Tasso 1992).

²⁴ All translations of Zampini's interview are my own.

As the public opinion and the electorate firmly lined up behind the judges, the political system of the First Republic attempted both to discredit the investigators and to undermine the potential for criminal prosecution. Regarding the latter, the most noticeable effort was the so-called Conso Decree, from the name of the Minister of Justice who proposed it. A newly added section in the decree would have retroactively expunged the crime of illegal financing as far as political parties were concerned. After the decree was passed by Parliament, on the wave of a massive popular outcry, the President of the Republic - for the very first time in the history of the Italian Republic - refused to countersign the decree, effectively impeding its coming into law.

Within 18 months of the beginning of the inquest, the Italian political system is shaken to its roots by the activity of the judges: 151 Members of Parliament are named as persons of interest.

Table 6.1 Members of Parliament Named as Person of Interest as of July 1993

Party ²⁵	MPs named as Persons of Interest	Total Number of Judicial Procedures
DC	74	168
PSI	49	119
PSDI	9	17
PRI	8	1
PDS	5	7
PLI	4	13
RIF. COM.	1	2
LEGA NORD	1	1
Total	151	328

As the inquest spread, the very apex of Italian politics and administration was affected. From Prime Ministers like Bettino Craxi, to high-ranking officials like Duilio Bracciolini, the former director general of the Italian National Pharmaceutical Service, who was sentenced for accepting bribes from a host of actors, mayors of small and large cities, joined the more or less high placed personnel who had partaken of the pool of money available through the mishandled public procurement system. While the numbers are unclear even today, in 2000 an estimate noted that 2,565 persons had been named as persons of interest in the various branches of the *Mani Pulite* inquest. However, relatively few of them remained in jail then (Ferrarella 2000) due to both a slow-down in the activities of the magistrates, and the relatively short sentences that were imposed.

It was often the case for the Italian political class to be pictured as inefficient and inconsistent. However, it seems that in the matter of establishing a corruption network these organizational shortcomings vanished. In his book, written on the heels of the *Mani Pulite* inquest, Turani and Sasso note that:

Nothing escaped the politicians. And it is a bit curious. Our political class is not a very accurate, methodic or scientific one. Usually it is casual, nosy, lunatic, abstract and windbaggy. However, in the case of bribes it has demonstrated a considerable organizational talent. Nothing was left to chance. Bribes were demanded in all occasions in which the parties had some title to demand them.

²⁵ The parties' abbreviations are: Democrazia Cristiana (DC), Partito Socialista Italiano (PSI), Partito Social Democratico Italiano (PSDI), Partito Repubblicano Italiano (PRI), Partito Democratico della Sinistra (PDS), Partito Liberale Italiano (PLI), Rifondazione Comunista (RIF. COM),

This means every time the public administration was involved ... and with previous agreements among the various parties, so to arrive at a millimetrically exact division of the quotas. From this point of view, it is possible that Italian politics may be, after the mafia, camorra, and the 'ndraneta, the fourth criminal organization in the country (Turani and Sasso 1992, 10).

Whether the statements by Turani and Sasso still hold today is difficult to establish. What is certain is that large procurement contracts like the one for the Milan Expo of 2015 are still attracting corruption. Old figures from the Mani Pulite inquest were thrown back into the limelight of corruption when they were arrested in the early days of May 2014 with the accusation of having diverted millions of Euros to fix large public contracts for the upcoming Expo. On the heels of the new wave of arrests, the Italian Premier, Matteo Renzi, assigned Mr. Cantone, the head of the national anti-corruption authority, to supervise the Expo (NNAA 2015). Effectively, this is the equivalent of naming a commissar for the continuation of the project.

6.13 Conclusions

If the case of Italy is truly rooted, at least in some part, in the cultural milieu that through its deep historical roots, the lack of political alternation of the First Republic, in the existence of a (or various) system(s) of governance of corrupt practices, and in the deep distortions engendered by the elephantine and inefficient welfare capitalism, and the heavy hand of organized crime, than the answers to its corruptive practices must address all of these facets.

The existence of environmental corruption and both the cultural and organizational catalysts for corruption will require more than just preventive and punitive measures. It must pass through a change in the culture and structures of the public administration but should also look at more creative approaches like the idea of the 'invisible foot' (Lambsdorff 2007). This means at the same time that the older idea of the bilateral relationship between corrupt and corruptor should be replaced by the trilateral one corrupt-intermediary-corruptor. Simpler and more effective design of contractual law is also an important tool in the fight against these practices (Di Cristina 2012).

Ultimately, though, the most important approach will be one that attacks the diffused cultural and historical acceptability of corrupt and 'grey' practices that has helped foster and support the culture of illegality, which acts as a growing medium for the corrupt both within the public administration and outside it.

The critical factor that stands as the most notable challenge to the successful control of corruption in Italy is the strength of the system of governance that regulates its activity. As we noted above the markets for illegal practices, including corruption, benefits from regulatory mechanisms that reduce the transaction costs that are inherently present in this type of activity. The long term presence of tacit rules and patterns of behavior has led to a fully entrenched system of rules that regulate the socio-economic and political activities of complex networks of corruptors, intermediaries and corrupt agents. The real success of the anti-corruption effort will have to be measured on the basis of its capacity to unhinge the rules of this governance.

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The Limits to Governance: Assessing Alternative Exchange Rate Regimes for Emerging Markets, the Case of Latin America

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M. Ramos, A. Hira, J. Serrudo (eds.) Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo. Tópicos Selectos de Recursos ©ECORFAN-Bolivia. Sucre, Bolivia, 2014.

Abstract

The maintenance of a competitive exchange rate is important for an emerging market economy. At the same time, certain regime types have become harder to sustain under the current global economy, reflecting a move towards more market-friendly approaches. This paper critically assesses whether an alternative exchange rate regime – a Currency Transactions Tax (CTT) – can feasibly be implemented in emerging market economies, using Latin America as a test region. This paper finds that the international system creates limits on regime choices and a CTT is faced with challenges that mitigate its feasibility. This paper concludes with the notion that managed floating is a more sustainable regime given the limits to governance that the region faces but there also exists a possibility of improved policy space as trends in the global economy continue.

7 Introduction

Emerging market economies face major challenges when selecting exchange rate regimes. The management of the exchange rate is considerably important; as Davidson notes, “[a] fixed, or at least very stable, exchange rate whose movements are tightly constrained is a necessary condition encouraging entrepreneurs to engage more freely in international production, investment and trading transactions” (2002, p. 177). At the same time, managing exchange rates through intermediate regimes has become more complicated under conditions of capital mobility; commitments can be subject to speculative attack as investors test the central bank’s credibility in maintaining the exchange rate, creating a major run on the currency and the need to drain precious foreign exchange reserves or hike interest rates, the latter of which can spark a recession. The maintenance of an exchange rate is all the more complicated the smaller the state is; simply put, a smaller economy is more subject to pressure from major states and powerful investors and the maintenance of an intermediate regime is therefore more complicated, if not impossible.

The usual argument is for a state to liberalize the capital account and adopting a floating regime with inflation-targeting; this would allow capital to go to its most efficient use and the inflation-targeting provides stable expectations on prices. However, the Latin American experience shows that, while the past use of intermediate regimes such as crawling pegs has a mixed economic record, floating regimes are not completely adhered to either. But considering the issues associated with previously-tested regimes, one needs to consider whether a new regime is capable of providing both the management of a stable, competitive exchange rate as well as practicability in the global economy. The idea of a two-tiered Currency Transactions Tax (CTT) needs to be considered as a potential regime since it has been proposed as a means to reduce exchange rate volatility, especially for developing countries (Spahn 2002).

This article will critically assess whether a two-tiered CTT makes sense for an emerging market economy; larger, developed states have not given much thought to a CTT so this paper will assess whether it is a viable regime for Latin American states. The assessment of a CTT is relevant because it tries to provide many of the positives of intermediate regimes while minimizing the negatives. Its usefulness will be based on its ability to stabilize an exchange rate, its capability of being enforced, and its capability of existing in an international environment that favours other types of managed regimes. Section one will demonstrate the move towards either hard fixes or towards managed floating regimes. Section two will outline the challenges an emerging market economy faces in trying to select a regime given pressures from the international system. Section three will analyze the sensibility of using a CTT as a new intermediate exchange rate regime.

This paper will argue that, while a CTT regime could work to stabilize an exchange rate, it would be incredibly challenging for an emerging market economy to institute a CTT.

7.1 The Great Policy Convergence? The Dilemma of Emerging Market Economies

The days of intermediate regimes are over for most countries; these are differentiated since they are neither completely fixed nor floating regimes. The maintenance of such regimes has receded and states have moved to more mainstream and internationally 'acceptable' regimes. Maintaining intermediate regimes under capital mobility inherently has major costs; one is reminded of the policy trilemma of open economies. Fischer (2001) notes that intermediate regimes, such as crawling bands, crawling pegs, etc, have been phased out in favour of either of two poles: hard fixes/pegs or floating, thereby creating a 'bi-polar' view of regimes (these will hereby be referred to as 'traditional' regimes).

For hard fixes, we can see this in the cases of countries joining the Eurozone or the adoption of the dollar in several Latin American states. For floating, most of the developed world has moved towards this style of regime since it allows for the adapting of the exchange rate to new information that is quickly translated into price changes. Edwards (2011) finds that countries with more flexible exchange rates have been able to grow better in the long run than countries with more rigid or fixed regimes and they are better able to respond to external shocks, although misalignments are still not eliminated under flexible rates.

The realities of the post-Bretton Woods global financial system provide incredible challenges to the maintenance of fixed exchange rates. Investors will try and challenge a state's capability to maintain its target exchange rate, it's so-called 'credibility' in maintaining the regime, and will do so by speculative pressure. Between January 1960 and April 1999, 308 speculative attacks occurred in 75 countries; 105 succeeded, resulting in a depreciation of the exchange rate of more than ten percent in a month, and 203 failed (Jetin 2003). A survey of these speculative attacks (Kraay 2003) shows that several Latin American countries have been subject to attack, both successful and failed. Regardless if whether the attack was successful, the country in question must increase interest rates or drain reserves to stop the depreciation, causing a recession, and these responses are not always successful at stopping capital flight (Jetin 2003). The usually-prescribed policy responses of higher interest rates and tighter monetary conditions did little to prevent capital flight and depreciations (Kraay 2003). Therefore, the maintenance of traditional intermediate regimes comes with incredible potential social and economic costs if a state is unable to maintain the regime, but those costs are apparent even if the central bank responds. The costliness of managing the exchange rate is the use of precious FOREX reserves.

While states have nominally moved to either of the two poles, their actual practice differs. Reinhart and Rogoff (2004) reconsider the actual practice of exchange rate regimes and classify many of them as being intermediate in practice according to their 'natural' classification, rather than 'official' classifications such as those defined by the IMF. While commitment to floating with inflation-targeting is explicitly made, many countries have demonstrated what Calvo and Reinhart (2002) call a 'fear of floating,' whereby states are unwilling to accept the fluctuations inherent with pure floating regimes and will intervene as they need to. In Colombia, the Banco de la Republica stated that floating rates were to be instituted to encourage dis-inflation, but authorities also noted they reserved the right to intervene in order to prevent unwanted volatility and to help build reserves (Chang 2008) and Chile's post-crawling band regime echoes similar arguments (De Gregorio et al. 2005).

The overall picture in Latin America shows that in spite of real and financial shocks, central banks use flexibility sparingly and while interest rates have been used aggressively, flexibility has gone with higher instability in interest rates rather than lower (Hausmann et al. 1999). This implies that flexibility comes with its own problems.

Even major currencies with ample liquidity are not completely stable; Bartolini and Giorgianni (2001) note that traditional models of rational expectations have been hard to fit to recent periods of volatility. Frenkel and Rapetti (2012) measure the volatility of Latin American currencies and find that the volatility of exchange rates has actually increased under floating regimes; the switch to floating from crawling bands in Chile has resulted in a 65% increase in volatility for the peso. This is affirmed by Hira and Gaillard (2011), who found that as an economy is more open to trade, the exchange rate is heavily depreciated and more volatile.

Finally, floating regimes and capital mobility require the existence of developed financial systems. Hira and Gaillard (2011) show that Latin American financial systems lack certain structural necessities, such as local currency bonds. This shows that efficient financial sectors do not necessarily come with liberalization; the latter's effectiveness is *dependent* on the former. The effectiveness of monetary policy would be tied to the development of local bond markets since "central banks will lower interest rates to avoid a recession without fearing the weakening of the exchange rate, capital flight and increase in spreads" (Hira and Gaillard p. 171).

While speculative attacks occur under fixed regimes, increased volatility is present under floating. On the one hand, flexible exchange rates are able to respond quickly to new information and adjust accordingly, but on the other, information and its interpretation may not always be accurate and the exchange rate will not always be stable. While it is assumed that exchange rates are stabilized under speculation, realities such as herd behavior can be a credible challenge to this (Palley 2003). The fundamentals of an exchange rate, such as a nation's resource endowment and prospects for growth, are relatively stable and so exchange rates should be stable, yet floating regimes have been more volatile than warranted by fundamentals (Palley 2003). The overall challenges an emerging market faces when managing the exchange rate can be summarized as such in Table 1.

Table 7.1
Emerging Market Challenges to Regime Choice

Component	Pro	Con
Stable Exchange Rate	Certainty in trade	Must be maintained through reserves
Open Capital Flows	Access to capital markets	Reduced policy autonomy for traditional intermediate regimes
Independent Monetary Policy/Floating Exchange Rate	Inflation reduction, respond to shocks	Volatility, requires developed financial system
Fixed Peg (Dollarization)	Inflation reduction, stability	Loss of monetary sovereignty, importing of economic conditions

We can expect that Latin American states will continue to practice a fear of floating and intervene as they see fit. Talk of the bi-polar view of regimes does not make sense when the reality is that states manage their exchange rates. While by definition, Latin American states are managing their exchange rates through reserve changes, they are doing so under floating regimes and are not instituting traditional intermediate or more radical ones such as a CTT.

Smaller states, such as Ecuador, El Salvador, and Guatemala have adopted the dollar, representing a move to one pole, while larger ones such as Brazil and Colombia, have instituted managed floating, representing a move to the other pole while acting in-between. But macroeconomic considerations are not the only factors considered; the international system plays a role in constraining a state's choice.

7.2 You Lack Discipline! The International Challenges to Regime Choice

The degree of openness to international capital flows has drastically changed over the past decades and exchange rate regimes have gone hand-in-hand with this. One is reminded of the days of 'financial repression' in the Bretton Woods era and the maintenance of fixed-but-adjustable pegs. The collapse of the Bretton Woods system in the late 1960s and early 1970s, the repeated crises of the European Monetary System in the 1980s, and the crises of emerging markets between 1994-2000 all show the lesson that maintaining fixed exchange rates is especially problematic for states that are more open to international capital flows (Fischer 2001). Indeed, it was the Nixon administration's ending of the dollar peg to gold that was the beheading of Bretton Woods. The volatility present after the move to floating regimes prompted moves to go back to more fixed arrangements, such as the then-European Monetary System, although its effectiveness was greatly reduced because of mobile capital (Aldcroft and Oliver 1998).

