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Curbing Corruption through Social Welfare Program? The effects of Mexico's conditional cash transfer program on good government

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QoG WORKING PAPER SERIES 2009:8

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May 2009

ISSN 1653-8919

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Abstract:

Conditional cash transfer programs, an innovation in social welfare administration, have shown tremendous promise as a means of enhancing human capital and reducing leakage of public resources through corruption. While numerous studies examine the effects of the program on human capital indicators in Mexico and various other countries that have adopted the approach, little is known about the effects of these programs on levels of corruption and on political life more generally. Using data on Mexico's 31 states from Transparency International Mexico, the Federal Register of Civil Society Organizations and the national census, this paper analyses whether conditional cash transfers have any bearing on corruption but also on two other aspects of political life argued to affect government probity in the long term: the density of civil society organizations and empowerment of women. The conclusions are encouraging with respect to reducing corruption but rather dismal regarding the effects on civil society and women empowerment.

Key words: civil society, women leaders, women empowerment, Oportunidades

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INTRODUCTION

During the last decade, the use of conditional cash transfer (CCT) programs has become increasingly prevalent in developing countries throughout the world. The first CCT program was initiated in Mexico in 1997; now, about a decade later, there are at least sixteen countries in Latin America and the Caribbean that use CCTs, and CCT initiatives are also underway in South-Africa, Bangladesh, and Turkey. The allure of this approach to social welfare policy lies in the promise of development on multiple fronts; CCTs have been hailed as an effective tool to combat poverty, as well as a “quick-fix” to problems of endemic corruption.

The main purpose of CCT programs is to interrupt the intergenerational transmission of poverty. Briefly, the program works as follows: heads of poor households receive cash transfers provided they attend courses in nutrition and first aid, and ensure their children attend school and receive health check-ups. The program targets families living in extreme poverty and employs an integrative approach that entails making improvements in education, health and nutrition simultaneously in order to address the numerous reinforcing factors that constitute the trap of extreme poverty (Levy 2006, 10).

In order to achieve the programs’ aim of efficiency CCT programs are designed in a way that eliminates most links in the implementation chain. Eradicating corruption in public welfare services has proven to be quite difficult in many contexts and the CCT answer to this challenge is *transparency* in the process of selecting recipients; *direct* transfers of cash to recipients from administrative offices protected from political interference; and *precise* expectations on recipients. In addition, designating women heads of households as the primary managers of CCT funds is also presumed to enhance effectiveness as mothers are assumed to be better administrators of family resources than fathers (Lomelí 2008, 489).

From a policy perspective, the appeal of CCT programs lies in the promise of achieving the benefits of market economy mechanisms without compromising democratic values such as accountability and impartiality. CCT programs are designed to affect the demand rather than the supply side of public services, as poor people are induced to consume social and educational services but, for example, not told exactly which service provider to use. In the capacity as customers of public sector services, poor people, at least in theory, have incentives to act as principals holding public service agents accountable. An important idea behind CCT is that the strengthening of citizens and citizenship, with all that entails, will contribute to improvements in the quality of public services.

Considerable research substantiates the claim that CCTs alleviate poverty (*cf.* Lomelí 2008, Levy 2006 and references therein). A handful of studies have also examined whether

the program has been less subject to political manipulation than its predecessors (Diaz-Cayeros, Estévez & Magaloni 2006; Hunter & Power 2007; Rocha Menocal 2001). Little is known, however, about other potential civic and political implications of CCTs such as its effect on administrative corruption and the broader consequences on political behavior. This study addresses this gap by exploring effects of CCT programs on the quality of government in Mexico. The overarching aim is to examine what effects the CCT program has had and may in the future have on good governance, or quality of government, defined as the exercise of public power in accordance with the principles of impartiality and rule of law (Rothstein and Teorell 2008). As administrative corruption is antithetical to these principles, corruption and quality of government are therefore treated as conceptually inverse.

A growing body of literature underpins the argument that the design of welfare policies can affect citizenship in terms of political attitudes and behavior (Garay 2009; Kumlin & Rothstein 2005; Mettler & Soss 2004; Mettler & Welch 2004; Soss 1999; Wichowsky & Moynihan 2008). The findings of this research suggest, for example, that universal welfare programs tend to empower beneficiaries, enhance trust in political institutions, increase recipients' inclination to participate in elections and civic associations, and foster trust in people generally. In contrast, targeted programs that involve extensive needs-testing and require recipients to divulge considerable private information tend instead to disempower recipients and can induce quiescence rather than enhance participation. As previous research also suggests that citizens' and in particular women's political behavior may in the longer term have a substantial impact on quality of government, we also explore the effects of the CCT program political behavior as well.

Figure 1 presents the theoretical model that structures the analyses. The core question addressed is whether the introduction of CCT in Mexico has succeeded in reducing corruption and thereby contribute to good government. In order to provide a more comprehensive exploration, the analyses consider both the direct effect (arrow B) of the use of CCTs, as well as effects possibly transmitted through civil society (arrow A) as well as through a process of empowering women (arrow C). Given the fact that CCT is a targeted welfare program, we can expect hybridism in results. While relevant research provides reason to expect that a vital civil society as well as the empowerment of women might have positive effects on quality in government practices, it is not obvious that the CCT program will have beneficial effects for civil society and the empowerment of women.

