State Development, Corruption & the Consequences of Colonization
The Case of Mexico and the Philippines

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This thesis argues that colonization plays a major role in corruption in developing countries. There are different types of corruption: bribery, fraud, and institutional corruption. They occur often, and in some instances, these habits were developed as a result of the colonizers influencing the behaviors of their colonies. Although colonial times seem far back, the characteristics and influences have been deeply engrained in the countries that have long since gained their independence from their colonizers. In the following thesis, I will argue the correlation that colonization and corruption have, while also addressing particular countries in the argument maintaining that there is a link that exists.

This case aims to foster an understanding that although there are many causes of corruption, colonization serves as a basis for state development, which in turn affects the presence of corruption. This thesis will reflect research made by scholars regarding corruption and colonization, as well as the theory and hypotheses that support each issue.

**Keywords:** colonization, corruption, state development, quality of government

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<td>ACFE</td>
<td>Association of Certified Fraud Examiners</td>
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<td>CPI</td>
<td>Corruption Perceptions Index</td>
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<td>EU</td>
<td>European Union</td>
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<td>G8</td>
<td>Group of Eight</td>
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<td>G20</td>
<td>Group of Twenty</td>
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<td>IP</td>
<td>indigenous people</td>
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<td>NATO</td>
<td>North Atlantic Treaty Organization</td>
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<td>NGO</td>
<td>non-governmental organization</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>OED</td>
<td>Oxford English Dictionary</td>
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<td>QoG</td>
<td>Quality of Government</td>
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<td>PAN</td>
<td>National Action Party</td>
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<td>PRI</td>
<td>Institutional Revolutionary Party</td>
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<td>SDG</td>
<td>UN sustainable development goals</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNCAC</td>
<td>United Nations Convention against Corruption</td>
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<td>UNESCAP</td>
<td>UN Economic &amp; Social Commission for Asia &amp; Pacific</td>
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<td>UNOCD</td>
<td>United Nations Office on Drugs and Crime</td>
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<td>USD</td>
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CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION TO TOPIC

This thesis is about colonization and how its influences have played a major role in the identities of developing countries. The European colonizers may have left years ago, but their influences remain and their structure for governance that had been forcefully imposed still lingers. The developing countries in focus are the Philippines and Mexico – both of which were former colonies of Spain around the same time period, sharing similar cultures and traditions. The main research question of this thesis is to discuss the consequences of colonization and its relationship to state development and corruption in developing countries.

Edward W. Said once wrote “Every empire, however, tells itself and the world that it is unlike all other empires, that its mission is not to plunder and control but to educate and liberate.”

The major empires, otherwise known as the European colonizers, were England, France, Spain and Portugal. Some of the reasons for expansion were to acquire geographical dominance in certain regions to strengthen trade, gain natural resources, and spread religion, for instance. The relationship between colonization, quality of government, and corruption is still relevant today because the colonizers’ influences are still deeply ingrained in the colonized countries as the colonizers instilled a foundation for governance that the former colonies cannot forget.

One of the reasons for this thesis is to explain how colonialism plays an important part in the identity of countries today and its influence on the state of the government. Not to be confused in this paper is that colonialism is the only contributing factor to corruption because there are other reasons as well. However, as we will see, colonialism contributes to the early perception of how governments are run.
1.2 AIM OF STUDY

Investigating colonization and its relationship to state development is important to understand because there are underlying ties to corruption. Amia Loomba compares colonialism as “a recurrent and widespread feature of human history” in Asia, Africa, and the Americas.¹ Daniel Treisman identifies corruption as a factor for the failure of developing countries to develop because of the lack of investment and growth, though acknowledgement of colonization is not always discussed.² The aim of this study is to contribute to the understanding of corruption and to see all aspects but to focus on colonization as a factor. There are not many reliable resources that relate colonialism and corruption, with exception to Dr. Luis Angeles’ work on the topic. Moreover, it is important to understand how state development was established in a particular way and where influences come from. Bo Rothstein develops many ideas of state development and corruption, which I will essentially reference in this paper as it correlates to the topic. Some of his arguments include exceptions to states that have high corruption and high state development as well as countries that follow non-democratic approaches. His evaluation of quality of government provides support for this paper because later the discussion will entail how it affects corruption and state development.

In order to see the relationship, two former colonies of Spain will be discussed further – the Philippines and Mexico. Chapter 5 and 6 will present the current situation in these respective

¹ Bruce King and Ania Loomba, 'Colonialism/Postcolonialism' (1999) 73 World Literature Today.
countries, set a brief history of colonization as well as describe the current organization of the government. This information will provide insight into the later analysis of how corruption in these countries relate to colonization. The importance of conveying evidence and background of colonization is to show how it influences the state development of these countries.

1.3 RESEARCH QUESTIONS

Examining the relationship between colonization and corruption is significant to this study because it explains one of many factors to why this phenomenon occurs. Treisman poses the question: why is corruption more present in one country and not another? Questions are conducted to observe how state development plays a factor but it is important to examine cultural and historical factors when analyzing colonization’s relationship to state development.

This thesis will mainly determine what is the correlation between colonization, corruption, and state development. My main research question is: how do the consequences of colonization have an effect on state development and corruption in former colonies?

Also, in this paper I plan to answer questions such as –

1. What is colonization?
2. What is corruption?
3. How can we know colonization leads to corruption in the Philippines/Mexico?
4. How does state development affect corruption in the Philippines/Mexico?
5. How does colonization relate to state development?

These questions will be addressed throughout the thesis, with the first two being introduced in chapter 2. The remaining questions will be addressed within the comparative case studies in chapter 5 and 6. Each country will be discussed in terms of their history of colonization, the

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3 ibid.
organization of their government, and finally the quality of government – which will include how corruption and colonization relate to each other.

Corruption is a topic that every country can identify with but do not always want to address because it is a sensitive subject. This research will establish that corruption begins as a basis of poverty in a country. The relationship between corruption and poverty goes in a cycle: “poverty invites corruption, while corruption deepens poverty.”\(^4\) Corruption occurs between politicians and businesses, but it could also be a social factor that occurs in everyday normal lives. Every country has some kind of corruption within its limits and whether or not it is small or major, it should be addressed because at any level, it could be stopped, especially when it is minor.

If the government raises taxes, are citizens expected to pay for them? When a reputable corrupt government raises taxes, it becomes a higher tax on citizens, which is even more expensive for those in the poverty level, and the justification of paying is if there is a return.\(^5\) Although Rothstein mentions that universal social welfare is not always guaranteed to work, it could be successful if the government is willing to put an effort to be trusted and enforce such policies.\(^6\) For citizens of corrupt countries, the realization of the situation is that it is a challenge overcoming the mistrust for authority. Eighty percent of individuals from Eastern Europe believe that high income correlates to having high dishonesty and therefore, they are


\(^6\) ibid.
expected to give money back. On the other hand, it is the previously Communist countries in Eastern Europe that have reported that democracy is a challenge to obtain.

Research conducted by Dr. Luis Angeles, director for the Centre for Development Studies at the University of Glasgow, acknowledged that colonial experiences are considered to determine “institutional quality.” With mention of Acemoglu’s work, Luis puts into perspective that European migration, where they made up the majority, resulted in the protection of property rights; on the other hand, Europeans making up the minority saw the consequences of an “extractive” institution.

