

Corruption in the Formation of the Modern Mexican State: Notes Towards a History

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Corruption was fundamental to the decline and fall of the Partido Revolucionario Institucional. Accusations of corruption had undermined presidencies before - even the reformer Miguel de la Madrid suffered, with *vox populi* recasting his slogan “*renovación moral*” as “*renovación del moral*” - but from Carlos Salinas’s term onwards it took on a revived and fatally subversive salience. As the regime stumbled downhill through its last decade, denunciations and even some metrics of corruption were disseminated by media and by NGOs such as Transparency International, whose Corruption Perception Index in 1996 placed Mexico 38th out of 54 countries.¹ Yet all that was really new was the degree of publicity and the would-be quantification, because pronounced corruption dated back to the very dawn of the PRI in the 1940s and early 1950s.² It was in some ways the party’s (official) *raison d’être*: alongside electoral fraud, corruption was the central public justification for the abolition of the Partido de la Revolución Mexicana (PRM) and its replacement by the PRI, in what was far more than a mere rebranding exercise. With innovations such as primary elections, the PRI was consciously designed to be an institutional new broom: in bidding farewell to the old party, its president’s speech opened by proclaiming that it was “necessary to undertake a crusade against everything that stands for corruption and apostasy.”³ President Miguel Alemán was then - ironically - perceived as taking a quantum leap forward in the systematic practice of corruption in all its forms;

his successor, the accountant - suitably enough - Adolfo Ruiz Cortines, gained substantial legitimacy from reining it in. This was, as Luis Medina among others has argued, perhaps the defining period of Mexico's modern political system.⁴ Corruption was central to it, and it remained central to political culture and practice across the rest of the century.

Corruption is protean and polyvalent. In Mexico it was at times a delegitimizing and destabilizing phenomenon, distilled in the fascinated revulsion against mythical figures such as Arturo "El Negro" Durazo, Raúl Salinas, José López Portillo - who by one estimate appropriated between one and three billion dollars during his *sexenio* - Alemán's "amigotes", Alemán himself.⁵ Across his term, Alemán and his camarilla are estimated to have appropriated more than the entire external debt.⁶ Without knowing many details - and details are rarely known, corrupters aspiring to the furtive - everyday Mexicans knew enough: in 1948 a historically inclined demonstrator suggested that Santa Ana was back from the beyond.⁷ At other times, however, corruption was a critical source of stability, above all in civilian-military relations. As Obregón famously put it, "no Mexican general can resist a cannonade of 50,000 pesos."⁸ Corruption can buy off the powerful; it can form deep alliances; it can be weaponized against political enemies (whether the accusations are true or not.) It can also alienate those out of power, whether due to class, geography or faction, and delegitimize an entire regime. One of the most important questions in explaining the emergence and survival of the PRI, particularly in those uncertain, foundational years of the Alemán and early Ruiz Cortines sexenios, is precisely the balance between these stabilizing and destabilizing effects.

Yet by nature it is difficult to research. There are three main questions in studying corruption: i. how do we define it: what does corruption actually look like? ii. how do we measure a phenomenon that by nature occupies an epistemological No Man's Land of the hidden, the off-books, the rumoured and the despised? iii. How do we assess its impact - not just political, but also economic and social - and explain popular tolerance (when it exists)? These ascend in order of difficulty: a definition and a typology are relatively straightforward, even if there is not much consensus as to what they might be; outlining a methodology to measure it is also relatively straightforward, though due in part to a paucity of options; operationalizing these to assess specific extent, impact and popular tolerance in any given case is, on the other hand, difficult.

There are two associated problems in defining corruption. First, it is both a woolly and a pejorative concept (with the degree of woolliness often correlating with the observer's degree of moral disapproval.) Second, it is something of a relative concept: corruption lies in the eye of the beholder. The Transparency International Corruption Perception Index suffers from both: as the name suggests, it is the product of public surveys, and hence distinctly open to cultural sway, and it also rests on a particularly capacious definition, namely "the misuse of public power for private benefit."⁹ Steven Morris's definition, "a special type of political conduct characterized by individual acts by public officials and private citizens that spawn particularistic, situation-specific outcomes within a furtive environment... involv[ing] a rational act by a public official that deviates from the ideologically sanctioned promotion of the common interest", seems both overly specific, "individual" and "particularistic" ruling out the collective and the systemic, and at the same

time likewise overly capacious.¹⁰ (An “individual” and “rational act” could, after all, include a single slightly elongated lunch hour.) The more uncertain the definition, the lesser the analytical potential and the greater the possible bias; and so for the sake of this analysis corruption will be narrowed, encompassing only those activities that provide direct economic benefit from the misuse of state power.¹¹ If “government property” is defined to include licenses, legal rulings, permits, contracts, and any other regulatory device, then Schleifer and Vishny’s simple economists’ definition works well: corruption is “the sale by government officials of government property for personal gain”.¹²

Corrupt transactions can be broken down by scale - grand, petty or middleweight - or by the social group or status of corrupter and corrupted: military, political, bureaucratic or private sector, or by the actors’ position with those groups’ hierarchies. Neither, however, are all that revealing - there is not much structural difference between bribing an alcohol inspector or a general to turn a blind eye to a backwoods still - and so it seems preferable to subdivide corruption by mechanism, of which there are a potential four categories.

The first is structural corruption, defined as regular, systematised pay offs to strategically placed actors; to all intents and purposes, rents and off-books cash salaries. The government supplemented the puritanically low official wages of generals, for example, with several thousand pesos a month paid to each divisionario.¹³ Even under Ruiz Cortines and his newly tight budget the generous individual pay offs continued.¹⁴ The federal deputies of a rubber stamp congress received a quiet \$15,000 a month to top up their pay. For journalists, the frequency of payments comes through in the sheer number of slang

terms for them: *embutes, igualas, sobres, rayas, chayotes* and *la talis*. Some newspapers were nothing more than reminders to pay up. In Aguascalientes one weekly was never publicly sold, but rather sent out to local bureaucrats and politicians.¹⁵ The governors who corrupted journalists were in turn themselves corrupted by the private sector, most notoriously by the rents they drew from drug organizations for monopoly control of their plazas. This was common knowledge to the extent of appearing in the newspapers: articles in 1947 accused the governor of Sinaloa, Pablo Macias Valenzuela, of providing coordination and airplanes to the state's traffickers.¹⁶ Union leaders drew salaries from the private sector in return for peaceful labour relations. Policemen charged monthly *igualas* to truck owners and bus companies to let them pass inspection points unhindered.¹⁷ In extremis a town's entire public administration could be on the payroll: Jaime Merino, the cacique of Poza Rica, was accused of drawing on PEMEX funds to pay