The paper is structured as follows: first we trace briefly the historical background of CCTs in Mexico and describe the program's design and operation. Later sections explore why

CCT might affect basic features of civil society and contribute to a strengthened position of women in society, and how each of these may in the long term contribute to the quality of government. In the empirical part of the paper, we examine selected portions of the model presented in Figure 1. Arrows A, B and C will be tested empirically, whereas arrow D and E will be subject to informed reasoning against the backdrop of existing research.

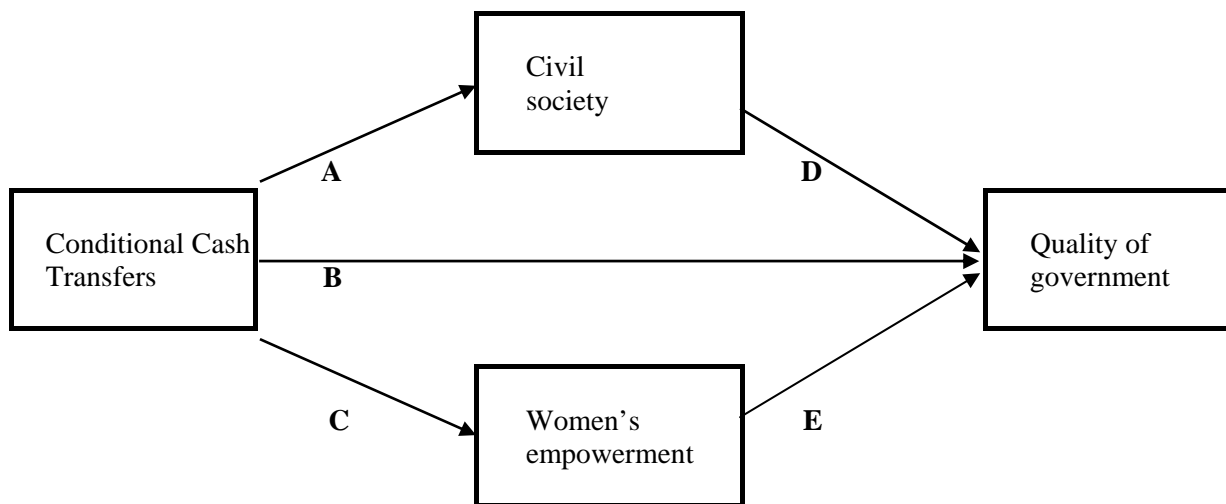


Figure 1. Expected links between CCT and Quality of Government.

HISTORICAL BACKGROUND TO THE DEVELOPMENT OF CCTs IN MEXICO

The development of the CCT program in Mexico was driven by a desire to depart from the historically common practice of using social welfare programs, purportedly designed to combat poverty, to grease political machines. Though never under the control of military dictatorship, Mexico was ruled by a single party, the Institutional Revolutionary Party or PRI, from 1929 through 2000. For much of this time, the PRI indiscriminately used state resources to serve the needs of the PRI. Failures in many areas to ensure a secret ballot, especially in areas with large populations of poor and uneducated voters, enabled the PRI to reward and punish electoral behavior or at the very least foster the belief that benefits and services were the direct result of electoral support for the party.

Beginning in the early 1970s, dissenting voices in Mexico's ruling elite, in particular younger technocrats, began to respond to protests from rural and student movements regarding the need for social assistance programs to address extreme poverty, especially in rural areas. Corruption at local levels had previously undermined the effectiveness of social programs but ironically also began to undermine the legitimacy of the PRI itself. The

programs launched beginning in the 1970s therefore sought to bypass local administrative structures. The need for change became even more pressing as reformist political parties, both from the left and right, began to gain sufficient footing in some states to challenge the dominant position of the PRI.

One of the early attempts to bypass local authoritarian bosses entailed the establishment of an extensive network of village food stores to address the poor availability of staples in rural areas. In order to prevent the capture of this effort by local bosses, the program known as the National Basic Foods Company (CONASUPO) required the creation of regional consumer organizations designed to monitor the distribution of food stuffs to local communities. The program met with only moderate success, and then predominantly in areas with preexisting local and regional participatory and organizational traditions at the community level. Nonetheless, it did create an incentive to develop regional level autonomous organizations and identities that extended beyond the level of village or family (Fox 1994, 162-164). These organizations, combined with a further increase of electoral pressure from both the left and the right, made it more difficult for the PRI to continue overtly demanding political subordination in exchange for access to welfare programs.

After the most contested election up to that point (1988), president Carlos Salinas launched yet a new campaign named National Solidarity Program (PRONASOL) to address primarily rural poverty. PRONASOL consisted of numerous and heterogeneous types of projects, but one central element was, once again, the emphasis on the direct relationship between the federal government and citizens, and the shifting of powers from the bureaucracy to local and regional civil society associations. The program required the creation of local committees that, on behalf of the community, would select from among a list of possible local projects (for example water and waste water systems, health, food distribution, street paving) and share responsibility for the implementation of these projects. In addition, president Salinas also encouraged the formation of statewide and even national federations of these committees to counterbalance the PRI's traditional corporatist structures. By the mid-1990s, one hundred thousand such local committees had been formed, though with varying degrees of success in becoming autonomous local actors with an ability to challenge authoritarian state or municipal elites (Fox 1994, 167-8).

