

# Why are Mexican mayors getting killed by traffickers?

Corruption Dynamics in Mexico <sup>1</sup>

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March 30, 2011

## Abstract

This is a paper about how organized crime and politicians interact, and the way in which political institutions impact this relationship. In this paper, I explore corruption interactions between the Mexican government and drug traffickers, and the way in which federalism affects the price and number of bribes, and ultimately the incentives that traffickers have to be violent. Based in an extensive fieldwork along Mexico's drug war zone, I constructed a formal model to understand why if politicians and traffickers have long agreed on mechanisms to keep illegal drugs flowing, it is just now that traffickers have become violent against politicians. The answer, I claim, comes from the way in which federalism has changed the incentives of traffickers to remain faithful to governments interests for peaceful illegal trade.

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<sup>1</sup>Paper presented at MPSA Annual Conference. March, 2011 (Chicago, IL), and as a public lecture at the Center for U.S. - Mexican Studies, UCSD. January 12, 2011 (San Diego, CA). The author thanks Jorge Dominguez, Torben Iversen, Robert Bates, David Miller, David Shirk, Alberto Diaz-Cayeros, Alisha Holland, Mauricio Duque, Jesse Driscoll, and James Alt for feedback and thoughtful comments.

Corruption has remained a topic well studied at the macro level but dramatically understudied at the micro level. Social scientists know that certain political systems, such as proportional representation and all those favoring the supply of targeted public goods, seem to be correlated with higher levels of corruption, and that higher salaries for politicians along with independent monitoring systems are the only apparently successful institutional reduce it but we know much less about the way in which corruption interactions take place within a given political system, and even less about how the rational agents engaged in corruption react to changes within it.

This paper uses Mexico's drug trafficking industry as a study case to understand the micro dynamics of corruption and the way in which politicians and traffickers interact. I present a formal model to show how corruption, here defined as the total money spent in bribes per trafficker, increases with federalism. A centralized political system has a single level of government defining the price of bribes which generates a monopolistic corruption market where bribes are expensive and scarce. Some politicians may get involved in corruption deals with traffickers independently of the central government but given that it is the center the one that controls the careers of all politicians within the system, none of these "supplemental corruption arrangements" affect the ultimate interests of the center. A federalized political system has many levels of government to bribe which makes bribing more expensive and pervasive. Furthermore, because the careers of politicians are not tight to the center, corruption agreements between politicians and traffickers may affect center's interests.

The results of my model provide a solid logic to systematically understand the perceived changes in the interactions between traffickers and politicians that have recently taken place in Mexico. Journalists and social scientists have documented the emergence of a "new generation" of Mexican traffickers which are more violent, and less submissive to the authority. Unlike before, starting in the late nineties, traffickers have little by little become the upper hand in all negotiation agreements. As Mr. XX, an authority in charge of drug enforcement operations clearly states: "It used to be that traffickers come to us asking for our help, now they take our help as granted (XX - confidential source)."

Furthermore, in what would have been absolutely unimaginable during the nineties, today's Mexican traffickers kill politicians. Just in 2010, 15 mayors were assassinated by traffickers, and at least 126 more were death threatened (CPJ 2010, Milenio XX), a shocking difference with respect to the nineties, a whole decade with zero political assassinations. As a result, complete Mexican towns have remained without de facto authorities. Mayors and policemen frequently run out of office, terried whenever traffickers arrive into

town. Political parties also found it increasingly difficult to find candidates to run for office in local towns known for their importance within the drug trafficking industry. As the leader of the PAN, the most important opposition party in the Mexican northern state of Tamaulipas candidly accepted, the party members were not “brave enough (El Universal 2010)” to take the positions.

Narratives in the field attribute this dramatic change to the weakening of the authoritarian regime in Mexico which culminated with the arrival of opposition into power. The story is simple. When the PRI (Institutional Revolutionary Party) lost control of Mexico’s federal government in 2000, and an opposition government ruled Mexico for the first time in more than seventy years, traffickers took advantage of inexperienced politicians to turn Mexico into their safe heaven. Weak and nave opposition politicians did not know how to negotiate corruption agreements with criminals and lacked of the informal mechanisms to control traffickers from becoming violent and fighting each other. PRI was malicious enough as to be able to run the trafficking business themselves, extorting traffickers and keeping a large share of the revenue for themselves. If traffickers are now the bosses, this narrative claims, is because opposition parties do not know how to play mafia.

Journalistic narratives are correct but for the wrong reasons. If traffickers “disrespect” the authority more now than during the authoritarian regime it is not because opposition politicians are less fearful and worse negotiators and traffickers are as clever and experienced as always, but because changes in political institutions, in particular federalism, eliminated the incentives that existed within the corruption market to keep the interests of the central government untouched. Even if opposition politicians were as experienced as the PRI, traffickers will still be more prone to violence than before, and central politicians would be less able to control them.