“the Commander of the 7th Battalion and his personnel, the Municipal President and his staff, the Police Commander and his staff, the President of the local CTM branch, the Federal Deputy for the 3rd Electoral District, the administrator of the “Poza Rica” market, the Director and Administrator of *El Herald*... the Forestry Agent of the Region, Traffic Police Officers, the drivers of the Film Commission, the Basketball and Baseball teams... and others.”¹⁸

The second order is the discretionary corruption of one-off payments for services rendered: bribes. These could come before or after the act for which they paid; before in cases of extortion, such as paying to make a press scandal go away, and either before or afterwards in cases of rewards for more positive services. The spectrum of these services for sale was broad enough, but tended towards illicit legal aid. Compromising documents could disappear or be misfiled, a practice common enough to have its own term, the *carpetazo*.¹⁹ (They could also be purchased.)²⁰ Municipal books could be cooked; judgements in court cases could turn unreasonably favourable. One gang arrested for murder on Guerrero's Costa Chica got out of jail (relatively) free, despite damning confessions and eyewitness testimony, by clubbing together to pay the *agente del ministerio público* \$800, or seven months' wages.²¹ This was a good deal; ten years later a *suspensión provisional* for an individual homicide in the Acapulco district court cost \$3000, or nine months' wages.²² In Iguala the sale of *amparos* was reportedly so common that the prudent bought one before committing the relevant crime.²³ The inner workings of justice were the epitome of the higher up tolerance of discretionary corruption, not just in terms of the legal exemptions for sale, but also in the minimal sanctions for the vendors if caught: when investigating magistrates were accused of taking bribes they were usually transferred rather than fired.²⁴

The third and most influential form of corruption is graft. Mid-century Mexico was in some ways a gatekeeper state: fiscally weak, cash poor, bureaucratically understaffed, and yet imbued with a certain power through its ability to regulate access to the territory's natural and human resources, overcoming pre-existing or artificially created bottlenecks.²⁵ Control of the gates to these riches was central to stability at all levels of the state, from the

municipality up to PEMEX or the Secretaria de Comunicaciones e Obras Públicas.²⁶ Those to be corrupted could be allowed through, or given their own gates to exploit: as Aaron Saenz once asked, “*no me den, pero ponme donde hay.*”²⁷ Some of the most successful grafters received literal gates in the form of customs agencies: the “repulsively course-grained” Jorge Pasquel, for example, was given a Veracruz customs agency that was seen as the foundation of his ostentatious wealth.²⁸ But graft manifested itself across an extremely broad range of activities, spanning simple theft and embezzlement of government revenues, tax farming, permit trading and price gouging in noncompetitive public contracts.

Theft and embezzlement was the most straightforward of grafting activities. It could be done with some circuitousness by payroll padding, a practice with tradition. General Jacinto B. Treviño, a vocal critic of the PRI’s corruption - “The Revolution is not...robbery... Not *la mordida*. Not the crowning of a handful of politicians who have got rich trafficking in the poverty of the *pueblo*”²⁹ - had been himself spectacularly found out during the revolution, when drawing salaries for 21,300 troops he turned out to have a tenth of them actually to hand.³⁰ It could be done more directly by the resale of public goods. Or it could be done by direct appropriation from the treasuries at all levels of government. In the municipio of San Andrés Tuxtla, for example, “*gastos extraordinarios*” could take up to 15% of monthly spending.³¹ In Perote the president municipal Francisco Rosalos raised taxes by 7%, levied numerous large fines and nevertheless left office with no public works and a deficit of \$5000. In Villa Lerdo Pedro Martínez, aka “La Changa”, removed \$7890 from the local treasury.³² In Coatepec \$250,000 vanished from the tobacco workers’ social

security.³³ In Michoacán an open letter begged the government to undertake some basic public works, such as drinking water, instead of “accumulating monies.”³⁴ The governor of Coahuila, Ignacio Cepeda Dávila, was accused of taking \$2 million from the state budget under cover of funding to a non-existent state university.³⁵ At the ultimate level, Mexico had several personally puritanical presidents, such as Lázaro Cárdenas, Adolfo Ruiz Cortines and Gustavo Díaz Ordaz, but it also had some impressive looters.

Tacit tax farming, embezzlement’s kissing cousin, was common enough, and while being a collector meant being “a figure of fear, mistrust and hatred who was depicted as ill-educated, exploitative, and inveterately corrupt” it also meant relatively unregulated opportunity in the “black fiscal economy”.³⁶ In Guerrero the governor’s brother was a tax collector who owned a 2900 hectare hacienda outside Chilpancingo; so too was his nephew, who threatened tax increases for truckers who didn’t patronize his petrol station.³⁷ In Puebla federal taxmen dealing with William Jenkins could hope for a good night on the town before a goodnight pay-off.³⁸ When small fish met with crusading governors taxmen lost their jobs in waves: at the beginning of Ruiz Cortines’ gubernatorial term seventeen taxmen were arrested for accepting bribes, while the eve of his presidency was another testing time for Veracruz taxmen, who once again lost their jobs in numbers.³⁹ At the same time, though, Ruiz Cortines’s (barely euphemized) exchange of philanthropic commitments through municipal Juntas de Mejoramiento for tax freezes was an effective admission of defeat in the cause of honest revenue raising.⁴⁰ (A model the federal authorities followed with William Jenkins.)⁴¹ Effective taxation was undermined by the fact that it was not just tax collectors who levied taxes; state representatives of all levels

engaged in the less formal taxation of demanding money to allow businesses across the spectrum of legitimacy to function, either through the granting of a permit or license or the turning of a blind eye.⁴²

The Mexican economy was a permit-rich zone;⁴³ at the same time, the puritanical current of the revolution's maximalist constitution and legislation, satirized by Malcolm Lowry - "this is your garden, make sure you take care of it"⁴⁴ - placed gambling, prostitution, gun ownership and even new bars firmly outside the law. This naturally made them more lucrative: prostitutes in Chihuahua were effectively taxed more than doctors or lawyers, and while those taxes were not prescribed in the state's fiscal law - "to spare blushes", the observer remarked sardonically - they were charged (with some local variation) at the municipal level; in 1943 a "first class" brothel in Parral paid between \$150 and \$300 a month to avoid being *clausurado*.⁴⁵ Across the country, more licit businesses all had to pay to avoid the same fate. In Chihuahua, for example, unionized workers in the Palmolive-Colgate factory had to pay their leader, Luis Araiza, under the threat of being pushed out of the union and hence their jobs.⁴⁶ Paying for benign ignorance was a business cost for both licit and illicit parts of the private sector, and those paid off tended strongly to be military officers. They were also heavily implicated in the sale of law enforcement positions and credentials: a leading category for lucrative and high-impact permit trading, with licenses legitimating private or political violence up for grabs. Sergio Aguayo has detailed the frequency with which federal identity cards - *charolas*, badges for the intelligence services or the presidential guards - were bought and sold.⁴⁷ At the state level, commissions in the *reservas rurales*, key violent entrepreneurs in many local societies, were

sold by zone commanders, a practice so common that there may have even been a standard price; in the second half of the 1940s price levels in both Guerrero and Veracruz were around \$3000.⁴⁸ As professional policing grew to compete and eventually supplant the reserves, positions in the various forces became goods too. Such trades authorized forceful entrepreneurship at the same time as they delegitimized the state, whose representatives were fostering violence that was neither legitimate nor monopolized.