Despite some indications that PRONASOL reduced the political use of public goods in some areas, the program as a whole is widely regarded as plagued with corruption. Not only did authoritarian and clientelistic elites manage to capture projects and use them to maintain

their own positions of power and perpetuate the subordinate position of clients, but the allocation of funds and programs was clearly designed to bolster PRI support in states where other parties had taken, for example, the gubernatorial office. PRONASOL, or as it came to be known, “PRI-NASOL” for some observers explains the short-term recovery of the PRI in the early 1990s (Molinar & Weldon 1994; Rocha Menocal 2001).

PROGRESA (later renamed Oportunidades), the conditional cash transfers program that replaced PRONASOL, is so far regarded mainly as a success story in mitigating or at least circumventing egregious clientelism and corruption. The design of the program is highly sophisticated, and initially employed an experimental design that provided the foundation for its own evaluation. Owing to budgetary and logistical constraints, all eligible households were not included at the inception of the program. Instead of spreading out resources, the federal government chose, at least in the early stages, to concentrate funding to certain villages and select “matching” villages to act as a control group. Perhaps the most salient aspects of the program in terms of its potential for overcoming the pitfalls of administrative corruption are, however, the mechanisms for selecting beneficiaries and disbursing funds.

Every two months, PROGRESA families receive a cash transfer typically worth about 20 to 30 percent of household income provided they continue fulfilling the required conditions.¹ The process of selecting recipients contains a pre-household filter during which under-served communities are selected, and then low-income households within those communities are identified.² An index of marginality developed by the Mexican national population census (CONAPO) provides the basis for identifying potential recipient communities. It is important to point out, however, that communities with at least a minimal level of health and school services are given preference as recipients cannot comply with the program requirements if such facilities are lacking altogether.³ Scores are produced for each household within the selected communities and all households below a certain cutoff are included (Stecklov et al 2005, 771). Room for discretion in defining and withdrawing eligibility is limited and no beneficiaries are added in election years in order to mitigate any

¹ Estimations show that at the end of 1999 Oportunidades covered 2.6 million families or about 40% of rural households (Djebbari & Smith 2008); in 2005 the program distributed cash transfers to almost 5 million beneficiary families (Bradshaw 2008).

² In some descriptions of the process a step involving a “community assembly” appears. The role of this assembly seems to be to review the list of, within a selected area, needy households. In practice the lists presented to community assemblies are rarely modified (Stecklov et. al. 2005, 771).

³ A separate poverty alleviation program, Social Development Municipal Fund (FISM) seeks to extend the welfare infrastructure by providing funding for schools and medical facilities (Diaz-Cayeros, Estévez & Magaloni 2006, 35).

reputed or real use of Oportunidades for the purpose of vote-buying (Diaz-Cayeros, Estévez & Magaloni 2006, 26-28).

The program prides itself on transparency in the selection of recipients but also clarity regarding the conditions that recipients have to meet in order to continue receiving benefits. Those conditions include that children of age 24-60 months attend nutrition monitoring clinics every four months, that all family members once a year visit clinics for physical check-ups, that children maintain a stipulated level of attendance in school, and that (primarily) mothers attend informal educational sessions about health habits, hygiene, accident prevention, and first-aid treatment (Gertler 2004, 336-7).

In follow-up analyses, evaluators have reached a positive and rather strong consensus about the value of CCT programs on social development indicators (Lomelí 2008, Gertler 2004, Stecklov et al 2005). In a recent meta-analysis of evaluations of twenty CCT programs in operation in Latin America and the Caribbean, Lomelí (2008) highlights some important limitations, however: “[t]hey appear to have little or no effect on performance in school...and their effects on rates of anemia have been limited.” Lomelí questions whether cognitive development is reached at all among the targeted population and thereby he questions whether CCT programs can produce long-term and fundamental change. A core critique in Lomelí’s assessment is that government representatives and representatives from financial institutions—which generally applaud CCT initiatives—have too narrow a focus, that is, they focus on key indicators such as attendance in school, but not on the quality of the learning; they focus on the accumulation of social and human capital at the household level, but not on the broader social, economic and political consequences for community relations.

Moreover, two studies suggest that despite high level of transparency and clarity of rules CCT programs have not completely succeeded in eliminating bias and political manipulation. Discretion still exists at two points in the program, the allocation of funds among states, and assessments of whether recipients are complying with the conditions of participation. Rocha Menocal examines the allocation of CCT funds to different states in Mexico and concludes that “[w]here the PRI received a greater amount of votes than the opposition in 1997 and gubernatorial elections were scheduled for the year 2000, a greater proportion of households became...beneficiaries in 1999” (Rocha Menocal 2001, 532). Hevia de la Jarra examines the interaction between monitoring committees and beneficiaries. His qualitative study documents cases of recipients, most of whom are women, being asked to do extra work for the city, that is, cleaning and sweeping streets, and having to pay kickbacks to local liaisons in

order to avoid losing benefits (Hevia de la Jarra 2008, 68). Shortcomings of CCTs alert us on complexities when it comes to effects of CCT on corruption. Our study redirects the focus somewhat and focuses on *overall* effects of CCT programs with regard to mitigating administrative corruption.

UNPACKING THE POSSIBLE LINKS BETWEEN CCT AND CORRUPTION

How, then, might the CCT program affect the quality of government in Mexico generally and corruption at the state level specifically? What are the mechanisms that may be at work? Is it even plausible to expect that a social welfare program that targets the most marginalized group in society might have implications for political life at large?