In much of the literature conveyed in this research, an important factor of corruption is state development and quality of government. The quality of a government implies their economic state and their cooperation with the citizens, although not in all cases does this deem true as Rothstein makes a case out of corrupt countries becoming stable and democratic, with exception to Singapore.

The relationship of colonization to corruption is plausible because history plays an important part in the configuration of a country. Angeles discusses that the important variables to take into consideration are “legal origins of the country, the religions professed by its population, the degree of ethnic fractionalization, and the identity of the colonial power formerly established in its territory (if the country was colonized).” The former colonies learn how to form the structure of government by their early colonizers. If the colonizers were abusive and led by self-interest, this could contribute to the idea of right and wrong in terms of ruling.

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7 ibid.
8 Luis Angeles and Kyriakos C. Neanidis, 'Colonialism, Elite Formation And Corruption' (2010).
9 ibid.
The question of state development and corruption is important to look in-depth because corruption resonates with public authority, whom the public should be able to trust. Elinor Ostrom, 2009 Nobel laureate in economics, observed that individuals make assumptions from inferences, hence, the “corruption trust theory” –

1. Inference from public officials leads to public officials are dishonest and this infers that others are dishonest too; and,
2. Inference from people in general leads to the idea that most other people cannot be trusted.\textsuperscript{12}

What citizens see from the state level – they make up their minds about all other things. This is not always accurate but in some cases, like Rothstein’s references to Eastern Europe, there is a slippery slope of who is affected – the rich help the rich, and in turn, every class that follows seems to suffer until the poorest, which suffer the most by seeing no returns.\textsuperscript{13} In contrast, the Nordic countries are the most egalitarian and therefore have higher state development and less corruption because citizens trust their leadership and actively take part in society by volunteering.\textsuperscript{14}

While the research will address the main research question of the correlation between colonization, quality of government, and corruption, it will also expand on each individual topic for further understanding of how they influence each other. The argument of this paper is that colonization causes corruption. Though colonization is not the primary source of corruption, it provides interesting insight into how states are developed.

\textbf{1.4 DESIGN AND METHODOLOGY}

\\textsuperscript{12} Bo Rothstein, \textit{The Quality Of Government} (University of Chicago Press 2011).
\textsuperscript{13} ibid.
\textsuperscript{14} ibid.
In this chapter, I will discuss the design and methodology of this thesis. Corruption as a whole is a broad subject as it touches upon numerous issues, having several factors that influence it. The thought behind the correlation between colonization and corruption was unique as there are not many studies on this particular factor. Moreover, the cases of the Philippines and Mexico are interesting in that they share the same colonizer and thus, similar traits for countries that are found in different locations. The Philippines and Mexico, two similar states, will be discussed as comparative case studies, which will be elaborated later following Chapter 3.

Comparative analysis is used to compare two analytical objects; the dependent variable is the outcome, which is corruption, whereas the independent variable is the causes, which in this case are quality of government and colonization.\(^\text{15}\) There are three approaches to comparative analysis – experimental, statistical, and comparative method. Political and social scientists prefer to use the comparative method in order to investigate institutions. This thesis investigates institutions within countries that have the least corruption as well as our two analytical objects: the Philippines and Mexico.

Comparative analyses utilize methods of similarities and difference but in this research, most of the values between the two states are similar. Because the two states share similar histories, it is apparent that qualitative, historical comparison in a case-oriented approach can be used since generalizations are historically concrete.\(^\text{16}\) According to Della Porta, the case-oriented approach elaborates conversation “between the researcher’s ideas and the data in an


\(^{16}\) ibid.
examination of each case a complex set of relationships, which allows causal complexity to be addressed.”

Moreover, the cases in this paper are similar systems because they are similar countries, though it must be noted that they are located on different continents. Even though they do not share a common geographical area, they have constant characterization because the colonizers instilled similar historical traditions, cultures, and economical developments.

The comparative analysis of these two states will further develop how state development and colonization share a role on the impact of corruption in these countries as well as acknowledge the behaviors that led to the outcome of corruption. The result will signify that even though colonization is not a major factor to corruption, it contributes a basis to where state development forms.

1.4.1 CASE SELECTION

Mexico and the Philippines are chosen countries for this research because they share similar colonial history, having been colonized by Spain. They have a shared history with similar Spanish influences that they adapted and adhered up until now. Around the same time that Cortes founded Mexico was also when Magellan claimed the Philippines for the Spanish crown. They both have undergone Spanish colonialism where encomiendas – which were royal land titles that were given to conquistadors and their descendants where they were given responsibility for the natives who take care of the land – were imposed and the natives were introduced to a class system divided by wealth. To compare, they both went through grueling

18 Donatella Della Porta and Michael Keating, Approaches And Methodologies In The Social Sciences (Cambridge University Press 2008).
discrimination, which resulted in a series of revolutions and revolts primarily against the elite ruling class.

These countries have been colonized and have sought independence for years. After years of fighting for independence, independence was unattainable as Spanish rule transitioned into American rule. The addition of the Americans fueled a dependency by a developing country on a wealthier nation to intervene. The development of both states has struggled to find common ground for fighting corruption.

Both countries – Mexico and the Philippines – were conquered by Spain. From native beginnings that were far from those of the Europeans – overnight, they were forced to conform to their Spanish norms. In these two cases, the comparison will show how similar they developed as well as the problems resonating within these countries. Moreover, the material used in this research will help portray what makes these case studies unique to the topic of colonization and corruption.

1.5 CHOICE OF MATERIAL

Major discussions will be based on the work of Bo Rothstein’s *Quality of Government*, which documents how country’s state development can lead to corruption, a major theme in this paper.\(^{19}\) His work focuses on developed and developing countries, with connection to factors of trust, democratic elections, the welfare state, and political legitimacy.

On theoretical perspective, Charlotte Epstein discusses the diffusion of cultures by the European settlers to explain the postcolonial perspective and exemplifies that “modern

\(^{19}\) Bo Rothstein, The Quality Of Government (University of Chicago Press 2011).
international society was built on a dynamic of *stigmatization.*"\(^{20}\) The colonizers inadvertently socialized the colonies and imposed the “norms” of European settlers, not realizing their own ethics were not held universally.\(^{21}\) To add to the subject of socialization, Ayşe Zarakol discusses the stigma brought about by the “West” that imposed “norms” forcefully accepted by the colonized.\(^{22}\) The developments of these articles are to further explain the perception of the colonized countries, with some relationship to its influences on the state, not specifically development and quality of government.

International organizations have compiled data research on corruption such as Transparency International’s Corruption Perceptions Index 2015, conveying 168 countries and ranking them based on perceived level of public sector corruption. While Denmark ranks first with 100 per cent control of corruption, North Korea and Somalia’s governments fail to control corruption.\(^{23}\)

In addition, media sources are important to this research, providing information of current events that portray the governments of each respective country neglecting to protect its citizens of basic human rights. In the Philippines, the presidential election is important in portraying the importance of a president who could end corruption, while Mexico’s current events includes the president struggling with self-interest and a scandalous government. In addition to these resources are research emphasizing on the importance of anticorruption, postcolonialism, and state institutions.