It was also the military who enjoyed many of the most important graft opportunities of all, namely public contracts. These came in three main types: government supplies, ranging from office furniture (where Antonio Ruiz Galindo started his fortune) to trucks (control of the state diesel motor factory for example, was proffered to the restive General Luis Alamillo Flores);⁴⁹ real estate transactions; and infrastructure development. In 1948 (a vintage year, as we will see below, for corruption), the Secretario de la Defensa Nacional himself, General Gilberto Limón, was reported as selling real estate in Mexico City to the army (for the new Colegio Militar) for \$5.00 a square metre; he had bought it at \$0.50 a square metre.⁵⁰ Such trades could run in the other direction, with generals using their extensive provincial powers to buy land at knock down prices, or even to be “given” *ejidal* lands; the entire business of “colonias militares” is long overdue research.⁵¹ The road building that boomed in the decade after World War II was above all military business. In 1938 the only completed paved highway in the country ran from the US border to Mexico City; major routes, such as Mexico City to Guadalajara, were surfaced with gravel, shell or stone; the road from Córdoba to the port of Veracruz was deemed straightforwardly “impassable”.⁵² By the end of the Alemán sexenio 2.3 billion peso investment had

revolutionized road transport: “first class all weather” roads connected all of the major cities, supplemented by an extensive network of new local and feeder roads.⁵³ Road-building contracts were coveted as massive, expensive and hard to audit, and since the revolution road construction had been a largely military business.⁵⁴ Generals across the political spectrum had their own road companies, from the zapatista Adrián Castrejón to the right-wing Maximino Avila Camacho. The greatest of them all, Juan Andreu Almazán, enjoyed simultaneous roles as owner of Constructora Anáhuac, which built about two-thirds of the Pan-American Highway between Mexico City and the US border, and minister in the Secretaría de Comunicaciones e Obras Públicas, which commissioned the works.⁵⁵ Their roads from the start tended towards the expensive, and in some cases non-existent. In other cases they were ghost roads in a different sense, off the maps, such as the one built by Alejandro Mange’s troops to one of the general’s own properties.⁵⁶ It was notable that the last two serious opposition candidates to the single party’s presidential picks, Juan Andreu Almazán in 1940 and Miguel Henríquez Guzmán in 1952, both had substantial interests in road building; it was rumoured that their post-election compliance - less guaranteed in the latter case than generally thought - was related to their companies’ futures.⁵⁷ Graft was the gray economic zone of the gatekeeper state, and central to its survival.

Finally, and most nebulous of all, there is the economy of favours, comprised of transactions that are personalist, unmeritocratic and advance careers and/or generate social or political capital. As Alan Riding rightly noted, the concept of corruption often becomes indistinguishable from mere influence; rather less defensibly, he identified “the practice of

giving presents as a way of reaffirming friendship, expressing thanks or gaining attention” as peculiarly Mexican, “part of a centuries-old tradition of tribute.”⁵⁸ Euphemized exchanges in kind, understood as drawing some obligation through gratitude - invitations to meet politicians or go to their parties, jobs for friends and clients - are not in the least exclusively Mexican practices. *Mauss ref/quote*. They seem, moreover, significantly less corrupt than activities elsewhere - using campaign donations to buy a life peerage in Britain, or an ambassadorship or cabinet position in the US, say - which are rarely classified as such. (The contemporary sale of government access to businessmen in the United States has been, in fact, increasingly defined as licit in recent court judgements.)⁵⁹ It might be argued that in Mexico the potential economic benefits of such favours tend to be higher, but if there are direct economic benefits then the activity is no longer a question of favour but of an earlier category, graft. It seems more useful, in short, to dismiss this category wholesale. If such activities are not directly paid, and are not generally counted corrupt in other societies, they should not be in Mexico; they would be more usefully filed under a different rubric, such as influence, patronage, cronyism or the more general abuse of power.

Terms clarified, we can look to the key methodological question of how to measure corruption. Until we possess more sophisticated and encompassing means of converting the qualitative to the quantitative, such as linked collections of searchable digital archives that can provide frequencies of language, correspondence and social nodes *check Matt O’Hara NEH application for precision, natural language* the inherent furtiveness of corruption makes cliometric approaches complicated. Ben Smith’s statistics for corruption among municipal presidents are a rarity; most analysis relies on and results in the

qualitative.⁶⁰ It does not have to be solely anecdotal: the systematic interest of bureaucratic agencies in and outside Mexico - Gobernación, the presidential office, diplomats, spies - generate reports of corrupt practices that are sometimes painstakingly researched, and which benefit from elite access and the gossip it brings. They also, however, tend to draw heavily on the other two main sources for histories of corruption, namely *vox populi* and the newspapers.