The Bretton Woods arrangement that permitted financial repression and the maintenance of fixed-but-adjustable pegs was created and maintained by the Anglo-American bloc in the postwar order. As such, the leadership and credibility of the system relied on the continued commitment of these states in maintaining it. As these states came out in the postwar world as the most powerful, they were able to dictate the agenda of what the financial architecture was composed of and what was permitted. Intermediate regimes were permitted so long as these states maintained to the system.

But even in today's more open world, the influence of Northern states persists. The global economy is reliant on the more powerful states to regulate the system and the preferences of the most powerful influence the agenda during both stable and crisis periods (Held and McGrew 2003). More powerful governments retain considerable bargaining power with corporations because they control access to vital economic resources (Held and McGrew 2003). Major states therefore shape the system and influence the environment in which the hounds of finance work; in the post-Bretton Woods environment, the Nixon administration had to convince American banks to go forth and participate in the new dollar-centric system (Gowan 1999). The acceptance of capital mobility and a freer international financial system, alongside major moves to liberalize the FOREX market, was largely dependent on the actions of major states, thereby shaping the greater international environment for those with relatively less power. States are therefore both the enablers and the benefactors/losers in globalization; the global financial economy would not have been possible had it not been for states encouraging the increase of financialization (Patomäki 2000).

Today's international environment is largely a reflection of Americanization. The weakened position of states in the South strengthens the bargaining power of Wall Street firms in decisions regarding future financing, and these decisions result in short-term loans rather than long-term (Gowan 1999).

Short-term financing has a negative effect on planning for borrowers since the need to finance long(er)-term projects relies on the accumulation of more short-term financing.

Southern states therefore faced a precarious choice: they could either borrow abroad under the American monetary regime or they could enact domestic macroeconomic adjustments, tightening fiscal policies and devaluing their currencies; borrowing was considered the easier option since the Anglo-American banks were eager to lend and borrowing allowed Southern states to avoid the domestic social conflicts arising from adjustments (Gowan 1999).

This does not mean that Northern states are not subject to similar disciplinary forces; one is reminded of Black Wednesday and the attack on the United Kingdom's commitment to the European Monetary System, or the attack on the franc for the Mitterand government in France. While these states have been subject to disciplinary action, it must be remembered that the financial architecture is still maintained by Northern, mostly American, financial norms and institutions. Again, both cases were under conditions of capital mobility while each state was committed to fixed regimes.

From a macroeconomic standpoint, international forces have had a profound effect on Latin American countries. Conditions in the North, such as lowered interest rates, private savings, and capital flows eager to seek out returns, have had effects on Latin American exchange rates (Calvo et al. 1993). It wasn't until the 1980s, when world interest rates increased, did capital flows to Latin America decrease (Frenkel and Rapetti 2012). The choice of exchange rate regime was therefore influenced by both changes in the international financial system and domestic macroeconomic agendas (Frenkel and Rapetti 2012), the latter of which will be dealt with in the next section. The debt crisis in Latin America, according to James (1996, p. 347, as quoted in Aldercroft and Oliver, p. 134):

Brought home the consequences of the internationalisation of finance; the vulnerability of producers in Latin America (and elsewhere) to interest rate changes decided by the Federal Reserve System in Washington and to alterations in sentiment in the banking community.

We can therefore see that international pressures can shape the choice of exchange rate regime for states, especially for emerging market economies. The move away from capital controls and towards openness can explain the policy movements away from traditional intermediate regimes and the move to nominal fixed or floating. Simply put, the smaller an emerging market is, the harder it is to manage its exchange rate under alternative regimes. Dollarization presents another challenge: while the adoption of the dollar would import American inflationary conditions into the adoptee country – and inflation in the United States is almost always lower than that found in developing countries – the domestic economic conditions would be subject to the movements of the dollar and the conditions of the American economy; adopting country needs may differ.

Even supposedly counter-hegemonic approaches to exchange rate regimes do not deviate from the international environment. Leiva (2008) notes that neostructuralism, a new development paradigm in Latin America, is the first coherent challenge to neoliberal ideas, although it advocates modernization through international integration. This challenge to neoliberalism is in reality having the state as a supply-side intervener promoting public employment and exports while retaining commitments to open capital accounts (Kurtz and Brooks 2008).

These neostructuralists agree with the neoliberal critiques of the inefficiencies of import-substitution industrialization (Hira and Gaillard 2011); the ISI phase saw the widespread use of intermediate regimes. Simply put, even ‘moderate’ policy approaches made at the domestic level seek to normalize financial architectures with that of the international system.

Taking everything into account, we can therefore outlay the exchange rate regime challenges for emerging market economies as such:

- States desire a stable exchange rate for competitiveness
- States desire capital mobility in order to receive funds for development and participate in international trade
- Traditional intermediate regimes are harder to maintain under conditions of capital mobility; they are subject to speculative attack and carry social and economic costs
- Floating regimes are acceptable in practice yet come with their own problems of volatility
- The international system imposes restrictions on the ability of smaller states to adopt regimes that deviate from the norm

From this, we can see why states are moving away from traditional intermediate regimes and towards nominal bi-polar ones that are intermediate in practice; the managed floating regimes provide the ability for states to intervene as they must and are maintainable under the current financial architecture. It is hard for smaller states to manage their exchange rates through traditional intermediate regimes and therefore they move towards ‘acceptable’ floating regimes. However, it must be asked whether a different intermediate regime is capable of being implemented under the current system. As Ffrench-Davis (2005) notes,

[T]he ability of a flexible exchange-rate regime to contribute to efficiently smoothing-out the effects of externally-induced boom-bust cycles, depends on the capacity to effectively manage a counter-cyclical monetary policy, without enhancing pro-cyclical exchange rate patterns. This is only possible under intermediate exchange rate regimes-cum-capital account regulations...These intermediate regimes, of managed flexibility, thus provide the best opportunity to respond to the dual demand on exchange-rate policy (p. 202).

Since states are fearful of floating, and floating comes with its own problems, can a new regime that enables exchange rate stability and be acceptable in the international system be implemented? Will it be effective? The next section will analyze this.

7.3 The Currency Transactions Tax: The Way Ahead?

We can classify a Currency Transactions Tax (CTT) as an intermediate regime since it does not rely on either a hard fix or complete float. It is a regime that takes advantage of several different properties from different regime types and builds a composite that attempts to stabilize an exchange rate while still allowing for a degree of capital mobility; in fact, in order to institute a CTT, capital convertibility is a necessary condition. First, we must describe what a CTT is.

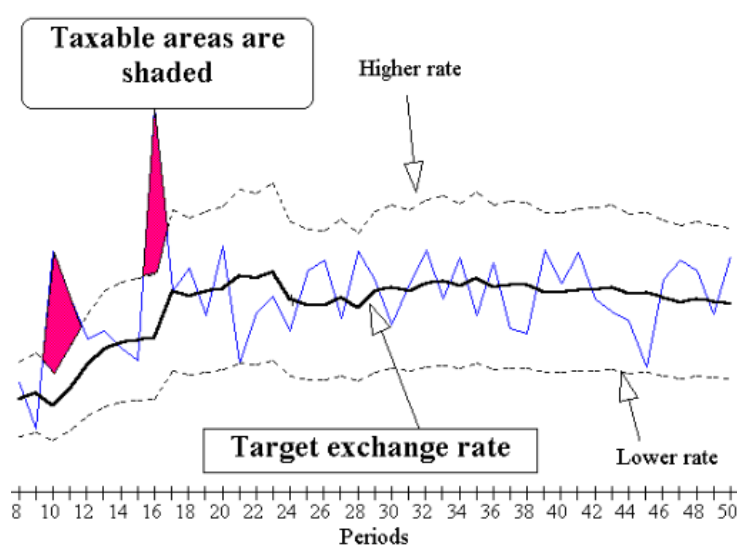
Originally, the idea was proposed by James Tobin – and thereby named the Tobin Tax – the logic of which was to reduce the excessive movements of short-term private capital flows while leaving the longer flows relatively untouched, although by definition all transactions would need to be taxed (Tobin 1978). As states need to compete for international capital, monetary policy has become exchange rate policy as it has become harder for states to stimulate their economies via interest rate changes for fear of capital flight (Tobin 1978). Implicit in this argument is the notion that policy autonomy would be increased by taking away the ‘disciplinary’ power of mobile capital.

Recent developments have shown that the original Tobin Tax would be problematic; either the tax would be set too high and damage a highly sophisticated network of hedging and liquidity trading and increase volatility, or it would be set too low and have no effect on curbing speculation (Spahn 2002).

Recent simulation results show this ambiguity further (Aliber et al. 2003, Ehrenstein et al. 2005, Westerhoff 2003, Westerhoff and Dieci 2006, Mananro et al. 2008, Hanke et al. 2010); in short, the Tobin Tax would be reliant on too many conditions in order for it to confidently work. Because of this, a modification is needed.

German economist Paul Bernd Spahn has proposed a two-tiered CTT – and hereby simply referred to as a CTT – in order to make up for the shortcomings of the Tobin Tax. The tax has two primary components: a constant tax, the equivalent of a single-tier Tobin Tax, of between 0.5 and 1 basis points would be applied to all transactions, the primary function of which is to raise revenue although it could also crowd out destabilizing noise trading (Spahn 2002). A second-tier tax – the so-called Exchange Rate Normalization Duty (ERND) – would be applied to the portion of a transaction that lies outside of the tolerable bands and would be up to 100 percent; its function would be to prevent excessive fluctuations rather than raise revenue since it would not raise revenue if successful in curbing speculation (Spahn 2002). This option is attractive since it necessarily imposes a tax on speculative flows and heavily taxes transactions when the exchange rate moves outside of the tolerable bands. Since it would necessarily be a tax on capital inflows due to the need to change currencies, the CTT can be expected to mitigate capital-induced fluctuations, giving policymakers some room for pursuing domestic economic agendas. Figure 1 shows the operations of the tax.

Figure 7.1 Workings of the Two-Tiered CTT



Source: Spahn (2000)

As Figure 1 shows, the exchange rate is allowed to fluctuate on a day-to-day basis within the tolerable bands, but once the nominal exchange rate moves out of the band, a tax is applied to keep it within. The target rate and the bands would be announced on a daily basis (Spahn 2002) and because it is based on a fiscal instrument, it somewhat relieves monetary policy of short-term interventions and constitutes a gain in revenues rather than a loss of reserves (Spahn 2000). Since the target exchange rate would be measured as a parity rate against a foreign currency (Spahn 2002), the move towards the upper band would imply depreciation of the home currency as it takes more of it to buy a single unit of the foreign, so the ERND's function would be to prevent major depreciations.

While its functionality means the CTT would be able to prevent excessive fluctuations, several challenges are present in its applicability for emerging markets. It provides an emerging market with exchange rate stability via taxation and does not require the massive change of reserves in order to defend the exchange rate, yet it maintains a heavy logistical footprint that relies on already-developed institutions and infrastructure. The next section will detail the challenges for CTT implementation.

7.4 Practical Analysis for CTT Implementation

There are several pros and cons to the overall workings of the CTT. These issues can be found across three major components: the parallels with crawling bands and capital controls, and the use of taxation as a stabilizer. Overall, while a CTT has some practical feasibility, the logistical strain and enforceability would be problems for emerging market economies and would constitute a rich country's policy option rather than an emerging one's. This section will conclude with a comparison of the CTT with a managed float regime since the CTT's desirability is dependent on whether it can make up for issues arising from a managed float.

7.5 Crawling Bands

As Figure 1 showed, the CTT uses crawling bands to establish a tolerable range in which the exchange rate is allowed to fluctuate. The primary objective of crawling bands is to forestall or limit misalignments; this is achieved because authorities are under no obligation to defend a single rate when changing circumstances mean the rate needs to change but they are also not complacent when a floating rate is detached from fundamentals (Williamson 2001). Central banks can then take action to limit misalignments and so the bands would do better than either extremes of hard pegs or pure floating in avoiding misalignments; they solidify market expectations of what range the equilibrium rate lies in (Williamson 2001). Bands are viewed as introducing enough flexibility for the nominal exchange rate to respond to internal and external shocks while still being able to commit to long and medium-term policies of maintaining the central parity (Helpman et al. 1994). Perhaps states get to have their exchange rate cake and eat it too. Chile's use of crawling bands provides an example on the workability of the regime. On a bright note, the performance of Chile's economy was impressive, with the crawling bands coinciding with Chile's strongest and most sustained growth period (Frenkel and Rapetti 2012) which included drops in the unemployment rate, growth in GDP, an average inflation rate of 16%, and near fiscal discipline, with a budget deficit only being ~1% of GDP between 1985 and 1992 (Helpman et al. 1994). But numerous changes to Chile's bands had to occur and the changes did not fully stop downward trends; between 1990 and 1997, the peso saw a cumulative decline of 32 percent (De Gregorio et al. 2005).

Fears of inflationary pressures, more modification of the band widths, and speculative pressure started mounting against the peso after the Russian crisis and by September 1999, with world turmoil coming to a close, the crawling band regime was ended in favour of inflation-targeting (De Gregorio et al. 2005). Unless a state has the ability to compute the parity rate and the accurate tolerable rates for the bands, the excessive or insufficient range of the bands could cause the market to see the parity rate as unknown and doubt the central bank's credibility. Decisions about the appropriate midpoint of the bands are difficult and pressure may mount once the exchange rate gets close to either band; softening the commitment to protect the bands may decrease these pressures but would increase uncertainty about the central bank's actual monetary commitment (Bailliu and Murray 2002).

While this is true of standard crawling bands, the use of taxation rather than reserves to defend the exchange rate mitigates this, although the logistical problem of trying to compute the parity and bands persist. This implies that the information processing and calculation requires the systems of more developed states and as earlier noted, the development of financial systems in Latin America has been lackluster.

7.6 Capital Controls

Another point to consider is the CTT's parallels with the use of capital controls. Because it is a tax on transactions, it is by definition a form of control on capital flows. Furthermore, it is a tax on short-term flows that can cause destabilization. Chile's use of capital controls provides a parallel. The controls were effective in changing the composition of flows; between 1988 and 1998, short-term flows with maturity of less than one year declined steeply relative to longer-term flows (Edwards 2001). Studies by Soto (1997) and De Gregorio et al. (1998), as cited in Edwards (2001), show that a tax on capital movements discouraged short-term flows but these were offset by increases in long-term flows; aggregate capital moving into Chile was not altered.

This is precisely the logic of a CTT as Tobin earlier mentioned; the use of finance for real development is put through while speculative flows are discouraged. The main attraction of a CTT over traditional capital flows is a real cost in terms of taxation. But this does not mean flows can go unmonitored. The prevention of real exchange rate appreciation from major inflows, regardless of maturity, is needed in order for the central bank to maintain a competitive exchange rate that may need to be lower than what the market causes it to be.