This research lacks interviews with experts and individuals who have experienced corruption in these former colonies. This information would have been helpful as they ascertain the seriousness and the genuine reality of the events occurring in these countries. These accounts would offer insight into what is not provided by news outlets or on studies on colonialism. As they would prove quite useful, the materials used in this paper recount scholarly research and literature as well as current news on these topics.

1.6 THESIS DISPOSITION

After Chapter 1, the thesis is organized in order to build up to the case studies, which will provide evidence that corruption exists in colonized countries. The next chapter will discuss the context of the study, defining colonization and corruption for the reader and following that will be the methodology. Chapter three and four will give research by scholars in regards to the literature based on state development and the theoretical framework for this study, primarily colonialism and stigmatization. Chapter five and six is where the literature and theoretical framework come together to frame evidence where colonization and corruption collaborate. The last chapter provides final discussion to bring the topic full circle and provide conclusions.
CHAPTER 2: CONTEXT OF THE STUDY

Before transitioning into the literature review and theoretical framework, it is important to understand the history of colonization as well as define corruption. The history of colonization will discuss the treatment of natives, but in the negative context in which they were exploited. Moreover, it contains the comparison of the European colonizers and their general styles of rule in order to give a brief idea of how colonization differed between each country. The following paragraph will define corruption and actions that suggest corrupt practices. The materials used suggest that corruption is a negative aspect of a state, stealing trillions of dollars from its citizens. Defining corruption provides how states are negatively impacted by this ordeal and how it ruins relationships not only among citizens but also between nations. States are susceptible to corruption and it is important to carefully define what is illegal action and what can get a country stigmatized for their actions. Further terms found in the literature review will be discussed in the next chapter such as state development and quality of government.

2.1 HISTORY OF COLONIZATION

Before the literature review can be discussed, the subject of colonization must be addressed in order to see its correlation to corruption while in the next section, state development will be mentioned. The history of colonization is vital to understand because it provides insight into stigmatization, which will later be expanded on in chapter four. With regards to the theoretical framework, it correlates to the internalization that natives go through, which eventually leads to the adaption of ideals from the European settlers.

David McNair and others, 'The Trillion Dollar Scandal' (ONE 2014).
During the colonial era, the main European colonizers were England, France, and Spain – the latter being the colonizer of the Philippines and Mexico. By definition of the Oxford English Dictionary (OED), colonialism is

a settlement in a new country…a body of people who settle in a new locality, forming a community subject to or connected with their parent state; the community so formed, consisting of the original settlers and their descendants and successors, as long as the connection with the parent state is kept up.25

Ania Loomba comments that in this definition, there is no mention of the colonized natives, establishing in a sense, the different views of these two groups – outsider and native.26 The use of the connotation, “parent state,” conveys a sense of infantilization, which Charlotte Epstein describes as the process by which an individual or set of people are treated as children.27 Colonizers were well equipped and advanced with their weaponry that, though not like children, the natives were still subjugated into submitting to these foreigners. Influence by the colonizers was strong as it restructured autonomous local governments, an issue problematic to supporters of centralized governments.28 The colonizers did not prepare to promote growth and development in these colonies, which made a complex, essentially, infantilized relationship.29 This lack of growth and progress has a direct effect on the state development in these former colonies’ modern governments.

With the OED definition of colonialism lacking the participation of the natives, the question to be asked is if this definition was done purposely to eradicate their involvement? The

25 ‘Colonialism’.
26 Bruce King and Ania Loomba, 'Colonialism/Postcolonialism' (1999) 73 World Literature Today.
28 Alex B. Brillantes, Jr. and Donna Moscare, 'Decentralization And Federalism In The Philippines: Lessons From Global Community' (2002).
29 Bruce King and Ania Loomba, 'Colonialism/Postcolonialism' (1999) 73 World Literature Today.
natives played an important role in colonialism, having been forced into labor, particularly the encomienda system in the Philippines and Mexico.

Colonialism was the expansion of European powers during the sixteenth century and continued onto the twentieth century. During colonization, non-European countries were conquered by powerful European countries and brought under their rule, sometimes for a few years while others were forced to be under their rule for hundreds of years. According to Benedikt Stuchtey, it was a time of expansion and civilizing non-European countries as well as implementing appropriation.\(^{30}\) It was a time of trying to govern the indigenous inhabitants, whether by force or compliancy – although in many cases it was through force resulting in rebellion. Because of the negative connotation by which colonization occurred, in many cases, scholars “criticized the colonial excesses that could mean mismanagement, corruption and, in the extreme case, genocide.”\(^{31}\)

There were different colonial empires, each ruling in a different style. Great Britain motivated self-independence; France assimilated their people; Belgium combined both British and French styles; whereas Portugal acted in racial prejudice with their natives and lacked the authority to stabilize and improve their colonized country. In comparison to the other European settlements, the English opponents to absolutism were far wealthier than the critics in Spain and France.\(^{32}\) England, regardless of the consequences of colonialism would have maintained stability and their power over the other countries that had colonized territory. Furthermore, Daniel Treisman suggests the reduction of corruption in former English colonies


\(^{31}\) ibid.

\(^{32}\) Daron Acemoglu and James A Robinson, Why Nations Fail (Crown Publishers 2012).
is the outcome of the common law systems, defending parliament and property owners against the attempts made by the sovereignty. The other legal system used by most of the European colonies was from civil law systems, which allowed the sovereignty to have more control over economics and institutions.

By looking at the Portuguese style of colonial rule, Spain shares a similar style of rule where they had the same categories and labels for the natives they conquered – “civilized,” “assimilated,” and “uncivilized.” Portugal held a dictatorship that failed, much like in Spain, where the monarchy transitioned into authoritarian rule. Spain wanted strong control of the ocean, interfered by the British and thus, expanded in order to gain from the profits that the Atlantic and uncharted territories had to offer. Spain was one of the first European colonizers with control of many territories and strong sea power but by 1825, its empire deteriorated. At the time of Filipino [1898] and Mexican independence [1821], Spain was in conflict with the French via the Napoleonic Wars and struggling with the Spanish-American rule, spurred by the United States, which affected Spanish relations with Cuba, the Philippines, and Puerto Rico. The Spanish came in to spread Christianity and limit another territory from trading with the competition. While this was a temporary means of building Spanish wealth, the long-term consequences were detrimental to the future of the Philippines and Mexico. As Acemoglu and Robinson put it,

34 ibid.
35 ibid, p. 111
37 ibid.
World inequality today exists because during the nineteenth and twentieth centuries some nations were able to take advantage of the Industrial Revolution and the technologies and methods of organization that it brought while others were unable to do so. Technological change is only one of the engines of prosperity, either. As we have shown in this and the previous chapter, this failure was due to their extractive institutions, either a consequence of the persistence of their absolutist regimes or because they lacked centralized states.38

Independence was necessary for the colonies. In the words of Noam Chomsky, European colonialism destroyed everything by trying to impose a European system around the world, only proving to be harsh and abusive.39 This imposed European system was not regulated by an unbiased organization and, the colonized countries were forced to accept it, which never works. European rule was dictated by self-interest and personal gain rather than what could be done for the colonies. Chomsky portrays the European powers as well as the Americans as not having been able to accept the imposition of a foreign power if the situation were to be reversed.

