

**CHARLES UNIVERSITY**

**FACULTY OF SOCIAL SCIENCES**

Institute of Political Studies

Department of Political Science

**Network Corruption, Social Capital, and the Social  
Hydra: Analysis of the State government of Veracruz  
2010-2016**

Bachelor's Thesis

Author of the Thesis: Mauricio Samuel Isrrade Huicochea

Study programme: Philosophy, Politics, and Economics

Supervisor: prof. Jakub Tesar

Year of the defence: 2024

## **Declaration**

1. I hereby declare that I have compiled this thesis using the listed literature and resources only.
2. I hereby declare that my thesis has not been used to gain any other academic title.
3. I fully agree to my work being used for study and scientific purposes.
4. During the preparation of this thesis, the author used Zotero in order to maintain a well-organized reference list. After using this tool/service, the author reviewed and edited the content as necessary and takes full responsibility for the content of the publication.

In Prague on 31/07/2024

Mauricio Samuel Isrrade Huicochea

## **References**

- Adler, Paul S., and Kwon, Seok-Woo, Social Capital: The Good, the Bad, and the Ugly. KNOWLEDGE AND SOCIAL CAPITAL: FOUNDATIONS AND APPLICATIONS, Eric L. Lesser, ed., Butterworth-Heinemann, Boston, MA, pp. 89-115, 2000, Marshall School of Baker, Wayne & Faulkner, Robert. (1993). The Social Organization of Conspiracy: Illegal Networks in the Heavy Electrical Equipment Industry. American Sociological Review. 58. 10.2307/2095954.
- Brock, Gillian. 2022, "Global Justice and Corruption." pg. 1-34  
Business Working Paper No. MKT 03-09, Available at SSRN:  
<https://ssrn.com/abstract=186928> or <http://dx.doi.org/10.2139/ssrn.186928>.
- Ángel, Arturo. Duarte, el priista perfecto. Mexico City: Penguin Random House, 2017.
- Ángel, Arturo. "Las Empresas Fantasma de Veracruz". Animal político. 26 of May 2016  
<https://contralacorrupcion.mx/web/empresasfantasma/index.html>
- Camarena, Salvador. "El extraño caso de los 25 millones de pesos voladores" Portal El País. 2012.  
[https://elpais.com/internacional/2012/01/31/actualidad/1327976198\\_318738.html?event=go&event\\_log=go&prod=REGCRART&o=cerrado](https://elpais.com/internacional/2012/01/31/actualidad/1327976198_318738.html?event=go&event_log=go&prod=REGCRART&o=cerrado)
- Collier, David. "Understanding Process Tracing." PS, Political Science & Politics 44, no. 4 (2011): 823–30. <https://doi.org/10.1017/S1049096511001429>.
- El Economista. Dictan 9 años de sentencia a Javier Duarte; hubo reducción de pena al aceptar culpabilidad. September 27, 2018.  
<https://www.eleconomista.com.mx/politica/Dictan-9-anos-de-sentencia-a-Javier-Duarte-hubo-reduccion-de-pena-al-aceptar-culpabilidad--20180926-0133.html>
- Gaceta Oficial de Veracruz. "LEY DE ADQUISICIONES, ARRENDAMIENTOS, ADMINISTRACIÓN Y ENAJENACIÓN DE BIENES MUEBLES DEL ESTADO DE VERACRUZ DE IGNACIO DE LA LLAVE" 21 of December 2017.  
<https://www.legisver.gob.mx/leyes/LeyesPDF/LADQU211217.pdf>
- Gobierno de Veracruz. 2024. "Sueldos, Salario y Remuneraciones de los Servidores Públicos"  
<http://transparencia.sev.gob.mx/fraccioniv/>
- Granados, Oscar M.; Nicolás-Carlock, José R. 2021. "Corruption Networks: Concepts and Applications." Springer, Switzerland. <https://doi.org/10.1007/978-3-030-81484-7>
- H. Congreso del Estado de Veracruz "Legisladores LXVI Legislatura"  
<https://www.legisver.gob.mx/Inicio.php?p=legis>

H. Congreso del Estado de Veracruz. 2010. "INTEGRACIÓN DE LA LXII LEGISLATURA DEL CONGRESO DEL ESTADO LIBRE Y SOBERANO DE VERACRUZ DE IGNACIO DE LA LLAVE"

<https://www.legisver.gob.mx/PublicacionesGenerales/IntegracionLXIILegislatura2.pdf>

H. Congreso del Estado de Veracruz. "Historial Legislaturas LXVIII"

<https://www.legisver.gob.mx/Inicio.php?p=histLeg&leg=63&ej=1&n=1&a%C3%B1o=2013>

Hernández Jiménez, Norberto, and Sergio Iván Anzola Rodríguez. "El caso Duarte." In Respuestas nacionales e internacionales al fenómeno de la corrupción: Particular atención al ámbito iberoamericano, 2021, ISBN 978-84-1378-799-2, págs. 107-132, 107-32. Tirant lo Blanch, 2021.

<https://dialnet.unirioja.es/servlet/articulo?codigo=7868540>.

León Robles, Lorenzo. ¿De a cuánto nos toca? Lo que todos pagamos por la corrupción. 2023. Mexicanos contra la corrupción y la impunidad.

<https://contralacorrupcion.mx/encuesta-mcci-reforma-2023/de-a-cuanto-nos-toca-lo-que-todos-pagamos-por-la-corrupcion/>

López González, Silvia Patricia. "México." In Respuestas nacionales e internacionales al fenómeno de la corrupción: Particular atención al ámbito iberoamericano, 2021, ISBN 978-84-1378-799-2, págs. 341-382, 341-82. Tirant lo Blanch, 2021.

<https://dialnet.unirioja.es/servlet/articulo?codigo=7868544>.

Morales, Yolanda, "México, lugar 51 en la apertura de negocios: DM" September 9, 2009.

<https://www.economista.com.mx/empresas/Mexico-lugar-51-en-apertura-de-negocios-BM-20090909-0057.html>

Mungiu-Pippidi, Alina. 2016. "The Quest for Good Governance: Learning from Virtuous Circles." *Journal of Democracy*, Vol. 27, No. 1. 95-109

Olmos, Raúl. Surgen otras 45 empresas 'fantasma' de Javier Duarte. December 7, 2016. Mexicanos Contra La Corrupción y la Impunidad.

<https://contralacorrupcion.mx/surgen-otras-45-empresas-fantasma-de-javier-duarte/>

Owens, L.A. & Young, P. (2008). You're hired! The power of networking. 29. 23-28. [https://www.researchgate.net/publication/296539731\\_You're\\_hired\\_The\\_power\\_of\\_networking/citation/download](https://www.researchgate.net/publication/296539731_You're_hired_The_power_of_networking/citation/download)

Pérez-Chiqués, Elizabeth; Meza, Oliver. Trust-based corruption networks: A comparative analysis of two municipal governments. 2021. *Governance*. pg. 1039-1056.

<https://doi.org/10.1111/gove.12554>

Redacción Animal Político. “Orden de aprehensión a siete exfuncionarios de Javier Duarte acusados de peculado”. 2023.

<https://animalpolitico.com/estados/orden-aprehension-siete-exfuncionarios-javier-duarte-peculado>

Reporteros, Sin Fronteras. “Veracruz: Los Periodistas Frente al Estado de Miedo.” Reporteros sin Fronteras, 2017.

[https://www.rsf-es.org/wp-content/uploads/attachments/2017\\_02.02\\_RSF\\_INFORME\\_VERACRUZ\\_MEXICO.pdf](https://www.rsf-es.org/wp-content/uploads/attachments/2017_02.02_RSF_INFORME_VERACRUZ_MEXICO.pdf).

Roldan, Israel. Los actos de corrupción que la justicia debe aclarar con la caída de Duarte. April 18, 2017. Mexicanos Contra La Corrupción y la Impunidad. <https://contralacorrupcion.mx/los-actos-de-corrupcion-que-la-justicia-debe-aclarar-con-la-caida-de-duarte-2/>

Rotberg, Robert I. *The Corruption Cure: How Citizens and Leaders Can Combat Graft. Strong Laws and Other Watchdogs*. Princeton: Princeton University Press, 2017. Accessed June 22, 2024. ProQuest eBook Central. pg. 73-108 (97-99)

Rothstein, Bo. 2018. "Fighting Systemic Corruption" *Daedalus* Vol. 147, no. 3, Anti-Corruption: How to Beat Back Political & Corporate Graft (Summer 2018): 35-49.

Rose-Ackerman, Susan. 2018. "Corruption and Purity." *Daedalus* Vol. 147, no. 3, Anti-Corruption: How to Beat Back Political & Corporate Graft (Summer 2018): 98-110.

<https://www.jstor.org/10.2307/48563083>. Silva E. Souza, Cibele. 2019. "Making Sense of Corruption, by Bo Rothstein and Aiysha Varrach." *Corvinus Journal of Sociology and Social Policy* 10(2019)2): 195-200. DOI 10.14267/CJSSP.2019.2.11.

Slingerland, W. (2018). *Network corruption: when social capital becomes corrupted: its meaning and significance in corruption and network theory and the consequences for (EU) policy and law*. [Ph.D. Thesis—Research and graduation internal, Vrije Universiteit Amsterdam].

Secretaría de la Función pública. “1.3.1 Licitación pública (LOPSRM y LAASSP)” 9 of May 2017. <https://www.gob.mx/sfp/acciones-y-programas/1-3-1-licitacion-publica>

World Bank, “Doing Business 2008 Mexico.” <https://documents1.worldbank.org/curated/en/786091468056345104/pdf/427490WP0Box321oing0Business0Mexico.pdf>

World Bank, “Doing Business 2009: Making a Difference for Entrepreneurs: Mexico”

<https://documents1.worldbank.org/curated/en/345951468287158690/pdf/588760AR0Doing101public10BOX353821B.pdf>

Zavaleta, Noé. El infierno de Duarte: Crónicas de un gobierno fatídico. 1st ed. Mexico City: Ediciones Proceso, 20

**Length of the Thesis: 74260 characters**

## **Abstract**

This work attempts to understand the resilience and adaptability that corruption shows worldwide. Using Network Corruption as a concept allows for a holistic and more complete understanding of the relationship of individuals with norms, rules, and institutions. There are three central aspects to which this work attempts to explore: the substantial advantages of network corruption as concept in comparison to a classical individual concept of corruption, in the influence that networks have in individuals, the adaptability and resilience of corruption, and the idea of collective responsibility. Secondly, the causal mechanism of the resilience and adaptability of networks to which the results are inconclusive but go towards the direction of their unpredictability and complexity. Finally, transforming public institutions' ethos from a provider of social goods to a profit-seeking logic through a systematic process of institutionalization of corruption enables the change on the normative stance of corruption actions deeming them as acceptable within the network.

## **Abstrakt**

Tato práce se pokouší porozumět odolnosti a přizpůsobivosti, kterou korupce celosvětově vykazuje. Použití síťové korupce jako konceptu umožňuje holistické a úplnější pochopení vztahu jednotlivců k normám, pravidlům an institucím. Tato práce se pokouší prozkoumat tři hlavní aspekty: podstatné výhody síťové korupce jako konceptu ve srovnání s klasickým individuálním konceptem korupce, vlivu, který sítě mají na jednotlivce, adaptabilita an odolnost korupce a myšlenka kolektivní odpovědnosti. Za druhé, kauzální mechanismus odolnosti an adaptability sítí, pro které jsou výsledky neprůkazné, ale jdou směrem k jejich nepředvídatelnosti a složitosti. A konečně, transformace étosu veřejných institucí z poskytovatele společenských statků na logiku usilující o zisk prostřednictvím systematického procesu institucionalizace korupce umožňuje změnu normativního postoje korupčních akcí, které jsou v rámci sítě považovány za přijatelné.