Vox populi is by nature restricted to perception, prone to cynicism, manipulation and a lack of hard data. It will generally be more accurate as it considers realities further down the political ladder, at regional, town and village levels; at a national level the populace are sufficiently distanced from the exercise of power as to have little specifics to contribute. (Except in egregious cases, such as Alemán's Minister of Finance Ramón Beteta, who, the British ambassador reported, "had not sufficient sagacity to camouflage his sudden accretion of wealth", his mansion and his "bejewelled American wife", "any mention of which [gave] rise to bitter comment by all classes.")⁶¹ Elite gossipers can swap stories from aeronautical engineers who have reinforced the floors of presidential planes to bear weighty gold reserves; more everyday complainers cannot.⁶² They can leave behind individual denunciations in the copious letters and telegrams of protest that went to Gobernación, the presidency and the Secretaría de la Defensa Nacional in particular. They could make their presence felt in demonstrations with their banners, placards, songs and chants. They could register their complaints subsequently with interviewers and historians. We cannot use contemporary popular grievances to gauge the actual amounts appropriated by the corrupt, or even the numbers of the corrupt; but in what is said, and in what other

state actors did in response, we have the measure of belief and reputation. In egregious cases, *vox populi* could actually be *vox dei*, and perceptions of massive corruption could and did drive changes in policies and personnel. At times the government demonstrably believed the gist of popular opinion even if the details were cloudy or wrong; and in what it did we have a reliable indicator of how widespread and threatening corruption was taken to be. As one Priísta editor put it, “When the people protest unanimously against the arbitrary acts and mismanagement of their rulers, it is because they are genuinely right.”⁶³

Some of those anecdotes came from newspapers, whose own corruption has been traditionally overstated; while a justified reputation in many cases, there was also a tradition of what Piccato calls “combat journalism” which led to the sort of self-righteous investigative journalism as obtained elsewhere.⁶⁴ Coahuila’s *La Voz de la Frontera*, for example, was “famed for its inaccuracy, apparent immunity to libel suits, and fearlessness in reporting.”⁶⁵ The two traditions were not in fact mutually exclusive, either; the notoriously commercial García Valseca chain frequently issued stinging denunciations of provincial corruption before falling suspiciously silent, or even turning to enthusiastic support. In the national newspapers reports of corruption were generally those permitted by the presidential or party press office, sources of some power: Luis Echeverría ran the PRI’s press office early in his career. Exceptions came when other journalists were attacked, at which point professional solidarity took over: *La Prensa* (generally more aggressive than the broadsheets anyway) reported the death threats against the editor of *La Realidad*, which had exposed the corruption of Iguala’s head tax collector.⁶⁶ In the provincial papers themselves things were rather different. For *La Verdad de Acapulco*, a

muckraking Marxist tabloid, corruption was close to a daily standard: every issue from the first ten days of June 1949 carried a distinct story on the theme. Even the more staid papers ran frequent stories of graft and abuse of power. As with *vox populi*, reports actually grew in frequency and often accuracy as they moved away from the centres of national power.⁶⁷

Finally, there are the archives of various state actors, opened after 2000, which provide a new level of detail on both local and national levels. From outside there came a substantial release of CIA documentation, and of the Foreign Office's confidential print as it reached the end of the fifty-year rule. Within Mexico there was the extraordinary - if initially chaotic, and eventually truncated to near-closure - release of the files of the Dirección General de Investigaciones Públicas and the Dirección Federal de Seguridad, and of lesser-used archives such as the Fundación Miguel Alemán Valdés. All were deeply interested in corruption. The Foreign Office systematically considered the degree of honesty of the public figures in its yearly round-ups of the great and good, while the Dirección General de Investigaciones Públicas came to make it part of their boilerplate summaries of candidates to local public office. A 1957 report on the candidates to local electoral commissions, for example, systematically considered first their basic biographical details - origins, age, appearance, married/not - then their profession, and next their honesty, in standard terms such as "serious", "upright", "honest" and "morally and economically solvent."⁶⁸ In such records there are not just some of the names, forms and incidence of the misuse of power, but even its precise cultural texture, some of the ambiguities, codes, *politesses* and sycophancy in which transactions came wrapped. A 1945 wiretap of a phone call between one Señor Silva and Lombardo Toledano gives a sample:

“Señor Silva: My esteemed Maestro, I’m calling to congratulate you hoping that all continues to go as well as it has so far.

Lombardo: Thank you.

Silva: I am also bothering you to let you know that I have a card from Señor Rogelio de la Selva that has to do with a matter of a relative of mine. What time could I drop in to see you?

Lombardo: Come round tomorrow at twelve.”⁶⁹

Beyond the anecdotal, the approximate and the cultural, methods of moving from qualitative to quantitative data are few and far between. On an individual level, one might calculate ratios between state payments and services or assets provided. By that marker the above cases of both Generals Treviño and Limón - very different individuals - are at least similar in their relative degree of peculation, which was of a ratio of 10:1; a far cry from the 10% that was so standardized that it was dubbed *el diezmo*, the tithe. Comparisons of assets as against tangible incomes might theoretically be informative: we know that Alemán secretly held some third of Televisa stock; that Abelardo controlled an exceptional span of businesses, in particular in the Northwest, claiming over forty in 1943; and that top generals developed impressive portfolios of business interests in their zone and regional commands. We have rumours that Maximino Avila Camacho’s estate, violently disputed by his family, was worth \$400 million. There is also the possibility of “before and after” comparisons, juxtaposing public officials’ assets on entering and on leaving office. Ruiz Cortines caused a good impression by calling for precisely that. And yet in the end the

exercises are futile, as they rely on a reasonable degree of transparency in property rights. As there was no such thing, with the practice of using *prestanombres* commonplace, such methods remain largely theoretical or impressionistic, bolstering rather than refining stories of corruption.

Yet individual measures of corruption are not in any case as salient as are the collective or cumulative, from which comparative and historical conclusions might be drawn. Four are possible. The first is quite specific to Mexico, and might be called the “sinecure effect”: the average length of time that the generals in charge of a zone stayed in that zone, which correlated closely with the level of graft attainable, and which had been systematically opposed by federal authorities since the late nineteenth century. Thom Rath has calculated this for 1935 through 1952; the results show a steady increase in average length of posting from 13 months under Cárdenas, through 21 under Avila Camacho, to 29 under Alemán.⁷⁰ In Veracruz General Alejandro Mange, whose graft was of a remarkable - but not unique - scale, ruled for 22 years.⁷¹ There is the more universal ratio of state employee salaries relative to GDP per capita, which - in most, if not all cases - correlates inversely with corruption. Low public servants’ wages tend to be topped up informally to achieve the lifestyle expected of the skilled in power. As the Soviet Ambassador Oumansky summed it up in 1947, corruption was “only extirpated through raising public service wages; this only possible if budget and hence taxes increased; hence size of budgets good indicator of seriousness of Alemán anti-graft campaign.”⁷² Such wages had tended to decline: the salary of a *juez de primera instancia* in Guerrero had declined from one third of a governor’s salary in 1883 to one sixth in 1940.⁷³ Cf eg - to Scandinavia, not GB, if possible, of

generals' salaries: GDP per capita. Such metrics have the advantage of being of systematic public record, unlike the third and fourth possibilities: the differential between public and private pricing for goods and infrastructure, or the difference between tenders and final costs of projects. Attaining quantitative measures of corruption is, in short, both desirable and improbable.