Remember that every existing social system has a vast disparity of power internally. Take the United States: the United States was not founded on the principle that “the people” ought to rule – that’s freshman Civics, it’s not what happened in history. For the most part, [the American Founding Fathers] hated democracy.40

The European colonizers disseminated different behaviors to their colonies, establishing the groundwork for the colonized people feeling stigmatized. Great Britain allowed the colonized people to take part in governing councils and public service, allowing the people to participate in self-governing and take responsibility – ultimately leading to independence. In contrast, French rule was based on assimilation and lacked autonomy. However, the French provided aid to their colonies especially after World War II and after the Algerian War, they were

40 *ibid.*, p. 314-315.
granted independence. Belgian rule incorporated both British and French styles, though “explicitly excluded the creation of an elite on the French or British model until mass education would have spread widely and a middle class come into being.”\(^{41}\) The Belgian government left the Congo in a state of instability where the government and army had no strong experiences in their individual positions. Lastly, Portugal had a colonial rule that was the oldest of the Western colonizers, where the natives were treated and labeled as “civilized,” “assimilated,” and “uncivilized” peoples. They were incapable of securing stability in their overseas colonies, which left their colonies in Africa illiterate and unable to challenge Portuguese government.\(^{42}\) Aside from the Europeans, the Japanese were also a colonial power that set up a different treatment of Taiwan and instead industrialized them and played a role in their advancement. Chomsky describes Japanese colonialism as such,

> Japan had its own colonial system too, incidentally – but its colonies developed, and they developed because Japan didn’t treat them the way the Western powers treated their colonies. [The Japanese] developed their colonies economically; the West just robbed theirs. They were getting industrialized, developing infrastructure, educational levels were going up, agricultural production was increasing. Well, just compare Taiwan with the Philippines, an American colony right next door: the Philippines is a total basket-case, a Latin American-style basket-case. [...] the Japanese-style development model works – it’s how every country in the world that’s developed has done it: by imposing high levels of protectionism, and by extricating its economy from freeing high levels of protectionism, and by extricating its economy from free-market discipline. And that’s precisely what the Western powers have been preventing the rest of the Third World from doing.\(^{43}\)

The aim of the colonizers, particularly the Europeans, was to gather natural resources with the cheap labor found in these colonies.\(^{44}\) The characteristic of the majority of European rule was

\(^{42}\) ibid.
\(^{44}\) ibid, p. 264
against political decentralization. Political decentralization associates with pluralistic policies, allowing for a representative government that supports democratization.\textsuperscript{45} Public participation converged with trust in institutions and support for policies and the welfare system, which is lacking in the developed countries analyzed in this study. Amongst most of the European colonizers, centralization was a preferred form of governance.\textsuperscript{46} Centralization took powers away from the local government and the natives, giving power mainly to the elites motivated by self-interest. The following paragraph will discuss the detrimental aspect of self-interest when exercised by public authority.

### 2.2 DEFINING CORRUPTION

First, what is corruption? Why is it something that in the last two decades has barely become a topic of interest? Until the early 1990s, the amount of literature and research on corruption was miniscule and it was called the “c-word.”\textsuperscript{47} Priority was shown for combatting poverty and improving living conditions rather than combatting corruption. Corruption is a problem mainly as a result between an endogenous government and the market economy.\textsuperscript{48} Governments in poor countries are usually the most corrupt, as scandals arise amongst politics, economics, culture, and the morale of the country. Academic researchers define the leading cause for corruption are the political and bureaucratic organizations but I have formulated that an equally problematic factor is colonialism.\textsuperscript{49}

\textsuperscript{48} ibid.
\textsuperscript{49} ibid.
Research from Treisman reveals that different countries have different traditions, including their legal culture as well as different susceptibility to corruption.\textsuperscript{50} In respects to the previous chapter, Stuchtey suggests that the colonial empires had different behaviors in respects to their colonies. While some worked, other methods did not. This lays the foundation for how colonialism is linked to corruption. Former colonies had different foundations for governance and different treatment by their colonizers.\textsuperscript{51} Scholars like Treisman and Stuchtey have compared British colonies to other European settlements and discovered that the growth in the latter is not as progressive as with the British colonies.

To further define colonialism, Treisman hypothesized a few elements for corruption –

H1: Effectiveness of the legal system will be greater – and hence corruption lower – in countries with common law systems.

H2: Effectiveness of the legal system will be greater – and hence corruption lower – in Britain and its former colonies.

H3: Corruption rates will be lower in countries with a Protestant tradition.

H4: Corruption will be lower in democratic countries and those with a freer press and more vigorous civic associations.

H5: Corruption will be lower in more economically developed countries, where populations are more educated and literate, and where the normative separation between “public” and “private” is clearer.

H6: Corruption will be lower in countries with higher relative salaries in public office.

H7: Corruption will be higher where political instability is greater.

H8: Corruption will be higher in countries with great state intervention in the economy (in the form of regulation, taxation, or state commercial activity).

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\textsuperscript{50} ibid.

H9: Corruption will be lower the greater the country’s exposure to competition from imports.

H10: Corruption will be higher in countries with large endowments of valuable natural resources.

H11: Corruption will be greater in countries that are ethnically divided.\(^52\)

Treisman’s hypotheses find agreement in Rothstein’s argument that an effective legal system exercising true democracy links to low corruption. Religion may play an important role but studies on Asian countries provide results that there is lower corruption regardless of Protestantism. Moreover, case studies will prove that low corruption can also occur when democracy is nonexistent. Economic growth is commonly found as a factor for low corruption as well as what Rothstein seeks as state development contributing to the effectiveness of corruption reduction. One flaw of Treisman is his stress of British colonies being able to surpass the other European colonies in terms of a legacy of corruption, but the study cannot always be reliable.

On the other hand, Rothstein defines corruption as a broad connotation because as mentioned with Andrig and Fjelstad, corruption targets many categories.\(^53\) Generally, corruption is “the abuse of entrusted power for private gain. It can be classified as grant, petty and political, depending on the amounts of money lost and the sector where it occurs,” which is a definition given by Transparency International.\(^54\) Corruption affects all countries because it can be abusive and exploitative. Andrig and Fjelstad conceive that corruption is politically and bureaucratically based, which Rothstein agrees, noting the lack of governance.


Until the mid-1990s, issues of corruption and bad governance were generally neglected in the social sciences. The reason was that many argued that some types of corruption could have a positive impact on economic development since this in many instances could “grease the wheels”.

Each year, Transparency International compiles a report of global corruption giving each country a rank on the Corruption Perceptions Index (CPI). The CPI essentially shows the scores of countries in terms of having a clean [less corrupt] public sector. However, Table 2.1 (See Appendix) indicates that the “cleanest” countries can have dwindling scores, as these scores at home do not reflect their relations abroad with corrupt countries.

The example given by Transparency International is the case of the Swedish-Finnish firm TeliaSonera. TeliaSonera, which is 37 per cent owned by the Swedish state, had been accused of paying millions of dollars in bribes to Uzbekistan, a country ranking 153rd in the CPI. Sweden is not a corrupt country, having a strong system of high-tech capitalism and welfare policies, but its business deals encounter corrupt countries that do not have the same fair practices. In addition, Central Asia and Europe are improving in scores but countries such as Australia are decreasing in scores and even in Spain, corruption is growing. Scores are based on how well the government combats corruption. As Rothstein will cover, state development has a huge influence on corruption if no effort is made to reduce the issue.