## **Keywords**

Social Networks, Social Capital, Network Corruption, Process Tracing, Corruption, Mexico, Veracruz

**Klíčová slova**

Sociální sítě, sociální kapitál, korupce v síti, sledování procesů, korupce, Mexiko, Veracruz

**Title**

Network Corruption, Social Capital, and the Social Hydra: Analysis of the State government of Veracruz 2010-2016

**Název práce**

Síťová korupce, sociální kapitál a sociální hydra: Analýza vlády státu Veracruz 2010-2016



## Table of Contents

Introduction.....	4
1. Literature Review.....	6
1.1 Social Network.....	6
1.2. Social Capital.....	8
1.3. Normalization of Corruption.....	11
1.4. Network Corruption.....	15
2. Methodology and Data.....	17
2.1 Institutionalization.....	17
2.2 Causal Mechanism.....	18
2.3 Network Corruption.....	19
2.4 Method.....	19
2.5 Data.....	20
3. Analysis.....	21
3.1. Introductory notes.....	21
3.1. Creation of the network.....	23
3.1.1. Network composition.....	23
3.1.2. Social Capital and Radius of Trust.....	26
3.2. Institutionalization.....	29
3.3. Network corruption.....	33
Conclusion.....	35
Summary.....	36
List of References.....	37

## Introduction

Corruption “... exists in all countries at all stages of development...”<sup>1</sup>. Its ability to shaveshifting, despite all effort and developments, has transform corruption in one of most prevalent and intricated issues of contemporary society. Corruption is considering an “Umbrella Term” due to the overlap of notions of what implies to act corruptly.<sup>2</sup> There is two generalize agreements with regards to corruption. Firstly, corruption has to do with the legal, social, and political difficulty of delimiting public and private goods.<sup>3</sup> Secondly, it predominantly has to do with the deviation of the responsibilities of a public role.<sup>4</sup> Despite the variety of sources, and forms on analyzing only recently a new conception has been formed in which the classical conception as a problem of “bad apples” which highly regards the individuals and the framework as the problem to solves has not deemed the expected results. For this reason, Network Corruption is the focus of this work, Network corruption consider “complex system consisting of diverse elements that self-organize.”<sup>5</sup> This brings to life the that “corruption as a social process within networks.”<sup>6</sup> so it emanates from the interaction of individuals within networks, which shape their action through norms, rules, and institutions on the network. By following this line of research there is possibilities of tackle corruption in a collective sense which might help the anti-corruption efforts, implementing a more holistic conception of corruption.

Through this work there is three central question that are covered, all of them try and understand key aspects that in the classical literature are more complicated of approach but is through the understanding and analysis of the network that some light is shies. Firstly, to try and understand the process in which a public institution which ethos or essence should be the provision of public goods, can transform to part of the machinery of extraction of the public money. Secondly, the causal mechanism that enable corruption to be so resilient and adaptable.

---

<sup>1</sup> Brock, 2022.

<sup>2</sup> Silva, 2019.

<sup>3</sup> Rothstein, 2022; Rose-Ackerman, 2018; Zimering and Johnson, 2005.

<sup>4</sup> Rothstein 2018, 2021; Brock, 2022; Rose-Ackerman 2018; Zimering and Johnson, 2005; Mungiu-Pippidi, 2016; Silva, 2019.

<sup>5</sup> Granados and Nicolás-Carlock, 2021. pg. 2

<sup>6</sup> Granados and Nicolás-Carlock, 2021. pg. 9

**Commented [M11]:** 1. research problem  
2. Defend and specify question.  
3. Methods an data  
4. Delivery of main results  
5. Composition of thesis

Finally, the ways in which Network Corruption allows for a more holistic interpretation and analysis of corruption in contrast with the classical “bad apples” thesis. In order to do this, I will use the seminal work on the case from Arturo Angel investigative journalist that uncovered the scandal in 2016, and worked on a book in which presents a detailed chronic of the events leading, during and after the scandal in 2016. I will use this in conjunction with other first hand sources and analyze through a process tracing method, which is a systematic form of analysis in a qualitative method, in which through placing key moment and events creates a clear eagle eyes vision of the case. So, the networks are characterized by their informality, dynamism, and purpose, the similarity of members, and how embedded they are in social systems.<sup>7</sup>

Through the use of process tracing in combination with the Radius of Trust concept of Fukuyama (2001), the Institutionalization of Corruption process of Ashford & Anand (2003), and the concept of Network Corruption of Slingerland (2019) this work found the following. There are the substantial advantages of network corruption as concept in comparison to a classical individual concept of corruption, in the influence that networks have in individuals, the adaptability and resilience of corruption, and the idea of collective responsibility. Secondly, the causal mechanism of the resilience and adaptability of networks to which the results are inconclusive but go towards the direction of their unpredictability and complexity. Finally, transforming public institutions’ ethos from a provider of social goods to a profit-seeking logic through a systematic process of institutionalization of corruption enables the change on the normative stance of corruption actions deeming them as acceptable within the network.

The layout of this work starts by analyzing and framing some of the key elements and frameworks use during the analysis, such as the Social Network, Social Capital, Normalization of Corruption all which help frame the follow-up section. In the second section the questions and their hypothesis is lay out in a clear and specific way. Followed within the section to a description of the methodology of process tracing, and the data to be use. In the last section the analysis is lay out to explore the composition of the network and the causal mechanism that the radius of trust can offers, later the analysis of the process of Institutionalization to understand the shift on the ethos of public institutions, and finally the analysis of the advantages of network corruption facilitated by the previous sections.

---

<sup>7</sup> Granados and Nicolás-Carlock, 2021. Pg. 16-17

## 1. Literature Review

### 1.1 Social Network

Social networking is a concept that attempts to explain how individuals relate to each other based on trust and interaction. The networks are represented with nodes and lines, which, in their simplicity, try to explain not only the possible interaction of individuals but also organizations and network interactions, which might share different dimensions of relations such as professional, personal, and economical. When analyzing a network, we can observe some characteristics to help guide us to understand its factors, such as the centers of influence that have the most connections within networks, different types of reinforcing mechanisms, and the type of trust they display about themselves and with other networks in which we will focus on the political affiliation. This concept offers a framework to understand interaction's malleable, responsive, and adaptive nature.

Overall, a social network can be described as “a set of actors and the set of ties representing some relationship or lack of relationship between the actors.”<sup>8</sup> In this sense, it is possible to observe graphically where the connection exists and where it does not. Furthermore, a social network is not reduced to a unidimensional one. Multiplicity plays an essential role in observing social networks; it refers to the “degree to which two actors are linked by more than one type of relationship,”<sup>9</sup> adding a layer of complexity in which the multidimensional aspect of the social roles comes into play. Once a Network has started to be formed, the creation of a relation entails “mutual obligation and responsibility for action.”<sup>10</sup> In other words, we are not only part of it; when joining it, we do things to benefit the group, maintain it, and foster it.

A social network can be considered or composed of some “natural individuals”<sup>11</sup>, but this is not the only possibility; also, collectives can form social networks. The collectives can be “formal organizations”<sup>12</sup> with a stable and rigid structure or a social network which is a flexible and ever-changing self. Organize the efforts of agents. Whether it is a formally established organization or a social network, we must understand agents as nodes and relationships as connectors, which shows a type of relation that “is not formally founded but

---

<sup>8</sup> Brass, Butterfield, and Skaggs, “Relationships and Unethical Behavior.” p.17

<sup>9</sup> Brass, Butterfield, and Skaggs, “Relationships and Unethical Behavior.” p. 18

<sup>10</sup> Putman Chapter 1 “Thinking about Social Change in America” pg. 15-30. p. 21

<sup>11</sup> Brass, Butterfield, and Skaggs, “Relationships and Unethical Behavior.” p. 17

<sup>12</sup> Brass, Butterfield, and Skaggs, “Relationships and Unethical Behavior.” p. 17

instead has an informal horizontal structure in which these beneficial relationships emerge.”<sup>13</sup> In this case, we refer to “*Whole Networks*,” which refers to some organizations collaborating for a common goal<sup>14</sup> based on reciprocity and trust. Furthermore, the relationship tends to be non-hierarchical, and individuals have “operating autonomy,” which gives a flexible, resilient formation.

Some characteristics that we can distill when we analyze social networks is that despite the operating autonomy, there are nodes that are considered “*spheres of influence*,”<sup>15</sup> which has to do with the number of links they have with other nodes; the greater the number, the greater the sphere of influence, this goes in conjunction to the strength or weakness of the relationship<sup>16</sup> which increases with the frequency of interactions which builds trust, allowing to create status among the actors. Status plays a role in reinforcing mechanisms such as “the lower status actor is less likely to act unethically because the more powerful actor can retaliate with more force.”<sup>17</sup> it is essential to note that the normative aspect of “ethical action” is network dependent, as acting ethically is acting for the network’s good, and the good for the network is the obtention of the goal. Another reinforcing mechanism is surveillance, which acts as a deterrent for actors to cheat others, as the possibility of others learning this behavior can affect the status of nodes within the network.<sup>18</sup>

Once we have laid the groundwork of the characteristics of networks, it is vital to advance the concepts of trust, specifically, *particularized trust*, which is “the belief in the trustworthiness of people based on social categories.”<sup>19</sup> In other words, that trust is reserved for your group. This will have significant implications in the social cohesion and institutional framework because it creates a “particularistic political culture that privileges certain groups rather than universalistic political culture, which treats everyone similarly.”<sup>20</sup> Particularize trust branch in two forms that bind actors based on personal affiliation or political relationship, and...derived from complicity<sup>21</sup> in the former can be perceived as the traditional form we

---

<sup>13</sup> Provan, Fish, and Sydow, “Interorganizational Networks at the Network Level.” p. 482

<sup>14</sup> Ibid. p. 482

<sup>15</sup> Owens and Young, “You’re Hired! The Power of Networking.” p. 24

<sup>16</sup> Brass, Butterfield, and Skaggs, “Relationships and Unethical Behavior.” p. 17

<sup>17</sup> Ibid, p. 18

<sup>18</sup> Ibid, p. 19

<sup>19</sup> Uslander 2002

<sup>20</sup> Mungiu-Pippidi, “Corruption: Diagnosis and Treatment.” p. 88

<sup>21</sup> Pérez-Chiqués and Meza, “Trust- Based Corruption Networks.” p. 1040

have been discussing where a network creates a group characterized by mutual obligation and goal-oriented. In the latter, trust is built on transferring benefits, calculation, and conspiracy in the context of illegal actions in the form of “kidnapping” trust. The advantage of social networks is that they offer a “dynamic, responsive and adaptive” framework in which we can observe how agents solve a problem or achieve a purpose.<sup>22</sup>

## 1.2. Social Capital

Social capital is similar to other forms of capital, such as human or financial capital, in their intrinsic value and willingness to cooperate, but with the critical distinction that its value emanates from the relation among individuals. Due to the multidimensional role of identity, we tend to belong to different and overlapping networks. To understand the accessibility to capital, the Radius of Trust from Francis Fukuyama is applied to observe the types of externalities a network has and the form in which they present or are not a liability to society. The radius approximation will be assessed based on the outcomes and the type or reciprocity.

