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Latin America's Moment

O'Neil analyzes developments in Latin America and U.S. relations in the region.

Campaign Financing in Mexico

by [Shannon K. O'Neil](#)

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An electoral worker recounts votes at Mexico's electoral tribunal in Mexico City August 8, 2012 (Henry Romero/Courtesy Reuters).

With vote-buying allegations swirling around Mexico's last presidential race and new ones appearing in the aftermath of the recent local contests, electoral reform could reappear on the congressional agenda. Front running the debates, the *Centro de Estudios Espinosa Yglesias* (CEEY) brought together a distinguished group of well-known academics such as María Amparo Casar and Javier Aparicio, former IFE (the Federal Electoral Institute) officials Benito Nacif Hernández and Luis Carlos Ugalde, and well-regarded pollsters Francisco Abundis Luna and Ulises Beltrán Ugarte among many

notable others to evaluate Mexico's current electoral system, and particularly to look at the issues of campaign financing.

Off the books campaign donations and spending are nothing new in Mexico. The PRI "secretly" siphoned money from PEMEX and other state owned companies to fund their candidates for decades, and groups such as the *Amigos de Fox*—who backed the PAN's Vicente Fox in the 2000 election—blatantly circumvented regulations. The latest allegations—including [SorianaGate](#), where voters were allegedly given prepaid cards to Soriana stores in exchange for PRI votes and [accusations of misusing funds](#) from the national public social welfare program *Oportunidades* for political aims—are but variations on long-running themes.

The current electoral laws, put into place in 2007 after the contentious 2006 presidential election, dramatically altered the way political campaigns can legally be financed. The formula for public funds given to political parties now depends on [the number of Mexicans registered to vote times 65 percent the capital's minimum wage](#) (totaling some [US\\$280 million in 2013—but more in](#)

[election years](#)). Of this amount, [70 percent is allocated according to the number of votes a party receives](#) during the previous congressional election, with the other 30 percent is shared equally among all registered parties. This makes winning seats doubly important, as it shapes both political power and future funding.

The guidelines for private contributions are even stricter, limiting donations to [10 percent of the money spent in the previous presidential campaign](#) (roughly [US\\$2.6 million using 2012's election numbers](#)).

The problem today, [according to CEEY's report](#), is not as much the rules as the enforcement. One of the biggest issues is that the Auditing Unit of the Federal Electoral Institute (IFE), which is charged with policing elections, doesn't have the tools necessary to truly monitor the campaign financing process. Some scholars estimate [illegal campaign contributions at more than four times the legal amounts](#).

In my own private discussions with close observers of the process many suggest that spending in last year's presidential race broke the US\$1 billion mark.

The study recommends that the IFE shift its focus to expenditures rather than donations (as the former are more traceable), and concentrate on problematic areas such as local media coverage and vote buying (which have increased in recent years due to stiffer competition).

They also argue for auditing media coverage in real time, instead of relying on reports submitted months later, to not just stop egregious behavior but also raise its costs. And for those parties and candidates that do flout the rules, the CEEY experts recommend much more punishing financial and political sanctions, and even the threat of annulling the elections.

Passing an electoral reform won't be easy. Mexico's academics and experts have agreed for years about the need for reforms without much success. But [as part of the Pact for Mexico](#), electoral reforms could be tied into a larger negotiation for the economic changes that the Peña Nieto government has championed. If successful, such reforms would make a long-term difference in leveling the electoral playing field and consolidating Mexico's democratic gains.

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