According to McNair et al., $1 trillion is wasted per year because of corruption. $1 trillion equates the income of Austria, Denmark and Finland combined or even if all the largest

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57 ibid.
58 ibid.
public companies in the world were to put together their annual profits.\footnote{David McNair and others, 'The Trillion Dollar Scandal' (ONE 2014).} In their recent annual report, McNair et al. investigated that $2.02 trillion have been laundered, while $20 trillion have been discovered in undeclared offshore accounts, $3.2 trillion from developing countries.\footnote{ibid.} Every year, corruption takes the lives of 3.6 million people in developing countries alone because we allow it to thrive.\footnote{ibid.} If countries took accountability for their action and avoided greediness, it would help global economic growth reach about $13 trillion dollars.\footnote{ibid.} Corruption flourishes on public officials that choose their self-interest over the welfare of their citizens.

The economy is affected but the poor are greatly impacted, especially in developing countries that are already vulnerable regions. It is “a barrier to development and diverts resources away from poverty-eradication efforts and sustainable development and has urged States which have not yet done so to ratify and accede to the United Nations Convention against Corruption (UNCAC)”.\footnote{'Impact Of Corruption On Development And How States Can Better Tackle Corruption Under The Spotlight At UN Anti-Corruption Conference In Morocco' (United Nations Office on Drugs and Crime) <https://www.unodc.org/islamicrepublicofiran/en/impact-of-corruption.html> accessed 27 August 2016.} For many countries, asset recovery is an important fundamental principle because the wealth and assets are what is stolen from education and healthcare as well as reconstruction of these countries.\footnote{ibid.}

There are different forms of corruption. Bribery is the most common form of corruption and entails payments made to government officials in exchange for favors. Theft and fraud deal with politicians making illegal transactions whereas institutional corruption deals with conflicts of interests by politicians and business individuals. Furthermore, there are other
different types of corruption – grand corruption, political corruption, corporate corruption, administrative corruption, and petty corruption – involving exchanges between government and businesses.  

Grand corruption implicates individuals in very high positions that citizens have the idea they can trust them and entrust them with their money – heads of states, ministers, and other high state government officials who serve the interest of business people and other politicians.

Political corruption incorporates briberies among businesses with lawmakers, monarchs, dictators, and legislators for the sake of personal interest, at the expense of the public. Corporate corruption mainly revolves around private gain between corporations, businesses and the clients. Administrative corruption allows businesses to lower taxes and to escape regulation whereas petty corruption involves the allowance of customs clearance and building permits without much effort. Corruption is an issue entailing a weak enforcement of laws in order for some of the wealthy and those in high position to take advantage of the system and neglect the well being of those they are supposed to be taking care of.

In countries where corruption is high, it causes a rift between the government and its citizens because the trust is lacking. Citizens of corrupt countries struggle with paying high taxes, knowing it may not end up paying for policies. When the quality of a government is high, however, the citizens benefit from the economic growth and social development. However, as Rothstein points out, “the problem [of corruption] seems to be related to dysfunction in the

69 ibid.  
70 ibid.  
structure of the legal and administrative institutions,” something that Treisman discusses in his work, noting that the legal system plays an important role in the path of the government.\(^{72}\)

When countries get involved in any corruption or begin business or any foreign relations with corrupt countries, it seems as though there is support for that country or even an ignorance to avoid the situation for the sake of self-interest and economic gains. With the sample of Sweden and Uzbekistan, what dictates that the country can do relations with another? If the country that Sweden is dealing with is corrupt, does that mean Sweden is turning a blind eye in order to increase trade and growth, or is the country just naive to what is going on?

Corruption comes in different forms as mentioned above and it is interesting to how each country addresses it. In the Philippines and Mexico, corruption is known but no strong initiatives are made to fully combat and abolish the issue. The welfare state is weakened especially since funds are stolen from projects to promote health care to cure disease, infrastructures, and other necessities for human survival. Chapter 5 and 6 will discuss the enforced disappearances occurring in both countries.

Corruption is a defect of society that can be reduced if state institutions collaborate to protect its citizens and improve government performance. Treisman discusses how different government initiatives have different impacts and the styles of governance also plays a part in the foundation of an institution. However, different institutions’ economies are too “complex and modern” that corruption can easily arise.\(^{73}\)

\(^{72}\) ibid.

With colonization and corruption defined, the chapter that follows refers to the literature review, describing how states could avoid corruption or get themselves into a corrupt state. Corruption as repeated earlier, is associated with all countries, some because of foreign ties, and the next chapter implies what states are doing and neglecting to do to support their government. Quality of government is an important term to be acquainted with, as it entails what is subscribed for an anti-corrupt institution. Moreover, the next chapter will also evaluate what countries are doing to avoid corruption and give samples of developed countries that are able to overcome corruption by less democratic means.
CHAPTER 3: LITERATURE REVIEW

3.1 QUALITY OF GOVERNMENT

Governance is a recurring theme found in Bo Rothstein’s work but first, what is governance? Governance is a broad term defined as the “process of decision-making and the process by which decisions are [and are not] implemented”.\(^{74}\) In order to achieve good governance, there needs to be organized and informed participation by all individuals, no corruption, transparency, accountability by those in charge, and equality for all opinions.\(^{75}\) Governance is naturally about decision-making and there is either good or bad governance. According to the World Bank Research Institute,

> “Daniel Kaufmann and his associates at the World Bank Research Institute […] define governance as “the traditions and institutions by which authority in a country is exercised.” More specifically, this includes: (1) the process by which governments are selected, monitored and replaced, (2) the capacity of the government to effectively formulate and implement sound policies, and (3) the respect of citizens and the state for the institutions that govern economic and social interactions among them”.\(^{76}\)

Good governance is achieved by progressing towards development that not only benefits the economy but the livelihoods of the citizens. Bad governance is an active participant in corruption and distrust among citizens. Rothstein takes samples from literature to describe that “bad governance” is inevitable corruption and that trust in the government is an obvious factor for successful governance.\(^{77}\) There are leaders such as Mexico’s Enrique Pena Nieto

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\(^{75}\) ibid.


and the Philippines’ Benigno Aquino III who promised change as part of their campaign theme. Aquino stood on the platform to combat corruption with a slogan, “Kung walang corrupt, walang mahirap,” which translates into “where there is no corruption, there is no poverty.” In Mexico, Pena Nieto promised “a government that delivers,” in hopes to increase growth and jobs.

Larry Diamond said that countries try to transition into a democracy but usually fail even though there are “free and fair” elections. In Rothstein’s example of Jamaica and Singapore – where Jamaica is the democratic country with a “free” election and Singapore is autocratic – Singapore is the country that has the higher GDP and quality of government. Governance is important in dictating the state of a country and in Diamond’s text, he portrays that bad governance can occur in a democratic state.