When we talk about Social Capital, we are indeed talking of an alternative form of capital, such as financial, human, or other types, each with its characteristics and functions. Adler & Kwon (2000) make out the essential differentiation being “...this capital (social capital) is not located in the actors, but in the relations, they have with others.”<sup>23</sup> so despite sharing overlapping characteristics with other forms of capital, such as their intrinsic value, complementarity, and the incentive to invest in it. Social Capital outside of the agent can only be fostered by adding more connections and relations with other agents. Furthermore, we can expand on the characteristics that shape social capital.

Some other important characteristics to understand social capital have to do with the processes needed to shape the structure that enables the agent to earn from their capital. Firstly, existing in a social realm, we inherently have this type of capital, and by connecting with others, this capital increases. Connections create specific groupings based on certain shared characteristics, and we all, due to the multi-dimensional nature of identity, belong to different and sometimes overlapping groups. Secondly, to distinguish this grouping, we observe norms

---

<sup>22</sup> Slingerland, “Social Capital, Corrupt Networks, and Network Corruption” p. 16

<sup>23</sup> Adler and Seok-Woo, “Social Capital: The Good, the Bad, and the Ugly.” p. 94

that facilitate establishing trust and reciprocity, which will be explored further. Thirdly, beliefs and rules in formal institutions are social instances and create expected behavior in which the context, grouping, and circumstance can drastically change these beliefs, expectations, and rules of the game.<sup>24</sup>

Another characteristic of networks is that they tend to be created, on the one hand, to solve problems that the agents themselves would not be able to solve individually and to develop social cohesion. To frame it is essential to understand social capital also as "...networks and norms of reciprocity and trust that arise from them."<sup>25</sup> For social capital to exist, an enabling characteristic is the presence of *generalized reciprocity* in which the agent does an action under the assumption that whether or not the other agent repays the action, someone else within the network will repay with a different action in the form of exchange of actions which foster trust, and resolve collective action problems.<sup>26</sup> However, it is essential to distinguish between the two levels of social capital and trust. While the former is a "social structure,"<sup>27</sup> the latter is a "psychological state"<sup>28</sup> that can reinforce each other.

To add another layer of complexity to the analysis, fostering trust and reciprocity in the radius of trust and distrust and their generated externalities would be essential. Fukuyama (2001) puts together a definition of social capital as an "informal norm that promotes cooperation between two or more individuals."<sup>29</sup> This can vary in complexity, even forming "complex and elaborately articulated doctrines like Christianity..."<sup>30</sup> To better understand this complexity, Fukuyama advances the idea of the Radius of trust, which is the "circle of people among whom cooperative norms are operative."<sup>31</sup> This can extend beyond the group or be reserved for the leadership only. Furthermore, Fukuyama explores the way this radius generates externalities either positive which, if reflected in a radius more extensive than the group, in

---

<sup>24</sup> Adler and Seok-Woo, "Social Capital: The Good, the Bad, and the UglyAdler." p. 97 but all the articles go through that.

<sup>25</sup> Ibid. p. 92

<sup>26</sup> Ibid. p.98 Others consider social capital based mostly on believes particularly on the reciprocity, as the norm of generalized reciprocity can resolve problems of collective action and binds communities p. 98.

<sup>27</sup> Social to the extent that there is a series of beliefs, expectations, and social rules of collective action.

<sup>28</sup> Psychological in the calculus of trust and actions, which are based in a series of mechanisms that reinforce beliefs and bias.

Ibid. p.101-102

<sup>29</sup> Fukuyama, "Social Capital, Civil Society and Development." p. 7

<sup>30</sup> Fukuyama, "Social Capital, Civil Society and Development." p. 8

<sup>31</sup> the circle of people among whom cooperative norms are operative p. 8.

contrast, having a small radius might indicate that the “in-group solidarity reduces the ability of group members to cooperate with outsiders, and often imposes negative externalities on the latter”<sup>32</sup> when these externalities appear is distinguished as a “radius of distrust” which the bigger it is, the more significant is the social liability.<sup>33</sup>

When discussing the social liability a network entails, it refers to consolidating the radius and the type of externalities a radius of distrust can generate. So firstly, the internal “cohesiveness is often based on strongly shared norms and values within a group...”<sup>34</sup> This is a gradual process in which, through interaction, agents “develop a stake in a reputation for honesty and reliability”<sup>35</sup> so, in essence, all social networks can develop both types of radii. A way to realize the potential liability is to follow the intention for the creation of the network. So, the possibility of liability exponentially increases when the intentions of “criminal goals” become a liability for society as to become “guardians of trust” (for their network), conceal their actions<sup>36</sup> and disregard the negative externalities their actions might bring to their out-group<sup>37</sup> So to observe the liability that signifies a group to society we must observe the structure of the network.

We can develop two indications to understand the degree of liability and the radius of trust and distrust that a network has, which are, on the one hand, the distribution of outcomes and, on the other, the form of reciprocity.<sup>38</sup> Firstly, we can observe two forms: inclusive and exclusive outcomes. On the one hand, we have an inclusive outcome in which the capital is shared beyond the in-group circle<sup>39</sup>. On the other hand, an exclusive form, in which cohesion is “achieved at the expense of outsiders,”<sup>40</sup> at the same time reduces the capacity of cooperation with other networks and disregards possible negative externalities imposed on them. The negative externalities might come in different forms, particularly nepotism, which “(deprive)

---

<sup>32</sup> Fukuyama, “Social Capital, Civil Society and Development.” pg. 9

<sup>33</sup> Fukuyama, “Social Capital, Civil Society and Development.” p. 14

<sup>34</sup> Fukuyama, “Social Capital, Civil Society and Development.” p. 14

<sup>35</sup> Fukuyama, “Social Capital, Civil Society and Development.” p. 15

<sup>36</sup> Slingerland, “Social Capital, Corrupt Networks, and Network Corruption” p. 18

<sup>37</sup> Fukuyama, “Social Capital, Civil Society and Development.”

<sup>38</sup> Slingerland, “Social Capital, Corrupt Networks, and Network Corruption” p. 19

<sup>39</sup> In this case it can be said that the externalities created are positive as the capital created through the interactions among the networks.

<sup>40</sup> Fukuyama, “Social Capital, Civil Society and Development.” p.8



members outside the group from equal opportunity in accessing goods and services.”<sup>41</sup> In many ways, this exclusive outcome happens as these networks consist of “one or few centers of influence with a close group of individuals who are alike and share a certain background...”<sup>42</sup> holding only for the member the opportunity to access the capital to “help, enrich, and support their members at the cost of the outsider.”<sup>43</sup>

Secondly, to uncover the possible liability and radius of distrust, we must analyze the form in which reciprocity is perceived as a norm, either a generalized form or a specific reciprocity. Reciprocity is the norm that exists when the belonging member gets something of value in return<sup>44</sup>. While specific reciprocity is “when an individual does something and a particular person does something in return”<sup>45</sup> which could be inoffensive like a gift, or harmful like a bribe. Then Generalized reciprocity is when “an individual does something without expecting anything specific back from that other person in the confident expectation that someone else in the network will do something for him at some point”<sup>46</sup> So acting in a specific form has the assumption that someone else will have a spontaneous act of kindness within the network, allowing that “not every single exchange need to be balanced”<sup>47</sup> This element is fundamental as it will define the development, structure, and establishment of the purpose of the network and the form in which actions will be executed.

### 1.3. Normalization of Corruption

As a systematic form of analyzing how corruption gets embedded within the organizations, Ashford and Anand (2003) departed from the idea of the corrupt individual. developed a systematic analysis of the Normalization of Corruption, which consists of a three-step process. The First and most important for this research is Institutionalization, in which the organization systematically neutralizes, routinely, and disperses corruption actions within the organization creating an internal normative behavior. Secondly, rationalization is when individuals justify their behavior. Finally, Socialization, in which organizations create a social

---

<sup>41</sup> Slingerland, “Social Capital, Corrupt Networks, and Network Corruption” p. 19

<sup>42</sup> Ibid, p. 20

<sup>43</sup> Ibid, p. 20

<sup>44</sup> Ibid, p. 20

<sup>45</sup> Putman Chapter 1 “Thinking about Social Change in America” p. 20

<sup>46</sup> Putman Chapter 1 “Thinking about Social Change in America” p. 21

<sup>47</sup> Slingerland, “Social Capital, Corrupt Networks, and Network Corruption” p.20

cocoon where veterans and newcomers interact, makes a long march to change. These models help to understand how corrupt practices become norms and how they adapt within an organizational context.

In their seminal work, Ashford and Anand (2003), the normalization of corruption is developed in a model considering a three-step process to archive the so-called normalization within organizations. They define the process as the "...apparatus of corruption (which) is external to any one person: corruption is a property of the collective."<sup>48</sup> For even more tight framing, they describe this process of collective corruption as "...slippery slope where initial, idiosyncratic corrupt practices become institutional."<sup>49</sup> So, in conjunction, we observe a series of systematic processes that are born from inside the organization, and through time, these processes become part of the normal and the normative correct, and with it, we move away from the idea the essence of corruption is about action but rather is embedded in the organization itself.

The systematization of the slippery slope starts almost gradually; however, we can observe some critical enabler processes and organizational characteristics, such as leadership. On the one hand, the managers or leaders "control many levels of institutionalization" and are "role models for...members."<sup>50</sup> with the ability to "authorize," which does need to be formal and explicit. Those who "informally encourage or tacitly condone corruption can also be said to be authorizing it."<sup>51</sup> With this decision and authorization, it has the potential to institutionalize. Ashford & Anand (2003) borrow the concept of "organizational memory" to explain this process in which action in the immediate past decision relies on to foster efficiency, so an organization result to its memory to execute recurrent actions under the assumption that a previous decision follows rationality, legitimacy by these individuals rationalize the process and in case of corrupt action it "neutralize the stigma"<sup>52</sup>

The neutralization of stigma is a process that has to do with the reinforcement of the morality of the in-group and the mechanization of corrupt activities. As described in the

---

<sup>48</sup> Ashforth and Anand, "THE NORMALIZATION OF CORRUPTION IN ORGANIZATIONS." p.4

<sup>49</sup> Ashforth and Anand, "THE NORMALIZATION OF CORRUPTION IN ORGANIZATIONS." p.4

<sup>50</sup> Ibid. p.6

<sup>51</sup> Ibid. p. 7

<sup>52</sup> Ibid. p.9

previous section, a form of delimiting and understanding the social capital and social networks has to do with the particularized outcomes, and as organizations pursue specific objectives, they might do so “at the expense of outsiders.”<sup>53</sup> This creates a sense in which morality is limited to one’s group. The other part is the routinization, “transforming the action into routine, mechanical, highly programmed operations.”<sup>54</sup> The process creates momentum as it gets repeated and takes away any second thoughts, increasing efficiency, breaking any process into more minor actions spread across the organization's members, and fostering specialization. The moment the breakdown reduces individuals' ability to see the bigger picture, and by focusing on the process, the individuals seem to get distance from the outcome.<sup>55</sup>

This cascading process of routinizing has, as a result, resulted in the narrativization of the actions that enable the process and, by extension, the outcome of the process. Normativisation is the realization that “the practices have been successful and repeatedly enacted. They assume the power of ritual, of the correct way to accomplish desirable goals and ward off failure.”<sup>56</sup> So we can transfer a descriptive phenomenon, in this case, the process within the organization, to a normative phenomenon in which this process becomes the “ought to do.” This is what Ashford and Anand (2003) called the institutionalization of corruption, when “individuals perform the corrupt actions without giving significant thought to the reasons for those actions; indeed, the actions may come to seem like the right and only course to take”<sup>57</sup> It is in this process that it will be used to analyze the case study. Other two processes are coming into play in the model, which will be described as some of the characteristics that might appear in the case but not as exhaustive as the institutionalization process.