The paper is divided in three sections. I begin by presenting the basic setup of a formal model of corruption which allows traffickers to “buy” impunity via corruption agreements with politicians. Politicians can be part of a decentralized or centralized political system, and receive a monetary compensation for reducing enforcement or providing information to traffickers. To capture the ability of the government to take advantage of traffickers if wanted, bribes are modeled as advancement payments. Politicians may decide to keep the money while still enforcing. A second section describes corruption interactions between politicians and traffickers when all enforcement decisions are taken by a central government. The model shows two interesting results: (a) traffickers pay expensive bribes and remain loyal to the interests of the central government, and (b) it is on the best interest of the central government to allow other politicians to set “supple-

mental corruption arrangements” with traffickers. A third section describes corruption interactions when government is federalized. The model shows that traffickers pay even more expensive bribes and do not remain loyal to the interests of the central government. A fourth section takes my model to the field by analyzing Mexico’s interactions between traffickers and politicians from 1998 to 2010. I identify the two different equilibriums that my model predicts and show how indeed, as federalism increases traffickers become less “disrespectful” of governments interests even if the ability of the central government to take advantage of traffickers do not change. Traffickers appear to have an advantage over politicians because now they deal with two levels of government one as strong as before, and a weaker local-level government which traffickers can threaten and kill. In reality though, traffickers are affected by federalization because they have to pay higher bribes to more people. The main testable implication of my model — that with federalization traffickers will engage in more non-center-level corruption and political violence will increase— is confirmed by the study case.

## **1 Modeling corrupt interactions between traffickers and politicians**

This is a model of corruption in which a trafficker “buys” impunity from the government to sell drugs in a territory without being prosecuted. Corruption occurs when the government sets the price of the bribes to maximize its utility. Government’s utility is given by expected corruption revenue and the costs of not enforcing the law. We can think on costs as determined by how much a politician values honesty, among other things. The amount of impunity a trafficker buys depends on the price of bribes and the expected profits from trafficking.

Once the government receives the bribes, it decides whether to “cooperate” and deliver impunity paying the costs of not enforcing, or to “cheat” and get bribes without eliminating enforcement. If government cheats, trafficker decides between killing the politician in revenge, or keeping business as usual and swallow the offense. This is a decision between two bads. Swallowing requires accepting losing what the trafficker paid in bribes, and killing requires accepting the cost of killing. The cost of killing a politician depends on expected retaliation by the government.

The government has two levels, a single top-level government for the whole national territory, and many local-level governments, one per district. The two levels of

government may interact in a centralized or decentralized political system. Under a centralized political system, the top level is in control of all security policy decisions having lower level politicians as their employees. Local politicians are considered part of the top political elite and their political careers depend upon it. Under a decentralized political system, security policy decisions are taken by both the top and lower levels of government, and local politicians are independent of the federal political elite. Their political careers do not depend on top level decisions.

Let the returns on drug trafficking to be normally distributed with a media of  $\alpha$ , and a variance of  $\sigma$ . Think on  $\alpha$  as determined by how favorable a district is for traffickers (a district with a lot of drug consumers, or useful for drug production, will always have a larger  $\alpha$ ), and  $\sigma$  as determined by random factors and by the reputation of politicians. A “well reputed” politician is one that does not cheat on traffickers.

Accessing to  $\alpha$  depends on the payment of a bribes  $B$  for top level politicians and  $b$  for each  $i$  of a total of  $n$  lower level politicians. Traffickers’ total demand for bribes is given by:

$$Q = \alpha - 2B + \sum_{i=1}^n Xb_i \quad (1)$$

$$q = \alpha - 2 \sum_{i=1}^n Xb_i + B \quad (2)$$

where  $Q$  is the total number of traffickers that will be in business sponsored by the top-government, and  $q$  are the traffickers sponsored by local authorities. Note that  $B$  and  $b$  are not perfect substitutes but differentiable goods which means traffickers can be in business with only one sponsor but greatly prefer to have both.