The impact of all these practices was once hypothesized (counterintuitively) as positive, “a certain amount of corruption a welcome lubricant easing the path to modernization”, according to Samuel Huntington, boosting the efficiency of government in countries with weak states and embryonic civic cultures, facilitating economic development and political stability.⁷⁴ That proposal gained wide acceptance: thus for Alan Riding corruption was “oil” for a rusty machine, working “like a piece rate for government employees (a bureaucrat may be more helpful when paid directly)” and “enabl[ing] entrepreneurs to overcome cumbersome regulations.”⁷⁵ Such ideas are now seen as a self-interested part of modernization theory, unsupported by convincing evidence and part of a broader justification for supporting unsavory regimes during the Cold War.⁷⁶ The majority of economists concur that corruption hinders development, costing a private sector more than taxation, as “the imperative of secrecy makes bribes more distortionary than taxes.”⁷⁷ The reigning belief is that corruption is a top-down, not bottom up, phenomenon, which leads to both economic inefficiency and political destabilization.

In the case of Mexico the economic conclusion is reasonable. The two decades after World War II have been described as a Golden Age, when *desarrollo hacia adentro* produced

sustained and miraculous growth. Yet Mexico's booming growth was not all that miraculous once set against Mexico's booming population or global comparatives. In comparative terms, GDP per capita actually stagnated across the mid-century; this was, after all, the time that Eric Hobsbawm defined as "a sort of Golden Age" across the globe, "some twenty-five or thirty years of extraordinary economic growth and social transformation, which probably changed human society more profoundly than any other period of comparable brevity."⁷⁸ In 1950, Mexico ranked 27th in the world in terms of GDP per capita; in 1973, after the end of the "miracle", it remained 27th in the world. Inequality meanwhile increased.⁷⁹ The public funds lost to embezzlement, bribery, systematic tax evasion and graft might have made both the scope and quality of development greater, while genuinely competitive tenders for public works would have lowered the cost of infrastructure, freeing up funds for more public investment. Alemán's building program was impressive; so was the waste it involved, with contractors taking the money and running, at times without leaving any trace behind. In Coatzacoalcos the president's preferred contractor, Manuel Suárez, took a \$4.5 million contract to provide drinking water and street paving but left behind "unpaved sand dunes."⁸⁰ In the first three years of Alemán's term the cost of road building trebled, rising from 33 to 97,000 pesos per kilometre.⁸¹ It is difficult to see how such inefficiencies stimulated economic growth.

The political conclusion, on the other hand, is unsustainable, because corruption in mid-century Mexico demonstrably did have some stabilizing effects (if not always those proposed by modernization theorists.) This is not to say that there were none of the predictable destabilizing impacts. When the weight of accusations of corruption grew

unsustainable mayors, governors and cabinet members tottered and fell. Alemán himself came near to falling in the autumn of 1948 as living standards plunged due to the sharp devaluation of the peso. Economic crisis and growing poverty were objectively not caused by corruption, but the subjective idea that they were proved graspable and morally satisfying. The placards in the demonstration of 21 August 1948 made the links explicit: “DOWN WITH THE MONOPOLIES. DEATH TO THE HUNGER-MONGERS. DOWN WITH THE POLITICIANS RICH AT THE COST OF THE PEOPLE’S POVERTY”, demanded the oilworkers; “RUIZ GALINDO MILLIONAIRE THANKS TO THE WORKERS’ HUNGER”, said the residents of the Colonia DM Nacional. Emboldened by popular outrage, some of the generals who had never been enthusiastic about Alemán plotted a coup. Rumours of an attempted assassination ran rife, given weight by their detail and by a wound to the president’s hand; reportedly held back by Cárdenas and Avila Camacho, a large party of generals went to see Alemán, officially to pledge their support, in reality to pressure for drastic changes in the general staff and the appointment of five generals to the cabinet. They left with the seeming belief that the army would run the country from behind the throne, having got promises for “all they wanted” from the president.⁸² But they left him still president, and Alemán must have felt relieved; he had, one report said, told the generals he believed they had come for his head.⁸³

