The 31 Banana Republics

**Unreformed government could hinder Mexico’s march forward**

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SUNBATHERS LOUNGING BY a lagoon near Acapulco last spring rubbed their eyes in disbelief. Skimming daringly close to the water, an AgustaWestland helicopter roared over the lagoon at 150mph with a whooping, wetsuited figure clinging on to a trailing tow-rope. The helicopter had been bought by the state health department to ferry doctors to indigenous communities in the mountains of Guerrero, where the maternal-mortality rate is among Mexico’s highest. But on several days last year the aircraft was borrowed by the president of the Acapulco city environment commission to practise for, and eventually break, a world speed record in barefoot helicopter waterskiing.

Mexico suffered from deeply corrupt and often incompetent government for much of the 20th century because voters had very little say about who ran the show. Only in the 1990s was real political competition allowed to blossom, and not until 2000 did an opposition party win the presidency. Government has got better since then. But many Mexicans ask why, after more than a dozen years of fairly clean elections, some corners of their country are still as badly governed as the worst Latin American banana republics.

In theory, democracy forces politicians to act in the interests of the voters: if they don’t, they get kicked out of office. But Mexico denies its citizens this right. The first part of the democratic process, electing politicians, it does pretty well. The Organisation of American States, a regional body, says that no Latin American country has stronger electoral institutions. But the second half—deciding whether politicians get to stay or have to go—is barred by Mexico’s constitution. Almost alone in the world, the country has a total ban on consecutive re-election that applies to anyone from the president to local mayors.

**Perverse incentives**

The idea is to discourage dictatorial ambitions. But it means that once elected, Mexican politicians have little reason to maintain the support of the public. It makes more sense to please party bosses, who nominate candidates for their next position, or other interests such as unions, business or the media, which provide campaign funds or support. Acapulco’s waterskiing champion was so unconcerned about the voters’ reaction that he uploaded a video of his slippery exploits to YouTube, where it attracted dozens of scathing comments. It didn’t matter: no charges were brought, and his party later nominated him as a candidate for federal deputy, a more senior post (he lost).

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The ban on re-election is a problem at all levels of government, but the worst cases of corruption tend to emerge at the level of the states, which account for a large and growing proportion of government spending. Between 1989 and 2007 their share of the total national budget increased from about a fifth to nearly half, according to IMCO, a Mexico City think-tank. It wasn’t because they got better at raising revenues—in fact, during the same period they slipped from generating about a third of their income to just a tenth, with most of the rest coming from the federal government.

In spending this handout, governors are accountable only to their own state congresses. Since the congresses’ single-term members exist to serve the interests of their parties, not of voters, their scrutiny of the governor—usually their party boss—is not exactly forensic. And failure is rewarded with federal help. “If you have a very serious problem in your state, the federal government is going to come and help you, and massively so,” says Mr Calderón. “One of my conclusions as president is that our federal system does not have the incentives correctly aligned.” The result is not federalism but “feuderalism”, a term coined in a recent essay by Héctor Aguilar Camín, a historian, and Jorge Castañeda, a former foreign secretary.

This could yet undermine Mexico’s budding success. Business is expanding, but is being held back by local red tape and corruption. Progress in health care and education is marred by vast regional inequalities. The fight against crime is hampered by bent police and mayors. Following a mass jailbreak in Coahuila in September Mr Calderón sent a telling tweet: “In the past six years more than 1,000 inmates have escaped from state prisons. From federal prisons, not a single one.”

One answer is to beef up the federal government’s role. Mr Calderón hopes to have 50,000 inmates in federal prisons by December, up from fewer than 5,000 at the beginning of his term in 2006. Some federal security funding is now contingent on states vetting their staff for corruption. State health clinics are certified by federal assessors. Schools’ exam results are published online so that parents in Chiapas can ask teachers why children are so far behind those in Nuevo Leon.

A better answer is to force states to do their jobs. In October Congress passed a law to make state and local governments publish their financial records and to toughen penalties for account-fiddling. The next step should be to grant Mexicans the missing part of their democracy by allowing them to choose whether politicians stay or go. Mr Calderón introduced a bill to allow re-election (except for the president), but it was blocked in Congress. Mr Peña opposes it. Some in his party reason that governors and mayors, the majority of whom belong to the PRI, will be more co-operative with the new president than they were with Mr Calderón, and that PRI congressmen will obey presidential orders. Mr Peña’s aides hint that the PRI’s historic ties to interest groups such as unions and the media make it the best party to keep them in line.

It is here that the new president is least convincing. Using the old corporatist network to force change is unlikely to work as long as politicians have so little incentive to respond to voters’ concerns. PRI congressmen have already proved reluctant to vote for curbs on union power in an impending labour reform. Mr Peña may yet show that he can bring Mexico’s mighty interests to heel. But without political reform there is a risk that he could be the one who ends up taking orders.

To take advantage of the economic opportunities ahead, Mexico will need effective government across the board. That will come only with deeper democracy. “For most of the country’s life it has been a federal republic that in reality is a centralist monarchy,” says Enrique Krauze, the historian. Mr Peña must decide whether he wants to be the frustrated king of an old, unreformed country or the president who set its vast potential free.