Governments utility for corruption is given by total bribe revenue  $R = BQ$  and  $r_i = b_iq$  minus the cost of not-enforcement:

$$U(B) = R - Qc$$

$$U(b_i) = r_i - qc$$

Once governments set a bribe  $B^*$  and  $b^*$ , traffickers  $Q^*$  and  $q^*$  and the government decides between delivering corruption getting utility of  $U(B)$  and  $U(b)$ , or cheating and getting:

$$U(B^*)^{cheat} = R^* - f(\sigma) + K\omega(B^*)$$

$$U(b_i^*)^{cheat} = r^* - f(\sigma\psi) - f(s) + K(\psi)\omega(b_i^*)$$

Where  $f()$  captures the impact of cheating in the reputation of top-level government and low-level government denoted with  $\sigma$  and  $s$  respectively,  $K$  is expected retaliation by the government in response to a political assassination, and  $\omega$  is the value politicians place in being alive. Both  $f$  and  $K$  are functions of  $\psi$  which represents how well embedded politicians are within the top-level government, or how much their careers depend upon decisions taken at the center. A top-level politician  $\psi$  is equal to 1 which makes it trivial for equations depending on  $B$ . For lower-level politicians  $\psi$  takes values between 1 and 0, depending on how much lower-level politicians' actions are tight to the top. In a centralized system, where lower-level politicians are de facto employees of the federal state,  $\psi$  will be closer to 1. Government retaliation and reputation losses for top-center politicians will be higher when politicians well embedded into the system are killed.

Traffickers always want revenge unless the expected costs of killing the politician are higher than losing the money trafficker already paid him in bribes,  $T$ .

## 2 Corruption in centralized political systems

In a centralized political system top level politicians decide the price of federal bribes solving a standard monopolist profit maximization problem.

$$max_b(B - c)(\alpha - 2B + nb)$$

Given that  $nb = 0$ , results in equilibrium will be:

$$B^I = \frac{\alpha + 2c}{4}$$

$$Q^I = \frac{\alpha}{2} - c$$

$$R^I = \frac{(\alpha + 2c)}{4} \left( \frac{\alpha}{2} - c \right)$$

where  $I$  as superscript indicates results for a centralized political system with only one bribee.

Top politicians may decide to cheat if

**Result 1: Top-level politicians cheat traffickers if  $R + K\omega(B) < f(\sigma)$ .**

In equilibrium path, top-level politicians in centralized political systems will cheat unless they care enough about their reputation. As the model showed, even if  $K = 0$  cheating on traffickers will still have negative consequences for politicians. Cheating affects the reputation of politicians ultimately reducing the demand for their corruption services. If powerful politicians would cheat regularly on traffickers, traffickers will just stop demanding corruption and will go out of business. “Integrity” is needed for corruption to keep going in the long term.

Note that so far I have assumed that low-level politicians won’t charge any extra bribes on top of what the center does. This may not be accurate given that even in centralized systems local politicians have valuable assets to offer to traffickers. Indeed, locals do not have decision power over enforcement but they do have privileged information of the decisions taken by top-politicians. They can sell inform to traffickers about when the federal government will cheat on them.

Consider the case where low-level politicians secretly charge an extra-bribe to traffickers. Federal politicians are first-movers price settlers and punish lower-level politicians charging extra-bribes by reducing its career prospects. The probability of local politicians to be caught by the center is given by a function  $p$ , which depends on the capacity of the top government to monitor.

The problem local politicians solve is:

$$\max_b (1 - p)b_i - (p)(\psi b_i)$$

The first order condition shows that the optimal price of the extra bribe charged by a lower-level politician will be given by

$$b_i^{extra} = \frac{(1 - p)(\alpha + B) - p\psi}{2(1 - p)(n + 1)}$$

The top-level government can make local-level politicians to be indifferent between charging an extra bribe or not if the following incentive compatibility constraint is followed:

$$q = \frac{p\psi}{(1 - p)}$$

For no extra bribes to be charged, top-level government should the set  $B^*$  to be incentive compatible ( $IC$ ) or equal to:

$$B^{IC} = \frac{2}{(n + 2 + pn)} \left( \frac{p\psi}{(1 - p)} - \alpha \right)$$

Note that it is not always in the best interests of top-level politicians inhibit cheating. If top-level politicians allow cheating, they will the final demand for top-level corruption will be affected by the demand for local bribes. With  $nb > 0$  equilibrium results will be given by a Nash equilibrium in which the federal government maximizes its profits as monopolist, knowing the best response of local governments.

Results under centralization with extra bribes will be given by:

$$\begin{aligned}
B^{II} &= \frac{\alpha + 2c + nb_i^{II}}{4} \\
Q^{II} &= \frac{\alpha}{2} - c + nb_i^{II} \\
R^{II} &= \left(\frac{\alpha + 2c}{4}\right)\left(\frac{\alpha - c}{2}\right) + nb_i^{II}\left(\frac{\alpha - c}{2} - nb_i^{II}\right) \\
b_i^{II} &= \left(\frac{1}{\frac{7n}{4} + 2}\right)\left(\frac{5\alpha + 2c}{4} - \frac{\psi p}{1 - p}\right) \\
q^{II} &= \alpha - \frac{7n}{4}b_i^{II} + \frac{\alpha + 2c}{4} \\
r_i^{II} &= b_i^{II}\left(\alpha - \frac{7n}{4}b_i^{II} + \frac{\alpha + 2c}{4}\right)
\end{aligned}$$