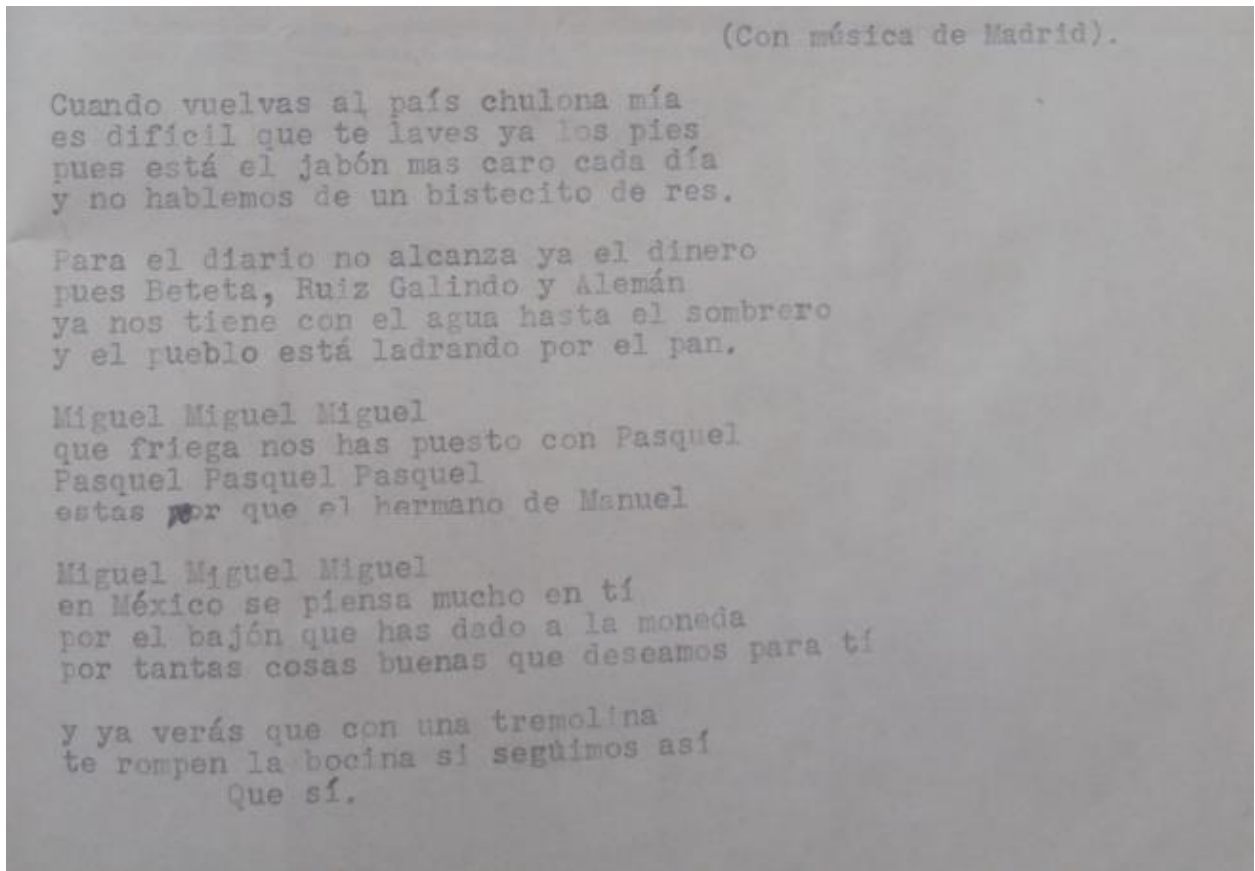


Figure 7.3. Songsheet for corrido “Miguel”, linking the economic crisis of 1948 to the corruption of his immediate circle.⁸⁴

But in the toppling of corrupt politicians there was, once the crisis passed, political capital for those who had pushed them out, legitimacy for their replacements and a certain reinforcement of the political system *tout court*, its apparent capacity for self-correction demonstrated. This was the logic behind the foundation of the PRI (and its initial popular acceptance), and the logic behind the popularity of the dour Adolfo Ruiz Cortines. And there were two rather less *confesable* stabilizing effects of corruption. Its proceeds were, as Beatriz Magaloni has pointed out, critical to prevent the elite exits that threaten such

broad governing coalitions.⁸⁵ The starkest example of that came precisely in the wake of the near-coup of 1948, when the institutional pay-off to the army of an increased budget was accompanied by the uninstitutional pay-offs of lucrative sinecures for top generals in a restructured command system. Commanding *zonas militares* had been lucrative; commanding the new *regiones militares*, which grouped several zones under a single officer, had yet greater revenue-raising potential. The flip side of the consent thus purchased lay in the power that records of that corruption gave the civilian leadership; for top level graft, embezzlement and extortion could always be weaponized against the corrupt and used to end their careers. The – quite literally – varying fortunes of General Antonio Rios Zertuche are a case in point. He was one of the key movers in the 1948 crisis; the faction of northern generals discussing Alemán’s overthrow met at his house. In October, the military having held off, he was given a *colonia militar* on former lands of the El Aguila oil company at Palma Sola, lands which gave him the additional bonus of forests that he duly clear cut. Crisis past, *La Prensa* – one of whose directors worked in the presidential press office – revealed the extent of his profiteering and he was duly fired. A substantial bribe one year became a powerful weapon another. In the short term, corruption bought off threatening dissidents; in the long term it gave corrupters a threat to keep them in line. The balance of the two phenomena were central to the larger balancing act of the new state’s leaders. It was not a unique balancing act – the rulers of contemporary Saudi Arabia or China would appreciate the basic mechanism – but it was one performed, at its best, with aplomb, one central to and emblematic of the balance of force and consent at the heart of the *dictablanda*.⁸⁶ In a 1953 cartoon Abel Quezada captured it neatly falling into

place. “Why would we pick fights with politicians”, he asked, “if they’re going to come over all honest?”⁸⁷

¹ https://www.transparency.org/research/cpi/cpi_early/0, accessed November 3 2017. Mexico’s position in 2016 was exactly the same, in relative terms; ranked 123 out of 176, the country remains in the 70th percentile.

² And beyond, of course; corruption was one of the main characteristics of carrancista rule during the armed revolution, to the extent that it generated its own neologism - *carranclear*, to rob or pilfer. Alan Knight, *The Mexican Revolution* (Cambridge: Cambridge University Press, 1986) v II.

³ Discurso del Lic. Antonio Villalobos al iniciarse la Segunda Convención Nacional Ordinaria del PRM, 18 January 1946, in various authors, *Historia documental del Partido de la Revolución. Tomo V. PRM-PRI 1945-1950* (México DF, 1982), p.200.

⁴ “Modern” defined as post-1940, as opposed to revolutionary. Luis Medina, *Civilismo y modernización del autoritarismo* (Ciudad de México: Colegio de México, 1982), pp.93-4.

⁵ Stephen D. Morris, *Corruption and Politics in Contemporary Mexico* (Alabama, 1991), p.xvi. Alemán’s closest circle, Ramón Beteta, Jorge Pasquel, Antonio Díaz Bermudez, Carlos Serrano and Aaron Sáenz Parra were notorious for self-enrichment, dubbed the *amigos* or *amigotes* by Mexicans and “the unsavory backroom Cabinet of the President” by British diplomats. Foreign Office, *Further correspondence respecting Mexico Part 6, January to December 1952*, p.17.

⁶ In 1950. This dubious honour - presidential peculation outweighing national debt - is shared by Juan Perón, Rafael Trujillo, and Marcos Pérez Jiménez. It is one measure of inflation and debt crisis that the López Portillo camarillas’ baroque peculation is comparable to just the interest on the national debt rather than the debt itself. Lawrence Whitehead, “On Presidential Graft: the Latin American Evidence”, in M. Clarke, *Corruption* (London, 1983), 150, Morris, *Corruption and Politics*, p.xvi.

⁷ Santa Ana was believed to have taken \$600,000 for services rendered in negotiating the Gadsden Purchase of 1853, which transferred southern Sonora to the US. Inspectors 15 & 50, delegate, to Director DGIPS, August 21 1948, AGN/DGIPS-111, Jürgen Buchenau, *The Last Caudillo: Alvaro Obregón and the Mexican Revolution* (Wiley-Blackwell, 2011), p.15.

⁸ Knight, *Mexican Revolution* v II, p.460.

⁹ <https://www.transparency.org/what-is-corruption> accessed November 3 2017. It is also insensitive to the variation of corruption inside a country; in Mexico the distance between the state’s more Weberian components, such as Hacienda or the Banco de México, and more entrepreneurial agencies, such as police forces or public works, is considerable.

¹⁰ Morris, *Corruption and Politics*, pp.3, 5.

¹¹ Anne O. Krueger, “The Political Economy of the Rent-Seeking Society.” *American Economic Review* 64 (1974): 291–303.

¹² Andrei Shleifer and Robert W. Vishny, *The Grabbing Hand: Government Pathologies and Their Cures* (Harvard, 1998), p.91.