The second process in the Ashford & Anand model is the process of rationalization. Here, the actions that are a liability for society must reframe “the meaning of the acts to preserve a salutary social identity...The rationalizing ideologies negate negative interpretations...by articulating why the specific corruptions are justifiable...”<sup>58</sup> This process exists in a mix of the organization and the individual who search for a justification for their action and search for ways to persuade themselves or others. Rationalizing comes in different

---

<sup>53</sup> Fukuyama, “Social Capital, Civil Society and Development.” p. 8

<sup>54</sup> Ibid. p. 11

<sup>55</sup> Ibid, pg. 11-13

<sup>56</sup> Ibid, pg. 13

<sup>57</sup> Ibid, p. 15

<sup>58</sup> Ibid, p. 16

Commented [2]: and

forms, which are not mutually exclusive and might come in a mix; these are Legal, Denial of responsibility, Denial of injury, Denial of the victim, social weighting, and Appeal to higher loyalties, among others.”<sup>59</sup> all have different characteristics and logic, which this paper will not discuss. In many ways, this might help us explain why agents within a network might participate, promote, and engage in corruption despite the high risks involved.

The third and final process is called socialization, in which newcomers are indoctrinated through social cocoons to integrate into the networks. By socialization, the members of the organization “...(impart) to newcomers the values, beliefs, norms...that they will need to fulfill their roles and function effectively within the group context.”<sup>60</sup> Mainly when we talk about organizations with criminal objectives, Ashford & Anand borrow the concept of “social cocoon” in which veterans' actions, despite being “corruptly” their role as models for newcomers and the natural process of association, which, through time and frequency are (newcomers) bombarded by different forms of rationalization on their actions and their roles, individuals are encouraged to act corruptly and discourage or punish for action in a non-corrupt manner.<sup>61</sup> The sorts of punishment vary (e.g., demotion, ostracism). Still, the objective is the same: implement fear to coerce the members to act in the way of the corrupt organization and foster obedience. However, this tends to be displayed progressively and subtly so as not to disrupt and risk whistleblowing.<sup>62</sup>

In conjunction, this three-pillar model of normalization of corruption guides us to understand how corruption norms become embedded in organizations as a form of persistent and invisible force. The pillars are institutionalization, rationalization, and socialization, exist in conjunction and reinforce each other, and to trace the development, it is possible to observe the “first act.”<sup>63</sup> All these processes, over time, generate an “inward-looking”<sup>64</sup> attitude in which reciprocity only exists within the group. Furthermore, the corrosive effect of corruption can shape inverse organizational morality to perceive bad as good.<sup>65</sup> With this approach, it is possible to depart from the focus of the so-called “bad apples” in which particular individuals

---

<sup>59</sup> Ibid, pg. 16-22

<sup>60</sup> Ibid, p. 25

<sup>61</sup> Ibid, p. 26

<sup>62</sup> Ibid, p. 32

<sup>63</sup> Ibid, p. 36

<sup>64</sup> Slingerland, “Social Capital, Corrupt Networks, and Network Corruption” p. 21

<sup>65</sup> Slingerland, “Social Capital, Corrupt Networks, and Network Corruption” p. 21

are the focal point in understanding corruption and rather the processes in which an organized collective becomes our focus, which helps add a degree of complexity which open the door to a more comprehensive explanation of the adaptability, flexibility, and resilience that corruption has in society.

#### **1.4. Network Corruption**

The concept of Network Corruption is an advancement towards the systematic study of how individuals are influenced by their network, which, despite its informal essence, has a structure in the form of a complex system in which generalized reciprocity and a shared attitude are the rules. As a concept, it offers the possibility of understanding corruption at a prescriptive level in exploring the process of systematic decay and in a normative sense in which attitudes and actions are guided by a myopic form of ethical consideration for the good of the network. Developing corruption from this perspective opens the door to tackling the unpredictability of networks and their role in facilitating other crimes and bringing back the possibility of considering the network morally responsible as it would be with an individual.

In this departure from an individual focus to a collective focus, network corruption is born, which maintains the base of the conception of corruption but points to a different set of problems. Network corruption is defined by Slingerland (2019) as “Informal cooperation in which professional roles are misused for network interests to such an extent that the dominant norm is that of generalized reciprocity, leading to the exclusion of others, while the members’ awareness of their network is reflected in their common attitude”<sup>66</sup>. With this, we have three main characteristics to observe: the conformation of the network, which must be informal. The use of the individual role to foster the goal of the network, in this case, to perpetuate corrupt acts, by promoting the goal, there is a generalized reciprocity only within the group, so having a small radius of trust, which in consequence exclude others from the outside, and finally the existence of a typical attitude in the way they conduct themselves.

The corruption network literature has attempted to focus on structures, interactions with other structures, and comprehending the essence of corruption in self-organized networks. The argument is that “...structure that nurtures the development of corrupt practices receives more

---

<sup>66</sup> Slingerland W (2019) Network corruption: when social capital becomes corrupted: its meaning and significance in corruption and network theory and the consequences for (EU) policy and law. Eleven Publishing, Amsterdam].

attention, and this is a step in the direction of considering corruption as a complex system, the prevention of which requires alternative approaches<sup>67</sup> so the result of the interactions is corruption, however, the behavior of individual might not be corrupt but something closer to “abuse of power, favoritism, conflict of interest”<sup>68</sup> as well as the importance of distinguishing between “network corruption” where corruption emanates from the network, and “corruption networks” where corruption is happening in a network.<sup>69</sup>

Understanding and exploring the descriptive aspect of corruption in more depth, such as the act itself and the normative rules and interests that lead to specific actions, offers a more holistic way of understanding corruption. Particular interest is given to departing from an individual perspective through the “Result of the decision-making that undue interests have influenced the core aspect of the corruption and not the actual exchange of interests.”<sup>70</sup> in this case, we talk about a social process in which, through a series of systematically guided processes with time, the individuals stop questioning their actions and within the network, and this reinforces a type of myopia in which corruption passes from being a descriptive process of actions to a moral stance of the good for the network above all else and helping to a more holistic understanding of both the prescriptive and normative aspects of corruption with networks.

Slingerland (2019) offers a comprehensive set of indicators that can be used to better understand the features of network corruption in contrast with social capital. Firstly, the type of informal cooperation of the network, while social capital is considered a type of cooperative network, especially in other networks, a Network Corruption will the misuse of their roles to pursue the network interest network corruption where the role within the network overwrites any other duty to other groups. Secondly, the shared interest or reciprocity type, whether specific or generalized, Network Corruption will give preferential treatment to the group. Thirdly, the typical attitude can be understood as the way the actions of the members are guided. For Network Corruption, the collective consciousness is in which the individual takes

---

<sup>67</sup>Slingerland, “Social Capital, Corrupt Networks, and Network Corruption” p. 22

<sup>68</sup> Ibid, p. 22

<sup>69</sup> Ibid, p. 22

<sup>70</sup> Ibid, p. 23

a secondary place, and the well-being of the network is given preference. Finally, the character either creates strong bonds with others or excludes others.<sup>71</sup>

Variable	Social capital	Network corruption
An informal collective cooperation	Cooperation	Misuse of professional roles for network interests
Shared interest	Specific reciprocity	Generalized reciprocity
Common attitude	Consciousness of the individuals	Consciousness of the collective
Closed character	Strong bond	Exclusion

Table 1. from Slingerland, “Social Capital, Corrupt Networks, and Network Corruption,” titled “The features of networks and the indicators when they form social capital or network corruption” on p. 23.

The concept of Corruption Networks attempts to create a complete explanation of corruption as a systematic decay by focusing on the way individuals interact in society and the way networks influence us, bringing the possibility of treating these networks as moral entities with collective responsibility. Slingerland (2019) raises two essential insights firstly with regards to the unpredictability that reinforce attitudes within a corrupt network will bring about. Secondly, once a corrupt network is established, other forms of criminal activities can be facilitated.<sup>72</sup> In what it calls emergence, the social capital has eroded to become corrupt; these pushes away the concept of good or bad individuals and instead focuses on the interactions and “network awareness”<sup>73</sup> in which our own networking and network activities become the subject of study. This collective responsibility can, on the one hand, help create a more comprehensive network to respond to the negative externalities created by informal networks and, on the other hand, create a policy that holds this network morally responsible as an individual actor would.<sup>74</sup>

## 2. Methodology and Data

### 2.1 Institutionalization

Based on the model of Ashford and Anand (2003), this work will analyze how the institutionalization process can lead to a shift in the institutional ethos. With this, there is a

---

<sup>71</sup> Ibid, 23

<sup>72</sup> Ibid, 23

<sup>73</sup> Ibid, p.24

<sup>74</sup> Ibid, p.25

reference to the state government, which is supposed to provide public goods and services for the members residing within its administration area. That would be the assumption of the ethos. However, once corruption takes hold within an institution through the three processes of institutionalization: initial decision, embedding corruption in structures and processes, and routinizing corruption.<sup>75</sup> The ethos shifts to one of corruption and extraction of resources. This can be observed through the actions of the Leader or Leaders, which in this case is the Governor at the time; the processes that get incorporated into the organizational memory so the different activities and actions that were systematically repeated; and the process of normativization in which also we will observe the outcomes. The two proposed hypotheses are as follows:

H1: Institutionalization leads to the normativization of corruption as acceptable within the organizational culture.

H2: Corruption is institutionalized through a combination of weak oversight and reinforcement of corrupt norms.

## 2.2 Causal Mechanism

Using the Radius of Trust of Fukuyama (2001), the attempt is to respond to the critical causal mechanisms that enable the resilience and adaptability of corruption networks within the state government. In this case, we focus on the state government, which is the case that will be studied. To respond, there will be a graphic model of the network, which will allow a better understanding of the composition of the overlapping networks of the public servants, the Fiscal Experts, and the Parallel government, all of which create a whole network to extract as many resources as possible for the longest time possible. Their capacity to adapt and be resilient is believed to have to do with their levels of internal trust and external distrust, in which the liability will help to uncover the proposed hypothesis:

H1's High radius of distrust and low radius of trust within the network contribute to its resilience and adaptability.

H2 The unpredictability and complexity of networks increase their ability to adapt to changes.

---

<sup>75</sup> Ashforth and Anand, "THE NORMALIZATION OF CORRUPTION IN ORGANIZATIONS." p. 5



## 2.3 Network Corruption

Finally, the intention is to examine how Network Corruption provides a more comprehensive understanding of corruption than the classical “bad apples” perspective. Based on the concept of Slingerland (2019), network corruption is a potential alternative to the classical individual conception of corruption, which is that an individual's bad intentions spoil the system. However, this cannot explain corruption's resilience in different contexts. Network corruption allows for a renewed understanding of the influence that networks and interactions have on an individual, which the proposed hypothesis is:

H1 Network Corruption better the complex interactions that influence the actions of individuals.

H2 Network corruption reveals how complex structures and interactions persist even when the “bad apple” has been removed.

H3, it opens the door to revitalizing the network as a morally responsible entity, which the “bad apples” fail to underscore.

