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## **Corruption a Growing Problem for President Enrique Peña Nieto**

*by Carlos Navarro*

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As the Mexican Congress was approving a new approach to combat corruption in Mexico, President Enrique Peña Nieto was facing mounting allegations that members of his family and his administration had misused public funds to cover personal expenses. The allegations center on Peña Nieto's wife, actress Angélica Rivera, and her daughters from a previous marriage, who are said to have spent taxpayer funds on clothing and other personal items and used government aircraft for personal trips. The latest allegations come on top of a scandal last year in which Rivera acquired a mansion under favorable terms from wealthy entrepreneur Arturo Reyes Gómez, a government contractor whose company was one of the partners in the proposed high-speed rail line from Mexico City to Querétaro ([SourceMex, Dec. 3, 2014](#)). Because the modern mansion is painted white, the transaction became known as the "casa blanca scandal."

Other members of the administration are also under a similar dark cloud. Finance Secretary Luis Videgaray is also said to have purchased a home under favorable terms from Reyes Gómez ([SourceMex, Jan. 14, 2015](#)). More recently, David Korenfeld, head of the Comisión Nacional del Agua (CONAGUA), was forced to resign after it was discovered that he was using a government helicopter for personal business.

### ***Congress approves broad anti-corruption law***

In the midst of those allegations, the Chamber of Deputies and the Senate approved a new anti-corruption initiative that modifies the Mexican Constitution to implement broad measures to eliminate political corruption. The measure is centered on a national anti-corruption system (Sistema Nacional Anticorrupción), whose purpose is creating absolute transparency in government and union activities at all levels. The measure would require that all public servants, elected or appointed, provide a declaration of all their assets and a report on potential conflicts of interest. "This reduces the opportunity for illicit enrichment," said the online news site La Otra Opinión.

The new regulations would be applied to all public servants in the federal executive, legislative, and judicial branches of government, as well as political parties, government-sanction trusts, state and municipal authorities, labor unions, and any individual who handles public resources. Under the measure, the Chamber of Deputies would have the power to appoint the heads of oversight agencies, and the Senate would ratify the person appointed to head the Secretaría de la Función Pública (SFP).

The initiative would empower the federal audit agency (Auditoría Superior de la Federación, ASF) to supervise state and municipal governments and the Federal District, in addition to its oversight duties of the federal government. In addition, the new law would allow for severe sanctions against those caught in acts of corruption.

The changes will not only transform the SFP and the ASF but also the Tribunal de Justicia Administrativa and the Fiscalía Anticorrupción, creating a mechanism for greater cooperation among the four agencies.

Labor unions were included in the legislation because most are sanctioned by the government. "There are currently 46 labor organizations, representing 694 unions, and none is currently accountable," said La Otra Opinión.

The anti-corruption program also covers government trusts (fideicomisos). At present, the 10 largest fideicomisos handle more than 287 billion pesos (US\$18.9 billion) without anti-corruption oversight.

The reforms also open the door for anti-corruption agencies to launch investigations against private companies whose actions greatly harm the public good. ASF director Juan Portal said the new anti-corruption laws could apply to Grupo México, a mining company responsible for a major toxic spill on the Bacanuchi and Sonora rivers in northwest Mexico. In the eyes of local residents, environmental advocates, and some officials, the small penalty levied against the company amounted to a slap on the wrist ([SourceMex, Aug. 13, 2014](#), and [Sept. 24, 2014](#)).

"Even in the absence of secondary laws, the anti-corruption constitutional reform will allow us to conduct deeper investigations of companies like Grupo México," said Portal.

The risk still exists that the anti-corruption initiative could be diluted. Since the measure involves changes to the Constitution, the Congress must still approve enabling legislation where changes to weaken the measure could be enacted. "To implement this system, there will have to be changes to at least 10 secondary laws," said Marco Fernández, a researcher at the think tank México Evalúa and a member of the faculty at Tecnológico de Monterrey.

Additionally, the measure must be approved by at least 17 of Mexico's state legislatures, where it could meet further resistance. "Roughly 90% of the financial resources that the federal government sends to the states would now be monitored," said Eduardo Bohórquez, executive director of Transparencia Mexicana (TM). "This could generate some opposition on the part of governors and state legislatures."

### *Transparency International affiliate praises new measure*

TM, an affiliate of the German-based anti-corruption organization Transparency International (TI), strongly endorsed the new anti-corruption initiative, which it said could serve as a model for the rest of Latin America. Instead of creating top-down anti-corruption agencies, the plan strengthens federal, state, and local institutions, allowing them to control one another and create a more efficient system of checks and balances. Mexico ranked 103rd among 175 countries in TI's latest Corruption Index.

"Until now, most Latin American countries have relied heavily on anti-corruption czars, or anti-corruption commissions, which clearly haven't work," said Bohórquez. "These centralized anti-corruption czars generally focus on a few big cases and at best succeed in catching a big fish, but they do very little to combat systemic corruption."

"Corruption costs us about 1.5 billion pesos (US\$98 million) per year," said Sen. Laura Rojas, pointing out that this figure is 45 times higher than the budget for Mexico's largest institution of higher learning, the Universidad Nacional Autónoma de México (UNAM).