¹³ S.R. Niblo, *Mexico in the 1940s: Modernity, politics and corruption* (Delaware 1999), pp.168-9.

¹⁴ Thomas Rath, *Myths of Demilitarization in Postrevolutionary Mexico, 1920-1960* (Chapel Hill: University of North Carolina Press, 2013), pp.39, 103.

¹⁵ Memorandum, “Relación de periódicos de las diferentes entidades federativas de la República”, 11 June 1960, AGN/DGIPS-1279.

¹⁶ Benjamin T. Smith, “The Rise and Fall of Narcopopulism: Drugs, Politics, and Society in Sinaloa, 1930-1980”, *Journal for the Study of Radicalism* 7:2 (Fall 2013), pp.137-138.

- ¹⁷ Memorandum, 11 April 1952, “Estado de Guerrero: Agitación con motivo de la vigencia de la ley de ingresos de 1952”, AGN/DGIPS-104/2-1/131/1074.
- ¹⁸ Gobernación report, cited in Julia del Palacio Langer, “Agrarian Reform, Oil Expropriation, and the Making of National Property in Postrevolutionary Mexico” (unpub. Ph.D. thesis, Columbia University, 2014), pp.201-202.
- ¹⁹ Guzmán Carriles to Avila Camacho, 12 December 1942, AGN/DGG-2/311P(26)2/107.
- ²⁰ *La Verdad* 10 June 1949.
- ²¹ Statement of Manuel Vázquez, 23 May 1940, AGN/DGG-2/380(9)/20/35; “Salario medio pagado a la semana”, *Estadísticas históricas de México* CD-ROM, INEGI 2000.
- ²² *La Verdad* 10 June 1949.
- ²³ *La Verdad* 4 August 1949.
- ²⁴ Carvajal report 1949, BD-XIV/7749-7750.
- ²⁵ More functionally than historically: gatekeeper states are generally seen as relatively newly independent, still in many ways highly dependent, with less diverse economies, flimsier institutions and weaker national identities. For a definition and comparative examples of gatekeeper states see Frederick Cooper, *Africa since 1940: The past of the present* (Cambridge: Cambridge University Press, 2002), pp.5, 156-190.
- ²⁶ Notorious for its profitability for the bureaucrats and politicians that ran it; Maximino Avila Camacho did not take it over at gunpoint on a whim.
- ²⁷ Luis Barrón paper, Simposio “La construcción del cargo público”, CIDE/University of Warwick/AHRC, November 2017.
- ²⁸ A devotee of big game shooting with properties in Kenya, he once spent £4,000 in an afternoon in Harrods. Foreign Office, *Further correspondence ... 1952*, p.13.
- ²⁹ Memorandum, “Discurso del Gral Jacinto B. Treviño”, 1948, AGN/DFS-VP Jacinto B. Treviño.
- ³⁰ Friedrich Katz, *The Life and Times of Pancho Villa* (Stanford, 1998), p.637.
- ³¹ Monthly accounts, libros de tesorería 1949, Archivo Municipal de San Andrés Tuxtla.
- ³² *Diario de Xalapa* 2 July 1952.
- ³³ *Diario de Xalapa* 5 October 1952.
- ³⁴ PS-34 to Gobernación, 8 April 1946, AGN/DGIPS- 91-2-1/131/748.
- ³⁵ He committed suicide en route to face charges in Mexico City. Niblo, *Mexico in the 1940s*, p.234.
- ³⁶ Benjamin T. Smith, “Building a State on the Cheap: Taxation, Social Movements, and Politics” in Paul Gillingham & Benjamin T Smith, *Dictablanda: Politics, Work and Culture in Mexico, 1938-1968* (Duke University Press, 2014.) 270, 256.
- ³⁷ An outside investigation of tax farming in Guerrero ended when the state police shot and killed the relevant bureaucrat. Jaime Salazar Adame et al, *Historia de la cuestión agraria mexicana: estado de Guerrero, 1867-1940* (Chilpancingo, 1987), p.445, Memorandum, Sector Popular to Gobernación, 13 August 1944, AGN/DGG-239- 2/311 G (9) 2, Barajas to Gobernación, 28/06/1948, PS-31 to Gobernación, 28 June 1948, Coquet to Gobernación, 29 June 1948, AGN/DGIPS-799/2-1/48/431.
- ³⁸ Andrew Paxman, *Jenkins of Mexico: How a Southern Farm Boy Became a Mexican Magnate* (Oxford: Oxford University Press, 2017), p.320.
- ³⁹ Informes de tesorería, AHEV-1229/024/0. The 1952 purge even reached Acayucán, Alemán’s hometown. For suspensions, dismissals and arrests, and calls for more, see *Diario de Xalapa* 20, 21 June, 2 July 1952.
- ⁴⁰ Governors’ reports 1944, 1946, BD-XIII/7215-7218, 7408, *Adelante* 2 December 1945, De la Peña, *Veracruz Económico* v.II pp.479-483, *Diario de Xalapa* 27 August 1948.
- ⁴¹ Paxman, *Jenkins of Mexico*, p.321. Enough such arrangements may have existed to form something of a fiscal deep state.
- ⁴² For the best overview, see Luis Aboites Aguilar, *Excepciones y privilegios: Modernización tributaria y centralización en México, 1922-1972* (Mexico City: Colegio de México, 2003).
- ⁴³ The Sanitary Code alone had over 250 articles, and was still open to interpretation by the Supreme Court; did the prohibition on opening new premises for the sale of alcohol apply solely to cantinas, whose main function it was, or did it include loncherías, for whom it was a secondary concern? José Antonio Caballero, “Amparos y abogángsters: La justicia en México entre 1940 y 1968”, in Elisa Servín, ed., *Del nacionalismo al neoliberalismo, 1940-1994* (México DF: Colegio de México, 2010), pp.179-180.
- ⁴⁴ Malcolm Lowry, *Under the Volcano* (London: Harper, 2007), p.243.
- ⁴⁵ Moisés T. de la Peña, *Chichuahua Económico* (3 vols., México DF, 1948), v.III pp.259-260.
- ⁴⁶ Report, Castillo Venegas, 21 August 1954, AGN/DFS-VP Eucario León.
- ⁴⁷ Sergio Aguayo, *La Charola*.