There is a specter haunting democracy in this world today. It is bad governance – governance that serves only the interests of a narrow ruling elite. Governance that is drenched in corruption, patronage, favoritism, and abuse of power. Governance that is not responding to the massive and long-deferred social agenda of reducing inequality and unemployment and fighting against dehumanizing poverty. Governance that is not delivering broad improvement in people’s lives because it is stealing, squandering, or skewing the available resources.

Rothstein continues to mention that even if economic growth increases by consequence of the deregulation of the market and strict public spending, poor countries still have weak

institutions that never truly developed in neo-classical economics.\textsuperscript{83} If the government is weak, growth cannot be created or progress. In the case of the campaign themes for Pena Nieto and Aquino, it takes more than a campaign slogan for change to occur.

For the private sector, the consequences of corruption are expensive. Organizations annually lose 5 per cent of revenues to fraud, amounting to $3.7 trillion.\textsuperscript{84} In a report by the Association of Certified Fraud Examiners (ACFE), it was discovered that the U.S. had the most cases of organizational fraud whereas the most losses came from Eastern Europe and Western/Central Asia.\textsuperscript{85} Occupational fraud includes asset misappropriations, corruption, and financial statement fraud, usually resulting in $130,000 in median losses. Corruption had more occurrences in the oil and gas industry, with 57.1 per cent and the least in retail, with 22.1 per cent.\textsuperscript{86} In Latin America, the frequency of anti-fraud control was prevalent in external audit of financial statements, amounting to 90.7 per cent of cases while in Southern Asia, the most cases, 93.9 per cent, came from external audit of financial statements as well.

On corruption in Latin America, the reason for corruption and a lack of progression for reforms and better welfare is the reluctance of citizens to pay high taxes, knowing that the price they have to pay may not be generated for the public at all.\textsuperscript{87}

Based on research from Transparency International’s CPI and World Bank’s Governance Indicators, the concept of Quality of Government (QoG), is linked to economic growth.\textsuperscript{88} Corruption affects the progress made on a country’s economy. In order for a government to

\textsuperscript{83} Bo Rothstein and Jan Teorell, 'Defining And Measuring Quality Of Government' (Edward Elgar Publishing 2012), p. 4.
\textsuperscript{85} ibid.
\textsuperscript{86} ibid.
\textsuperscript{87} Bo Rothstein, The Quality Of Government (University of Chicago Press 2011).
\textsuperscript{88} Bo Rothstein and Jan Teorell, 'Defining And Measuring Quality Of Government' (Edward Elgar Publishing 2012), p. 5.
succeed, it needs to be able to have stability in order to maintain foreign relations with developed democratic countries, as prior mentioned with the sample of Sweden and Uzbekistan.

The public votes for government officials in democratic countries. They vote for politicians, and in some cases, they do not fulfill promises or change their political ideologies once in office. There is impartial treatment to the “input” side, which Rothstein refers to as access to public authority where “we find rules about elections, party financing, the right to stand for office, and the formation of cabinets.” 89 Briefly, “input” is where the government determines power whereas the “output” is exercise of power. 90 Impartiality is impossible to achieve and is something otherwise unwanted because it eventually leads to alienation by a group. This is another deter to quality of government because impartiality has a resistance to equality for all groups like with Rothstein’s example of women wanting to have more positions in the job market. 91 This singles out poor women who are discriminated against, as there is more favor for more qualified and educated women, giving no chance to those on the weaker side of the spectrum.

Good governance deals with a progression toward development whereas bad governance is the practical reason for corruption in society, as it comes in many different forms that stain democracy. The government is the primary actor in governance but other actors of influence include religious leaders and political parties. Other actors involved can include organized crime and influential families, mainly as a form of money and influence to take power. 92 In

90 ibid.
91 ibid.
the cases of the Philippines and Mexico, this is reality as wealthy families have control of regions in the Philippines while in the latter country, drug cartels have some command in the government.

Colonization and corruption are linked because countries affected by poverty generally struggle with poor governance. Bad governance occurs when there is self-interest. The role of colonization is the colonizers’ influence on the former colonies. With a different set of governing styles, the Spanish, for example, took away autonomy and had a centralized rule.93 Besides the importance of maintaining good governance, democracy is equally important if embraced completely and not partially. Although a country has some of the characteristics of democracy, it can still have corruption. In a case given by Rothstein, Jamaica is democratic whereas Singapore is not.94 Between the two, Singapore is the most developed. The country has a high degree of rule of law and government effectiveness because Lee Kuan Yew’s agenda included treating corruption heavily rooted in Singapore since the 1960s. Solving corruption is long-term and needs to be addressed by the government in order to be effective. Essentially, this argument is true in that governments need to put plenty of effort into fully committing to democratizing and not only maintaining a few characteristics of a democracy. Even so, democracy does not always seem to be the solution for some countries.

Another argument found amongst scholars is the “corruption-causes-poverty-narrative,” which is essentially untrue when corrupt countries can still manage growth and wealth.95 Scholars principally notice the huge significance a government has on the path of a country –

93 Alex B. Brillantes, Jr. and Donna Moscare, 'Decentralization And Federalism In The Philippines: Lessons From Global Community' (2002).
95 Walden Bello, 'Does Corruption Create Poverty?' (Foreign Policy In Focus, 2010) <http://fpif.org/does_corruption_create_poverty/>.
being the main factor deciding if a country will be wealthy or not. This is said because the combination of governance and growth depends on the government. Hegemonic countries can be very corrupt but also have more stimulated growth. According to a study by World Bank and Transparency International, the Philippines and China had the same level of corruption. Between 1990 and 2000, China grew 10.3 per cent whereas the Philippines grew a meager 3.3 per cent per year.\textsuperscript{96} In this study, Shaomin Lee and Judy Wu concluded that China is among other countries that have high levels of corruption while at the same time, increasing growth.

Other cases of hegemony are the case in Thailand where Thaksin Shinawatra led with self-interest, having opposition from the middle and elite class. The lower class, “the Red Shirts” supported him because his leadership was a “golden time” of welfare policies and aid during the financial crisis.\textsuperscript{97} Like the previous sample of Jamaica and Singapore, countries have a different approach for combatting corruption. No government is the same and what can work in Canada will not calculate the same results in Jamaica and while an autocracy works in Singapore, it would not work in the United States. As Rothstein points out,

\begin{quote}
Every particular democratic state is different in its institutional configuration. It should suffice to point to the extreme variation in the electoral systems in, for example, the Swiss, the Danish, and the British democracies. There are in fact innumerable ways to organize a national democracy (presidentialism versus parliamentarianism, unicameralism versus bicameralism, etc.). As long as the principle of equality in the access to power is not violated, we consider such differing political systems as those in Finland and in the United States to be democracies. In a representative democracy it should be possible to justify all institutional arrangements on the input side as “political equality.”\textsuperscript{98}
\end{quote}

\begin{flushright}
\textsuperscript{96} ibid.
\textsuperscript{97} ibid.
\end{flushright}
Although QoG is a preferred term over “good governance,” because the latter is too broad, QoG does not require a representative democracy. Like Jamaica, a democratic country does not always receive a high QoG score. The worst corruption can actually be found in countries transitioning into a democracy. Rothstein maintains the idea that the correlation between democracy and human development is often slow and that democracy does not give a full explanation on the status of economic and social consequences.