Keeping this in mind, net increases in capital flows can alter the exchange rate, meaning the central bank needs to intervene based on the proximity of the nominal exchange rate to the bands. Stopping short-term flows may be able to crowd out destabilizing hot flows for a state wanting to implement a similar regime, but other adjustments need to be made in order to keep the exchange rate in line in the face of constant net flows. A CTT is not a one-policy-fixes-all solution, but it does encourage the changing of flows to promote fundamentals, implying that exchange rate appreciation can be from real economic fundamental changes rather than hot money.

7.7 Taxation as a Stabilizer

There are two major ways in which a CTT can be collected. While the tax acts as a stabilizer, it must also be collectable in order for the regime to work. A tax on a market basis means it is collected on all trading within the geographical area regardless of the nationality of the trader while a nationally-administered tax is based on taxing the head office of a bank (Kenen 1996). Table 2 shows the daily FOREX turnover for major Latin American countries from 1998-2013.

Table 7.2

Daily FOREX Turnover, Major Latin American Countries, 1998-2013

Year	Country						Totals
	Argentina	Brazil	Chile	Colombia	Mexico	Peru	
1998 \$	2	5	1	-	9	-	17
1998 %	0.1	0.2	0.1	-	0.4	-	0.8
2001 \$	-	6	2	-	9	-	17
2001 %	-	0.3	0.1	-	0.5	-	0.9
2004 \$	1	4	2	1	15	-	23
2004 %	0	0.1	0.1	0	0.6	-	0.8
2007 \$	1	6	4	2	15	1	29
2007 %	0	0.1	0.1	0	0.4	0	0.6
2010 \$	2	14	6	3	17	1	43
2010%	0	0.3	0.1	0.1	0.3	0	0.8
2013 \$	1	17	3	3	32	2	58
2013 %	0	0.3	0.1	0.1	0.5	0	1.0

Source: Bank for International Settlements statistics
 Note: All \$ in billions of USD; all % is percentage of global turnover

As Table 2 shows, Latin America sees very little daily FOREX turnover. This means a tax in a Latin American market would generate little potential revenue. Furthermore, the costs of maintaining the incentives for traders to stay in a small(er) market may outweigh the benefits from the revenues generated (Kenen 1996). A national tax is easier to collect given that most countries have linked Real Time Gross Settlement Systems (RTGS) and FOREX trading is moving towards being settled by the Closed Link Settlement (CLS) system (Spratt 2006, Schmidt and Bhushan 2011). The effectiveness of such a tax would require that Latin American countries' banks trade on enough of a regular basis to generate revenues and the 2013 survey from Euromoney shows that American banks have the largest combined market share in the world, with Citigroup dominating the trading of emerging market currencies (Martin 2013).

It is argued that RTGS can feasibly settle all transactions for a national currency, such as the UK's CHAPS being able to settle and tax all sterling transactions (Spratt 2006), so settlement of currencies such as the real or the Chilean peso would be handled through STR (Sistema de Transferência de Reservas) or LBTR (Liquidación Bruta en Tiempo Real), respectively. Hira and Dean (2004) provide a comprehensive analysis of the effects of dollarization in Latin America and this development poses a major challenge to a CTT. Since national RTGS settle transactions denominated in a national currency, it would be complicated, if not impossible, for a state using a different country's currency to collect a CTT; dollar transactions are settled by the American Fedwire system.

This means that a market-based tax would be the most realistic option for the dollarized states, but their size as markets – the BIS statistics do not even have their market shares – means they could be subject to evasion, although Schmidt and Bhushan (2011) argue that the track record of Financial Transactions Taxes (FTTs) largely show they are hard to evade.

Furthermore, since a tax by definition may distort the market – at least in the short run – the effectiveness of the tax would be based on the liquidity of Latin American currencies if administered as a national tax; more liquid currencies would face fewer distortions and therefore less volatility, showing that currencies from larger states are more capable of sustaining the tax. The effectiveness of a CTT would be contingent upon the international environment and willingness of major states to tolerate a tax; even the EU's FTT, while slated to be implemented in 2015 and fulfilling more neoliberal goals such as balance sheet restoration for heavily indebted members (Holehouse 2014), has faced major opposition by the world's two biggest financial players, the UK and the US (Monaghan 2009, Godfrey 2012, Delamaide 2013).

7.8 Managed Float as a Rival

Since managed floating is one of the major regimes in Latin America, the CTT needs to be compared to it in order to understand whether it is desirable. While the extra benefits of tax revenue and a reduction of speculation can come with a CTT regime, the complications for a smaller state may prevent its adoption as previously argued. The capability of defending the exchange rate through interventions is easier today than it was under previous regimes; a managed float does not require the same amount of commitment to a single target rate that traditional intermediate regimes did nor does it produce the same macroeconomic distortions that plagued Latin America. Its operation is based on the use of FOREX reserves to mitigate excess volatility and there is ample room for intervention; Table 3 shows the foreign reserve assets of the major Latin American states for 2014.

Table 7.3

Foreign Reserves, Major Latin American Countries, Millions of USD, 2014

Country	Official Reserve Assets	Convertible Foreign Currency
Argentina	22,007.32	21,100.09
Brazil	363,913.70	352,882.76
Chile	40,969.68	39,085.89
Colombia	43,549.15	43,549.15
Mexico	183,004.13	171,166.93
Peru*	66,789.00	64,102.00

Source: IMF Statistics, Data Template on International Reserves and Foreign Currency Liquidity

* Data from 2013

There is considerable debate on the motivations behind the accumulation of reserves, split between mercantilist and precautionary motives. Chang (2008) argues that Latin American central banks' accumulation of reserves is geared towards preserving competitiveness since it is too large to justify concerns about liquidity. Delatte and Fouquau (2012) also argue that the management of the exchange rate is the most important motivation, although precautionary motives are still influential.

Cruz and Walters (2008) argue that the stockpiling of reserves is not the optimal strategy for development purposes and that other approaches to financial stability are available. While not forwarding the mercantilist view, by advocating alternative measures to financial stability this can be seen as implicitly interpreting reserve accumulation as mercantilist. Others have argued in favour of the precautionary view. A key variable that accounts for the large hoarding of reserves by emerging markets is the degree of capital account liberalization; a more liberal regime increases the amount of reserves, constituting evidence in favour of the precautionary view (Aizenman and Lee 2007). Trade openness and exposure to financial crises can explain the accumulation of reserves and while mercantilist motives such as increased exports are statistically significant, they are not economically significant in accounting for reserve holding patterns (Aizenman and Lee 2007). The central banks of the region have argued that their interventions are to prevent misalignments and ensure sound fundamentals (Chang 2008) but it is important to keep in mind that actions are discernable from words (Frenkel and Rapetti 2012). According to Frenkel and Rapetti (2012), the real exchange rates of states such as Brazil, Chile, Colombia, and Peru do not behave as they did under regimes that explicitly targeted a competitive real exchange rate, implying that motivations have changed.

The use of a managed float does not explicitly target a single exchange rate; as such, the central bank is under no real commitment to defend a single parity rate. Rather, as previously mentioned, the logic of the system is to mitigate excessive volatility. This has commonalities with a CTT but requires the use of FOREX reserves to reduce volatility rather than taxation; this means a state needs to have enough reserves built up so that its actions can influence the exchange rate. Both regimes require open capital flows; indeed, a primary condition of a CTT is capital convertibility, but the freer flows of capital in a managed float mean a state can accumulate more reserves and therefore have more room to maneuver in a world governed by floating regimes. While a CTT can work better in principle under the right conditions, its up-front disadvantages prevent its adoption for the time being. Table 4 compares the major issues surrounding each regime.

Table 7.4

Comparison of CTT and Managed Float

Issue	CTT	Managed Float
Volatility Management	Taxation, Crawling bands	Reserve intervention
Feasibility	Low; Requires developed financial infrastructure and minimized tax evasion	Already implemented; managed floating is internationally accepted
Capital Flows	Reduced/Controlled	Open
Primary Advantage	Taxation as stabilizer (generates revenues and does not drain reserves)	Logistically simple
Primary Disadvantage	Logistically complicated (requires constant monitoring of bands and parity rates)	Major reserve changes (more frequent interventions)

Because Latin American states have accumulated such a large amount of reserves, the relative benefits of keeping with the current regime may outweigh the costs to implement a CTT-based one. One could make the argument that the institutional framework of a more liberal floating regime is needed in order to develop the institutions and grow the economy so that the foundations of a CTT regime can be sustained; the CTT relies on liberal-oriented developments such as well-developed financial systems.

Overall, the managed float is easier to implement and sustain given the international environment since it is not a major attempt at changing the discourse on regimes. The CTT is a hybrid of both (relatively) open capital flows and the greater management of exchange rates from the previous era of traditional intermediate regimes. It is both market-friendly and market-skeptic.

In the post-crisis period, the choice of an exchange rate regime was not a majorly important factor for emerging market economies for growth during the crisis period, although floating regimes fared better than pegged in the recovery period (Tsangarides 2012). The non-commitment to pure floating and the decision to absorb capital flows as reserves is what gives Latin America the room to enact counter-cyclical maneuvering; major interventions in the FOREX market may be a characteristic of strength for their economies (Ocampo 2009). In sum, the managed floating regime seems to have given Latin American countries a relatively stronger footing compared to previous regimes and may be the best option given the current environment.

7.9 Conclusión

This paper has attempted to contribute to the literature on Latin American exchange rate regimes by critically assessing whether an alternative regime such as a CTT makes sense given the region's status as an emerging market. Overall, the CTT has technical feasibility under certain conditions, but these are more characteristic of more developed states. Furthermore, the international environment is not conducive to a deviation from the widely-practiced regimes despite the fact that a CTT is market-friendly in principle (Spahn 2002) and even counter-hegemonic paradigms stress internationally-oriented development.

However, this does not mean the CTT is a bad policy option; it simply means that it is possibly something to be considered at later stages; perhaps it is a rich man's policy. But current regimes do not necessarily come with disadvantages; the managed float has provided Latin American states with ample room to maneuver and manage their exchange rates, although this is dependent upon the continued accumulation of reserves. On the one hand, the international system has become a limit to governance for Latin American exchange rate regime choice while on the other the market-friendly managed float still allows for some room to maneuver to manage a less volatile exchange rate.

There are some ways in which the region can further mitigate the issue of exchange rate management. Major players such as Brazil and Chile can take the lead in promoting a more regional focus on capital flows; interregional flows would be easier to regulate for exchange rate management than intraregional, although this could spark accusations of mercantilism from other parts of the world. Brazil and Chile have taken the lead in improving governance (Hira and Gaillard 2011), which is a positive sign for prospective reforms. Major reforms need to be instituted to make financial systems more efficient and capable of sustaining modern finance.

As Hira and Dean (2004) note for the dollarized countries, dollarization can be interpreted as a substitute for enacting meaningful reforms. Skepticism will likely mount since historically, market reforms have led to corruption (Manzetti and Blake 1996). As talk of the decline of American power and the problems surrounding the Eurozone continue, there is a possibility for increased policy space for Latin America, especially if commitment to the BRICS bloc continues and they rise in influence. While the limits to governance may be apparent, they may only be temporary.

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A bottom-up model to evaluate national transparency through evaluating government Internet portals

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M. Ramos, A. Hira, J. Serrudo (eds.) Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo. Tópicos Selectos de Recursos ©ECORFAN-Bolivia. Sucre, Bolivia, 2014.

Abstract

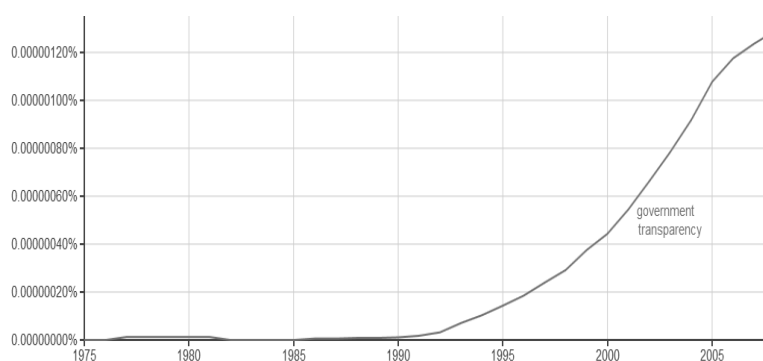
We present a framework for the determination of the economic and institutional transparency of a nation through a bottom-up approach. We adopt a recent model that utilizes the principal-agent framework in order to identify a political entity's important transparency characteristics. The transparency of the different political levels of a nation is evaluated and appropriately aggregated to form a measure of national transparency. The evaluation at each level is carried out by identifying important areas where corruption and inefficiency usually happens and determining whether information on these areas is available in government portals. The main contribution of the paper is in helping unbundle the measure of transparency. This has many implications, including the provision of a good fundament for the efficient allocation of resources, providing objective information for contributing to the enacting of appropriate policies, and pinpointing areas and government levels where more transparency is needed for more accountability, participation, and the reduction of corruption and inefficiency.

8 Introduction

Government transparency is an instrument that lets the public know what their government is doing so this can be held accountable for such actions. This principle is known to contribute to the reduction of corruption and risk of conflict and war as well as to the improvement of government effectiveness, fiscal discipline, efficient allocation of resources, and economic competitiveness (Fearon 1995; Schultz 1998; Stiglitz 2000; Bellver and Kaufmann 2005; Lindstedt and Naurin 2006; Kumar and Ter-Minassian 2007).

The potentials of information and communication technologies (ICTs) in facilitating transparency has raised overall expectations to unprecedented levels. See Figure 1. These expectations are well justified: data-oriented ICTs which are widespread in society have also been adopted by governments for providing information and services. Indeed, most Latin American central governments have reached the highest levels of the first stage of the UN's four-stageⁱ Online Service Index, demonstrating that these nations can already publish information on the Internet (Andersen and Henriksen 2006; UNDESA 2012). Seven of these nations have reached same levels of top raking developed nations in all four stages.

Figure 8.1 Book citations of the word "government transparency" from 1995 to 2008.
Produced with Google Ngram



The use of modern data-oriented ICTs to provide government information implies that these should also be a tool to enhance transparency, if governments are indeed interested in letting the public know what these governments are doing. This is especially relevant for reaching areas or subsets of the population that were not possible to reach before and for utilizing the potentials of technology to transform information into knowledge.

In the context of this reality, there does not yet exist comprehensive tools that would help the public or policymakers accurately evaluate the level of national transparency in areas that are subject of corruption and inefficiency. We argue that the tools currently utilized are subjective and not comprehensive enough to provide a realistic evaluation of a nation's transparency level that considers the average citizen as the principal stakeholder. The present paper seeks to resolve this gap through the development of a framework that follows a bottom-up approach to determine national transparency levels offered through government Internet portals. We argue that the knowledge on the standing on nations is relevant not only for citizens who want to know of the government actions, but also for central governments and lower political entities who want to know about each other's dealings. Furthermore, the framework can be used to highlight strengths and weaknesses, monitor the progress of the nation through time, and perform a comparative evaluation of various nations and of political entities within nations.