- ⁴⁸ Though at the outset of the decade they sold in Zacatecas for \$300, which is either eloquent of inflation, the economic opportunities of the postwar period, or a lost zero. Migoni to Gobernación, 10 October 1945, AGN/DGIPS-787/2-1/45/282, Ojeda to Gobernación, 10 December 1948, AGN/DGG-2.311M(9)/3B/6, Rath, *Myths of Demilitarization*, pp.91-2.
- ⁴⁹ Foreign Office, *Further correspondence ... 1952*, p.16; Memorandum, 25 October 1948, AGN/DGIPS-24/3
- ⁵⁰ Memorandum, 25 October 1948, AGN/DGIPS-24 “militares políticos-1948-sep”.
- ⁵¹ Rath; Report, IPS 23 & 36, to Ortega Peregrina, 22 August 1947, AGN/DGIPS-90-2-1/131/737; *La Verdad*, 15 June 1949.
- ⁵² *Rand McNally 1938 Auto Road Atlas* (Chicago, 1938), p.94.
- ⁵³ *Rand McNally's reference and road atlas for 1950* (Chicago, 1950), pp.96-97, INEGI, *Estadísticas Históricas de México* CD-ROM.
- ⁵⁴ There was probably a transition towards civilian companies in the 1960s, but graft remained a constant; thus in the early 1960s the nephew of the governor of Tamaulipas, Antonio Carlos Valdes Balboa, was simultaneously director of a road-building company and head of the state Department of Public Works. Note, undated, AGN/DGIPS-1465A.
- ⁵⁵ Marcela Mijares Lara, “Juan Andreu Almazán y la Compañía Constructora Anáhuac: Negocios y política durante la posrevolución (1927-1932)” in Marco Palacios, ed., *Negocios, empresarios y entornos políticos en México, 1827-1958* (Ciudad de México: Colegio de México, 2015), pp.240-245.
- ⁵⁶ Ferrocarriles Nacionales de México to SEDENA, 31 March 1959, SDN-1-356/XII.
- ⁵⁷ Elisa Servín. FO, SD reports. Assad on seizure of MHG brother businesses for non-payment of taxes, 63-4, for embargo of general's own accounts and business interests on “tax arrears” see Taylor to Eden, 30th July 1952, Foreign Office, *Further correspondence ... 1952*, p.9.
- ⁵⁸ Alan Riding, *Distant Neighbours: A Portrait of the Mexicans* (New York: Knopf, 1989) pp.175-6.
- ⁵⁹ Alan Feuer, “As Bribe Cases Fall Apart, Some Blame the Supreme Court,” *New York Times* November 18 2017.
- ⁶⁰ Benjamin T. Smith, “Who Governed? Grassroots Politics in Mexico Under the Partido Revolucionario Institucional” in *Past and Present* 225 (Nov., 2014) pp.227-271.
- ⁶¹ British embassy monthly report, 29 January 1947, FO371/60940.
- ⁶² Lawrence Whitehead, pers.com. 2001.
- ⁶³ *Diario de Xalapa* 7 August 1948.
- ⁶⁴ Pablo Piccato, *The Tyranny of Opinion: Honor in the Construction of the Mexican Public Sphere* (Durham: Duke University Press, 2010).
- ⁶⁵ Gidden, Matamoros, to State Department, January 28 1954, NARG.912-61/1-2854.
- ⁶⁶ *La Prensa* 30 June 1953.
- ⁶⁷ Paul Gillingham “How Much News was Fit to Print? The Regional Press Boom, 1940-1960,” in Paul Gillingham, Michael Lettieri & Benjamin T. Smith, *Journalism, Satire & Censorship in Mexico* (Albuquerque: University of New Mexico Press, 2018), ch.7.
- ⁶⁸ Report, “Integración de Comisiones Locales Electorales”, 1957, AGN/DGIPS-1989/101.
- ⁶⁹ Wiretap transcript, 21 December 1945, Fundación Miguel Alemán Valdes exp. 632. With thanks to Mike Lettieri, who kindly provided it. According to Steve Niblo, Lombardo received a large bloc of shares in the Pantux Corp, founded to export oil to the US below market prices, for not apparent reason; this, he suggests, may have been both the source of Lombardo's wealth and his loyalty to successive presidents. Niblo, *Mexico in the 1940s*, pp.278-279
- ⁷⁰ Rath, *Myths of Demilitarization*, p.86.
- ⁷¹ Paul Gillingham, “Military Caciquismo and the Priista State: General Alejandro Mange's Command in Veracruz,” in Ben Fallaw & Terry Rugeley, eds., *Forced Marches: Soldiers and Military Caciques in Modern Mexico* (Phoenix: University of Arizona, 2012), pp.210-237.
- ⁷² Peter Smithers report on communism in Mexico, 1947, FO371/60940/AN1940.
- ⁷³ Moisés T. de la Peña, *Guerrero Económico*, (2 vols., México DF, 1949), v.II p.621.
- ⁷⁴ Samuel P. Huntington, *Political Order in Changing Societies* (Yale, 1968), p.69.
- ⁷⁵ Riding, *Distant Neighbours*.
- ⁷⁶ Whitehead, *Foreign Affairs*.
- ⁷⁷ Shleifer & Vishny, *The Grabbing Hand*, pp.92, 103.
- ⁷⁸ Specifically, in a clear chronological coincidence, from 1947-1973. Eric Hobsbawm, *Age of Extreme: The Short Twentieth Century* (London: Verso, 1994), pp.6, 8.

⁷⁹ Historical GDP per capita rankings 1950 and 1973, after Angus Maddison, at www.nationmaster.com.

⁸⁰ Vice-Consul Eastham, Coatzacoalcos, despatch 30/06/1950, NARG-712.00/7-1950.

⁸¹ Inflation-adjusted real costs in 1929 pesos. Michael Bess, *Routes of Compromise: Building Roads and Shaping the Nation in Mexico, 1917-1952* (Lincoln: University of Nebraska Press, 2017), pp.158-9.

⁸² Paul Gillingham, "Military Caciquismo in the PRIísta State: General Alejandro Mange's Command in Veracruz" in *Forced Marches: Militaries, Cacicazgos, and the Uneven Development of Mexican Politics*, eds. Ben Fallaw & Terry Rugeley (Phoenix: University of Arizona Press), pp.224-225.

⁸³ Agent 35 to Director Federal de Seguridad, 26 August 1948, AGN/DFS-Amaro Joaquín VP L1 p.6.

⁸⁴ AGN/DGIPS-111/269.

⁸⁵ Beatriz Magaloni, *Voting for Autocracy: Hegemonic Party Survival and its Demise in Mexico* (Cambridge: Cambridge University Press, 2006), pp.49-52.

⁸⁶ On Mexico as a dictablanda see Paul Gillingham & Benjamin T. Smith, "Introduction", in *Dictablanda*.

⁸⁷ *Ovaciones* 26 January 1953.