## 2.4 Method

The method to be employed is Process Tracing, a form of qualitative analysis that systematically diagnoses evidence from within the case to find CPOs<sup>76</sup>. It is a descriptive forward method that analyzes “trajectories”<sup>77</sup> that create a form of sequence taking into account the independent, dependent, and intervening variables.<sup>78</sup> The following analysis focuses on “gaining insights into causal mechanism”<sup>79</sup> by utilizing the radius of trust and institutionalization as a Conceptual Framework. The intent is to gain insight into possible recurring empirical regularities<sup>80</sup> in how the interaction within a network can be the essence of corruption. The events that unfolded from 2010-2016 in the State of Veracruz will be sliced into a series of snapshots of how reality unfolded.

---

<sup>76</sup> causal-process observations

Collier, “Understanding Process Tracing.” p. 823

<sup>77</sup> Collier, “Understanding Process Tracing.” p. 823

<sup>78</sup> Ibid, p. 823

<sup>79</sup> Ibid, p. 824

<sup>80</sup> Ibid, p.824

To do this, we will be helped by a series of empirical tests, which will help to address if passing gives a “necessary and sufficient for accepting the inference...and the implications for rival hypothesis.”<sup>81</sup> Firstly, straw-in-the-wind is considered the weakest as it “provides neither a necessary nor sufficient criterion for accepting or rejecting a hypothesis.”<sup>82</sup> is then a form of only slightly increasing the chances a Hypothesis might be confirmed. Secondly, the Hoop Test “...does not confirm a Hypothesis, but it can eliminate them.”<sup>83</sup> In this case, specific characteristics based on the inference can indicate an unlikely event. Thirdly, the smoking gun test “provides sufficient but not necessary criterion for accepting the causal inference.” Passing it significantly weakens the other Hypothesis. Finally, double decisive, which is the strongest, “provides substantial inferential leverage that confirms one hypothesis and eliminates all others. They meet both the necessary and sufficient standard for establishing causation.”<sup>84</sup> requiring the most extensive prior knowledge, inference, and the realization of various tests to arrive at it will not be present within this project.

The information process will be as follows to perform the analysis: Firstly, a series of important events and characteristics will be considered the most significant changes. It is essential to observe the change and to what extent. This requires documenting the processes that may lead to that change here; the theories will be applied, and a change theory can be developed. Establish alternative causal explanations. They should be competing hypotheses composed of an integration of theory and reality. Assess the evidence of each hypothesis...specify and document what kinds of evidence could strengthen or weaken the case for each competing hypothesis and what would be expected if it was true or false.<sup>85</sup>

## 2.5 Data

On the 24th of May 2016, a three-part investigative piece appeared in the portal of “Mexicanos contra la Corrupción y la Impunidad” by Arturo Ángel the investigation titled “Las empresas fantasmas de Veracruz,”<sup>86</sup> Which showed in detail through legal documents,

---

<sup>81</sup> Ibid, p. 825

<sup>82</sup> Ibid, p. 826

<sup>83</sup> Ibid, p.826

<sup>84</sup> Ibid, p. 826

<sup>85</sup> pg. 1-5

<sup>86</sup> <https://contralacorrupcion.mx/web/empresasfantasma/>

governmental archives, and interviews the scheme used from 2012 and 2013 by the state government of Veracruz to embezzle what at the time was thought to be 624 million pesos through 73 contracts to 21 companies.<sup>87</sup> This investigation had a significant impact on the state elections in 2016 and led to bringing such a high-level case to the public eye. Towards the end of 2017, Arturo Ángel published the book “Duarte el Priista Perfecto,” expanding from his original investigation with interviews and documents of the penal case against the governor, which had just recently been captured in Guatemala. This source is the primary data as it describes in great detail fundamental developments in the case, and using so many primary sources is an invaluable secondary source and the most complete in regard to the effects of corruption in the case of Veracruz from 2010-2016. Despite only one more book dedicated to the case titled “El Infierno de Duarte,” its chronicles about the violence in the state give insight into other phenomena, such as violence and corruption, on a smaller scale, for which it will not be used. Furthermore, news articles on events that occurred during the government of 2010-2016 will also be used as sources of details and understanding, as well as government and enacted laws, which will be necessary for the context of change.

### **3. Analysis**

#### **3.1. Introductory notes**

To understand the incommensurable level of public mismanagement, it is necessary to lay some ground regarding the case, on the one hand, in the form of indirect circumstances that facilitated the escalation, and on the other hand, some other direct which had the intention of creating the necessary environment for the extraction of resources, firstly, mentioning some indirect facilitating factors briefly, such as the changes in the law of opening a company in Mexico in 2008, which enabled the scheme to be born, and the historical political culture of the state of Veracruz and the composition of the State Legislature from 2012-2016 which had a qualified majority granting space for political maneuver and reform. Bridging with the decree 289 exploring the direct effects, firstly, the take of institutions by people chosen and loyal to the network, then the role of financial experts to establish the scheme, the use of public funds,

---

<sup>87</sup> same

and violence against journalism, all of which attempted to erode any possible counterbalance of different actors and the with it enable the extraction of resources without checks or limits.

Firstly, it is essential to understand that post-2008, the need to restart and attract investment in Mexico required some attractive reforms. In 2008, Mexico was in the ranking 42<sup>88</sup> in the “Doing Business” report of the World Bank, which, thanks to the reform it moved to 35 in 2011<sup>89</sup>, with a significant difference in the “starting a business” indicator.<sup>90</sup> The reform was passed in 2008<sup>91</sup> The goal was to reduce bureaucracy and increase the use of electronic systems in opening a company. So, with the new system, the public notary could pre-register the legal representative and get the tax number. This person could go to the tax administration office (SAT)<sup>92</sup> to get an electronic signature, which allows them to provide invoices<sup>93</sup>. The simplification successfully reduced the bureaucracy, and with it came a new problem: people would start opening companies, which could not provide the service or product but could provide invoices. This was the backbone of the scheme in Veracruz and will be discussed further and in more detail in the section “Fiscal experts.”

Secondly, the political map of Veracruz before 2016 was marked by the monopoly on the rule of the PRI<sup>94</sup> and the composition of the state congress from 2010 to 2016. Since the post-revolution years, the state of Veracruz was considered a bulwark for the party, which, despite all scandals, maintained a hold in the state, which became relevant in the aftermath where it lost all hold, and today, only two slots are held by the PRI<sup>95</sup> such was the case in the LXII and LXIII legislature where the PRI holds 29<sup>96</sup> and 26<sup>97</sup> that through allies reach the 33 needed for the qualified majority, which allowed for the former governor to pass the “decree

---

<sup>88</sup> World Bank, Doing Business 2008 Mexico.

<sup>89</sup> World Bank, Doing Business 2009: Making a Difference for Entrepreneurs: Mexico.

<sup>90</sup> The Doing Business Index is described by the World Bank as “... a series of annual reports investigating the regulations that enhance business activity and those that constrain it. Doing Business presents quantitative indicators on business regulations and the protection of property rights that can be compared across 178 economic...”

World Bank, Doing Business 2008 Mexico.

<sup>91</sup> Morales, México, lugar 51 en la apertura de negocios: DM.

<sup>92</sup> Secretaria de Administración Tributaria

<sup>93</sup> Ángel, Duarte, el priista perfecto. pg. 43-44

<sup>94</sup> “Partido Acción Nacional” by its acronym in spanish.

<sup>95</sup> H. Congreso del Estado de Veracruz “Legisladores LXVI Legislatura”

<sup>96</sup> H. Congreso del Estado de Veracruz. “INTEGRACIÓN DE LA LXII LEGISLATURA DEL CONGRESO DEL ESTADO LIBRE Y SOBERANO DE VERACRUZ DE IGNACIO DE LA LLAVE” p. 7

<sup>97</sup> H. Congreso del Estado de Veracruz. “Historial Legislaturas LXVIII”

289” in 2011<sup>98</sup>, which allowed the State Financial Office to take resources with other purposes and use in anything considered a “priority,” which allowed for discretion in the setting of “priorities” by the governor.

### **3.1. Creation of the network**

#### **3.1.1. Network composition**

To understand the unprecedented case of corruption, it is essential to understand the development of the events, not as a Machavilleian attempt of an individual embodied by Javier Duarte who, with incomparable cunning and undoubtedly unscrupulous desire, created a flawless scheme. Instead, it is a picture of a group of ambitious, greedy, and indulgent for the illicit act of corruption. They had an obvious purpose and used their know-how and connections to gain the most money in the time they had. To trace the steps, first, we would need to frame some of the main characters, as well as the connections that they had with each other, as well as how was that the whole network was constituted, more formally, a network that consisted of the fiscal experts, the “parallel government,” and the actual public servants, in which the Governor and his wife or the so-called “Vice-Governor” were at the center of influence within the network.

It is crucial to start with the two main characters, Javier Duarte and Karime Macias. Both grew up in Veracruz but came from entirely different economic realities. Growing to become one of the most infamous couples in Mexican history. Javier Duarte was described as a low middle-class, average student and ambitious individual who, after losing his father, started to search for ways of supporting his mother; in many ways, he remembered with a desire to belong and connect with the rich kids<sup>99</sup> what could be seen as a way of coupling with his family's economic limitations. He meets with his wife, Karime Macias, at the university. She is from a quiet and educated middle-upper class<sup>100</sup> and was never a troublemaker but an ambitious individual. Getting into university for Duarte would not have been possible without his connection with

---

<sup>98</sup> Ángel, Duarte, el priista perfecto. p. 163

<sup>99</sup> Ángel, Duarte, el priista perfecto. pg. 19-22

<sup>100</sup> Ángel, Duarte, el priista perfecto. p. 115

Fidel Herrera, who got him a scholarship through a friend of his.<sup>101</sup> Furthermore, Herrera became a political godfather who supported Duarte with a job and later made a Master's in Spain, including him as sub-secretary of Finance of Veracruz when he was Governor. With this, Duarte had access to the “rich kids” club, married an influential and well-off family, and connected with an individual like Herrera, gaining education, political connections, and a promising future.

When moving to the secondary characters, we encounter three individuals who, each, were the head of the network section, namely the “Fiscal experts,” the “parallel government”, and the public servants. All playing from their trench a vital role for the scheme to function and develop their role in the network, all integrating through political, professional, and personal relations of the Duarte's. Firstly, a professional relation connection was needed for a fiscal expert who could execute the scheme that was designed for the shell companies; this was Victor Manuel Galchuz, a well-known, mainly through his company, which provided fiscal consultancy for companies<sup>102</sup> in Veracruz through his different business and connections, despite not being clear the timeline of involvement, is the belief the connection came from Fidel Herrera. Secondly, through political and personal, Antonio Tarek Abdala was a politician before and also a neighbor of the Duarte's who became particularly close with Karime Macias and was named head of the secretary of Economy and a few more positions during the government of Duarte. And finally, Moises Mansur Cisneros, the leading straw buyer for the Duarte's, a long-lasting friend of the couple, which happen to be the one that introduced them<sup>103</sup>, and the primary connection with Janeiro, one of the brains behind the scheme.<sup>104</sup> All of them were fundamental, and their way of getting to know each other was varied, and it adjusted to the needs of the network later.

A network existed, a somewhat random one of overlapping individuals who knew each other. Only when Javier Duarte became governor did the network become more formal. They choose people with either the background such as Galchuz, or the personal connection like Tarek, or both like Mansur, which in the declaration of Ortega “I went because I knew Moises

---

<sup>101</sup> Ibid, p. 25

<sup>102</sup> Ibid, p. 54

<sup>103</sup> Ibid, p. 113

<sup>104</sup> Ibid, p. 47

Mansur...<sup>105</sup> showing that were people capable and connected which could perform and had the intention of participating actively and had the trust of the Duarte'. All these characters were selected for a clear mission, creating the network's ethos. In the words of Angel (2017), "The structure was created to keep subtracting money. To enrich themselves as fast as possible, in an excessive ambition."<sup>106</sup> So from that moment on, all that unraveled and will be discussed in the following sections can be conceived as actions to fulfill that goal.