As stated in the introduction, the primary aim of the CCT program is poverty alleviation. Achieving this aim required designing a program less susceptible to grabbing hands; mitigating administrative corruption is therefore an auxiliary aim, a necessary component of any ambitious anti-poverty campaign in a corrupt context. A comprehensive assessment of corruption in Mexico conducted by Transparency Mexico indicates that the CCT program may be succeeding in this regard. The study finds that relatively few respondents (5.9 percent in 2001, and around 2.8 in the three subsequent surveys in 2003, 2005 and 2007) reported having paid bribes to become beneficiaries of public welfare programs (including, among several others, the CCT program Oportunidades).⁴ This incidence of corruption, while certainly not negligible, is much lower than the 12 percent who reported paying bribes to obtain a building permit, 23 percent who paid bribes for trash pick-up, or 30 percent who paid bribes to recover a stolen vehicle (percentages from the 2005 survey, Transparency Mexico 2006, 8-9). The average rate for paying bribes for all public services included in the survey was 10 percent of all the times services were sought. The decline in corruption in welfare services between 2001 and 2003, suggests that the expansion of CCTs may have mitigated corruption in the administration of public welfare services, though the Transparency Mexico data do not allow for disaggregation of welfare programs.

The specific claim under investigation here is whether CCT programs may have an impact on the overall level of corruption. This effect may arise directly or indirectly via diffuse processes of change. The direct effect may arise exactly in the way intended by the

⁴ These numbers vary somewhat from state to state. The states that are considerably above the national average in 2005 are Michoacán (4.9%), Oaxaca (8.9%), Puebla (5.9%), Sinaloa (4.8%), Sonora (5.4%), Tabasco (7.3%), Tamaulipas (11.3%).

designers of the CCT program: since the resources allocated to the CCT program pass through fewer hands in administrative offices, fewer officials have the opportunity to use the program's resources for personal gain. As CCTs increasingly have come to replace other forms of social welfare, including food distribution programs, opportunities for extortive or clientelistic practices at the local or regional level have constricted as well.

Similarly, a successful anti-poverty campaign also eliminates one of the essential ingredients of authoritarian clientelism: abject poverty. Citizens who are highly dependent on public support have no recourse to resist demands for political support or monetary kickbacks for continuing to receive benefits (Szwarcberg 2008). In other words, not only do CCTs undermine the supply side of clientelism, it may also adversely affect the demand side. Paradoxically, however, as additional income provides citizens with the resources to resist clientelism, it may also supply them with the resources needed to pay bribes for other public resources. It may therefore possibly cause an aggregate level shift from for example vote buying and extorting kickbacks to outright bribery.

Not only was it designed expressly to prevent leakage into the hands of regional authoritarian elites, the CCT program also puts in place new evaluative mechanisms intended to continuously monitor the effects of the program. The considerable body of research that has arisen on the effects of the CCT program is undoubtedly due to the unusually rich data available on its effects. This new emphasis on outcome evaluations also limits the room for blatant manipulation of the program since monitoring of health and school attendance indicators is conducted independently of the CCT program. Widespread manipulation of the CCT program would therefore be detectable, and public health and education services are in all likelihood subject to much closer scrutiny today than was the case in the past. In the long run, these factors may conceivably combine to change the prevailing norms among public officials regarding proper behavior.

GENDER AND CORRUPTION

A number of studies suggest a strengthened position of women in households that participate in CCT programs in terms of improved recognition by men of women's importance in family welfare, less domestic violence, and reduced gender differences in education. However, other studies reveal an overloading of additional tasks on women in their daily lives and reinforced traditional gender roles that confine women to domestic work (Lomelí 2008, Tabbush 2009).

Maxime Molyneux (2006) points out that the practical functioning of the program centers on *mothers* as the key to securing improvements in the life chances of their children (roughly 90 percent of receivers of CCTs in Mexico are women heads of household). She identifies an ambiguity in the sense that the program consists of *equality* measures for girls but *maternalist* measures for grown-up women. Outcomes such as building the mothers capacities as citizens and the strengthening of their community ties are however included in the program's goals (Molyneux 2006, 434).

The critical assessments that arise from previous gender oriented studies on CCTs are important, but there is a need for further empirical investigation in order to capture long-term effects on issues related to citizenship. For example, in a study of prenatal care for low-income rural women in Mexico, Sarah Barber and Paul Gertler (2009), found a positive effect of Oportunidades and they highlight the empowerment of women as the key mechanism at work: "This result is probably a manifestation of the [CCTs] programmes empowerment goal, by encouraging beneficiaries to be informed and active health consumers." It is not far-fetched to believe that women are encouraged to become informed and active citizens also outside the prenatal care-sector, or that they are empowered by CCT beyond the immediate domain of the household.

In the international literature on gender and corruption there is an agreement that the number of women in leading positions, political as well as bureaucratic, within a society is a useful "proxy" for good governance. It was the article *Are women really the "fairer" sex? Corruption and women in government* by David Dollar and colleagues at the Development Research Group, the World Bank, which sparked off research in this area. The conclusion of their study was: "There may be extremely important spinoffs stemming from increasing female representation: if women are less likely than men to behave opportunistically, then bringing more women into government may have significant benefits for society in general" (Dollar et al 1999, 427). What Dollar and colleagues found in a large cross-country study was that the presence of female parliamentarians has a significant, negative effect on corruption even when other factors such as overall level of social and economic development, political and civil freedom, average years of schooling, and ethnic fractionalization are taken into account.