**Result 2: In monetary terms, centralization makes top politicians better when allowing for extra bribes, local-politicians weakly better, and traffickers weakly worse.**

Top-politicians will strictly prefer to allow for extra bribes because in equilibrium the following condition always apply:

$$\psi \leq \frac{(5\alpha + 2c)(1 - p)}{4p}$$

Note that even if top-politicians allow for extra bribes, these may be zero if  $B^{IC} > B^*$ . Under this scenario,  $B^* = B^{IC}$  and  $B^{IC}$  is less than  $B^{II}$  which means top-level politicians would prefer local politicians to charge extra bribes yet, local politicians are indifferent between charging extra bribes or not. Locals do not get any extra income by engaging in corruption agreements with traffickers.

Traffickers are weakly worse because when extra bribes are allowed because:

$$T^I = R^I$$

$$T^{II} = R^{II} + nr_i^{II}$$

**Result 3: In centralized systems, local level politicians cheat traffickers less than top level politicians.**

From Result 1 we know that reputation deters politicians from cheating. The effect is higher for local-level politicians because their actions affect not only their personal reputation but also the reputation of the central government to which they belong. Because  $f(\sigma\psi) + f(s) > f(\sigma\psi)$  when  $\psi = 1$ , they are expected to cheat less than federal authorities.

**Result 4: In centralized systems, political violence is absent.**

Even if traffickers are more incentivized to kill because they spend more in bribes when extra bribes are charged, killing wont happen because top-level politicians are too costly to be killed and local politicians are part of the top-political elite ( $\psi = 1$ ). Cheating may happen in both levels of government but any political assassination will trigger strong retaliation from top-government officials which is too bad of a payoff for traffickers. Violence do not happen because  $K(\psi) = K$ .

### 3 Corruption in decentralized political systems

In a decentralized equilibrium both levels of government are simultaneous price-settlers because both determine enforcement independently. Furthermore, the federal government loses its ability to punish local government because local politicians are not embedded into the system anymore. Without  $\psi$  to threat lower-level politicians, local politicians lose their incentives to keep loyal to the top and charge bribes openly. Locals cannot provide traffickers information about central enforcement activities anymore.

Both levels of government set bribe prices to maximize their utility a la Bertrand. Profits for the government won't equal marginal cost because bribes from federation and locals are not perfect substitutes. In equilibrium, results will be given by:

$$B^d = \frac{\alpha + 2c}{3}$$

$$Q^d = \alpha + (n - 2) \frac{(\alpha + 2c)(n - 2)}{3}$$

$$R^d = \left(\frac{4\alpha + c}{3}\right) + (n - 2) \left(\frac{\alpha + 2c}{3}\right)^2$$

$$\begin{aligned}
b_i^{II} &= \frac{1}{\frac{7n}{4} + 2} \left( \frac{5\alpha + 2c}{4} - \frac{\psi p}{(1-p)} \right) \\
b_i^d &= B^d \\
q^d &= \alpha + (1 - 2n) \left( \frac{(\alpha + 2c)(1 - 2n)}{3} \right) \\
r_i^d &= \left( \frac{4\alpha + c}{3} \right) + (1 - 2n) \left( \frac{\alpha + 2c}{3} \right)^2
\end{aligned}$$

where the superscript  $d$  indicates decentralized outcomes.

**Result 5: In monetary terms, decentralization makes traffickers worse, benefits local politicians, and yields uncertain results for top politicians.**

Traffickers pay  $(1 + n)R^d$  in decentralized systems meaning  $T^d > T^{II} > T^I$ . We should expect traffickers to be even more prone towards political violence than in centralized systems with cheating. Local politicians get higher bribes in decentralization. Federal politicians get higher bribes unless the following condition is met:

$$n > \frac{5\alpha + 2c}{2\alpha - 4c}$$

**Result 6: In decentralized systems, political violence may happen even if local politicians do not cheat traffickers.**

Decentralization makes local politicians susceptible to be killed by traffickers. Because local politicians are not considered part of the top-level government, they are not protected by it with the same force. Retaliation against traffickers killing local politicians will be lower. The perfect storm is created for local politicians: they are relevant for enforcement actions and cheaper to kill.

Note that in equilibrium we should expect local politicians not to cheat. Dying is too bad of a payoff. Unlike the centralized system, now killing politicians is actually possible for traffickers. Lower-level politicians face a positive probability (even if very small) to be killed if they cheat. In equilibrium, lower-level politicians will not cheat because they will be afraid of dying, and top-level politicians will not cheat to protect their reputation.

