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Mexico Ranked as 56th Most Corrupt Nation in Index of 85 Countries

by LADB Staff

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The latest annual report published in late September by the nongovernmental organization Transparency International (TI) ranked Mexico as the 56th most-corrupt nation in a survey of 85 countries. The German-based organization said corruption has created significant obstacles for Mexico and other countries to promote democracy, combat poverty, and sustain investment and trade. TI does not create an actual measure of governmental corruption, but rather compiles a Corruption Perceptions Index (CPI) based on numerous surveys from international organizations and other experts.

TI's 1998 index ranked Mexico's corruption level higher than several other Latin American countries, including Chile, Costa Rica, Peru, Uruguay, Brazil, and El Salvador. The index ranked Denmark as the least-corrupt country. Corruption linked to drug trafficking Mexico's high CPI ranking results partly from reports of collusion among government officials, law enforcement agencies, and drug traffickers.

In testimony before the Chamber of Deputies, Attorney General Jorge Madrazo Cuellar acknowledged that drug traffickers are able to obtain protection from members of law-enforcement agencies and the armed forces by offering them "rivers of gold." Madrazo's statements came in response to reports in US newspapers The Washington Post and The New York Times, which revealed evidence of close ties between an elite US-trained anti-drug police unit and drug traffickers.

The reports said Mexico's Procuraduria General de la Republica (PGR) is investigating at least 80 members of the elite unit for taking hundreds of thousands of dollars in bribes to smuggle suitcases filled with cocaine to the US via Mexico City's Benito Juarez International Airport.

As of late September, nine members of the unit had been formally charged in this case. But the reports of collusion between government and drug traffickers has extended beyond rank-and-file members of law-enforcement agencies. Several Cabinet members in former president Carlos Salinas de Gortari's administration, including the president's brother, Raul Salinas de Gortari, have been accused of working closely with international drug cartels. In mid-September, Swiss investigators completed a 369-page report concluding that Raul Salinas played a central role in protecting the transit of cocaine through Mexican territory into the US.

Excerpts of the Swiss report were published in The New York Times in late September. It said Salinas received huge bribes from Colombian and Mexican drug traffickers, which he deposited in Swiss accounts. The report said some of the funds went to election campaigns for the governing Partido Revolucionario Institucional (PRI). "When Carlos Salinas de Gortari became president of

Mexico in 1988, Raul Salinas de Gortari assumed control over practically all drug shipments through Mexico," the report said. "Through his influence and bribes paid with drug money, officials of the army and the police supported and protected the flourishing drug business." Raul Salinas is in custody at the Amoloya federal prison in Mexico state for his role in planning the murder of former PRI official Jose Francisco Ruiz Massieu. He faces charges of illegal enrichment because he was unable to explain how he amassed a huge fortune while earning a relatively low salary as head of the government foodstuffs agency Compania Nacional de Subsistencias Populares (CONASUPO).

In late July, Swiss anti-drug investigator Valentin Roschacher said his office had compiled sufficient evidence against Raul Salinas, but was waiting on Swiss Attorney General Carla del Ponte to review the evidence before releasing a formal report (see SourceMex, 07/22/98). Del Ponte is expected to present formal charges against Raul Salinas. The Swiss government's report said Raul Salinas acted with the knowledge and approval of the former president. Responding to the Swiss report, Carlos Salinas' lawyer, Mariano Albor, said his client was not involved in drug trafficking.

Albor urged Attorney General Madrazo to investigate the sources who provided "incorrect information." Albor said Carlos Salinas would call on former attorneys general Humberto Benitez Trevino, Diego Valadez, and Jorge Carpizo to offer evidence refuting the allegations. Carlos Salinas is in self-imposed exile in Ireland. Campaign contributions under scrutiny Carlos Salinas has been implicated in other cases of corruption besides drug trafficking.

In a widely reported fund raiser in 1993, Salinas requested donations for the PRI from 25 of Mexico's wealthiest business leaders in exchange for government favors. Some of these leaders benefitted from the privatization of state-run companies like Televisa and Telmex.

Members of the opposition parties have frequently cited the 1993 case when referring to allegations of corruption in the management of the failed bank-rescue fund (Fondo Bancario de Proteccion al Ahorro, FOBAPROA). An unprecedented audit of FOBAPROA turned up some evidence that financiers blamed for Mexico's banking crisis gave millions of dollars to the PRI, although the exact amount is undetermined. The opposition Partido de la Revolucion Democratica (PRD) and Partido Accion Nacional (PAN) have hired Canadian auditor Michael Mackey to examine all transactions conducted since FOBAPROA was first created in 1995 by President Ernest Zedillo's administration.

The opposition parties have staunchly opposed Zedillo's proposals to convert FOBAPROA liabilities into public debt (see SourceMex, 08/26/98 and 09/16/98). Several other instances of campaign-related corruption have come to light in recent months, all linking business leaders or government officials to PRI candidates. In August, Tabasco Gov. Roberto Madrazo Pintado lost a Supreme Court appeal to prevent the Chamber of Deputies from investigating his 1994 campaign finances. The governor is accused of spending US\$70 million, far above the campaign-spending limit, to gain the governor's seat.

A large portion of Madrazo's campaign funding came from a contribution by businessman and banker Carlos Cabal Peniche, who has been accused of fraud. Cabal, former president of the bankrupt Banco Union, is believed to be living in Europe. Banco Union is one of the institutions rescued under FOBAPROA. Some critics contend that the Zedillo administration has not made a

sufficient effort to capture Cabal because he could provide information damaging to the PRI. The administration has, however, asked for the extradition of former Aerovias de Mexico executive Gerardo de Prevoisin, charged with embezzling from the airline company. De Prevoisin allegedly laundered Aerovias funds through Swiss banks to channel illegal campaign contributions to the PRI (see SourceMex, 08/26/98).

Cruz Roja president accused of diverting US aid

Some recent cases of corruption have not involved government officials. In late September, eight members of the executive board of the Cruz Roja Mexicana resigned after accusing organization president Jose Barroso of abusing his authority. Salvador Padilla, director of the Mexico City branch of the Cruz Roja, said Barroso has been unable to explain a number of financial irregularities in the organization, including how a US\$300,000 donation for relief efforts in October 1997 was used. The US provided the assistance to help victims of Hurricane Pauline in Acapulco and other areas of Guerrero state. The eight board members allege that Barroso misused US\$200,000 of the US\$300,000 US- government donation. "We resigned to pressure officials into investigating these irregularities," said Padilla.

Barroso denied any misuse of the funds but said he was unable to provide evidence to the contrary because the Cruz Roja's files were lost during a robbery of the organization's headquarters in Mexico City in November 1997. Questions about the possible misuse of funds for Acapulco last year have raised concerns about the organization's current relief efforts in Chiapas, where damage from Tropical Storm Javier devastated several coastal communities (see SourceMex, 09/23/98). Cruz Roja and government officials have exchanged charges of incompetence in delivering relief to Chiapas flood victims. (Sources: Transparency International press release, Deutsche Press Agentur, Agence France-Presse, 09/22/98; Associated Press, 09/16/98, 09/20/98, 09/24/98; Reuters, 09/22/98, 09/24/98; The New York Times, 09/16/98, 09/18/98, 09/19/98, 09/25/98; Spanish news service EFE, 09/16/98, 09/25/98; The Washington Post, 09/09/98, 09/26/98; Proceso, 09/27/98; El Universal, 09/10/98, 09/23/98, 09/29/98; La Jornada, 09/23/98, 09/25/98, 09/29/98; El Economista, 09/23/98, 09/29/98, 09/30/98)

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