In order to carry out the work, the next section explores relevant literature in order to provide a basis for building a proper methodology. Section 3 elaborates the proposed framework, while section 4 illustrates how the approach can be applied to different political structures, further identifying important areas to measure at each level. In section 4, we draw important implications for policymakers. Finally we draw important conclusions on the role of this approach for helping contribute the enacting of adequate policies.

8.1 Literature review

Government transparency is the degree in which a government or other political institution discloses information about its actions and processes in order to accurately inform the citizen on what such institution is doing (Kopits and Craig 1998; Bellver and Kaufmann 2005; Kolstad and Wiig 2009; Relly and Sabharwal 2009; Calland and Bentley 2010; Lindstedt and Naurin 2010). Transparency has lately been the *mot du jour* in discourses, initiatives, government communications, and the watching eye of international and non-governmental organizations.

The importance and expectations centered around this principle are being catalyzed by its potential in contributing to the reduction of corruption and inefficiency (Andersen 2009), by the potentials of modern Information Communication Technologies (ICTs) (Agre 2002; Shkabatur 2013), and the possibility of learning and evaluating governments' activities like at no other time in history (Finel and Lord 2000; Relly and Sabharwal 2009). Realities that enhance such expectations are nation-states' adequate levels of e-government infrastructure (UN 2010), the role that ICTs have had in changing public administration systems (Tat-Kei Ho 2002; Eyob 2004), the worldwide presence of civil society and grass roots initiatives that pressure for transparency and openness in the light of corruption cases (Hogge 2010), and the worldwide proliferation of government Internet portals and databases that profit of reusable data for the creation of meaningful information (Tauberer and Lessig 2007; Robinson, Yu et al. 2009). Perhaps the most important reason is that the citizenship is increasingly depending on ICTs to acquire information, be it through computers, smart phones, mobiles, or even community radios that in turn use digital ICTs to acquire updated information.

8.2 The importance of measuring transparency

The measurement of transparency, corruption, governance and other government characteristics are not measurements in an absolute sense but proxies or representations of complex government characteristics (Dawes 2010; UN 2010). The results and methodology of these measurements have introduced discontent and disagreement in the research community, practitioners and the measured stakeholders (Donchev, 2007; Abramo, 2008). Nevertheless, the results have been useful to approximately rate the performance of governments relative to one another, monitor the progress of individual governments, find relationships (Bellver and Kaufmann 2005), highlight relative strengths and weaknesses, target policy, draw analytical and policy lessons, denounce illegal behavior, and attract international investors (Kaufmann, Kraay et al. 1999; TI-CPI 2010).

While general characteristics of governments such as corruption and governance have been the object of much work and periodic measurements, there has not been much work on measuring and unbundling government transparency in its local and national, and institutional and political dimensions respectively (Kauffman and Bellver, 2005; United Nations, 2010; Lindstedt and Naurin 2010). Most of the work on transparency has been focused on central government transparency of discrete areas that should form an overall "measure" of central government transparency (Bellver and Kaufmann 2005; Bastida 2007; Carlitz, de Renzio et al. 2009; Piotrowski 2010; Hollyer, Rosendorff et al. 2012). The work by Bellver and Kaufmann (2005) has been possibly the most comprehensive construction of an aggregate index of transparency unbundled in two transparency dimensions, economic and institutional transparency and political transparency (Kauffman and Bellver, 2005; Lindstedt and Naurin 2010); however their work has included only the year 2004 and no detailed and transparent data exists.

8.3 The importance of transparency in lower political entities

Perhaps the biggest weakness of the aforementioned approaches is that their focus is limited to central government transparency (Bellver and Kaufmann 2005). While these provide a general standing of a nation, they are overly convoluted and do not show the reality at lower political entities, disregarding important characteristics such as autonomy level; naturally this can lead to misinformation and inhibit the creation of focused policies and strategies.

Because transparency's goal is to provide knowledge to the citizen so he can act and hold the government accountable, appropriate participation mechanisms must be present. Several studies have found that most important interactions between citizens and governments happen at the local level (Sandoval-Almazan and Gil-Garcia 2012).

Studies performed in the US have also noted that there may be greater possibilities for the development of ICT-enabled participatory models of interaction at the local level, rather than the national; indeed, where virtual communities have been established on the basis of co-location, the participatory model has emerged.ⁱⁱ

Furthermore, the citizen's level of knowledge, participation and impact at the different levels of the government can be dependent on the degree of autonomy lower political entities enjoy (Chadwick and May 2003). Indeed, decentralization has shown can improve political participation through additional access points for involvement, greater incentives to engage in regional policy issues, and an enhanced sense of community. The second half of the 20th century has seen an unprecedented transference of authority to lower levels of government in nearly every region of the world (Spina 2013).

In order to understand further the importance of transparency in lower political entities and to develop an appropriate methodology for measuring transparency that will also provide a fair assessment of a nation, we adopt a framework that adopts the principal-agent framework (Murillo 2014).

8.4 The principal-agent framework and types of transparency

The asymmetric relationship between a government and its constituency, with an informational advantage on one side and authority on the other, has often been modeled by political scientists through the principal-agent framework (Miller 2005; Lindstedt and Naurin 2010).

This approach was originally created by economists for helping explain the effects of information asymmetries in the insurance industry (Spence and Zeckhauser 1971; Miller 2005). The framework assumes that the preferences of the agent (different levels of government) and the principal (constituency) are different and that gathering complete information on the agent's actions is regarded as prohibitively expensive, thus resulting in a preference for shirking. In this setting, along inefficiency and ineffectiveness, corruption is one of the agent's activities that benefits its own interests rather than the principal's (Miller 2005).

Transparency is an instrument available to the principal that let's him evaluate his agent and take the necessary actions to control and avoid the agent's activities that would benefit its own interests rather than the principal's (Miller 2005; Lindstedt and Naurin 2010). Figure 1 illustrates this relationship which also considers different political entities, whose the degree of autonomy will create different degrees of relationships, associations, and information asymmetry between the agents and the principal and the agents.

Within this framework, two types of transparency are identified, depending on who controls the release of governmental information (Lindstedt and Naurin 2010). Agent-controlled transparency, of which economic and institutional transparency is the main component (Bellver and Kaufmann, 2005), is the agent's release of information about its activities as mandated by the agent itself or externally imposed by the principal.

This mandate could be self-imposed by the agent in an effort to increase its legitimacy or imposed by the principal in order to increase control, as modern freedom of information or other mandates do. Non-agent controlled transparency is the release of information through the work of an independent and investigative media or other third-party sources such as whistleblowers. While agent controlled transparency makes the life of the agent more complicated, non-agent controlled transparency makes it more dangerous as may identify actual instances of corruption and illegal activity (Lindstedt and Naurin 2010).

Figure 8.2 The agent, principal, and the information asymmetry.



8.5 The publicity and accountability conditions

While various empirical studies have determined that transparency is indeed an instrument that contributes to the reduction of corruption (Lambdsdorff 1999; Treisman 2000; Bellver and Kaufmann 2005), only recent research has explored further, identifying two conditions that must be present for transparency to have an effect on reducing corruption: that the principal is (i) *enabled* to acquire and process information, and (ii) enabled to act based on the new acquired knowledge. These are also known as the *publicity* and *accountability conditions* (Lindstedt and Naurin 2006; Kolstad and Wiig 2009).

The publicity condition assures that information reaches the principal and she is able to process it in order to acquire knowledge. This condition is represented by the digging and mediating free and independent press, by adequate levels of citizen knowledge and education, and by the potentials of information and communication technologies in enabling and facilitating the former ones. See Figure 2. The accountability condition is represented by free and fair elections and other adequate mechanisms that enable the principal to control the agent and hold him accountable for its actions (Brunetti and Weder 2003; Lindstedt and Naurin 2006; Kolstad and Wiig 2009).

The role and importance of these two conditions were underlined through a simulation that consisted in different operationalizations of empirical data of key variables corresponding to 111 countries (Lindstedt and Naurin 2010).

Agent controlled transparency in Nigeria was raised to the same level as Sweden, however this did not have much effect on corruption unless it was accompanied by freeing the press, raising levels of education, and instituting free and fair elections. It was concluded that in order for transparency to reduce corruption, there must be adequate reforms on the side of the principal, the agent and the mediators (Brunetti and Weder 2003; Lindstedt and Naurin 2010).

8.6 Measuring transparency through internet portals

Adopting the earlier definition of agent controlled transparency and the relationship with the publicity and accountability conditions, it has been suggested that agent controlled transparency can be measured at the agent's "door" (See Figure 1) through evaluating the very availability of information present in the form of data in government web portals (Murillo 2014). The suggested approach has special relevance because common models of eGovernment set the "publishing" of information as the first level of a four-level model, which various Latin American nations have reached, along leading developed nations (Andersen and Henriksen 2006; Osimo 2008; UNDESA 2012). Thus we argue that the availability of relevant data is to become a next indicator as a natural main product of the "digitalization" of governments.

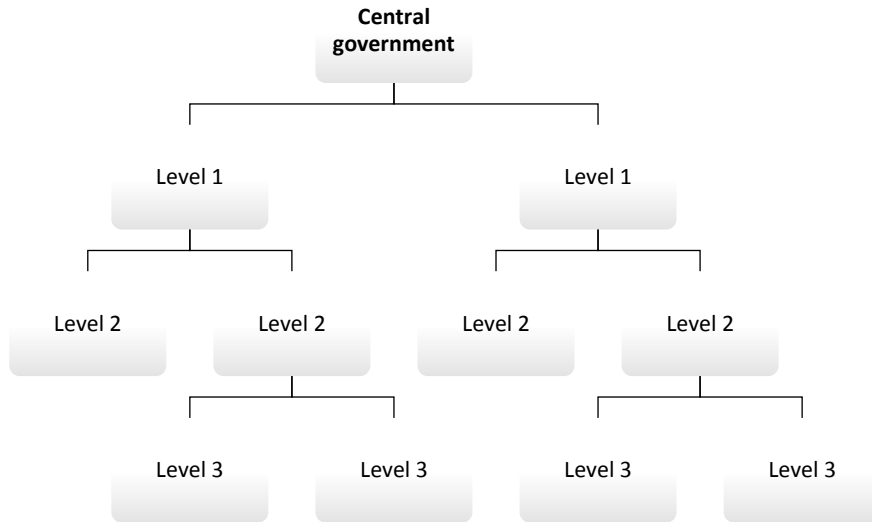
The utilization of the same methodology to measure the release of information in multiple areas at the agent's portals is a new approach that indeed measures government information availability and involves lower levels of perception and subjectivity than polls and surveys, if properly carried out through an appropriate methodology. This also implies less entangled measurements which open the possibility of the creation of more objective composite indexes. Another of the benefits of this approach is that it introduces the possibility of further unbundle transparency in local, regional and central governments and apply such to other public institutions. A measurement tool, applied to areas that are most important and essential to agent controlled transparency can be eventually utilized by itself or be a complement to other composite indexes.

8.7 Framework of new approach

Bottom-up building of a measure of agent-controlled transparency

Figure 8.3 illustrates a possible composition of a nation, with a central government on the top, composed of lower political entities, labeled as "Level 1", "Level 2", and "Level 3".

Figure 8.3 Illustration of the different possible levels of political institutions



We argue that national government transparency is the weighted addition of government transparencies situated at Level 1 and central government transparency. This can be represented by the following equation:

$$T_N = \alpha_{L1} AT_{L1} + \beta_{L1} T_C \quad (8)$$

Where T_N is the national transparency, AT_{L1} is the aggregated transparency of all political entities at Level 1, and T_C is the central government transparency itself.

The aggregated transparency of the political entity at Level 1 is represented by

$$AT_{L1} = \frac{1}{q} \sum_{\epsilon=1}^q OT_{\epsilon}^{L1} \quad (8.1)$$

Where OT_{ϵ}^{L1} is the individual transparency of each of the q political entities at Level 1, given by the following equation:

$$OT_{\epsilon}^{L1} = \alpha_{L2} AT_{L2} + \beta_{L1} T_{L1} \quad (8.2)$$

Where AT_{L2} is the aggregated transparency of all political entities at Level 2, and T_{L1} is the transparency of the political entity itself.

AT_{L2} is represented by the following equation:

$$AT_{L2} = \frac{1}{r} \sum_{\varphi=1}^r OT_{\varphi}^{L2} \quad (8.3)$$

Similarly, T_{φ}^{L2} is the individual transparency of each of the r entities at Level 2, given by the following equation:

$$OT_{\varphi}^{L2} = \alpha_{L3} AT_{L3} + \beta_{L2} T_{L2} \quad (8.4)$$

Finally, AT_{L3} is represented by the following equation:

$$AT_{L3} = \frac{1}{s} \sum_{\delta=1}^s T_{\delta}^{L3} \quad (8.5)$$

Where

$$OT_{\delta}^{L3} = \beta_{L3} T_{L3}$$

α and β in all equations above refer to the weights given according the level of autonomy that each entity enjoys.

8.8 The measure of transparency

In order to reduce the asymmetry of information between the principal and the agent, released data must become information, enabled by requirements underlined by the definition of transparency, that information must be proactively shared publically, timely, reliably, accurately, and must be made understandable to different audiences (Murillo 2014). The evaluation and appropriate aggregation of these principles would provide a measure of transparency of a specific area or process, describing the attitude and actions of the agent towards fulfilling important transparency principles in order to lessen the information asymmetry with the principal.

The government data openness index (GDOI) of an entity is the quantitative evaluation and aggregation of relevant transparency principles of areas where corruption generally occurs (Murillo 2014). It can be represented by the following equation:

$$GDOI_P = \frac{1}{m \cdot (GDOI_P)_{max}} \sum_{a=1}^n \beta_a \cdot [\alpha_1 \cdot S_{a,1} + \alpha_2 \cdot S_{a,2} + \dots + \alpha_m \cdot S_{a,m}] \quad (8.6)$$

Where:

$GDOI_P$ is the government data openness index of a political entity P.

m represents the number of principles (also referred as variables) of transparency.

n represents the number of areas

The factor β_a is the relevance of such area to transparency.

$S_{a,p} = S_{a,1} \dots \cdot S_{a,m}$ are m scores of principles $p = 1 \dots m$ corresponding to the area a .

And $\alpha_p = \alpha_1, \alpha_2, \dots, \alpha_m$ is a weighting factor, where is the inverse of the maximum score that the corresponding principle p can take:

$$\alpha_p = \frac{V_p}{(S_{a,p})_{max}}$$

The weight γ_p makes some principles more relevant than others. In this study, this weight is set to 1.0, making the product $\alpha_v \cdot S_{a,v}$ in the zero to one range.ⁱⁱⁱ Some transparency measurement approaches that consider only the presence of absence of data can be represented by weighting the *data availability* variable with $\gamma_v = 1.0$ and all other variables with $\gamma_v = 0$.

With such in hand, we have the following equation that can be applied to transparency of different government levels, T_C, T_{L1}, T_{L2} , and T_{L3} .

$$T = \frac{1}{m \cdot (T)_{max}} \sum_{a=1}^n \beta_a \cdot [\alpha_1 \cdot S_{a,1} + \alpha_2 \cdot S_{a,2} + \dots + \alpha_m \cdot S_{a,m}] \quad (10.7)$$

8.9 On variables

The first of eight variables (See Appendix I), Specific FOI Policy, evaluates whether the nation's freedom of information (FOI) or other legislation explicitly mandates data or information of a specific area be made available through the Internet.