If they are killed is because enforcement may come from the center unexpectedly. Local politicians lack of the access to information that they had when they were embedded into the center which means they won't be able to advert their traffickers of all enforcement measures. Traffickers perceive enforcement and know that it may have come from either the center of the local governments. They cannot kill center politicians because government retaliation will be very strong but they can kill the locals.

Traffickers know local governments do not to cheat but they also know that if they do not punish them, local politicians may become undisciplined. If local politicians are never killed under the premise that they would never dare to do it, local politicians will cheat. Traffickers know they are killing innocents but they have to do it to keep the non-cheating equilibrium in place.

## 4 Political violence and decentralization

Political-criminal interactions and outcomes have abruptly changed in recent Mexico. Political assassinations—which were pretty rare in Mexican history— have recently become alarmingly common. Local governments, in particular mayors, have taken most of the burden. In this section, I shows how the theoretical implications of my model of corruption are able to make sense of the observed trends in violence.

Getting to know the reasons why traffickers have killed politicians has not been an easy task. The following are the results of an extensive fieldwork during which I conducted over a hundred interviews in Mexican cities known by their strong presence of illegal trafficking —Ciudad Juarez, Nuevo Laredo, Tijuana, to name a few. Accompanied by the most renowned journalists covering Mexicos drug traffic—most of them already threatened by traffickers, I repeatedly visited each city, slowly gaining the confidence of local journalist, citizens and politicians to speak their first-hand experience on the mafia/politics relations. My fieldwork was complemented by the brave reporting of Mexican local newspaper journalists. Local journalists are well informed sources which have a fair amount of corruption stories that remain unknown due to their lack of national relevance. I went over the local and national press myself, reviewing and corroborating data that anonymous oral sources told me. This was a dive jump into Mexican corruption mechanics.

Sometimes though, even the most tenacious research efforts were unsuccessful. “You cannot know that much,” an important human rights advocate with first hand in-

formation on DTOs once told me (XX -confidential). I humbly agree. I cannot claim that I know the exact reasons why mayors are killed but I can claim that, to the best of mine and my sources knowledge, what I present here is a fair portrait of Mexico's corruption dynamics. However, this is a research topic that will always have some degree of speculation. The key, I believe, is to accept what we do not know, and work creatively with what we know.

The reason why, if Mexican organized crime has long been in business, it is just now that it has become politically violent, cannot be found as journalistic accounts argue in the arrival of opposition government into power. The idea that it is because of political inexperience that traffickers have taken advantage of politicians and have become the bosses daring to even kill politicians if they do not fulfill the agreements ignores many empirical truths.

First, it is not clear that traffickers have remained as experienced and well positioned as during the PRI regime. Actually, it may well be that traffickers, at least since the last six years, have become weaker. Mexican traffickers indeed get a larger share of illegal revenues than during the eighties —when illegal drug production and distribution was controlled by Colombians— but they have recently been affected by territorial battles and higher enforcement. Starting in 2004, a large territorial battle between two of the most important DTOs operating in Mexico, Sinaloa and Golf, emerged. The battle emerged after Osiel Cárdenas, the leader of Golf was captured by Mexican authorities leaving the organization headless. Sinaloa and their allies took advantage of the situation to start a drug war that since then has claimed the life of at least 26,739 individuals in the last three years.

The war was further increased when Mexico's Federal government launched in 2006, the most important offensive against drug trafficking that the country has seen. Mr. Felipe Calderon called during his first month in office for a “war on drugs” top control the rising drug-related violence that territorial wars between Sinaloa and Golfo were causing in Chihuahua, Tamaulipas, Guerrero and other Mexican states. Enforcement significantly reduced the ability of traffickers to keep doing business as usual, and further weakened DTOs by destabilizing the internal dynamics of DTOs when drug lords were captured and extradited.

Changes in the power of organized crime are compared with changes in the capability of the Mexican government to prosecute in Figure 5. State capacity is here measured as the number of law enforcement officials working at the Federal Agency of Investigations