In this first extensive study of gender and corruption, the assumption that women are more honest than men was never tested but underpinned by results from previous research findings pointing in the direction that women, for example, are more likely to exhibit "helping" behaviour and vote based on social concerns to a larger extent than men (Eagly &

Crowley 1986; Goertzel 1983). Later studies have added empirical evidence from the World Value Surveys showing that women are less involved in bribery, and are less likely to condone bribe-taking than men (Swamy et al 2001). Additional measurements on women's influence, such as women government ministers and women in the labor force, have also been added. Important to us are studies that explore correlations between the changes in women's position and the extent of corruption within countries over time (Swamy et al 2001). Results from longitudinal studies support the expectation that a welfare program that affects women's empowerment may in the long run affect quality of government as well.

A number have criticized the study by Dollar and colleagues regarding, for example, their failure to address the issue of the possibility of reversed causality (political regimes committed to impartiality and probity also provide opportunities for women to attain positions of political power), as well as the lack of preciseness in the core variables and the need for more elaborated panel analyses (Alolo 2007; Goetz 2007; Sung 2003). A recent study adds to the already complex picture saying that women's position in society has an effect on the overall level of corruption in a country, but only after a certain threshold of women empowerment is attained (Johansson 2008, 13).

CCT programs in Mexico are, as stated previously, directed at the absolutely neediest families. What we expect is that CCTs can serve as an "entrance" for women to the public sphere of the community; for this part of the argument we rely on previous findings showing empowerment of women within the household and as health consumers. For the second part of the argument that an increased number of women leaders will lead to reduced corruption we rely on previous international findings on gender and corruption. Even though there are disagreements on the mechanisms at work, there are few researchers denying the correlation detected by Dollar and colleagues: that the presence of women in leading positions has a significant negative effect on corruption.

CIVIL SOCIETY ORGANIZATIONS AND CORRUPTION

A second manner in which CCT programs may affect citizenship and political life is by altering the associational landscape. Important to note is that changes in civil society, in the long run, can have a number of implications for accountability and for probity in government. The existence of local community organizations as well as more professional development-oriented NGOs is often cited as necessary a component in attempts to hold corrupt public officials accountable. Numerous case studies attest to the role of civil society groups in

monitoring public services, bring abuses to light and also mobilize protests to counterbalance political pressure on accountability institutions to abstain from investigation and prosecution (see Grimes 2008b for a review of these case studies). Moreover, quantitative analyses indicate that countries with a rich civil society in terms of numbers of organizations relative to population size tend to have lower levels of corruption, provided that the country also has a dense media network as well as elections characterized by political competition (Grimes 2008a). Given that both of these conditions are in place in Mexico, albeit to varying extents at the state and local level, it is reasonable to expect that any effect that CCT programs have on the density of civil society associations may in the longer term have implications for citizens' collective capacity to hold public officials accountable.

How, then, might the expansion of CCT programs affect civil society? With respect to the number of organizations, there are reasons to expect that the welfare program might stimulate citizens to form organizations simply by merit of the fact that it raises the minimum standard of living, thereby allowing those with the fewest resources an opportunity to engage in collective efforts. The introduction of a steady source of income reduces vulnerability and may also allow recipients to think of the long-term needs of the family and community, which may entail collaboration with other civic associations (Levy 2006, 12). Moreover, the CCT program requires recipients to attend informal courses related to health and community issues. A study building on focus groups with 230 CCT recipients from 70 different communities revealed that attending these courses created new bonds among beneficiaries, which in some cases stimulated increased involvement in community activities (Adato 2004). Such involvement and activity may in some cases lead to the creation of more formalized organizations seeking to further community development.

There are, however, also reasons to expect that the CCT approach to social welfare may instead undermine civil society organizing. The same study that documented the formation of new bonds among recipients also documented the emersion of intra-community tensions among beneficiaries and those not selected for inclusion in the program. A perceived lack of clarity regarding the selection criteria and process gave in some instances rise to resentment, jealousy and divisions that instead eroded intra-community bonds (Adato 2004, 7). Furthermore, in particular in regions with strong authoritarian traditions, recipients may feel that organizing to contest societal injustices or abuses within the CCT program may jeopardize their benefits. Hevia de la Jara (2008) has documented in interviews with recipients a sense of vulnerability and dependency that may deter recipients from engaging in any collective confrontational activity. Tversky and Kahneman (1990) describe this as the

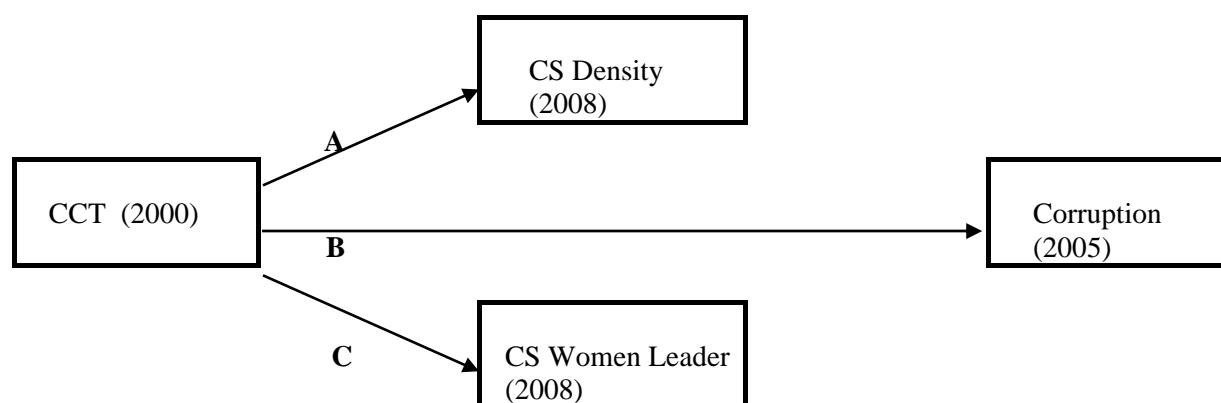
problem of ‘loss aversion’ in collective action, that actors perceive potential losses as greater than potential gains.