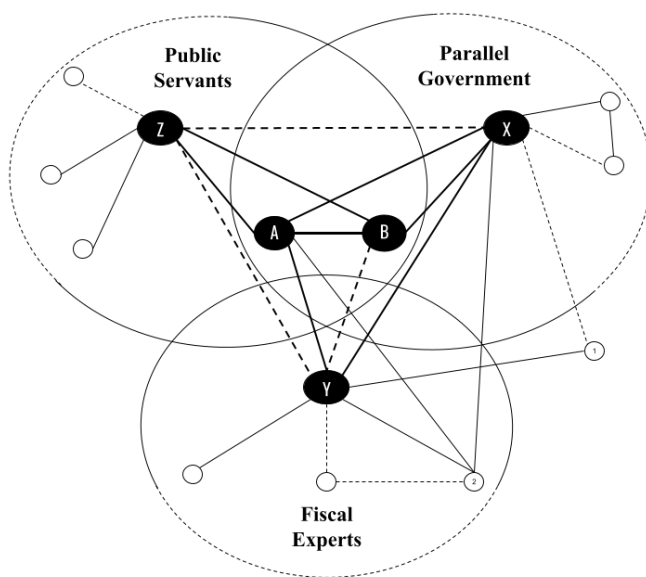


Figure 2. Whole Network Composition in Veracruz State Government.

Commented [3]: this is awesome

Based on the information at the beginning of the section, Fig. 2 was developed to try and observe the composition of the network in a graphic form and some insights that it offers. In the Figure there are a few important characteristics. Firstly, the circles represent the three networks that composed the Whole Network, the Public Servants, The Parallel Government, and the Fiscal Experts is consider a whole network as it has a common goal<sup>107</sup> the extraction of public resources. Secondly, within these circles we can observe that the more distance the continuous line becomes discontinuous, which indicates a weaker relationship (discontinuous

<sup>105</sup> Ibid. p. 47

<sup>106</sup> Ibid. p. 72

<sup>107</sup> Provan, Fish, and Sydow, "Interorganizational Networks at the Network Level." p. 482

line) compared to a strong relation (continuous line) the same logic applies to the relationship lines.<sup>108</sup> Furthermore, the Figure is not an exhaustive analysis of the relationships of all members involved with the penal case but rather of the most important individuals of the network that have been assigned a letter and a node.<sup>109</sup> While the blank unlabeled nodes represent hypothetical individuals to help with the analysis.

There are a few insights that these graphic methods help us uncover such as the particular multiplexity of the centers of influence, the relative lack of overlap of the Fiscal Experts Network in comparison with the other two, the exclusion of node no. 1, and high interconnection of node no. 2. An unsurprising result is that the centers of influence in this case is shared by A and B (just slightly advantageous by A)<sup>110</sup> as they have the strongest relation lines. Secondly, the overlap of the Fiscal Experts is of center, which means that within the whole network is the weaker link, this can have a series of implications, one being that they are the most likely to defect the rest, which was indeed the case.<sup>111</sup> This leads to the third which was the role of node no. 2, which declaration was essential for the imprisonment of Javier Duarte was one of the best connected nodes, which might help explain the strategic importance of his declaration. Finally, the outcast node no. 1, which is left outside the radius of trust of any of the groups, and still maintains a certain degree of influence within the network due to its connections.

### 3.1.2. Social Capital and Radius of Trust

In order to understand the causal mechanisms which, enable the resilience and adaptability of corruption networks, the analysis will rely on assessing the liability that the Whole Network of the State of Veracruz has, based on one hand on their outcomes, in whether they are inclusive or exclusive and the type of reciprocity exhibit. This liability assessment Fukuyama (2001) will help to assess the Radius of trust and distrust of the network and uncover if they can be considered causal mechanisms that allow for the adaptability and resilience that complex networks show. Which otherwise would indicate that further research needs to be

---

<sup>108</sup> Brass, Butterfield, and Skaggs, "Relationships and Unethical Behavior." p. 17

<sup>109</sup> The assignation is as follows: A: Javier Duarte; B: Karime Macias; X: Moises Mansur; Y: Victor Manuel Galchuz; Z: Antonio Tarek Abdala ; 1 Antonio Herrera ; 2: Janeiro ; and the rest are hypothetical nodes

<sup>110</sup> This is only because the node A shares a greater number of strong relation lines, which gives a slightly but insignificant advantage.

<sup>111</sup> Ángel, Duarte el Priista Perfecto. p. 117.



made in order to find how complexity and unpredictability from Slingerland (2019) might be a better answer for this mechanism.

Firstly, when talking about outcomes there is a clear selectivity of a small group that benefited from the outcome of the extraction of resources, the closes personal relations with Duarte are the ones that enjoyed of the social capital that belonging to the network gave, while others even though can be set within the network did not receive such treatment and les not even talk about those outside the network. From 2010-2016 the government of Veracruz embezzled around 21 billion pesos, through the use of around 400 companies.<sup>112</sup> All this can be considered the outcome of the network, which its goal in essence was to function as a vacuum of public resources, but then who received the benefits of this scheme.

Most of the resources were taken from the State Secretary of Education, Social Development, Civil Protection, and DIF, which all had significant changes of personnel even in the last one, DIF Karime Macias was a director who, from 2011 to 2016, moved 645 million pesos based on the first investigation. These are essential for social transfer and mobility and key features such as education or protection in emergencies, all treated as their personal pocket. The clearest form of exclusive outcome is the “real estate empire estimated to be valued on 1 thousand million pesos in 12 different cities”<sup>113</sup> which was discovered to be owned by the Duarte’s through their trusty strawman Moises Mansur. Another example is the reported spending on “personal expenses’ ’ that the governor's office reported has risen to nine million every month.<sup>114</sup> More than enough to spoil his trustees and have eccentric petitions, all those who complied with his request were rewarded in many ways very greatly, like his secretary with whom he shared a very intimate relationship by which had access to private planes, a house, and a high end truck.<sup>115</sup> All this is contrasted to those who did not engage closely with the centers of influence.

Such cases there are many cases in which the abuse takes the worst off, such as people who would not have the resources for a legal battle and are vulnerable to sign anything by being offered any economic support. Such is the case of Ms. Petra, an active militant of the PRI who

---

<sup>112</sup> Ángel, Duarte, el priista perfecto. pg 53

<sup>113</sup> Ibid. p. 81

<sup>114</sup> Ibid. p. 85

<sup>115</sup> Ibid. p. 81

was provided by an individual to participate in the network. In exchange, she will receive 500 pesos monthly and 200 for each signature. Or Raúl, who was promised the same 500 and who signed and never received the amount.<sup>116</sup> Similar was the case of the elderly, medics, professors, students, and public servants that in the end of the administrations took the streets to request the payments<sup>117</sup>, but there with which to pay. With this scheme, the Duarte administration and the Fiscal experts were able to establish hundreds of companies in which many of the same individuals, like Petra and Raúl, were owners and co-owners of a tenth of companies, all of which received and competed against each other in simplified public tenders. For all this to arrive in the accounts of straw buyers, in a nine-level network to ensure the money would be complicated to follow and clean for them to access.

While for the consideration with regards of the type of reciprocity, seems much more related to a generalized reciprocity, as individuals act in ways that are not only for a receive something valuable in a type of immediate exchange, but rather act in a way that foster the network and with it their own benefit. Like the three most prominent strawman and key nodes of the parallel government network, which facilitated relations using their positions as business men to get credits, buy properties, not because they needed the immediate exchange for their services, but rather because their belonging to this extensive social capital network allow them to access even more valuable resources such as contracts, contacts, and impunity.<sup>118</sup> Or members of the government which in 2012 by orders of the Secretary of Finance, two public servants were caught with a bag containing 25 million pesos, for alleged support for the presidential campaign<sup>119</sup>. Acting in such a way cannot be explained solely on the basis of a payment as it would be too risky as a public servant, unless you have the certainty that even if you get caught someone within the network is going to help you get out.

In conclusion, despite fitting the description of a low level of radius of trust and high level of radius of distrust<sup>120</sup>, does indicate important relations regarding the network and the individuals, the goal that a whole network has, and who has access to the benefits of belonging to the network. It can only point into the direction of reciprocity as a mechanism through which

---

<sup>116</sup> Ibid. p. 62

<sup>117</sup> Ibid. p. 167

<sup>118</sup> Ibid. p. 77

<sup>119</sup> Camarena, "El extraño caso de los 25 millones de pesos voladores"

<sup>120</sup> This is because both indicators ...

resilience and adaptability can be enhanced does not provide with enough sustenance on other causal mechanisms that facilitated the adaptability and resilience of a corruption network, despite most likely requiring another type of model in order to explore in more detail other causal mechanisms. The complexity and unpredictability might be closer related to causal mechanisms that facilitate the adaptability and resilience of networks.

### 3.2. Institutionalization

Institutionalization has three phases: the initial corrupt act, the embedding of corruption, and the routinizing based on the model of Ashford and Anand (2003) in the case of the State of Veracruz it is an effective tool to explain the process undergone by the public institutions to change their ethos. The change in an ethos of provision is replaced by one of profit-seeking logic, in which the norm is corruption, this is a long process that feeds in time, and repetition within the structures creating momentum and feeding on a culture of corrupt institutions.

**Commented [4]:** How can the institutionalization process lead to a shift in the institutional ethos?  
H1 Institutionalization leads to the normativization of corruption as acceptable within the organizational culture.  
H2 Corruption is institutionalized through a combination of weak oversight and reinforcement of corrupt norms.

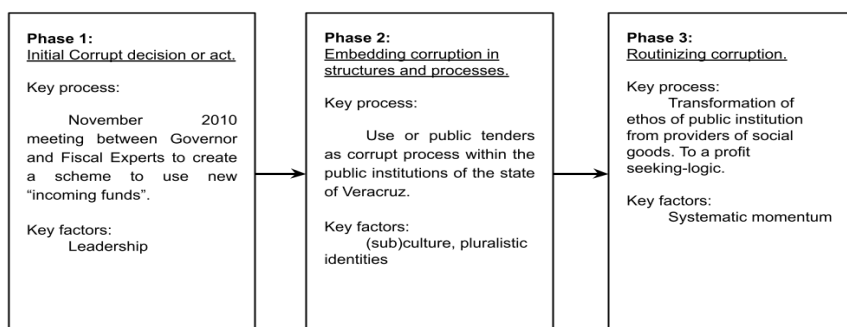


Figure 3. Institutionalization process of the State Government of Veracruz. Based on the model from Ashford & Anand (2003) "Institutionalizing Corruption" in pg. 5

As mentioned in the section 3.1 one of the essential enabling factors was the reform of 2008, which facilitated and reduced the bureaucracy and created another problem: using this new strategy to create EEFOS<sup>121</sup> or shell companies. However, this cannot take resources from the public government; the device was a public tender, which all governments must do to assign

<sup>121</sup> Empresas Emisoras de Facturas con Operaciones Simuladas (EEFOS) is a company which has the ability to provide an invoice for the provision of a good or service, however lacking employees, materials resources, or any way of providing the service or product that they supposedly have provided. Ángel, Duarte, el priista perfecto. pg 41.

contracts for providing goods and services to private companies. There is a simplified or direct form of tender. The simplified institution invites several companies to make offers, and the most attractive offer wins, and earns the funds and the responsibility to provide the service or product.<sup>122</sup> The second is activated in an extraordinary case such as a natural disaster, generalized health issue, or other instances in which quick action is needed.<sup>123</sup> Both of these procedures attempt to have clear and transparent procedures for ensuring the excellent use of public resources. However, when you can resend many shell companies, you can rig the competition.