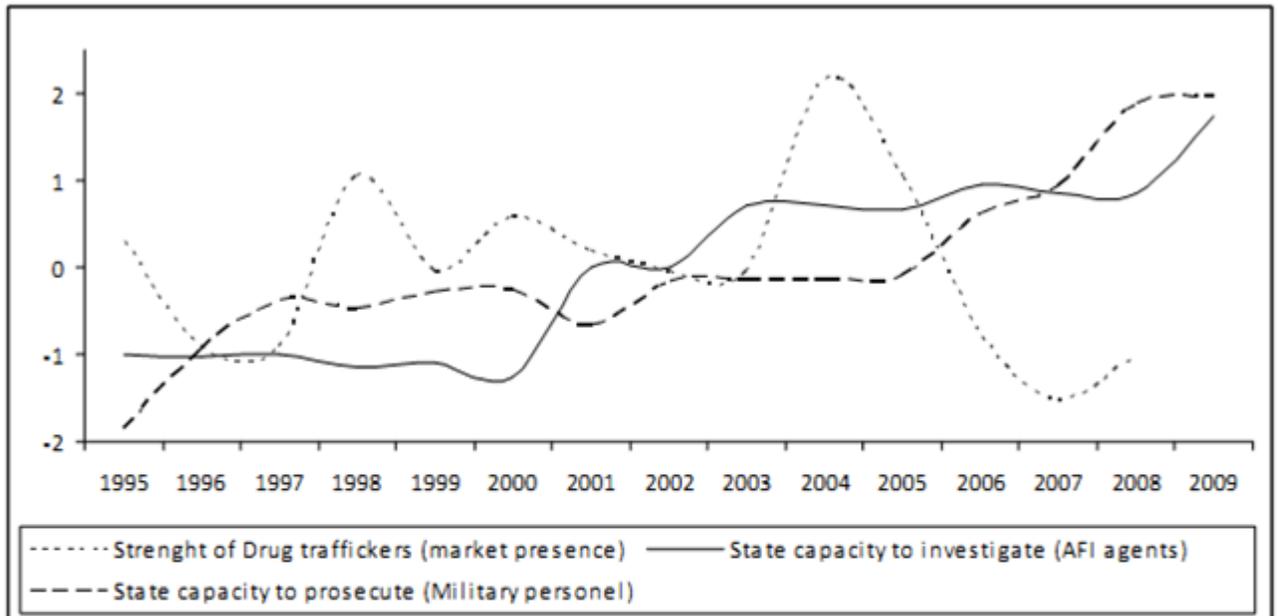
(Agencia Federal de Investigaciones, AFI), and the number of active elements in the army and the military (Secretaria de Defensa Nacional (Sedena) and Secretaria de Marina (Semar)). This measure is imperfect as it only measures capacity, not capability/willingness to enforce. Other aspects, such as leadership, coordination, training, and physical resources may be more important to determine the real power of the government. Yet, even if these figures were not completely accurate, there is no doubt that, at least since Felipe Calderón took office in 2007 enforcement against drug traffickers has increased in Mexico.

Second, the inexperience of Mexican officials to keep running corruption as usual is also debatable. In many cases that I have documented the arrival of opposition into power did not mean any significant rupture with respect to previous corruption agreements. Actually, precisely because of the lack of experience of opposition government, many of their politicians were old PRI members which took with them all their expertise and just changed t-shirts. Furthermore, it has been documented that the first cases of opposition governments did not bring any advantages to traffickers. The opposite happened. Ethnographic studies of corruption show that in states like Baja California and Chihuahua, the arrival of PAN (National Action Party) into power translated in immediate increases in the price of bribes (Mercurio 2001, XXX). Empirical evidence do not seem to favor the hypothesis of inexperienced opposition either. As Figure 2 shows, most of the mayors that have been killed are PRI politicians.

The model of corruption that I outlined above can yield some insights into the reasons behind increases in political violence and in the price of bribes. In particular, the model showed that even if the power of politicians to take advantage of traffickers remains constant, we expect more political violence under centralized political systems. This is particularly relevant for Mexico case because the weakening of the PRI government, which empirically matches the changes in corruption dynamics, is strongly associated with political decentralization.

The decentralization of Mexican government started in the early nineties with the arrival of President Zedillo into power. It was during Zedillo's administration (1994–2000) that the old PRI, an extremely centralized party which controlled policy decisions along all levels of government due to its power to determine the careers of most politicians within the system, started dividing. The ruling party fractured when due to democratization, the PRI stop being the only viable option for politicians to get elected as public officers. By 2003, the last year political violence was absent, the PRI controlled only about 65.6% of all political positions as mayors, a large contrast with respect to the 90.1% they controlled in 1994.

Figure 1: Relative strength of traffickers versus federal-level politicians.



Traffickers were more powerful than the state in the late nineties, and the period immediately before the drug battles exploited. Mayors have been assassinated the most in the periods where drug traffickers have been the least powerful.

Note: The strength of drug traffickers was calculated using drug consumption measures (see Table 4). State capacity to investigate was measured as the number of law enforcement officials working at the Federal Agency of Investigations (Agencia Federal de Investigaciones, AFI). State capacity to prosecute was measured as the number of active elements at the army and the military (Secretaria de Defensa Nacional (Sedena) and Secretaria de Marina (Semar)). All measures were normalized for comparison. Figures for 2009 are linearly projected, based on monthly averages.