Because the implementation and enforcement of reactive FOIs have been challenging and have raised unmet expectations (Calland and Bentley 2010; Shkabatur 2013), the explicit mention of an area would allow the agent claim this law when relevant information is not available. A proactive mandate (versus a reactive) decreases the burden of the agent as a result of individual requests and makes data timelier, thus demonstrating the agent's commitment to transparency (Darbishire 2011).

Proactive Data Availability is a key initial step in seeking to lessen the information asymmetry between the agent and the principal as it allows for the evaluation of information's completeness, truthfulness, and other characteristics required by the principal. It is generally agreed that access to data and information constitutes a civil and political right as citizens own what the state gathers (Calland and Bentley 2010).

The release of data must be timely in order to preserve information's value, allowing citizens to more closely and effectively monitor government performance (Wong and Welch 2004; Tauberer and Lessig 2007). Timeliness has special relevance not only for applications that the principal might use in modern devices, but also to satisfy the publicity condition through new mechanisms in which journalists work with real-time data to produce information (Knight 2000; Attfield and Dowell 2003; Kawamoto 2003; Cohen, Li et al. 2011).^{iv}

The Facility to Find variable evaluates the degree of effort that the principal must put in finding the required data. One reason that information might not reach the principal is the inability of finding and accessing it (Lindstedt and Naurin 2010), thus concluding that it is non-existent. The Relevancy of Location variable measures whether it is in a relevant location. Legislation or directives of some countries mandate central governments to consolidate data into central portals (Robinson, Yu et al. 2009; US-OGD 2009; OGD-UK 2010) while others share data through national entity websites. Yet other information is spread with no apparent organization. Data should be stored in an appropriate and relevant location so as different stakeholders have the same probability of accessing it; this is especially relevant when overwhelming amounts of irrelevant data might "hide" data that is more relevant for the reduction of corruption and inefficiency.

Once data are found, the expectation is that data be raw or Primary, as it was when it was collected from the originating source (Robinson, Yu et al. 2009). Raw data is represented by the digital copy or a digital representation of the original official completed report, form or template (Tauberer and Lessig 2007).

Machine Readability is a technical feature of government data (Robinson, Yu et al. 2009). While raw data can be presented in various document formats, its prompt and adequate representation to the principal will depend on its machine friendliness. Data is said to have the highest degree of machine readability if it is presented in open, non-proprietary formats that will allow various data to be automatically combined in order to create meaningful information to different stakeholders.^v

While data might be available, it might not be useful to the principal because of a lack of capacity to access and analyze it. Data shared though the Internet must provide means to become understandable and provide appropriate and meaningful information, so as to enable the fulfillment of the publicity condition. otherwise neither transparency nor publicity are effective (Lindstedt and Naurin 2010). Representation Tools are relevant to all types of data. Data can often be represented through graphics, figures, audio and other medium relevant to different sectors of the population.

8.10 On the application to different types of government structures and areas

The national composition of Latin American governments is quite varied: lower political entities in some nations enjoy high degrees of autonomy in some areas and services where high percentage of GDP is allocated to. Table 1 illustrates examples of the degree of decentralization of various services in five countries.

Table 8.1 Examples of major functions decentralized (Tulchin and Selle 2004) .

Country / Decentralization level	Significant	Moderate	Limited
Mexico	Healthcare, Urban Planning	Education, Social development	
Venezuela		Education, Healthcare	
Brazil	Healthcare	Education, Infrastructure	Housing
Argentina	Education	Healthcare	
Guatemala	Water	Primary Healthcare	Education, Healthcare

The main implication of the degree of autonomy of a political entity is that the relevance of economic and institutional areas to be measured will change from level to level and from country to country; this relevance is controlled by the weight β_a . A second implication is that generally different areas in economic and institutional transparency will need to be evaluated at each level. Table 2 illustrates some areas suggested for evaluation in central governments.

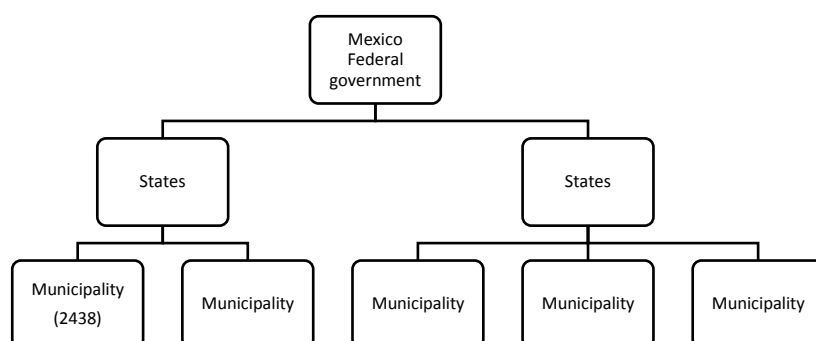
Table 8.2 Areas where transparency is relevant for the reduction of corruption and inefficiency

Area	Description	Level
Freedom of Information (FOI) Legislation	Over the last fifteen years, FOI legislation has become a reference for assessing a government's tendency to embrace transparency (Darbishire 2011). Only 7% of world countries had adopted national FOI laws in 1990. Today, 48% of world countries have a FOI law and 13% have relevant draft legislation (Banisar 2006; Florini 2007; UNDESA 2012). However FOI acts of some nations have not always lived up to their ideals (Shkabatur 2013).	Generally central government
Public Hearing of Draft Laws	The participation of the public in the drafting of laws, <i>Public Hearing of Draft Laws</i> , is an important instrument of democracy and a necessary condition for ensuring that the citizen and civil society's views are taken into account in the daily decisions of the government and the conception of policies. Modern technologies have the potential to enhance the citizens' opportunity of voicing her opinion regardless of geographical location, thus having the possibility of drafting better laws and more appropriate policy (Hutchinson 2005; Fox 2007). Technologies have also the potential to become tools that enhance the power of groups of people who know how to use it, thus enhancing the power of the rulers over the ruled (Altman, MacDonald et al. 2005; Hanson 2008).	Central and lower political entities
Asset Declaration of Top Public Figures	<i>Asset Declaration of Top Public Figures</i> ensures the absence of conflicts of interest in the actions and decisions of government officials, including the enacting of policies. Governments have been urged to strengthen asset declaration laws, especially in resource-rich countries which are proven to have higher rates of corruption (Kolstad and Wiig 2009; TI-CPI 2010).	All political entities
Public Procurement	<i>Public Procurement</i> accounts for a substantial part of the global economy, accounting for the 10 to 15% of GDP in developed countries, and up to 20% in developing countries (Bandiera, Prat et al. 2009). In dealing with the public sector, construction companies and public works tend to be the most likely to practice corruption and exert undue influence on the policies, decisions and practices of governments (Krafchik 2010). The full proactive disclosure of procurement information would certainly have an effect in reducing corruption, particularly when the taxpayer's contribution is at stake.	All political entities
Government Budget	Open budgets allow the citizenry to determine whether their government officials are good stewards of public funds (Krafchik 2010). <i>Central Government Budget</i> transparency is negatively correlated with corruption and positively correlated with economic development (Bastida and Benito 2007). A significant number of countries already produce information on budgets, revenues from natural resources, and foreign aid received for their internal purposes (Heuty and Carlitz 2009). With the proper directives, the publication of these could quickly and cost-effectively boost transparency.	All political entities
International Aid Received and provided	<i>International Aid Received and provided</i> can contribute to corruption causing the aid not reaching the intended beneficiaries (Svensson 2000; Knack 2001), especially in countries that depend heavily on significant amounts of foreign aid to finance public spending (Carlitz, de Renzio et al. 2009) and in countries that suffer from competing social groups (Svensson 2000).	Generally central governments (can depend on autonomy)
Revenues from Natural	Countries that are dependent on oil and gas revenues tend to be less transparent in their budgets (Heuty and Carlitz 2009); however this is not	Central, and lower political entities

Resource	inevitable, as examples such as South Africa, Norway, Botswana, and Peru show strong performance on <i>Revenues from Natural Resource</i> transparency (Kolstad and Wiig 2009).	(highly dependent on autonomy)
Air Pollution	It is expected that 70% of the world population will be urban by 2050, with most growth occurring in developing nations (UNDESA 2008). Studies have shown a strong correlation between pneumonia related deaths and air pollution from motor vehicles, with 2.4 million people deaths each year from causes directly attributable to air pollution (WHO 2002; Knox 2008). Recent studies have found that life expectancies are about 5.5 years lower in the northern part of China, owing to an increased incidence of cardiorespiratory mortality due to air pollution (Chen, Ebenstein et al. 2013). This reality calls for the enacting of appropriate policy and actions in the areas that face <i>Air Pollution</i> problems; this includes the building of green areas, the implementation of vehicular restrictions, the education the citizenship in that regard, and others.	Central, local, and lower political entities

8.11 Example of the application of the approach to Mexico

Figure 8.3 The different levels of government present in Mexico



In the case of Mexico, for example, the following process can be applied:

- The Central government transparency T_C is evaluated utilizing the central government transparency measurement approach (Murillo 2014). The areas suggested in Table 2 (among others) can be evaluated. For instance, Air Pollution can be excepted as the task is taken by the states or municipalities.
- The partial transparency level of each State, T^{L1} , is determined through the utilization of the transparency measurement approach (Murillo 2014).
- The transparency level of each municipality, T^{L2} , is determined through the same approach as above.

At this point we have obtained the partial transparency levels of the central government, the states, and the municipalities.

- The overall transparency level of each municipality, OT_{L2} , is T^{L2} , assuming that no other lower political entities will be evaluated.

- The transparencies of municipalities that belong to the same state are aggregated to form AT_{L2} through $AT_{L2} = \frac{1}{r} \sum_{\phi=1}^r OT_{\phi}^{L2}$. r is the number of municipalities that belong to a specific state $L1$
- The overall transparency levels of each state, OT_{L1} is obtained through adding the aggregated measure of municipalities that belong to the state (AT_{L2}) and the measurement of the state itself, T^{L1} .
- The national transparency of Mexico is obtained by adding the central government transparency to the overall transparency level of all states through $T_N = \alpha_{L1} AT_{L1} + \beta_{L1} T_C$, where $AT_{L1} = \frac{1}{q} \sum_{\varepsilon=1}^q OT_{\varepsilon}^{L1}$

8.12 Conclusion

The present paper proposed a comprehensive framework for evaluating national economic and institutional transparency through evaluating the transparency of the lower political entities of a nation. The proposed approach takes advantage of the Internet to evaluate important transparency characteristics and then appropriately aggregates them in order to have a national measure of transparency. The main contribution of the paper is in disentangling the measures of transparency to the various levels of political entities different nations are composed of. The approach lets the public, policymakers, and institutions see the reality at a finer degree. The study is important for the enacting of appropriate policies, for in-nation comparison, for the effective and pinpointed allocation of central government or international funding, and for facilitating checks and balances through an approach that is appropriate for the reality of each nation. This is especially important as econometric approaches to measure transparency seem to overlook the nation state's composition, attributing transparency levels that might hide (positive and negative) realities of lower political institutions (administrative levels), thus leading to misunderstandings, and even influencing the enacting of inappropriate policy and allocation of resources.

8.14 Appendix I

Table 8.3 Variables that are part of the DOI and their possible values

Variable (v), Weight (α_p)	Value assigned at evaluation ($S_{a,p}$)
1. Specific FOI policy (1/2)	0 Not mentioned; 1 Mentioned in policy (i.e. FOI); 2 Elaborated in policy
2. Data Availability (1/2)	0 Not available or available online after a payment (discriminatory); 1 Immediately available online after supplying personal information (reactive online, discriminatory); 2 Immediately available online (proactive)
3. Timeliness (1/4)	0 Not available at all; 1 100% or more of sampling time ($100\% < t_{data}$); 2 50% - 100% of sampling time ($50\% < t_{data} \leq 100\%$); 3 10% - 50% of sampling time ($10\% < t_{data} \leq 50\%$); 4 Real-time ($0\% \leq t_{data} \leq 10\%$)
4. Facility to find (1/5)	0 Not available; 1 More than 15 references; 2 11 -15 references; 3 6 – 10 references; 4 2 – 5 references; 5 0-1 reference.
5. Relevancy of location (1/3)	0 Not available; 1 Out of place; 2 Acceptable (Ministry); 3 Adequate location (Open Government Data portal)
6. Primariness (1/3)	0 Not available; 1 Data has been modified (incomplete) ; 2 Data is processed (i.e. sampled, normalized, aggregated); 3 Data is raw

Machine Readability (1/6)	0 Not available; 1 Proprietary - non-scrappable; 2 Proprietary - scrappable with no (human) information on its data; 3 Proprietary - with appropriate (human) information on its data; 4 Basic non-proprietary (xml, html, etc) with appropriate (human) information on data; 5 Machine readable (non-proprietary with metadata); 6 Machine readable and “mashable” ² (linked data: xml, rdf, etc) (Schrenk 2007)
8. Representation tool (1/4)	0 No; 1 Yes, basic (pie charts, bars, maps, etc); 2 Data feed through multimedia or other advanced representations; 3 Data feed through multimedia or other advanced representations aimed at different subsets of the population; 4 All the above including tools for combining with other variables to provide meaningful information to different subsets of the population

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Minimizing Corruption in Singapore: Lessons for Latin American Countries

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M. Ramos, A. Hira, J. Serrudo (eds.) Como disminuir la corrupción y mejorar la gobernabilidad en países de desarrollo. Tópicos Selectos de Recursos ©ECORFAN-Bolivia. Sucre, Bolivia, 2014.

Abstract

Singapore is the least corrupt Asian country according to Transparency International's 2013 Corruption Perceptions Index. Singapore has succeeded in curbing corruption because of the People's Action Party government's political will, which is reflected in the allocation of sufficient legal powers, budget, personnel and operational autonomy to the Corrupt Practices Investigation Bureau to enforce the anti-corruption laws impartially, regardless of the offenders' status, position or political affiliation. Latin American countries can learn these five lessons from Singapore's effective anti-corruption strategy: (1) political will is critical for success in curbing corruption; (2) rely on a single anti-corruption agency (ACA) instead of multiple ACAs to combat corruption; (3) enforce the anti-corruption laws impartially, not selectively; (4) cut red tape to reduce the opportunities for corruption; and (5) enhance public trust in politicians and civil servants by curbing corruption.

9 Introduction

Corruption is a serious problem in many countries around the world, as reflected in the perceived levels of corruption in the 177 countries included in Transparency International's 2013 Corruption Perceptions Index (CPI). Table 9.1 shows the performance of the 26 Asian and 30 Latin American countries included in the 2013 CPI.