The process consisted of the one hand, the possibility of creating EEFOS or shell companies and, and on the other hand, the different types of public tender allowed for the government of Duarte to mobilize funds from public money to end in private accounts and not in the provision of the needed services. The original journalist investigation uncovered 21 shell companies that had received 645 million pesos.<sup>124</sup> Now, it is believed that the network of companies could be as high as 400 and 21 billion pesos.<sup>125</sup> All these companies were created in the same office led by a known public accountant, “GLG Asesores Empresariales,”<sup>126</sup> which specializes in consultancy for entrepreneurs and business owners. The modus operandi was to use low-income party militants or people who, under the promise of monthly or one-time support<sup>127</sup> would provide their signature to some papers. They did not understand that they had signed to be owners or co-owners of multimillion-dollar companies, and they sometimes never saw the promise of support.

In order to uncover the process of institutionalization, we must find the initial corrupted action that enabled and opened the door for corruption, which I suggest can be traced to a meeting in 2010 in which Duarte contracted professionals with the explicit intention of taking advantage of the new position. The testimony of Juan José Janeiro and Alfonso Ortega Lopez was fundamental to uncovering more closely the role of the fiscal professionals as they were

---

<sup>122</sup> In Veracruz the price is six million pesos.

Gaceta Oficial de Veracruz. “LEY DE ADQUISICIONES, ARRENDAMIENTOS, ADMINISTRACIÓN Y ENAJENACIÓN DE BIENES MUEBLES DEL ESTADO DE VERACRUZ DE IGNACIO DE LA LLAVE”

<sup>123</sup> Secretaría de la Función pública. “1.3.1 Licitación pública (LOPSRM y LAASSP)”

<sup>124</sup> Angel, Arturo. “Las Empresas Fantasmas de Veracruz”.

<sup>125</sup> Ángel, Duarte, el priista perfecto. pg 53

<sup>126</sup> Ibid. pg. 53

<sup>127</sup> Ibid. pg. 63

part of the creation and maintenance of the scheme. Firstly, Ortega declares that “in December 2010, through Moisés Mansur, he met with Duarte, who asked them to look for investment opportunities as he will have access to funds”<sup>128</sup>. Despite the meeting with these fiscal experts a priori, it is not corrupted and can be deemed suspicious; once we observe the rest of the action, it becomes clear from the beginning. Having an appointment of such character, which insinuates that he will receive a considerable increase in income and, despite gaining as Governor of Veracruz 20%<sup>129</sup> more than his previous role as Finance Secretary, would not justify the meeting in a different city and the secrecy of the meeting. Moreover, decree 289 was promulgated in 2011 as one of the first reforms that the Duarte government promoted, and the Clean House also followed the electoral victory of Duarte. This could indicate that this “access to funds” and search for “investment opportunities” would refer to a scheme for extracting public resources.

Secondly, the incorporation of the organizational memory, the level of the case requires a to set a public tender for a public institution, does require an incredible number of internal resources, and a rigorous and consistent process. In order to extract from the public funds 21 billion pesos, you need as mentioned before a number of state institutions using these tenders, which in order to set up, requires a very labor intensive and repetitive process. Angel (2017) described, “the problem was that even with an infinite number of shell companies, there should be a logic between invoices and what the government could send. And that got lost gradually.”<sup>130</sup> Here the stigma gets neutralize and the activities are divided among many individuals which present a need that must be solve, the structure the tender, the invitation, the review of the offers, the selection process, the acceptance, the transfer of funds, the review, all for the creation of a file to comply with the appropriate procedure are costly, time-consuming activities that are executed by people from all levels of the different institutions, this however, in a simulated system pose a challenge to the public institutions as the numbers of contracts increase, is complicated to sustained a logical structure. Furthermore, is possible also that as presented by Ashford & Anand Corrupt practices within an organization may be disseminated throughout the industry via both micro (e.g., individual mobility) and macro (e.g.,

---

<sup>128</sup> the same month it starts Ruling Veracruz  
Ibid. pg. 47

<sup>129</sup> Gobierno de Veracruz, Sueldos, Salario y Remuneraciones de los Servidores Públicos

<sup>130</sup> Ángel, Duarte, el priista perfecto. p. 176

imitation)”<sup>131</sup> in which public institutions as an industry have a specific overarching corrupt culture that goes beyond any particular one.

Thirdly, in an environment of repetition of corrupt action, it is easy to see how the transformation of the activities within public institutions transforms their norms into profit-seeking logic. Based on the paper of Pérez-Chiques and Meza (2020), they classified two types of corruption network composition, the first being “party-based trust”, in which the party members form part of a long-lasting elite that sustain power as their objective, using institutions that had shape to maintain control over long periods. The second form exhibits a “profit-seeking logic,” aiming to extract resources and benefit the current groups in power, knowing that such power will end, so they must use it while it lasts. It is in this logic that the ethos of a public institution has shifted from the prohibition of social goods to a logic of profit-seeking, in which the norm will be on which “the illicit activities transformed into a form of “drug” to which he could not resist.”<sup>132</sup> Maintaining their participation “through accomplice, either by omission or commission”<sup>133</sup>. Such is the impact of this that based on a study by “Mexicanos contra la corrupción”, the cost of corruption is around 438 pesos per person per year<sup>134</sup> and is used in paying to access public services, which hits the hardest to the worst off.

Other aspects of the model of normalization of Ashford and Anand can be seen, such as the process of socialization, in which the organization itself creates a social cocoon in which the myopia is promoted from within the institution. The newly elected government is expected to appoint part of their team in key positions in specific agencies, based on experience or preparation, while maintaining key elements of the previous administration or career-long public administrator to help the transition and the technicalities. However, this was different in Veracruz. A comment of a former part of Duarte's government mentioned, “...was a total cleaning of the people of Fidel, and started integrating his people...”<sup>135</sup> This is said to purge any person with any allegiance to the former governor.<sup>136</sup> This can be seen as a form in which,

---

<sup>131</sup> Ashforth and Anand, “THE NORMALIZATION OF CORRUPTION IN ORGANIZATIONS.” p. 10

<sup>132</sup> Ángel, Duarte, *el priista perfecto*. pg. 177

<sup>133</sup> Pérez-Chiques and Meza, *Trust-based Corruption Networks*, p. 1050

<sup>134</sup> León Robles, *¿De a cuánto nos toca? Lo que todos pagamos por la corrupción*.

<sup>135</sup> In reference to the former governor of the state of Veracruz from 2004-2010, considered one of the mentors of Duarte, as it helps him to get a scholarship for study, and got him involved in politics years before as Senator, and when elected it integrated Javier Duarte in the Secretary of Finance.

Ángel, Duarte, *el priista perfecto*. pg. 85

<sup>136</sup> Ángel, Duarte, *el priista perfecto*.pg. 120

from within the organization, a clear attempt exists to create an adequate cocoon for corruption to flourish and become normal.

In conclusion, the model of institutionalization helps us to guide our analysis in the process that leads to the shift of institutional ethos of the public institutions, which are supposed to provide public goods and transfer to a profit-seeking logic in which the norm is corruption. This process is a sustained and automatic process that feeds on time and repetition. With it, despite possible changes, two things have become embedded: an attitude that has created corruption as the normal with the institution in which actions are not questioned due to the momentum, and the creation of cultures within the industry in which you will encounter very similar logic in any of the different public institutions.

### **3.3. Network corruption**

Network corruption does provide a more comprehensive understanding of corruption than the “bad apples” thesis, as it tackles fundamental challenges that have to do with the relatively complex ecosystem of norms, rules, and institutions that guide the actions of individuals. It is advantageous in that it allows for a fresh view of the interactions of individuals and institutions. It accounts for the resilience of corruption despite the persecution of corrupt individuals, as it goes beyond them being spoilers of institutions but instead result of them. Finally, it opens the door to the idea of having this network as a responsible moral entity, which can contribute to the anti-corruption actions and framework.

Through section 3.1, the Network composition sheds some light on how way the relation of the individual with the network and the form in which the network has an essential influence in the individual. In it, it was possible to observe some characteristics that Fig. 1 requires from the social capital to transform into network corruption, particularly how individuals use their professional position to foster the goals of the network, which in the case of the public institutions of the state of Veracruz in 2010-2016 was based on a profit-seeking logic in which the main goal was the extraction of the most amount of money possible in the time available—creating a typical attitude of the members that guides their actions of individuals in a way that willingly takes risks to promote the good of the network.

Section 3.2 explains how the bad apples fail to explain the sustenance of corruption even after the corrupt individual is removed from the equation, a process of institutionalizing corruption. In analyzing the systematic process in which corruption erodes the social ethos of public institutions, transforming not only one institution but the general institutional culture of the state government, it would be okay with how many bad apples you can take out. The processes are maintained. The new normative good within this culture is that corruption is the rule of the game. Furthermore, this influence means that even a well-intention newcomer with an initiative to change might become corrupt because the complex reinforcement process takes hold of the individual within the network over time.

Another fundamental aspect is the ability to explain how network corruption enables and facilitates other types of criminal activities, as it complies with the pursuit of the maintenance of the network. One clear example is the relationship between these networks and the media terror and buyout in Veracruz. The Duarte administration ensured that this area would be controlled and managed using two prevalent forms. One was money, giving millions of pesos every month<sup>137</sup> to persuade local and national news outlets to away and present a favorable image of the government through intimidation, creating a center where it is believed the espionage, reporting, and targeting was done to journalists and violence, the use of the power of the state into creating examples out of the journalist that will not take the money, added to the chaos created by the organized crime which made the State of Veracruz be the worst to make journalism at, in one of the most dangerous countries to be a journalist. As an effect, Veracruz, from 2010-2016, had 40% of the journalists killed and kidnapped in Mexico.<sup>138</sup>

A case of this relation is the use of violence towards those who would not be caught by the money or pursued by the dissemination of false information, government pressure, and threats to the existence of a fully prepared network of capable, decided, and influential individuals which only objective is to maintain the network. Such is the tragic case of Maryjose Gamboa, director of a news outlet; before the incident already in 2011, individuals had entered her house and left a threat to her and her daughter. However, in 2014, she was involved in an accident in which a body was pushed from a bridge to her car on the highway. She was arrested and framed for homicide for allegedly driving drunk. The investigation showed that she had

---

<sup>137</sup> Ibid. p. 147

<sup>138</sup> Reporteros Sin Fronteras. "Veracruz: Los Periodistas Frente al Estado de Miedo."



not had a single drop of alcohol and even that the individual thrown into her car was dead before the impact<sup>139</sup>. All these months proved months later, during which she was tortured, castigated, and unjustly sent to prison. All this shows how the state's power was used to create examples out of critical journalism to attempt to control and destroy it further. Showing the level of involvement of many different agents who had the connections, resources, and goals in order to make such atrocities happen can shed some light in the need for alternatives to the prosecution of such actions in a more comprehensive form, such as the collective moral entity in which individuals are judge by their involvement and participation.

## **Conclusion**

When considering the complexity that corruption poses, it is fundamental to understand it as a form that, on the one hand, creates significant externalities to groups due to their reduced radius of trust and a considerable radius of distrust, which still does not account for the primary causal mechanism. The insights gained by the radius framework offer a form in which networks and their relation to the actions undertaken by individuals for the network are good despite possible repercussions to others. However, it cannot explain how this can transform into precise causal mechanism of corruption, and adaptability and resilience might be closely linked to the unpredictability and complexity of networks.