Autocratic, democratic, hegemonic – in all these different governments, scholars stress the importance of trust to maintaining quality of government. Rothstein discusses the important role of trust – if citizens are aware of public officials being untrustworthy, they denote that all public officials are corrupt. According to Elin Ostrom, this “heuristic approach,” where strong assumptions lead to mistrust of authority, is problematic. In Sweden, citizens were allowed to vote to drive on the left or right side of the road. Initially, the citizens voted for driving on the left side. Later, the government overturned this decision that was undoubtedly welcomed by the Swedish. There is a problem of “multiple equilibriums” – low inequality and high trust – otherwise, an inequality trap. Rothstein praises countries that can impose policies benefiting social welfare but it is impossible to end the vicious circle when problems are not addressed and reduced.

Special interest groups are relevant to state development and corruption because citizens vote for representatives of political groups that support particular ideas. These ideas are their own views, making it an absolute norm. This is a notion of trust that politicians stand for what

99 ibid.
100 ibid.
103 ibid.
they represent, like with Pena Nieto and Aquino. Rothstein reasons that interests cause conflicts and mistrust, but it is a challenge when political parties fight for very opposing policies. The result will not always be the same where a government changes a policy and it will be welcomed, like in the case of Swedish government overturning a law for driving. If the same were to occur in the Philippines or Mexico, on an issue more important, protests would most likely occur. This would lead to government taking a response and we will learn that these countries take dangerous action that leads to corruption. In Latin America, citizens are reluctant to pay high taxes, knowing they go to unknown causes. Rothstein discusses that all people are motivated by special interests and while not always equating corruption, it portrays bad governance when the individual is severely motivated by self-interest and personal gain.\textsuperscript{104}

Bad governance occurs as a result of greed. In Spain, the benefit was towards the country itself as they had exclusive trade with Mexico and the Philippines, but the colonies could not expand their trade to other foreign traders.\textsuperscript{105} This is an example of bad governance because the Spanish were not open to establishing growth for the Philippines. It was a one-sided relationship where only the Spanish empire would gain anything. A more successful relationship between colonizer and colony is between Japan and Taiwan. A major goal of Japan was to establish and maintain law and order as well as to modernize Taiwan, which was something that the Taiwanese recognized as pointless to rebel.\textsuperscript{106} Good governance was demonstrated because it was a relationship to promote growth and it allowed decentralization as the Taiwanese were allowed to participate in governance. According to the Economic

\textsuperscript{104} Bo Rothstein, \textit{The Quality Of Government} (University of Chicago Press 2011).
\textsuperscript{105} John F Cady, \textit{Southeast Asia} (McGraw-Hill 1964).
\textsuperscript{106} Gunnar Abramson, 'Comparative Colonialisms: Variations In Japanese Colonial Policy In Taiwan And Korea, 1895 - 1945' (2005) 1 McNair Scholars Online Journal.
Freedom Index, Taiwan has contained its corruption and has a growing financial institution as of 2013. Colonization is beneficial to good governance when the relationship is productive and each side has something to gain.

A consistent theme in this paper is that countries have different approaches but as long as the goal is anticorruption, it could be achieved – though the process is long-term. This stems into colonization because quality of government is different and the approach to rule will always be different. Like in Japan and Taiwan, QoG is attainable as long as each side – colonizer and the colonized, as well as government and its citizens – participates. In contrast, Rothstein remarks that even if the demand for equality is high, some institutions will force them into the inequality trap.107 Corruption is an internal problem that is solved when government leaders set aside their personal interests and initiate policies that stimulate growth. Nations fail when governments deliberately suspend progress.

3.1.1 WHY NATIONS FAIL?

Rothstein focuses on state development and its direct effect on corruption and QoG while at the same time explaining the relationship between the government and its citizens. Acemoglu and Robinson further expand on Rothstein by discussing the negative aspects of bad governance. In a different approach, they evaluate different countries and examine the downfalls and initial mistakes that brought them to becoming a failed state.

Similar to Rothstein’s arguments, they agree that the common flaw of the early institutions is personal interest, especially as a result of colonization. Personal interest is an issue amongst political leaders while developed and developing countries suffer the consequences of elites maintaining their wealth.

Blaming the disparity on the ignorance of the leaders of [Mexico and the United States] is, at best, highly implausible. It wasn’t differences in knowledge or intentions between John Smith and Cortes that laid the seeds of divergence during the colonial period [...] rather it was the differences in the institutional constraints the countries’ presidents and elites were facing. [Leaders failed] because they could get away with it and enrich themselves at the expense of the rest, or because they thought it was good politics, a way of keeping themselves in power by buying the support of crucial groups or elites.  

One of the problems of political parties is that the ideology never changes. Profirio Diaz’s rule was heavily influenced by the Spanish as reflected in some aspects of Mexico’s traditions and governance. In contrast to Japanese rule, the Spanish imposed their traditions on their former colonies with limited freedoms, and deeply instilled their traditions on the natives. Mexico and Peru adopted the institutions and policies of their colonizers, which only resulted in impoverishing the majority of the native population.

The Spanish conquistadors left their Latin American colonies in poverty, with a weakened government. A prevalent common theme found in Why Nations Fail? and Quality of Government is trust. Mistrust between social classes is perceived with the poor demanding the wealthy to share their riches. Moreover, in Latin American countries, the government does not ensure safety because law enforcement instills fear and deep mistrust amongst the public. Rothstein discovered that in travel guides such as Lonely Planet, travelers are cautioned from seeking aid from the police because they are corrupt. Additionally, Noam Chomsky conveys that in Mexico, there is no free society when citizens cannot even trust those that are supposed to ensure safety and security.

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109 ibid., p. 67.
Acemoglu and Robinson found that “inclusive” governments are democratic because of the active participation of citizens. On the other end, the Philippines and Mexico have extractive governments. In the Philippines, wealthy families have had control of the local government for many years, interchanging between family members. On the other hand, in Mexico, there are individuals like telecom giant Carlos Slim who made money from monopolies. When local governments are restricted from ruling autonomously from the central government, it seems there is a frequency of corruption.

Extractive institutions put developing countries at a disadvantage because change rarely occurs. These institutions follow the “public choice approach,” which allows civil servants to be motivated by self-interest. Acemoglu and Robinson give the example of the Mayan state in which the upper class ruled based on personal interest, promoting inequality. The Mayan civilization was wealthy with great works of art and architecture but the solution to benefit the wealthy class was the undoing of this civilization. The system was unstable and this led to conflict between the classes as it proved that the public choice approach was wrong.\textsuperscript{112}

Generally, corruption relies on government officials to sustain their greed and neglect the welfare of the state. Problems arise when there is a lack of collaboration between the governments and its citizens. Moreover, corruption is a consistent problem when states do not evaluate a lack of a growth as a problem for the country. Countries must be able to develop economically and politically in order to suffice. For this to occur, government officials must avoid conflicts of interest. QoG and \textit{Why Nations Fail} provide insight into the different managements of countries with samples of countries either reducing or stabilizing corruption within the country.