Corruption is evident in many Asian and Latin American countries, as an analysis of their 2013 CPI scores in Table 9.2 reveals that only 8 (31 percent) of the 26 Asian countries and 9 (30 percent) of the 30 Latin American countries have CPI scores above 50. This means that 18 Asian countries (69 percent) and 21 Latin American countries (70 percent) have CPI scores below 50, ranging from 8 for Afghanistan and North Korea to 46 for Cuba. In his review of anti-corruption trends in Latin America and the Caribbean, Miguel Penailillo (2012, 24) observes that this region is "widely affected by corruption" and "characterized by high levels of corruption." Thus, it is not surprising that Stephen D. Morris and Charles H. Blake (2010, 13) have described corruption in Latin America as "the glue that holds power together or the grease that oils the machinery for dictators and civilian authorities alike." Many Latin American presidential candidates have promised to curb corruption by implementing serious reforms, including the creation of high-profile anti-corruption agencies (ACAs), but such efforts have been ineffective (Morris and Blake, 2010, 25-26).

Table 9.1: Performance of 26 Asian and 30 Latin American Countries on 2013 CPI

Rank	Country	Score*	No. of Surveys**
5	Singapore	86	9
15	Barbados	75	3
15	Hong Kong SAR	75	8
18	Japan	74	9
19	Uruguay	73	9
22	The Bahamas	71	3
22	Chile	71	9
22	St Lucia	71	3
31	Bhutan	63	4
33	Puerto Rico	62	3
33	St Vincent & Grenadines	62	3
36	Taiwan	61	7
38	Brunei	60	3

41	Dominica	58	3
46	South Korea	55	10
49	Costa Rica	53	5
53	Malaysia	50	9
63	Cuba	46	4
72	Brazil	42	8
80	China	40	9
83	El Salvador	38	6
83	Jamaica	38	6
83	Mongolia	38	7
83	Peru	38	7
83	Trinidad & Tobago	38	4
91	Sri Lanka	37	7
94	Colombia	36	7
94	India	36	10
94	Philippines	36	9
94	Surinam	36	3
102	Ecuador	35	8
102	Panama	35	6
102	Thailand	35	8
106	Argentina	34	8
106	Bolivia	34	7
106	Mexico	34	9
114	Indonesia	32	9
116	Nepal	31	5
116	Vietnam	31	8
119	Timor-Leste	30	3
123	Dominican Republic	29	6
123	Guatemala	29	6
127	Nicaragua	28	7
127	Pakistan	28	8
136	Bangladesh	27	7
136	Guyana	27	4
140	Honduras	26	6
140	Laos	26	4
144	Papua New Guinea	25	5
150	Paraguay	24	5
157	Myanmar	21	6
160	Cambodia	20	7
160	Venezuela	20	7
163	Haiti	19	5
175	Afghanistan	8	3
175	North Korea	8	3

*The score ranges from 0 (highly corrupt) to 100 (very clean).

**A country requires three independent surveys to be included in the CPI.

Source: Compiled from Transparency International (2013).

Table 9.2: Performance of Asian and Latin American Countries by 2013 CPI Scores

CPI Score	Asian Countries	Latin American Countries
A (80-100)	1 (3.8%)	0
B (70-79)	2 (7.7%)	5 (16.7%)
C (60-69)	3 (11.5%)	2 (6.7%)
D (50-59)	2 (7.7%)	2 (6.7%)
E (40-49)	1 (3.8%)	2 (6.7%)
F (30-39)	9 (34.6%)	11 (36.7%)
F (20-29)	6 (23%)	7 (23.3%)
F (0-19)	2 (7.7%)	1 (3.3%)
Total	26 (100%)	30 (100%)

Source: As in Table 9.1.

As Singapore is perceived to be the least corrupt Asian country according to Transparency International's CPI from 1995-2013, the purpose of this chapter is twofold: (1) to explain why Singapore has succeeded in curbing corruption; and (2) to identify the five lessons which Latin American countries can learn from Singapore's experience to enhance their anti-corruption efforts. To address these two objectives, it is necessary to analyze Singapore's effective anti-corruption strategy first before drawing the relevant lessons for Latin American countries.

9.1 Singapore's Effective Anti-Corruption Strategy

Corruption during British colonial period and Japanese Occupation

Corruption was a way of life in Singapore during the British colonial period because of the government's lack of political will and the ineffective anti-corruption measures adopted. Police corruption was rampant during the colonial period because of their low salaries, the ample opportunities for corruption, and the ineffective Anti-Corruption Branch (ACB). Police corruption was prevalent even though corruption was made illegal with the enactment of the Penal Code of the Straits Settlements of Malacca, Penang and Singapore in 1871. The 1879 and 1886 Commissions of Inquiry confirmed the existence of extensive police corruption in Penang and Singapore but the British colonial government ignored their findings and did not introduce any anti-corruption law until December 1937, when the Prevention of Corruption Ordinance (POCO) was enacted (Quah, 2007, 9-14).

The junior police officers were poorly paid and made ends meet by moonlighting and/or accepting bribes from the illegal gambling house owners (Quah, 1979, 28-29). However, corruption in Singapore during the colonial period was not confined to the police as government agencies such as the customs, immigration, and internal revenue departments also provided more opportunities for corruption than those public agencies with limited contact with the public, and did not issue licenses or permits, or collect fees or taxes. Corruption deteriorated during the Japanese Occupation (February 1942 to August 1945) because the high inflation rate made it difficult for civil servants to live on their low wages. Furthermore, the scarcity of food and other basic commodities forced many people to trade in the black market. The Japanese Occupation exacerbated the problem of corruption as "bribery, blackmail, and extortion grew out of the violence and fear" that the Japanese used to rule Singapore (Lee, 2005, 205).

Conditions did not improve during the post-war period and corruption was widespread among civil servants because their low salaries, high inflation, and inadequate supervision by their superiors provided them with ample opportunities for corruption with a low probability of being caught (Quah, 1982, 161-162).

Consequently, corruption became a way of life for many Singaporeans and, the British Military Administration, which took over after the Japanese surrender in August 1945, was described derisively as the “Black Market Administration” because of its arbitrary requisition of private property, gross mismanagement of the distribution of rice, financial inefficiency, and “scandalous corruption” (Turnbull, 1977, 225).

The British colonial government failed to curb corruption because of the ineffective POCO and ACB. The POCO was ineffective because it limited the powers of arrest, search and investigation of police officers as warrants were required before arrests could be made; and the penalty of imprisonment for two years and/or a fine of S\$10,000 (US\$3,333) for those found guilty of corruption did not deter corrupt behavior. As the ACB was part of the Criminal Investigation Department (CID) of the Singapore Police Force (SPF), it was not surprising that the ACB was ineffective in curbing corruption, especially among policemen. To make matters worse, the ACB was inadequately staffed with only four senior officers and 13 junior officers. As the CID’s top priority was to solve serious crimes like murder and kidnapping, combating corruption was given lower priority because the ACB had to compete with other branches in the CID for limited manpower and resources. Within the ACB itself, corruption control was only one of its 16 duties (Quah, 1978, 9-10, 14-15). Faced with these constraints, it was not surprising that the ACB was ineffective in curbing corruption.

The British colonial government only realized its folly in making the ACB responsible for curbing corruption when it discovered that three police detectives and some senior police officers were involved in the robbery of 1,800 pounds of opium worth S\$400,000 (US\$133,333) in October 1951 (Tan, 1999, 59). This Opium Hijacking Scandal exposed the ACB’s weaknesses and its inability to curb police corruption. Consequently, the British colonial government established the CPIB as an independent agency in October 1952 to replace the ineffective ACB.

PAP government’s commitment to curb corruption

During their campaign for the May 1959 general election, the People’s Action Party (PAP) leaders demonstrated their commitment to curbing corruption by exposing the acceptance of S\$700,000 (US\$233,333) by the Minister for Education, Chew Swee Kee, from some American donors (Quah, 2010, 218). The PAP’s exposure of the Chew Swee Kee Scandal enabled it to win the May 30, 1959 general election by capturing 43 of the 51 seats and 53.4 percent of the votes cast. Former Prime Minister Lee Kuan Yew explained in his memoirs why he and his colleagues were determined to keep Singapore free from corruption after assuming office in June 1959:

We were sickened by the greed, corruption and decadence of many Asian leaders. ... We had a deep sense of mission to establish a clean and effective government. When we took the oath of office ... in June 1959, we all wore white shirts and white slacks to symbolize purity and honesty in our personal behavior and our public life. ... We made sure from the day we took office in June 1959 that every dollar in revenue would be properly accounted for and would reach the beneficiaries at the grass roots as one dollar, without being siphoned off along the way. So from the very beginning we gave special attention to the areas where discretionary powers had been exploited for personal gain and sharpened the instruments that could prevent, detect or deter such practices (Lee, 2000, 182-184).

Corruption was a way of life in Singapore in June 1959 when the PAP government assumed office. Learning from the mistakes made by the British colonial government in curbing corruption, the PAP government demonstrated its commitment by enacting the Prevention of Corruption Act (POCA) on June 17, 1960 to replace the ineffective POCO and to strengthen the CPIB by providing it with more legal powers, personnel and funding.

The PAP government's determination to curb corruption was manifested by Ong Pang Boon, the Minister for Home Affairs, when he moved for the second reading of the Prevention and Corruption Bill in the Legislative Assembly on February 13, 1960:

The Prevention of Corruption Bill is in keeping with the new Government's determination to stamp out bribery and corruption in the country, especially in the public services. ... Therefore, this Government is determined to take all possible steps to see that all necessary legislative and administrative measures are taken to reduce the opportunities of corruption, to make its detection easier and to deter and punish severely those who are susceptible to it and who engage in it shamelessly (quoted in Quah, 1978, 10).

The POCA has three important features to rectify the POCO's weaknesses and to enhance the CPIB's legal powers and increase its personnel. First, the penalty for corruption has been increased to imprisonment for five years and/or a fine of S\$10,000 to enhance the POCA's deterrent effect. Second, section 13 specifies that a person found guilty of accepting an illegal gratification has to pay the amount he has taken as a bribe in addition to any other punishment imposed by a court. The third important feature of the POCA is that it has given the CPIB more powers and a new lease of life. For example, section 15 gives CPIB officers powers of arrest and search of arrested persons. The CPIB's director and his senior officers are also empowered by section 18 to investigate the bank account, share account or purchase account of any person suspected of committing a corruption offense. Section 24 is perhaps the most important asset for the CPIB in its investigation of corruption offenses because "the fact that an accused person is in possession, for which he [or she] cannot satisfactorily account, of pecuniary resources or property disproportionate to his [or her] known sources of income" is evidence that he or she had obtained these pecuniary resources or property "corruptly as an inducement or reward" (Quah, 2010, 176-177).

To ensure the POCA's continued effectiveness, the PAP government has introduced, whenever necessary, amendments or new legislation to deal with unanticipated problems or to plug legal loopholes. For example, in 1966, the POCA was amended so that a person could be found guilty of corruption without actually receiving the bribe as long as he had shown the intention of doing so (section 9). The POCA was also amended in 1966 so that, according to section 37, Singapore citizens working for their government in embassies and other government agencies abroad would be prosecuted for corrupt offenses committed outside Singapore and would be dealt with as if such offenses had occurred in Singapore. In 1989, the fine for corrupt offenses was increased tenfold from S\$10,000 to S\$100,000 (US\$80,216 based on the exchange rate of US\$1=S\$1.24664 on May 8, 2014). On March 3, 1989, the Corruption (Confiscation of Benefits) Act 1989 was passed to enable the court to issue a confiscation order against the estate of a deceased defendant (Quah, 2010, 177-178).

Unlike the British colonial government, the PAP government has also demonstrated its political will in curbing corruption not only by enhancing the CPIB's legal powers but also by providing the CPIB with more personnel and budget during the past 55 years. Table 9.3 shows that the CPIB's personnel have grown by almost 11 times from 13 officers in 1952 to 138 officers in 2012. Similarly, as indicated in Table 9.4, the CPIB's budget has increased by about 25 times from S\$1,024,370 in 1978 to S\$25,358,454 in 2012.

Table 9.3: Growth of CPIB's Personnel, 1952-2012

Year	Number of Personnel
1952	13
1959	8
1963	33
1965	36
1970	50
1976	61
1980	69
1998	79
2000	84
2004	83
2005	81
2006	89
2007	78
2008	86
2009	90
2010	90
2011	123
2012	138

Sources: Quah (2010, 179) and Republic of Singapore (2006, 168; 2007, 372; 2008, 374; 2009, 390; 2010, 382; 2011, 378; 2012, 359; 2013, 359; 2014, 359).

Table 9.4: CPIB's Budget, 1978-2012

Year	Budget (S\$)
1978	1,024,370
1987	4,147,230
1997	10,225,463
2004	13,447,079
2005	12,726,405
2006	12,856,565
2007	14,619,718
2008	15,790,811
2009	16,135,696
2010	19,981,596
2011	23,800,146
2012	25,358,454

Sources: Quah (2010, 180) and Republic of Singapore (2006, 167; 2007, 371; 2008, 373; 2009, 389; 2010, 382; 2011, 378; 2012, 359; 2013, 359; 2014, 359).

Unlike the situation during its first eight years, the CPIB has adopted a “total approach to enforcement” by dealing with both “big and small cases” of corruption in both the public and private sectors, “both giver and receiver of bribes” and “other crimes uncovered in the course of [the] corruption investigation” (Soh, 2008a, 1-2). In addition to its emphasis on investigation and enforcement, the CPIB also focuses on corruption prevention by reviewing the procedures and practices in those government agencies, where corruption has occurred and makes recommendations to remove the “loopholes and vulnerabilities.” The CPIB employs this review process to “identify potential problem areas and loopholes” in order to minimize the opportunities for corruption (Soh, 2008b, 8). Finally, the CPIB’s extensive outreach program is implemented by its Public Education Group, which conducts prevention and education talks for pre-university students, principals, teachers, newly appointed civil servants, law enforcement agencies like the police and immigration department, and the management and staff of major organizations in key industries (Quah, 2010, 181).

The CPIB's effectiveness in curbing corruption is reflected in Singapore's consistently high ranking on these three indicators: Transparency International's CPI from 1995-2013, the Political and Economic Risk Consultancy's (PERC's) survey on corruption from 1995-2013, and the World Bank's control of corruption indicator from 1996-2012. Table 9.5 shows that Singapore's rank on the CPI ranges from 1st position in 2010 to 9th position in 1997. Its CPI score varies from 8.66 in 1997 to 9.4 in 2003 and 2005. Singapore has also retained its first position on PERC's surveys from 1995-2013. Similarly, Singapore's percentile rank on the control of corruption varies from 96.1 in 1998 to 98.6 in 2010.

In sum, Singapore's success can be attributed to the PAP government's commitment and its favorable policy context namely, its small land area of 715.8 sq km, its political stability as the PAP government has been in power for 55 years, its high GDP per capita of US\$51,162, and its small population of 5.2 million in 2012 (Schwab, 2013, 405-406).