The model of institutionalization is a helpful model that clarifies how corruption gets embedded in institutions and considers the new normatively correct. Through finding the processes that undergo from the first act typically dictated and fostered by the leader, we can observe how the new goals are interpreted in activities that are breakdown and distributed for individuals to routinize the actions and, over time, stop questioning the ethical aspect of their activities as there are logical and successful, which finally makes corruption the new norm. One is the game's new rules in which a profit-seeking logic is pursued, and other types of ethos are lost and avoided.

Finally, network corruption offers a better alternative to explaining the complex nature of corruption, which a more classical understanding might not consider in the way norms, rules, and institutions are the essence of corruption. The idea of a spoiler, in which taking away this

---

<sup>139</sup> Ángel, Duarte, el priista perfecto. 104

individual and then changes will follow, fails to explain how corruption is possible and is sustained in a way that cannot be easily explained under the spoiler logic. Furthermore, bringing collective responsibility back to the table offers a positive alternative in creating the appropriate legal framework to punish, disincentivize, and fight corruption by understanding its relation to a complex network rather than a set of individuals.

In conclusion, network corruption is a new avenue to intake questions with regards to cronyism, democratic erosion, and systematic degradation in developed societies, which, as they keep on growing and technology advances, the possibility that corruption will evolve as well and keep on limiting nations and communities to advance and create an adequate normative institutional environment to flourish and developed on the fullest. The corrosive nature of corruption should be considered a priority in the agendas of countries in all nuances of development; innovative local action can shift the balance and bring justice and growth to nations currently consumed by corruption.

## **Summary**

**This work attempts to understand the resilience and adaptability that corruption shows worldwide. Using Network Corruption as a concept allows for a holistic and more complete understanding of the relationship of individuals with norms, rules, and institutions. There are three central aspects to which this work attempts to explore: the substantial advantages of network corruption as concept in comparison to a classical individual concept of corruption, in the influence that networks have in individuals, the adaptability and resilience of corruption, and the idea of collective responsibility. Secondly, the causal mechanism of the resilience and adaptability of networks to which the results are inconclusive but go towards the direction of their unpredictability and complexity. Finally, transforming public institutions' ethos from a provider of social goods to a profit-seeking logic through a systematic process of institutionalization of corruption enables the change on the normative stance of corruption actions deeming them as acceptable within the network.**

## List of References

- Adler, Paul S., and Kwon, Seok-Woo, Social Capital: The Good, the Bad, and the Ugly. KNOWLEDGE AND SOCIAL CAPITAL: FOUNDATIONS AND APPLICATIONS, Eric L. Lesser, ed., Butterworth-Heinemann, Boston, MA, pp. 89-115, 2000, Marshall School of Baker, Wayne & Faulkner, Robert. (1993). The Social Organization of Conspiracy: Illegal Networks in the Heavy Electrical Equipment Industry. American Sociological Review. 58. 10.2307/2095954.
- Brock, Gillian. 2022, "Global Justice and Corruption." pg. 1-34
- Business Working Paper No. MKT 03-09, Available at SSRN: <https://ssrn.com/abstract=186928> or <http://dx.doi.org/10.2139/ssrn.186928>.
- Ángel, Arturo. Duarte, el priista perfecto. Mexico City: Penguin Random House, 2017.
- Ángel, Arturo. "Las Empresas Fantasma de Veracruz". Animal político. 26 of May 2016 <https://contralacorrupcion.mx/web/empresasfantasma/index.html>
- Camarena, Salvador. "El extraño caso de los 25 millones de pesos voladores" Portal El País. 2012. [https://elpais.com/internacional/2012/01/31/actualidad/1327976198\\_318738.html?event=go&event\\_log=go&prod=REGCRART&o=cerrado](https://elpais.com/internacional/2012/01/31/actualidad/1327976198_318738.html?event=go&event_log=go&prod=REGCRART&o=cerrado)
- Collier, David. "Understanding Process Tracing." PS, Political Science & Politics 44, no. 4 (2011): 823–30. <https://doi.org/10.1017/S1049096511001429>.
- El Economista. Dictan 9 años de sentencia a Javier Duarte; hubo reducción de pena al aceptar culpabilidad. September 27, 2018. <https://www.eleconomista.com.mx/politica/Dictan-9-anos-de-sentencia-a-Javier-Duarte-hubo-reduccion-de-pena-al-aceptar-culpabilidad--20180926-0133.html>
- Gaceta Oficial de Veracruz. "LEY DE ADQUISICIONES, ARRENDAMIENTOS, ADMINISTRACIÓN Y ENAJENACIÓN DE BIENES MUEBLES DEL ESTADO DE VERACRUZ DE IGNACIO DE LA LLAVE" 21 of December 2017. <https://www.legisver.gob.mx/leyes/LeyesPDF/LADQU211217.pdf>
- Gobierno de Veracruz. 2024. "Sueldos, Salario y Remuneraciones de los Servidores Públicos" <http://transparencia.sev.gob.mx/fraccioniv/>
- Granados, Oscar M.; Nicolás-Carlock, José R. 2021. "Corruption Networks: Concepts and Applications." Springer, Switzerland. <https://doi.org/10.1007/978-3-030-81484-7>

- H. Congreso del Estado de Veracruz “Legisladores LXVI Legislatura”  
<https://www.legisver.gob.mx/Inicio.php?p=legis>
- H. Congreso del Estado de Veracruz. 2010. “INTEGRACIÓN DE LA LXII LEGISLATURA DEL CONGRESO DEL ESTADO LIBRE Y SOBERANO DE VERACRUZ DE IGNACIO DE LA LLAVE”  
<https://www.legisver.gob.mx/PublicacionesGenerales/IntegracionLXIIILegislatura2.pdf>
- H. Congreso del Estado de Veracruz. “Historial Legislaturas LXVIII”  
<https://www.legisver.gob.mx/Inicio.php?p=histLeg&leg=63&ej=1&n=1&a%C3%B1o=2013>
- Hernández Jiménez, Norberto, and Sergio Iván Anzola Rodríguez. “El caso Duarte.” In Respuestas nacionales e internacionales al fenómeno de la corrupción: Particular atención al ámbito iberoamericano, 2021, ISBN 978-84-1378-799-2, págs. 107-132, 107–32. Tirant lo Blanch, 2021.  
<https://dialnet.unirioja.es/servlet/articulo?codigo=7868540>.
- León Robles, Lorenzo. ¿De a cuánto nos toca? Lo que todos pagamos por la corrupción. 2023. Mexicanos contra la corrupción y la impunidad.  
<https://contralacorrupcion.mx/encuesta-mcci-reforma-2023/de-a-cuanto-nos-toca-lo-que-todos-pagamos-por-la-corrupcion/>
- López González, Silvia Patricia. “México.” In Respuestas nacionales e internacionales al fenómeno de la corrupción: Particular atención al ámbito iberoamericano, 2021, ISBN 978-84-1378-799-2, págs. 341-382, 341–82. Tirant lo Blanch, 2021.  
<https://dialnet.unirioja.es/servlet/articulo?codigo=7868544>.
- Morales, Yolanda, “México, lugar 51 en la apertura de negocios: DM” September 9, 2009.  
<https://www.economista.com.mx/empresas/Mexico-lugar-51-en-apertura-de-negocios-BM-20090909-0057.html>
- Mungiu-Pippidi, Alina. 2016. "The Quest for Good Governance: Learning from Virtuous Circles." *Journal of Democracy*, Vol. 27, No. 1. 95-109
- Olmos, Raúl. Surgen otras 45 empresas ‘fantasma’ de Javier Duarte. December 7, 2016. Mexicanos Contra La Corrupción y la Impunidad.  
<https://contralacorrupcion.mx/surgen-otras-45-empresas-fantasma-de-javier-duarte/>
- Owens, L.A. & Young, P. (2008). You're hired! The power of networking. 29. 23-28.  
[https://www.researchgate.net/publication/296539731\\_You're\\_hired\\_The\\_power\\_of\\_networking/citation/download](https://www.researchgate.net/publication/296539731_You're_hired_The_power_of_networking/citation/download)

- Pérez-Chiqués, Elizabeth; Meza, Oliver. Trust-based corruption networks: A comparative analysis of two municipal governments. 2021. *Governance*. Pg. 1039-1056. <https://doi.org/10.1111/gove.12554>
- Redacción Animal Político. “Orden de aprehensión a siete exfuncionarios de Javier Duarte acusados de peculado”. 2023. <https://animalpolitico.com/estados/orden-aprehension-siete-exfuncionarios-javier-duarte-peculado>
- Reporteros, Sin Fronteras. “Veracruz: Los Periodistas Frente al Estado de Miedo.” Reporteros sin Fronteras, 2017. [https://www.rsf-es.org/wp-content/uploads/attachments/2017\\_02.02\\_RSFI\\_NFORME\\_VERACRUZ\\_MEXICO.pdf](https://www.rsf-es.org/wp-content/uploads/attachments/2017_02.02_RSFI_NFORME_VERACRUZ_MEXICO.pdf).
- Roldan, Israel. Los actos de corrupción que la justicia debe aclarar con la caída de Duarte. April 18, 2017. *Mexicanos Contra La Corrupción y la Impunidad*. <https://contralacorrupcion.mx/los-actos-de-corrupcion-que-la-justicia-debe-aclarar-con-la-caida-de-duarte-2/>
- Rotberg, Robert I. *The Corruption Cure: How Citizens and Leaders Can Combat Graft*. Strong Laws and Other Watchdogs. Princeton: Princeton University Press, 2017. Accessed June 22, 2024. ProQuest Ebook Central. pg. 73-108 (97-99)
- Rothstein, Bo. 2018. "Fighting Systemic Corruption" *Daedalus* Vol. 147, no. 3, *Anti-Corruption: How to Beat Back Political & Corporate Graft* (Summer 2018): 35-49.
- Rose-Ackerman, Susan. 2018. "Corruption and Purity." *Daedalus* Vol. 147, no. 3, *Anti-Corruption: How to Beat Back Political & Corporate Graft* (Summer 2018): 98-110. <https://www.jstor.org/10.2307/48563083>.
- Silva E. Souza, Cibele. 2019. "Making Sense of Corruption, by Bo Rothstein and Aiysha Varrach." *Corvinus Journal of Sociology and Social Policy* 10(2019)2): 195-200. DOI 10.14267/CJSSP.2019.2.11.
- Slingerland, W. (2018). *Network corruption: when social capital becomes corrupted: its meaning and significance in corruption and network theory and the consequences for (EU) policy and law*. [Ph.D. Thesis—Research and graduation internal, Vrije Universiteit Amsterdam].
- Secretaría de la Función pública. “1.3.1 Licitación pública (LOPSRM y LAASSP)” 9 of May 2017. <https://www.gob.mx/sfp/acciones-y-programas/1-3-1-licitacion-publica>

World Bank, “Doing Business 2008 Mexico.”

<https://documents1.worldbank.org/curated/en/786091468056345104/pdf/427490WP0Box321oing0Business0Mexico.pdf>

World Bank, “Doing Business 2009: Making a Difference for Entrepreneurs: Mexico”

<https://documents1.worldbank.org/curated/en/345951468287158690/pdf/588760AR0Doing101public10BOX353821B.pdf>

Zavaleta, Noé. El infierno de Duarte: Crónicas de un gobierno fatídico. 1st ed. Mexico City: Ediciones Proceso, 201