"When people are asked what the main problem is in our country, all the polls indicate that corruption ranks first, above the economy and insecurity," Rojas, a member of the conservative Partido Acción Nacional (PAN), wrote in the daily newspaper *Excélsior* just days before the vote on the anti-corruption measure in the Senate. "Even though the common perception is that the best way to combat corruption is to put the 'big fish' in jail, the truth is that the most efficient way to do so is to enact preventative measures."

Others say corruption cannot be eradicated without some structural changes in Mexico. "The academics who have studied the issue of corruption and the policies that are intended to reduce misbehavior by public officials agree that the best way to do so is with a formula that includes a dignified salary for government workers, tight scrutiny of public expenditures, and the promotion of a free and critical press," Viridiana Ríos, an academic at Harvard University, wrote in *Excélsior*. "The first two measures cannot exist independently of each other, and the third acts to strengthen the first two."

### *The corrupt actions of the first family*

On April 23, the Office of the Presidency removed all images and the link to Angélica Rivera from the presidential Web site. The official explanation was that the presidency was making changes to the site to avoid a violation of electoral laws, which restrict the executive from using the site to promote candidates from his party. Mexicans go to the polls on June 7 to elect the full Chamber of Deputies, nine governors, and hundreds of state legislators and mayors.

Some observers pointed out, however, that Rivera did not appear to be engaged in electioneering. "The electoral restrictions do not apply to Angélica Rivera, who is not a public official," said the daily business newspaper *El Economista*. "That is why the specialists consider that the modifications involved a political-communications decision, given the significant loss of prestige that the first lady has brought to the president."

Jesús Cantú, former commissioner for the now defunct Instituto Federal Electoral (IFE), confirmed that none of the links to or mentions of Rivera that were once present on the presidential Web site represented a violation to electoral laws. In an interview with the daily newspaper *Reforma*, Cantú pointed out, however, that public opinion polls show that Peña Nieto's popularity has fallen to the lowest level so far during his presidency.

Rivera, who has played starring and supporting roles in 12 television programs, has kept a lavish lifestyle, and her lack of political sensitivity has been an embarrassment to Peña Nieto. The *casa blanca* scandal occurred during the height of the protests against the Peña Nieto administration in Guerrero and elsewhere for its inability to resolve the disappearance and likely death of several dozen students from a teachers college (*Escuela Normal Rural de Ayotzinapa Raúl Isidro Burgos*.) "In the midst of the crisis involving the 43 disappeared students, Angélica Rivera became the image of luxury and excess," said the daily Spanish newspaper *El Mundo*. "Her decision to sell the house did not quiet the criticisms."

The excess went beyond the luxurious home in Mexico City. Rivera spent lavishly on clothing in Europe and Miami, not only for herself but also for Sofía and Paulina, her daughters from a

previous marriage to television producer José Alberto Castro. Rivera has also spent large amounts on photographic and makeup sessions, and her daughters have misused official aircraft, including a trip where Paulina took her friends on a visit to Europe on a presidential plane. "These are just a few examples of the excesses and abuse of power that have occurred with the use of public money," columnist José Gil Olmos wrote in the weekly news magazine *Proceso*.

Official figures show that the Peña Nieto administration spent 3.47 billion pesos (US\$228 million) in 2014, a much higher amount than was spent during any year in the past six administrations. "President Peña Nieto has remodeled several areas of the official residence, both for his family and for his team of collaborators," said Olmos.

### *Korenfeld case another black eye for the president*

Korenfeld's resignation in early April represented another black eye for the Peña Nieto administration. The then CONAGUA director was forced to step down after a social-media post on March 29 showed him using a helicopter belonging to the water commission to transport his family from his home to the airport.

Korenfeld initially refused to step down, instead promising to repay the government for the use of the helicopter. He attempted to explain his decision to use the helicopter by citing knee and hip problems. The continuing criticisms eventually led to his decision to resign from his post. Even with the resignation, the SFP will proceed with its investigation into the case.

"In an ideal scenario, David Korenfeld would not have taken a week to resign. His departure from CONAGUA should have been the result of an immediate order from the president that he turn in his resignation," columnist Yuriria Sierra wrote in *Excélsior*.

Syndicated columnist Sergio Sarmiento noted that Korenfeld was the point person for the administration in negotiations with Congress on new water-related legislation (*Ley General de Aguas*). The delay in Korenfeld's resignation, therefore, was the president's decision. This changed in the course of a week. "The political cost of keeping Korenfeld in this position is very high, and the president is surely aware of this," Sarmiento wrote in *Reforma*, a day before the CONAGUA director stepped down.

Respected political analyst Denise Dresser praised the person who photographed Korenfeld using the helicopter. "I congratulate the citizen who recorded and disseminated the photograph of Korenfeld boarding the government helicopter to take his family on vacation," Dresser wrote in *Reforma*. "I hope we begin to see more citizen journalism that exposes abuses and either produces a change in behavior or a resignation."

"Whoever took this photograph ... contributed to combating the 'Korenfeldization' of a country that for many years has seen this type of behavior as something normal," added Dresser. [Peso-dollar conversions in this article are based on the Interbank rate in effect on April 29, 2015, reported at 15.23 pesos per US\$1.00.]

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