Table 9.5: Singapore's Performance on Three Corruption Indicators, 1995-2013

Year	CPI Rank and Score (1995-2013)	PERC Rank and Score (1995-2013)	Control of Corruption Percentile Rank (1996-2012)
1995	3 rd (9.26)	1 st (1.20)	NA
1996	7 th (8.80)	1 st (1.09)	96.6
1997	9 th (8.66)	1 st (1.05)	NA
1998	7 th (9.1)	1 st (1.43)	96.1
1999	7 th (9.1)	1 st (1.55)	NA
2000	6 th (9.1)	1 st (0.71)	96.6
2001	4 th (9.2)	1 st (0.83)	NA
2002	5 th (9.3)	1 st (0.90)	98.5
2003	5 th (9.4)	1 st (0.38)	98.0
2004	5 th (9.3)	1 st (0.50)	98.5
2005	5 th (9.4)	1 st (0.65)	98.0
2006	5 th (9.3)	1 st (1.30)	97.6
2007	4 th (9.3)	1 st (1.20)	98.1
2008	4 th (9.2)	1 st (1.13)	98.1
2009	3 rd (9.2)	1 st (1.07)	98.1

2010	1 st (9.3)	1 st (1.42)	98.6
2011	5 th (9.2)	1 st (0.37)	96.7
2012	5 th (87)	1 st (0.67)	97.1
2013	5 th (86)	1 st (0.74)	NA

Sources: Quah (2011, 225); *Asian Intelligence* (2013, 6); and World Bank (2012).

9.2 Five Lessons for Latin American Countries

Lesson 1: Political will is critical for success in curbing corruption

The key factor responsible for combating corruption effectively in a country is the political will or commitment of its political leadership. Derick W. Brinkerhoff (2000, 242) defines political will as “the commitment of actors to undertake actions to achieve a set of objectives—in this case, anti-corruption policies and programs—and to sustain the costs of those actions over time.” Indeed, political will is critical for curbing corruption because politicians “can change a culture of corruption” since “they make the laws and allocate the funds that enable the laws to be enforced.” Consequently, if they have assumed power by “accepting bribes to fund their parties and themselves, there is little prospect that they will wish to cleanse their colleagues or their nation of corruption” (Senior, 2006, 184, 187). In other words, without political will, the probability of detection and punishment for corrupt offenses cannot be enhanced, and the resources required for a comprehensive anti-corruption strategy will not be allocated by the incumbent government.

How can the “political will” of a country in fighting corruption be assessed? Political will refers to the commitment of political leaders to minimize corruption in a country. More specifically, political will exists when these three conditions are met: comprehensive anti-corruption legislation exists; the independent ACA is provided with sufficient personnel and resources; and the anti-corruption laws are impartially enforced by the independent ACA (Quah, 2007, 37-38).

To assess whether the ACAs in nine Asian countries have been provided with adequate personnel and budgets by their governments to perform their functions, data on their personnel numbers and budgets for a selected year (2008) are used to calculate these two indicators: (1) per capita expenditure – that is, the ACA’s budget for 2008 in US\$ (to ensure comparability), divided by the total population in the country for the same year; and (2) staff-population ratio – that is, the ratio of the population in the country in 2008 to the number of ACA personnel in 2008 (Quah, 2011, 454-455).

Table 9.6 shows that Hong Kong’s Independent Commission Against Corruption (ICAC) is the best funded with a per capita expenditure of US\$13.40, followed by Singapore’s CPIB (US\$2.32), South Korea’s Anti-Corruption and Civil Rights Commission (ACRC) (US\$1.26), Mongolia’s Independent Authority Against Corruption (IAAC) (US\$1.15), Thailand’s National Anti-Corruption Commission (NACC) (US\$0.33), Philippines’ Office of the Ombudsman (OMB) (US\$0.22), Taiwan’s Ministry of Justice Investigation Bureau (MJIB) (US\$0.18), Indonesia’s *Komisi Pemberantasan Korupsi* (KPK) (US\$0.14), and India’s Central Bureau of Investigation (CBI) (US\$0.04).

Table 9.6 also shows that, in terms of staff-population ratio, Hong Kong's ICAC has the most favorable ratio of 1: 5,780, followed in turn by Taiwan's MJIB, Mongolia's IAAC, Singapore's CPIB, Thailand's NACC, Philippines' OMB, South Korea's ACRC, India's CBI, and Indonesia's KPK, which has the least favorable ratio of 1: 433,888.

Finally, Table 9.7 reaffirms the PAP government's political will in curbing corruption as the CPIB's staff-population ratio has improved from 1:53,086 to 1:37,681 with the addition of 57 personnel from 2005 to 2012. Similarly, the CPIB's per capita expenditure has also increased from S\$1.79 to US\$4.00, with the growth of its budget from US\$7.7 million to US\$20.8 million during the same period.

Table 9.6: Comparative Analysis of Personnel & Budgets of Nine Asian ACAs, 2008

ACA	Personnel	Budget	Population	Staff-population ratio	Per capita expenditure
Hong Kong ICAC	1,263	US\$97.7 m	7.3 m	1: 5,780	US\$13.40
Singapore CPIB	86	US\$11.2 m	4.83 m	1: 56,163	US\$2.32
South Korea ACRC	466	US\$61 m	48.4 m	1: 103,863	US\$1.26
Mongolia IAAC	90	US\$3.1 m	2.7 m	1: 30,000	US\$1.15
Thailand NACC	740	US\$21.3 m	64.3 m	1: 86,892	US\$0.33
Philippines OMB	1,007	US\$19.6 m	89.7 m	1: 89,076	US\$0.22
Taiwan MJIB	840	US\$4.02 m	22.9 m	1: 27,262	US\$0.18
Indonesia KPK	540	US\$31.8 m	234.3 m	1: 433,888	US\$0.14
India CBI	4,874	US\$52.1 m	1,186.2 m	1: 243,373	US\$0.04

Source: Quah (2011, 455-456).

Table 9.7: CPIB's Staff-Population Ratio and Per Capita Expenditure, 2005-2012

CPIB	2005	2008	2012
Personnel	81	86	138
Budget	US\$7.7 million	US\$11.2 million	US\$20.8 million
Staff-Population Ratio	1:53,086	1:56,163	1:37,681
Per Capita Expenditure	US\$1.79	US\$2.32	US\$4.00

Sources: As in Tables 9.3, 9.4 and 9.6. The CPIB's staff-population ratio and per capita expenditure for 2005, 2008 and 2012 are calculated by the author.

Lesson 2: Rely on a single ACA instead of multiple ACAs to curb corruption

In addition to political will, Singapore has succeeded in curbing corruption because of its reliance on the CPIB. An ACA is a specialized agency formed by a government to minimize corruption in the country by focusing on the prevention, investigation and prosecution of corrupt offenses, and the education of the public on the adverse consequences of corruption (Meagher, 2005, 70).

Consequently, an ACA has these advantages over other less-specialized agencies created to curb corruption: reduced administrative costs; reduced uncertainty over jurisdiction by avoiding duplication of powers and work; a high degree of specialization and expertise; a high degree of autonomy; separateness from the agencies and departments that they will be investigating; considerable public credibility and profile; established security protection; political, legal and public accountability; clarity in the assessment of its progress, successes and failures; and swift action against corruption because task-specific resources are used and officials are not subjected to the competing priorities of general law enforcement, audit and similar agencies (Nicolls *et al*, 2006, 476; and UNODC, 2004, 89-90).

On the other hand, those Asian countries like China, India, Philippines, Taiwan and Vietnam, which rely on multiple ACAs, are less effective in curbing corruption. The Philippines provides the best illustration of the ineffectiveness of relying on multiple ACAs because it has relied on seven laws and 19 ACAs since the 1950s (Quah, 2011, 135). It now relies on these four ACAs: the OMB, the President Commission on Good Governance, the Inter-Agency Anti-Graft Coordinating Council, and the *Sandiganbayan* or Anti-Graft Court. Indeed, the reliance on multiple ACAs has not benefited the Philippines because the proliferation of these agencies has contributed to "duplication, layering and turf wars" (Quimson, 2006, 30). There is also no coordination or cooperation among the many ACAs, which compete for recognition, staff, and resources because they are under-staffed and inadequately funded (Quah, 2011, 145).

Similarly, China relies on these four ACAs: the Central Commission for Discipline Inspection (CCDI), the Supreme People's Procuratorate (SPP), the Ministry of Supervision (MOS), and the National Corruption Prevention Bureau (NCPB) (Quah, 2013, 65). Among these ACAs, the CCDI and MOS have worked closely together for six years until their merger in 1993, as most of the government officials are members of the Chinese Communist Party (CCP). However, there is less cooperation and coordination between the CCDI and SPP because of their unequal relationship as the CCDI is the lead ACA in China (Quah, 2013, 77-78). According to Jeffrey Becker (2008, 287), the CCDI, MOS and SPP are ineffective because of "limited coordination between the three agencies, a lack of timely, actionable information, and narrow oversight capabilities all hinder anti-corruption work." As the NCPB was formed in September 2007 to enhance coordination and facilitate cooperation among the ACAs in China, Becker (2008, 297-299) is skeptical about the NCPB's ability to meet this objective because apart from its limited independence and minimal enforcement capabilities, it lacks the power to enforce its mandate of coordinating the work of the other three ACAs.

In short, to combat corruption effectively, the governments in Latin American countries should follow Singapore's example of establishing a single ACA and provide it with sufficient manpower, budget, and autonomy to implement the anti-corruption laws effectively instead of relying on ineffective multiple ACAs like China and the Philippines.

Lesson 3: Enforce the anti-corruption laws impartially, not selectively

To combat corruption effectively, the anti-corruption laws in a country must be enforced by the ACA impartially as those found guilty of corruption offenses must be punished, regardless of their status, position or political affiliation. In other words, corrupt individuals should be punished according to the law, regardless of whether they are "big fish" (rich and famous) or "small fish." Indeed, rich and powerful individuals should not be protected from investigation and prosecution for corruption offenses.

Table 9.8: CPIB's Investigation of PAP Leaders in Singapore, 1966-2014

Name and Designation	Details of Offense	Results of Investigation
Tan Kia Gan (Minister for National Development)	Accused in August 1966 of assisting his friend in the sale of Boeing aircraft to Malaysian Airways.	Tan was not convicted as the witnesses did not give evidence against him but he was stripped of all his public appointments in November 1966.
Wee Toon Boon (Minister of State for Environment)	Accused in April 1975 of accepting bribes from a property developer.	Wee was found guilty and sentenced to four and a half years of imprisonment and ordered to pay a penalty of S\$7,023.
Phey Yew Kok (Member of Parliament for Boon Teck constituency and President of National Trades Union Congress)	Accused in May 1979 of criminal breach of trust involving S\$101,000.	Phey jumped bail on January 7, 1980 and fled abroad and remains a fugitive today.

Teh Cheang Wan (Minister for National Development)	Accused in November 1986 of accepting S\$1 million in bribes from two property developers.	Teh committed suicide in December 1986 before he could be charged in court.
Choo Wee Kiang (Member of Parliament from 1988-1999, and President of Singapore Table Tennis Association)	Accused in 1999 of cheating. In December 2011, he was charged with three counts of corruption and one count of criminal breach of trust.	Choo resigned from his position and the PAP in 1999 before pleading guilty. He was sentenced to two weeks' jail and fined S\$10,000. He was acquitted in July 2013 of criminal breach of trust, and in April 2014 of the three corruption charges.

Sources: CPIB (2003, 6.45-6.47); Sim (2011); and Chong (2014b, A2).

As mentioned earlier, Singapore's success in combating corruption can be attributed to the CPIB's adoption of a "total approach to enforcement." Soh Kee Hean (2008a, 2-3), a former CPIB Director, has attributed the CPIB's success to its reliance on skillful interview techniques, careful planning and execution of field operations, and computer forensics. More specifically, the CPIB's effective enforcement capacity is the result of its threefold emphasis on the capability building of its enforcement officers, building networks and partnerships with other public agencies in Singapore, and organizational excellence.

The CPIB has enforced the POCA impartially by not hesitating to investigate allegations of corruption against political leaders and senior civil servants in Singapore. Table 9.8 provides the relevant details of five PAP leaders who were investigated by the CPIB during 1966-2014 and the results of these investigations. Similarly, details of the eight senior civil servants in Singapore who were investigated by the CPIB from 1991-2014 are provided in Table 9.9, which also shows that seven of them were found guilty and sentenced to imprisonment terms ranging from three months to 22 years.

Table 9.9: CPIB's Investigation of Senior Civil Servants in Singapore, 1991-2014

Name and Designation	Details of Offense	Results of Investigation
Glenn Knight (Director of Commercial Affairs Department)	Accused in March 1991 of attempted cheating and giving false information to obtain a government car loan. He was also investigated in 1997 for misappropriating S\$2,720.	Knight was found guilty and sentenced to three months imprisonment. He was also found guilty of the second offense in September 1998, and was fined S\$10,000 and jailed for a day.
Yeo Seng Teck (Chief Executive Officer of Trade Development Board)	Accused in 1993 of cheating and forgery involving the purchase of Chinese antiques worth S\$2 million.	Yeo was found guilty and sentenced to four years imprisonment.

Choy Hon Tim (Deputy Chief Executive [Operations] of Public Utilities Board)	Accused in 1995 of accepting bribes amounting to S\$13.85 million from contractors.	Choy was found guilty and sentenced to 14 years jail and ordered to pay back S\$13.85 million.
Koh Seah Wee (Deputy Director of Technology and Infrastructure Department, Singapore Land Authority)	Accused in June 2010 of cheating and money laundering offenses amounting to S\$12.5 million.	Koh was found guilty and sentenced to 22 years jail in November 2011.
Ng Boon Gay (Director of Central Narcotics Bureau)	Accused in June 2012 of corruptly obtaining sexual favors from a sales manager.	Ng was acquitted in February 2013 because there was no evidence of his offense.
Peter Lim (Director of Singapore Civil Defense Force)	Accused in June 2012 of corruption involving sex with three female executives.	Lim was found guilty and sentenced to six months imprisonment in June 2013.
Edwin Yeo (Assistant Director of CPIB)	Accused in July 2013 of misappropriating S\$1.76 million from 2008-2012.	Yeo was found guilty and sentenced to 10 years jail in February 2014.
Lim Cheng Hoe (Chief of Protocol of Ministry of Foreign Affairs)	Accused in October 2013 of cheating government of S\$88,997	Lim was found guilty and sentenced to 15 months jail in February 2014.

Sources: CPIB (2003, 6.48-6.49); Singapore High Court (2011); Chong (2014a); Lim (2014); Sim (2013); and Tham and Lim (2013).

The impartial enforcement of the anti-corruption laws also implies that corruption should not be used by the incumbent government as a weapon against its political opponents. According to Dini Djalal (2001, 32-33), “the tendency to use corruption charges to settle political scores is widespread” in Southeast Asia as such charges are “increasingly used as a means to discredit rivals, rather than as an effort to clean politics” in Cambodia, Indonesia, Malaysia and Vietnam.