Source: Guerrero et al (2010) and author compilation based on Mexican census information (Rios 2010a).

Figure 2: Party affiliation of all mayors that have been assassinated by traffickers.

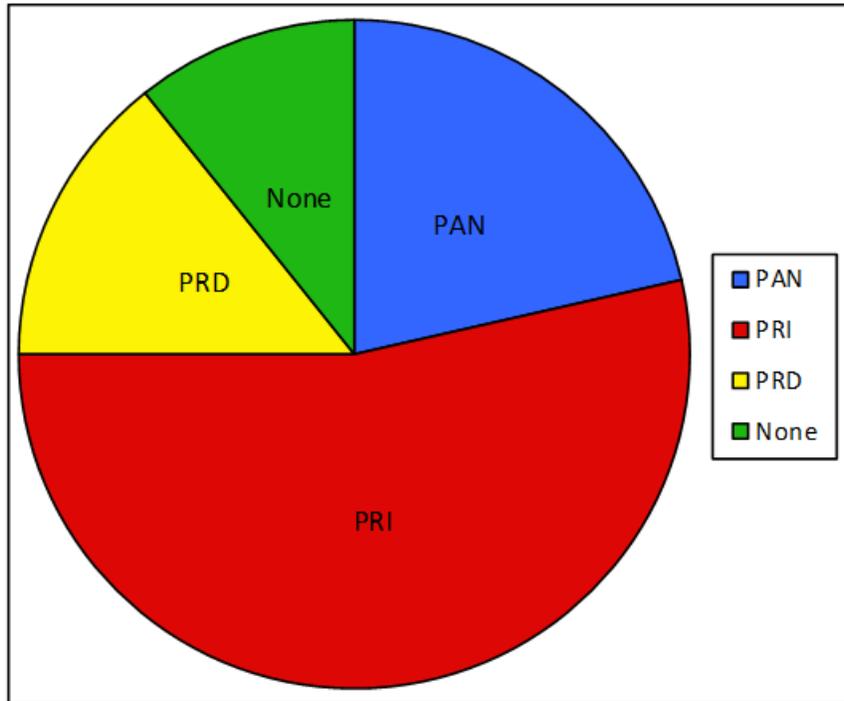
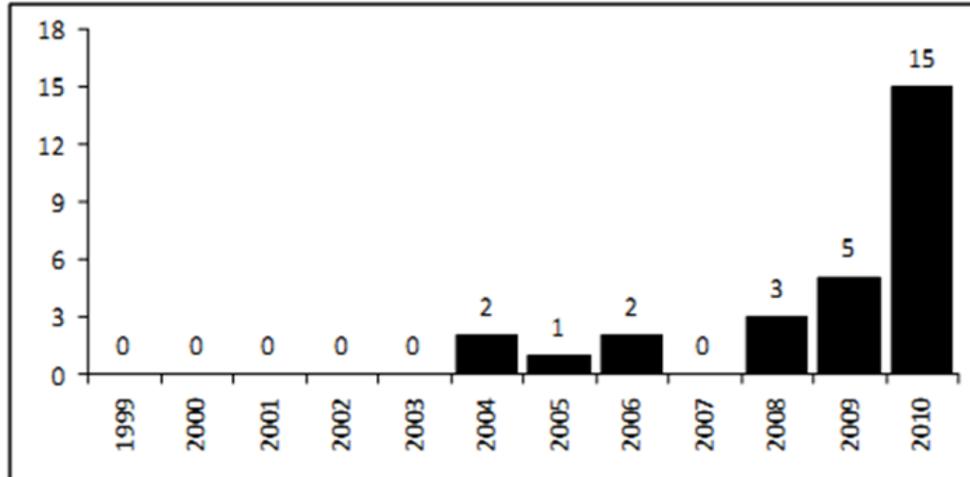


Figure 3: Cases of local-level political violence in Mexico.



Federalization increased political violence because it opened a new source of corruption supply (the sub-national supply). If mayors are being killed more now, is because mayors now have the political power to influence the trafficking business by endorsing or rejecting federal policies. The number of mayors assassinated has increased with decentralization because with it mayors became relevant for traffickers and stop being protected by federal enforcement. Figure 3 shows how political violence only emerged when the country was decentralized and among local-level politicians as the model would have predicted.

The case of Mr. Alfonso Pea, the mayor of Tepehuanes, a municipality of Durango where poppy has long being grown, is an example of the power that mayors have recently got. In 2008, just a couple of months after Mr. Pea took office, his entire police department renounced. His police had five members, all of them renounced. They were scared because traffickers had killed one policeman, kidnapped another, and wounded one more. After the massive resignation nobody in the municipality wanted to be a policeman anymore. Mr. Pea decided to become the police himself. With his armored Hummer and his brother as company, he patrolled Tepehuanes for a month until help, brought from the federal government, arrived town. Traffickers did not liked this. “Allow us to work bastard, and take out the military or do you want to lose your head?” were the type of calls that Mr. Pea started getting (Almazan 2010). Mr. Pea disappeared on July 26th, 2010 (Hernandez 2010). There is little hope for him to be alive.