In terms of possible effects on civil society, the CCT program in Mexico in particular may weaken community organizing simply because it replaces other welfare programs that created powerful incentives for communities to form organizations both locally and at the regional level. As described in the historical overview, several of the predecessors of the CCT program required communities to form organizations in order to agree upon how to prioritize among possible development projects. While some of these organizations were subject to elite capture and incorporation into clientelistic networks, they sometimes established a degree of autonomy that in some cases strengthened with each new wave of welfare programs (Fox 1994; 1996). As this participatory approach, however flawed, has been replaced by a more individualized approach to development, previously formed organizations may disband.

In sum, there are reasons to expect that the density of civil society organizations may increase as a result of CCT programs but equally compelling reasons to expect that CCT programs may deter or erode the bases of civil society organizing. Similarly, women in particular may assume a more active role or instead feel the brunt of the divisiveness and intra-community competition the design of the program seems to generate. The empirical analysis will show which perspective on CCT is the most credible.

DESIGN AND DATA

We focus on the CCT program in Mexico since it is the oldest in Latin America and it has served as a prototype for many other CCT initiatives. A further argument is that the civil society community is relatively strong in Mexico, even in terms of women’s involvement (Blacklock & Macdonald 2000). We do not expect that CCT initiatives have the ability to create a vivid civil society where none previously exists—at least not within a time-period of about ten years—though it may affect the density of civil society organizations and contribute to a strengthened position for women. A third argument for choosing Mexico is that the country exhibits comparatively high levels of corruption. Both the World Bank control of corruption index, measuring perceived corruption (evaluations of experts), and the Transparency International Global Corruption Barometer index, measuring reported corruption (percent of the population who have paid bribe in last 12 months) place Mexico among the most corrupt countries in the world 2005 (Treisman 2007, 219) .



CCT = Conditional Cash Transfer, percentage of households in the state participating in Oportunidades
 CS Density = Number of Civil Society Organizations per million inhabitants
 CS Women Leader = Number of civil society organizations that have a woman as president
 Corruption = Reported Corruption (TI Mexico)

Figure 2. Indicators used to examine the theoretical model presented in Figure 1⁵

The corruption data build on a survey conducted by Transparency Mexico in 2005. The index reflects the responses of 15,123 heads of households (between 397 and 569 in each state) regarding corruption in 35 areas of the public sector. The survey asked respondents to report whether they had used each type of service followed by a question regarding how often the respondent had paid a bribe (monetary or other form of payment) for access to the service. The resulting data therefore provide an estimate of what percent of access to public service involve graft, and higher values suggest more corruption. The analyses use data from 2001 and 2005 and therefore are able to reveal whether CCT has effect an actual change in levels of corruption in Mexican states.⁶

This analysis employs an index that selectively includes items relating to 18 of the services included in the Transparency Mexico survey. For 15 of the services, the survey asked if the respondents had on any occasion been in contact with public officials and if so if bribes had been solicited. Since the aim is to determine whether CCT effects a change in corruption from one year to another, the index only includes items which asked whether respondents had availed themselves of the particular service in the past year. Moreover, several of the types of ‘service’ included in the survey relate to circumventing laws and regulations rather than exercising entitlements. The most common reason for paying bribes is to avoid having one’s

⁵ Variables that might be relevant to include in an extended analysis are electoral system (which varies by state and even municipality), shifts in political power, media structure, aspects of the judicial system, and relative inequality (distance between upper and lower strata of the population).

⁶ The data are available through El Banco de Información para la Investigación Aplicada en Ciencias Sociales (BIIACS) at the Centro de Investigación y Docencia Económicas (CIDE).

car towed (60%) and the second most common reason is to park illegally (53%).⁷ These items are also excluded from the corruption index used here.

The second type of political implication of the CCTs program investigated here are its effects on civil society activity and in particular women's involvement. Data on civil society come from a relatively newly created register of civil society organizations. Inclusion in the register, created in compliance with the 2004 Federal Law for the Promotion of the Activities Conducted by Civil Society Organizations, is voluntary but required for any organization intending to apply for subsidies, grants, tax exemptions and funds (approximately 9400 have registered to date). The resulting database lists organizations' area of activity (e.g. human rights, community development, gender equality, sports), as well as the name and gender of the organization's president and the year its bylaws were formally drafted. The year of an organization's bylaws may not reflect the actual age of the organization, however, as organizations may have drafted or legally formalized bylaws in order to be included in the registry (Castro 2005). Figure 3 shows the results of a survey of a subset of the organizations listed in the register, namely those organizations involved in the area of gender equality (total N=2437), their year of creation and the gender of the person listed as the main representative of the organization. The figure reveals that the 2004 law has succeeded in stimulating the creation of organizations, or at least stimulated the drafting of formal bylaws. Though the number of organizations founded each year steadily increased from the mid-1990s through 2003, the number of organizations entering the register annually more than tripled between 2003 and 2005. The registry unfortunately does not record organizations' size of membership, which would have allowed for a more nuanced measure of the strength of civil society.