In China, anti-corruption campaigns have been used against political opponents to undermine their power base in the CCP. Joseph Fewsmith (2001, 231) observed that “charging one’s opponents (or their close followers) with corruption—a charge that seems increasingly true of most officials—had become a weapon of choice for political maneuver.” Similarly, John Bryan Starr (2010, 80-81) indicates that in China “anti-corruption campaigns often have as much to do with settling intra-party rivalries as they do with reasserting public probity.” Indeed, senior CCP leaders like Chen Xitong, Chen Liangyu, and Bo Xilai were prosecuted for corruption not only because they were guilty of corrupt offenses, but more importantly, because they had threatened the consolidation of power of political leaders like Jiang Zemin, Hu Jintao, and Xi Jinping, respectively. It will be difficult for China to curb corruption if its political leaders continue to rely on using corruption as the weapon of choice against their political foes (Quah, 2013, 83).

Unlike China, Singapore has succeeded in curbing corruption as its government does not use corruption as a weapon against its political opponents because, as indicated above, any person found guilty of corruption is punished according to the law, regardless of his or her position, status, or political affiliation.

Lesson 4: Cut red tape to reduce the opportunities for corruption

Herbert Kaufman (1977, 5, 51-53) observes that “when people rail against red tape, they mean that they are subjected to too many constraints, that many of these constraints seem pointless, and that agencies seem to take forever to act.” More importantly, civil servants are tempted by “the opportunities to sell their official discretion and information” as well as “the opportunities to extort payments” because “permits can be delayed, licenses held up, deliberations protracted, proceedings prolonged, unless rewards are offered.” Red tape and cumbersome administrative procedures constitute an important cause of corruption because they provide civil servants with the excuse to extort bribes from those businessmen and citizens who are prepared to pay “speed money” to “cut” red tape and reduce delay by expediting their applications for permits or licenses (Quah, 2009, 820-821).

As unnecessary regulations provide opportunities for corruption, the PAP government has initiated various measures to reduce these opportunities in Singapore by cutting red tape. The Service Improvement Unit was formed in April 1991 to improve the quality of service in the Singapore Civil Service (SCS) and statutory boards by obtaining public feedback on the removal of unnecessary regulations. From April 1991 to March 1992, the review of more than 200 rules by the SCS and statutory boards resulted in the modification or abolition of 96 rules (Quah, 1995, 339-340). In May 1995, Public Service for the 21st Century (PS21) was introduced to enhance the quality of service and prepare the SCS to welcome and accept change. As part of PS21, the Cut Waste Panel was formed on September 1, 2003 “to receive suggestions from the public on where the government can cut waste, remove frills and make savings in the delivery of public services” (Quah, 2010, 162).

Table 9.10: Performance of Singapore and 29 Latin American Economies on the World Bank’s Doing Business Survey 2014

Economy	Ease of Doing Business Rank	No. of days to start a business	No. of days to obtain a construction permit	No. of days to enforce a contract
Singapore	1	2.5	26	150
Chile	34	5.5	155	480
Puerto Rico	40	6.0	189	620
Peru	42	25	173	426

Colombia	43	15	54	1,288
Mexico	53	6	82	400
Panama	55	6	99.5	686
St Lucia	64	15	110	635
Trinidad & Tobago	66	37.5	265	1,340
Dominica	77	12	171	681
Guatemala	79	19.5	107	1,402
St Vincent & Grenadines	82	10	112	394
The Bahamas	84	23.5	178	427
Uruguay	88	6.5	256	725
Barbados	91	18	442	1,340
Jamaica	94	6	135	655
Costa Rica	102	24	123	852
Paraguay	109	35	137	591
Guyana	115	20	195	581
Brazil	116	107.5	400	731
Dominican Rep	117	18.5	216	460
El Salvador	118	16.5	144	786

Nicaragua	124	36	208	409
Argentina	126	25	365	590
Honduras	127	14	109	920
Ecuador	135	55.5	115	588
Suriname	161	208	239	1,715
Bolivia	162	49	275.5	591
Haiti	177	97	1,129	530
Venezuela	181	144	381	610

Source: Compiled by the author from World Bank (2013).

The PAP government has also relied on e-government to enhance transparency and reduce opportunities for corruption by simplifying the procedures for obtaining business licenses. In 2004, the On-Line Applications System for Integrated Services (OASIS) was launched to enable the public to “apply, renew or terminate 85 different types of licenses” online. Similarly, to reduce the opportunities for corruption and improve efficiency and transparency in procurement, the online procurement portal known as *GeBiz* was introduced to enable government procurement to be done through the Internet (Soh, 2008b, 7).

Singapore’s efforts to reduce red tape have reaped dividends as reflected in its being ranked first in the ease of doing business among the 175-189 economies included in the World Bank’s Doing Business surveys from 2007 to 2014. Table 9.10 shows the significant difference between Singapore and the 29 Latin American economies in reducing red tape in terms of the number of days taken to start a business, obtain a construction permit, and enforce a contract. For example, while Singapore requires 2.5 days to start a business, Venezuela, which is ranked 181st among the 189 economies in 2014, needs 144 days to do so.

In short, Latin American countries should follow Singapore’s example to reduce the opportunities for corruption by making greater efforts to reduce red tape and streamline the cumbersome administrative procedures in their civil services.

Lesson 5: Enhance public trust in politicians and civil servants by curbing corruption

As citizens evaluate institutions on the basis of their past role performance and the trustworthiness of their staff, their level of trust in civil servants and government is enhanced if they perform effectively as expected. On the other hand, the level of citizen distrust in their government and civil servants increases if they fail to meet their expectations (Levi, 1998, 86). Margaret Levi (1998, 85-86) contends that the State creates interpersonal trust among its citizens by having the “capacity to monitor laws, bring sanctions against lawbreakers, and provide information and guarantees about those seeking to be trusted.” The level of public trust in their government is high if the latter performs effectively, as expected. Conversely, citizens are likely to distrust their government if it “breaks its promises, is incompetent, and antagonistic toward them” (Levi, 1998, 88).

Table 9.11 shows the level of public trust in politicians in Singapore and 25 Latin American countries, which are included in the *Global Competitiveness Report’s* survey of this indicator in 148 countries in 2013. As the PAP government in Singapore has been effective and incorrupt after 55 years in power, it is not surprising that Singaporeans have shown a high level of trust towards their political leaders and government, which is reflected in Singapore being ranked first consistently for the public trust in politicians from 1999-2013 on the *Global Competitiveness Report* during this period. By contrast, Table 11 also shows that the level of public trust in politicians in the 25 Latin American countries is much lower. Indeed, the extremely low scores (below 2.0) of Haiti, Honduras, Brazil, Dominican Republic, Venezuela, Paraguay, and Argentina in 2013, is the result of their governments’ failure to solve their countries’ problems, especially corruption, and their unfavorable policy contexts.

In sum, Singapore’s experience in curbing corruption illustrates the importance of the government earning the public trust by performing effectively to solve the country’s problems, especially corruption. If corruption is rampant in a country, this not only reflects the government’s inability to minimize it, but also increases the public distrust of politicians and civil servants. As corruption is widespread in many Latin American countries, this serious problem is a wake-up call to their political leaders and civil servants to clean up their act and for their citizens to elect more honest and competent persons to public office and to punish corrupt politicians for their misconduct by voting them out of office.

Table 9.11: Public Trust in Politicians in Singapore & 25 Latin American Countries, 2013

Rank	Country	Score*
1	Singapore	6.2
18	Uruguay	4.4
21	Barbados	4.2
34	Chile	3.8
57	Bolivia	3.2

59	Ecuador	3.1
63	Guyana	3.1
72	Puerto Rico	3.0
76	Nicaragua	2.8
79	Costa Rica	2.8
94	Panama	2.4
104	El Salvador	2.3
105	Mexico	2.3
111	Trinidad & Tobago	2.2
113	Jamaica	2.2
119	Suriname	2.1
125	Colombia	2.0
130	Guatemala	2.0
131	Peru	2.0
134	Haiti	1.9
135	Honduras	1.9
136	Brazil	1.9
143	Dominican Republic	1.7
144	Venezuela	1.6

145	Paraguay	1.5
147	Argentina	1.5

*The score ranges from 1 (extremely low) to 7 (extremely high) to the question: “In your country, how would you rate the ethical standards of politicians?”

Source: Schwab (2013, 413).

9.3 Conclusion

Corruption is a difficult problem to minimize because those who benefit from it have a great deal to lose if they are detected and caught. Consequently, corrupt individuals, who are highly intelligent and motivated, could find legal loopholes to circumvent the anti-corruption laws and develop safeguards and defense mechanisms for avoiding detection, investigation, arrest and prosecution. Laurence Cockcroft (2012, 231-232) stresses the need for a sustained campaign against corruption to ensure victory because corruption is like “a snake which will frequently respond with poison, and will only die with repeated attack” and “only if severed at the head.”

Table 9.12: Contextual Differences between Singapore and Latin American Countries

Country	Land Area (sq km)	Population (2012)	GDP per capita (2012)	Political Stability (2012)
Singapore	715.8	5.2 m	US\$51,162	1.34 (96.68)
Barbados	432	0.3 m	US\$16,152	1.20 (91.94)
Uruguay	176,000	3.4 m	US\$14,614	0.71 (69.19)
Bahamas	13,878	0.3 m	US\$22,832	1.18 (91.00)
Chile	756,945	17.3 m	US\$15,410	0.35 (59.24)
St Lucia	617	0.2 m	US\$7,769	0.91 (75.83)
Puerto Rico	9,104	3.7 m	US\$27,451	0.63 (66.82)

St Vincent & Grenadines	389	0.1 m	US\$6,342	0.91 (75.83)
Dominica	750	0.07 m	US\$7,022	1.06 (87.68)
Costa Rica	51,000	4.7 m	US\$9,673	0.63 (67.30)
Cuba	109,884	11.1 m	US\$6,301	0.32 (57.82)
Brazil	8,511,965	196.7 m	US\$12,079	0.07 (47.87)
El Salvador	21,000	6.2 m	US\$3,823	0.21 (54.03)
Jamaica	11,000	2.7 m	US\$5,541	0.10 (50.24)
Peru	1,285,216	29.4 m	US\$6,530	-0.86 (19.91)
Trinidad & Tobago	5,000	1.3 m	US\$19,018	0.11 (51.18)
Colombia	1,141,748	46.9 m	US\$7,855	-1.40 (8.06)
Suriname	164,000	0.5 m	US\$8,686	0.08 (49.29)
Ecuador	272,000	14.7 m	US\$5,311	-0.60 (26.54)
Panama	77,000	3.6 m	US\$9,919	-0.15 (40.28)
Argentina	2,766,889	40.8 m	US\$11,576	0.07 (48.34)
Bolivia	1,099,000	10.1 m	US\$2,532	-0.50 (30.33)
Mexico	1,972,545	114.8 m	US\$10,247	-0.67 (24.17)
Dominican Republic	48,000	10.1 m	US\$5,763	0.23 (54.98)
Guatemala	109,000	14.8 m	US\$3,302	-0.65 (25.12)

Nicaragua	130,000	5.9 m	US\$1,757	-0.37 (36.49)
Guyana	215,000	0.8 m	US\$3,596	-0.48 (30.81)
Honduras	112,000	7.8 m	US\$2,242	-0.40 (34.60)
Paraguay	407,000	6.6 m	US\$3,903	-0.84 (20.38)
Venezuela	912,050	29.3 m	US\$12,956	-0.99 (17.54)
Haiti	28,000	10.1 m	US\$759	-0.79 (21.33)

Sources: Economist (2013), Schwab (2013, 405-406), Wikipedia (2014) and World Bank (2012).

Apart from the intractable nature of the corruption problem, a country's policy context (defined as its geography, history, economy, demography, and political system) might not be conducive for the effective implementation of anti-corruption measures (Quah, 2010, 16; 2011, 30). Indeed, those countries with large populations and territories, low GDP per capita, and which are politically unstable, would have more difficulty in combating corruption than those politically stable countries with smaller populations and territories, and higher GDP per capita. Table 9.12 provides data on the differences in policy contexts between Singapore and 30 Latin American countries and shows that Singapore has a favorable policy context for implementing its anti-corruption strategy because of its small land area and population, higher GDP per capita, and stable government.

Singapore is much smaller in terms of land area than most of the 30 Latin American countries. Only these three countries are smaller than Singapore: St Vincent and the Grenadines (389 sq km), Barbados (432 sq km), and St Lucia (637 sq km). Indeed, Singapore's land area of 715.8 sq km means that Brazil, with its vast territory of 8,511,965 sq km, is 11,892 times larger than Singapore. Similarly, Singapore is much more affluent as its GDP per capita of US\$51,162 is almost twice that of Puerto Rico's GDP per capita of US\$27,451, which is the highest in Latin America. At the other extreme, Singapore is 67 times richer than Haiti, which has the lowest GDP per capita of US\$759.

Singapore's population of 5.2 million is smaller than the populations of 17 countries, ranging from 5.9 million for Nicaragua to 196.7 million for Brazil. On the other hand, the 13 countries with smaller populations are: Dominica (71,293), St Vincent and the Grenadines (103,220), St Lucia (200,000), Barbados (277,821), Bahamas (319,013), Suriname (500,000), Guyana (800,000), Trinidad and Tobago (1.3 million), Jamaica (2.7 million), Uruguay (3.4 million), Panama (3.6 million), Puerto Rico (3.7 million) and Costa Rica (4.7 million). Finally, in terms of political stability, Singapore has been governed by the PAP government for 55 years after its assumption of power in June 1959. Its higher level of political stability is reflected in its score of 1.34 (96.68 percentile rank) on the World Bank's governance indicator of political stability in 2012. By contrast, the performance of the 30 Latin American countries on the same indicator varies from Colombia's lowest score of -1.40 (8.06 percentile rank) to Puerto Rico's highest score of 1.20 (91.94 percentile rank).

Singapore's favorable policy context as reflected in its smaller land area and population, higher GDP per capita, and political stability, combined with the political will of the PAP government have contributed to the CPIB's effectiveness in combating corruption. On the other hand, the less favorable policy contexts of many Latin American countries are reflected in their generally larger land areas and populations, lower GDP per capita, and political instability. These contextual constraints coupled with the lack of political will of their governments might make it more difficult for many Latin American countries to apply the five lessons drawn from Singapore's effective anti-corruption strategy. In sum, Singapore's experience shows that corruption can be defeated if the government has the political will to implement the necessary anti-corruption reforms. This chapter has identified five lessons which Latin American countries concerned with improving their anti-corruption efforts can learn from Singapore's effective anti-corruption strategy. The most important lessons are that Latin American countries will only succeed in combating corruption if their governments demonstrate the political will to establish single ACAs and provide them with the required personnel, budget and operational autonomy to enforce the anti-corruption laws impartially, regardless of the offenders' status, position, or political affiliation. Furthermore, these governments must also reduce the opportunities for corruption by cutting red tape and streamlining the cumbersome administrative procedures in their civil services. Above all, they must take into account their contextual constraints and enhance their effectiveness by resolving their countries' problems in order to increase the level of their citizens' trust in politicians and bureaucrats. Failure to minimize the problem of corruption in Latin American countries will perpetuate the continuous cycle of public distrust of politicians and governments, and political instability.

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ISBN 978 - 109 - 5628 - 79 - 9



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