Even if Mr. Pea lacked of a real enforcement capacity himself (he had five po-

licemen), he had the possibility to call the federation for support. This possibility would not have been an option during the PRI hegemony because back then all enforcement decisions were taken at the center; mayors lacked voice. It is the recent capacity of Mr. Pena to supply corruption (by deciding whether to work or not with the federation), what made him (and other mayors [7]) a target of traffickers.

I have documented other 9 cases in which politicians were assassinated as a revenge for enforcement.

An interesting implication of this paper is that as mayors have become aware of the negative consequences that federal enforcement under decentralization is bringing to them, corruption will diminish. Mayors will prefer not to make deals with traffickers such that they won't be accused of cheating. Political violence is a vaccine against corruption. Some examples are have already began to be documented in the filed. When the mayor of (XX- confidential) took office in 2007, he received as a gift a briefcase full of money. He rejected it because he knew that under the strong competition that the municipality faced, any deal done with a DTO would immediately put him in danger to be killed by the other. The only viable solution for mayors ruling in competitive municipalities is to reject bribes and not prosecute. Enforcing is twice as dangerous when two enemies are being fought.

The mayors of Durango, a state where seven mayors have been killed since 2004 three in a row at the municipality of Otaez, have been very explicit about their approach to corruption. First, "pretend to be stupid" claimed one of them (XX-confidential). Second, never enforce "Nooo!" said the mayor of Santiago when asked whether he prosecuted traffickers, "I never bother anybody. My police do not prosecute drug traffickers, they only arrests boozers and petty thieves." Third, better avoid becoming a mayor. "This job of being a mayor is not recommendable anymore" concluded the mayor of Guacevi. The advice, given by the Mayor of Poanas, to those that already have the job was "to trust in God" (Almazan 2010).

## 5 Conclusion

The simplicity through which drug-trafficking and mafia-related corruption has been understood by current literature oversimplifies the decisions, interactions and strategies available for the actors. We have not been able to get a complete understanding of corruption outcomes because we have failed to consider how institutions and market changes

affect the dynamics of corruption.

In this paper I showed a simple model of corruption and political decentralization to explain the way in which bribing and killing has changed over time in Mexico. The main results of the model show that decentralization increases the total amount of bribes that traffickers pay, increases political violence, decrease the bribes collected by the federal government and increases the ones collected by local politicians. Local politicians become the main targets of political violence because they are weak enough as to be killed without many consequences for traffickers, and because under decentralization lower-level politicians become relevant for corruption. Traffickers need them.

In centralized political systems the federal government sets the price of the bribe to maximize its bribe income and to make other levels of government indifferent between charging an extra bribe or not. If aligning the incentives of other levels of government is not possible because the federation cannot monitor the behavior of local politicians or because it has nothing valuable to offer to them in exchange for their loyalty, then local politicians charge an extra bribe of low value. Even if charging a bribe, political violence is expected to be low because all politicians are protected by the center, because local bribes are too small to be worth the hassle of killing, and because all enforcement decisions are taken at the center. The model also shows that centralization increases the incentives of the government to enforce because its relative bribe revenue diminishes.

Interestingly, the model shows that politicians will never cheat on traffickers is the probability if them to be killed is difficult. Only those politicians which cannot be killed (like federal ones) and who does not care about setting a “good” reputation with traffickers, will cheat. This will only happen at federal governments because local politicians know they are weak and can be killed.

Drawing on my own fieldwork experience in Mexico’s drug war zone, I use the results of my model to explain political violence. The reasons for such radical change, I argue, are not to be found in increases in the power of traffickers —as traditional narrative would argue— but in analyzing political institutions and features of the illegal-drug industry. Mayors are being killed because as the country has decentralized a market for sub-national corruption has emerged. These changes have made mayors killings more prevalent because mayors have increased their relevance as political actors, bribes have become more expensive, and signaling has become more valuable.

Corruption is a complex game where signals, beliefs and expectations play a large role in determining outcomes. Bribing and getting bribed are actions subject to many

subtleties. One side has to avoid to get killed; the other has to keep a fragile equilibrium between killing, and not killing; both sides cannot get too powerful or too weak. Power sometimes hurts, and weakness sometimes benefits. The game of corruption is without any doubt a difficult one to play. In the words of Mr. (XX -closed source), local politician: “I do not know [what one has to do to remain alive], one just has to be very, very clever.”

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