⁷ It is not possible to determine from these numbers, however, whether infractions and violations were real or purported only as a means of extracting bribes. In other words, citizens may either be perpetrators or victims in these interactions.

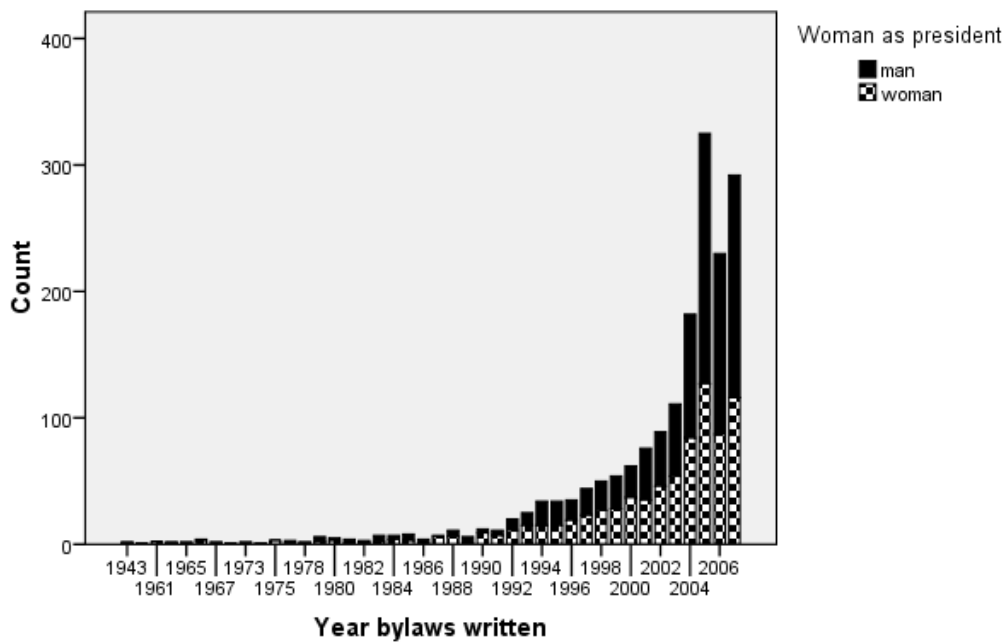


Figure 3. Number and leadership of gender-oriented civil society organizations founded each year in Mexico

Our dataset includes variables on the number of civil society organizations in each state, the number of organizations with a woman as its main representative, and whether the organization was created in 2001 or earlier.⁸

The analyses control for three factors that may affect political corruption and civic life: the proportion of low income residents in the state, and the proportion of the population classified as rural, and the overall level of socioeconomic development as measured by an index of marginality. The data on these variables was collected and compiled by Mexico's National Commission on Population (CONAPO) in conjunction with the National Institute of Statistics and Geography (INEGI). Low income is defined as less than two minimum wages (~\$8 USD) per day, and rural is defined as a community of 5000 inhabitants or less. The index or marginality comprises data on four areas of socioeconomic development: 1) education (literacy and completion of primary school), 2) income, 3) size of rural population and 4) housing (water, waste water, electricity, overcrowding, and dirt floors). The index therefore contains data on the two other control variables, low income and rural population. The reason for examining the effects of controlling for each of these is that the index itself captures factors, such as access to water, waste water and electricity, that not only may affect

⁸ We are very grateful to Naghmeh Nasiritousi for compiling the dataset on the gender-oriented organizations and to Petra Olsson for complementary data compilation.

corruption and civil society activity but may be the *result of* corruption and civil society activity.

The analyses use data on the state level and the analyses compare Mexico's 31 states. The capital Mexico City is not included in the analyses in part because as a primal city it is an outlier in almost all respects. Levels of corruption are higher than all but one state and it has twice as many civil society organizations per capita. The most compelling reason to exclude Mexico City is, however, that the Federal District is almost entirely excluded from the CCT program. It would of course be relevant to carry out the analyses at the municipal or even individual level. These tasks are, however, left for future research.

RESULTS

The analyses present a mixed picture of the political and civic effects of the conditional cash transfer program. The models in Table 1 examine first the bivariate relationships between the proportion of households in each state participating in the CCT program and the two aspects of governance and civic life potentially affected (see Figure 2), and subsequently these relationships under control for the relative size of the low income population, the proportion of inhabitants living in rural areas, and finally for the index of marginality measure. The analysis of the effect of the CCT program in corruption also controls for corruption at an earlier point in time (2001). Briefly, the CCT program does seem to mitigate corruption but may also undermine associational life as well as women's participation in civil society activity.

The figures in Table 1 indicate an across the board negative relationship between the proportion of households participating in the CCT program and the civic and political effects examined; that is, lower levels of corruption, a lower density of civil society organizations, and, finally, fewer civil society organizations with a woman as a president.

Table 1. The effects of conditional cash transfers (percentage of households participating) on corruption and civil society

Effect of % households receiving CCT aid on:	Model 1 Controlling for % low income population	Model 2 Controlling for low income and rural	Model 3 Controlling for Index of marginality and corruption 2001 (in a.)	Model 4 Controlling for CSO density 2001, low income and rural
a. Corruption 2005	-0.2*	-0.32**	-0.18**	
b. CSO density [‡]	-2.0 (0.13)	-3.1*	-1.2 (.5)	-1.6 (.12)
c. CSO w/ woman as president [‡]	-0.8*	-1.1*	-0.5 (0.4)	

Note: p-values in parentheses where significance levels exceed 0.10.

[‡]Number of organizations per million inhabitants

In bivariate analyses (not shown), the extent to which the residents of a state participate in the CCT program seems to have no effect on levels of corruption nor on the civic landscape. Considering that the CCT program is concentrated to less developed areas, one might expect that states with more recipients do not have *higher* average levels of corruption as well as weaker associational life. Controlling for the proportion of low income inhabitants (Model 1), patterns begin to emerge. The reported levels of corruption are slightly lower in states with comparatively larger numbers of CCT recipients. CCT dense states also tend to host a weaker civic activity, and to a lesser extent have women in leadership positions in these organizations.

These patterns persist even once the size of the rural population in the state is controlled for. The CCT program is directed primarily at development in rural areas; states with large rural populations therefore have a larger proportion of beneficiaries than more urbanized states. Rural areas may also tend to have a weaker civil society and weaker focus on women's empowerment. These circumstances do not seem to be driving the results, however. Model 2 controls for the size of the rural population in the state and rather than diminish, the patterns seen in the first model become more stark. States with many CCT beneficiaries show considerably higher levels of corruption, weaker civil society, and a smaller role of women in civic life than in states with fewer CCT recipients. These tendencies for the most part hold even when controlling for the index of marginality (model 3). Moreover, model 3a controls not only for the index of marginality, which reflects the overall level of development in the state, but also for corruption at an earlier point in time (2001). The estimates for this model provides more robust support for the contention that the relative number of CCT recipients may in fact have a causal impact on lowering the incidence of bribe-paying in the state. The coefficient tells us that an increase of 10 percentage points in the proportion of households

receiving CCTs in a state would lead to a decrease of 1.8 instances of bribe-paying per hundred interactions with a public sector service. Considering that the national average of bribe paying per hundred transactions was 4.2, this must be considered a substantial reduction.

The apparent negative impact of the CCT program on the density of civil society and on women's active participation in civil society organizations both become more marked once the size of the rural population is taken into account. Gauging by the coefficients in model 2, a hypothetical state with a population of one million in which the share of households receiving CCT benefits increased by 10 percentage would in time as a result have 31 fewer organizations and 11 fewer organizations headed by women. Once the index of marginality is included in the model, however, these effects lose explanatory power. Model 4, which controls for the number of organizations per capita in the state in 2001, provides a final examination of the impact of CCTs on civil society. Here as well the negative estimate presents a rather negative picture of the civic ramifications of the CCT program. Since all of the states have seen an increase in numbers of civil society organizations since 2001, the estimate suggests that, once the size of the low income and rural populations are taken into account, states with a relatively large proportion of households participating in the CCT program saw a slower rate of growth than states with fewer recipients.

CONCLUSION AND DISCUSSION

To the extent that the analyses presented here present an accurate depiction of the actual political and civic implications of CCT programs, these results give reason to celebrate conditional cash transfers as a means of enhancing quality of government in the short run but perhaps also grounds for caution regarding the program's long-term implications for anti-corruption efforts and perhaps democracy as well. If CCT programs indeed do undermine civil society and in particular women's involvement in civil society, they may slowly erode the basis for social accountability at the same time that they erode the networks of clientelism and corruption. The highly streamlined program creates a direct relationship between individual recipients and a federal administrative office and with the exception of attendance at informal courses, creates no space, opportunity or incentive for involvement as a community. While the design of the CCT program in this sense resembles most other welfare programs in most other countries, it departs from historical precedent in Mexico, as many of CCTs predecessors did encourage the creation and involvement of community are regional level civil society organizations. Moreover, whereas similar welfare programs in other

countries may have evolved gradually over time, the CCT program in Mexico expanded quite rapidly once appearing on the policy stage, which may have made tensions between beneficiaries and non-beneficiaries more acute.

CCT programs indeed represent an innovative model for public administration, one which can perhaps be described as an *atomistic* model. On an over-arching level, the conclusion from our analysis is that “social engineers” get what they ask for: when it comes to CCT programs the main purpose was to break the intergenerational transmission of poverty. Previous research attests to the success of CCTs in this field. The other, closely interlinked, aim was to increase efficiency/reduce corruption and our study provides rather firm ground for a positive assessment. However, equally importantly, our analysis shows that social engineers should perhaps be wary of spin-off effects from CCT initiatives. If governments value a high density of civil society organizations, and the empowerment of women in society, then they must direct their efforts to these aspects. The Mexican government has made policy efforts independent of the CCT program that seeks to stimulate civil society activity. The many countries that have mimicked the CCT program but that have *not* simultaneously sought to provide other incentives for civic involvement may witness a noticeable decline in organizing in particular in communities with a large proportion of CCT recipients. Such a decline may then have deleterious consequences for human capital development in the longer term as well as for citizens’ ability to launch collective efforts to hold political officials accountable.

On a final note, the findings presented here raise a call for additional research into the effects of conditional cash transfer programs on overall quality in government practices as well as on civic life. The limited number of units of analysis provide only limited room for taking other possibly relevant factors into account. As evidence begins to accumulate from other countries that have implemented similar programs, more extensive examinations of the program in these different contexts will hopefully shed needed light on whether the effects observed in this paper are robust and hold in other contexts as well.

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