The implications of this study also suggest colonization’s major role. Generally, state development begins with the colonizers and the standards set by them once their colonies were annexed. The comparisons of how states attained government stability and economic wealth relies on the influences of the colonizer. With Japan, colonization was advantageous to both groups while the Latin American colonies had a very one-sided relationship with their colonizers. This chapter is crucial to understanding the case studies in Chapter 5 and 6 because it sets the groundwork for each respective state’s QoG. We will have a better understanding to why these states fail to reduce poverty and corruption. In the following chapter, the theoretical framework will be introduced and will focus more on the cultural influence that colonization has on developing countries.
CHAPTER 4: THEORETICAL FRAMEWORK

Colonialism and postcolonialism are not widely associated with corruption but this thesis will uncover why they have an important role in understanding corruption. Scholars have made suggestions that cultural influences and previous colonial powers have had an impact on the state of government institutions today. For David Blaney and Naeem Inayatullah, Europeans were introduced to their roles as colonizers as a result of competition between the empires for more territory and resources far from their own land –

The history of colonization stands out as a crying omission, given the latter’s decisive role in constructing the contemporary state system. As David Blaney and Naeem Inayatullah [draw out], the processes of European states imitating and emulating one another in the acquisition of territorial possessions is replete with instances where actors’ behaviors have been changed in the “wrong” direction, with enduring effects upon the possibilities of building postcolonial states apt at playing by the rules of the international system and indeed adopting its norms.

In other respects, there are arguments that concede that colonization interrupted healthy institutions and instead, creating a sense of abuse and exploitation. Colonialism is a relationship between colonizer and the colonized and thus, it is pertinent that “the characteristics of the former as well as those of the latter are relevant for understanding the effect of colonialism on development.” Moreover, postcolonialism is discussed to convey the challenges and behaviors of the colonies, post-colonial era. However, as Zarakol and Epstein demonstrate, colonialism is not the singular issue but it is important to observe the relationship between developing and developed countries, eventually linking to state development. This theoretical framework will entail postcolonialism and social

115 ibid.
constructivism as well as socialization, infantilization and stigmatization. Essentially, these theories complement each other, entailing that one leads to the other – for instance, stigmatization leading to a lack of trust in politicians; postcolonialism resulting in a particular state government.

4.1 POSTCOLONIALISM

While some scholars define postcolonialism as an occurrence after colonialism, Ania Loomba suggests its meaning as follows,

To begin with, the prefix ‘post’ complicates matters because it implies an ‘aftermath’ in two senses – temporal, as in coming after, and ideological, as in supplanting. It is the second implication which critics of the term have found contestable: if the inequities of colonial rule have not been erased, it is perhaps premature to proclaim the demise of colonialism. A country may be both postcolonial (in the sense of being formally independent) and neo-colonial (in the sense of remaining economically and/or culturally dependent) at the same time.\textsuperscript{116}

This definition is arguably reasonable because although the era has ended, the effects of colonialism still transpire in some countries. J. Jorge Klor de Alva suggests that postcolonialism has a false connotation that suggests that the oppression has ended, which at the very least, it has not.\textsuperscript{117} Despite this argument, colonialism in the context of this paper discusses its relations to corruption. It can be agreed upon that the events transpiring during the period of colonialism and postcolonialism have all but meager impacts on developing countries today.

\textsuperscript{116} Bruce King and Ania Loomba, 'Colonialism/Postcolonialism' (1999) 73 World Literature Today.\textsuperscript{117} ibid.
Other arguments use postcolonialism as a point to discuss how “the West” constituted norms, which for the most part is everyday practice.\textsuperscript{118} It is situated from the post-Eurocentric critique, posing the questions –

1. How is international order constructed?
2. How do we know things about the world?
3. How we see the world today?
4. How we think international order should be seen and maintained?

In postcolonialism, political power was marginalized and different perspectives were prioritized. Like Rene Magritte’s painting, “Ceci n’est pas une pipe,” our perception of things can be distorted and challenge what we see.\textsuperscript{119} The colonizers were motivated by greed – taking over the land and exploiting its natives and resources. Consequently, it resulted in laying the foundation of what the natives saw as how a state institution should be coordinated. Certainly, there are many factors to modern colonization but after years of distraction from revolt and revolution for independence, the natives had no formal thought of how a government is run except for what they observed from the European settlers.

Acemoglu and Robinson describe this greedy-like behavior as the colonists us[ing] their political power to impose a set of economic institutions that made them huge fortunes at the expense of the rest of the population. The resources these economic institutions generated enabled these elites to build armies and security to defend their absolutist monopoly of political power. The implication of course is that extractive political and economic institutions support each other and tend to persist.\textsuperscript{120}

This explanation is effective in describing, for instance, the situation in Mexico where conglomerates are turned into monopolies, such as telecommunications. In the Spanish

\textsuperscript{119} Rene Magritte, ‘The Treachery of Images.’
\textsuperscript{120} Daron Acemoglu and James A Robinson, Why Nations Fail (Crown Publishers 2012).
colonies, extractive economic institutions were created where there was no growth and political power was reserved for the elite.\textsuperscript{121} This is a style that Porfirio Diaz used to set up his government, which served as a reminder that Spanish influence was present in modern-day Mexico.

Vivienne Jabri describes the postcolonial agency as ‘scripted’ by the West and that modernity relied on the colonial experience. The experience is problematic because most colonies suffered abuse and exploitation of the native population. Expansion saw positive outcomes such as a globalized ‘universal, multicultural, and multi-regional system of sovereign states’ but it was one-sided as only European culture was distributed.\textsuperscript{122} Major colonizers – Spain, France, and England – heavily influenced the Postcolonial Period. They enforced religion and set up trade that limited dealings only between the colonizers and the colonized. Lifestyle was adapted and culture was also imposed, with laws being implemented without the consultation or participation of any of the native people. The foreigners were “civilized” whereas the natives were “savages.”

Colonialism was not always negative as proven with the Japanese and their former colonies. The Postcolonial Period was a time to move on but unfortunately, it was the moment that stood still as developing countries such as Mexico and the Philippines struggled through revolution and tried to search for consistent identity. As Magritte portrayed with his painting, not everything is at seems – independence may have occurred for the countries in our case studies, but the transition was a challenge that is still struggled with today. Post-1945 paved the way for the UN to accept human rights as an important matter where “postcolonial states

reconstituted the right to self-determination by grafting it to emergent human rights norms.”

However, was it too late to consider human rights in countries damaged by the abuses of colonialism?

In *The Dark Heart of Kindness: The Social Construction of Deflection*, Belgium is challenged for having inconsistent moral. The literature discusses Belgian atrocities in the Congo and how the rules of the West forced the colonized people to submit to colonialism. It raises the question of ethical limits of international norms by underplaying the realities of colonialism. Richard Price recounts that,

> Gone is the colonial imposition of modern institutional forms. Erased is the violence, the blood, the resistance, and the destroyed ways of life. The answer might be that this is all in the past; now, we can move forward with an empirical agenda of “progressive ethical advance.” But we can move forward readily only if the violence was complete and if the defeat of any alternative vision was so absolute that there really is no live alternative vision of international ethical life.

With this description of postcolonialism, Blaney poses the question, “Do we have to forget in order to move on?” Colonialism is not forgotten. It was the first formal exposure to governance and in effect, has had some influence on the current states of many former colonies. Inayatullah and Blaney critique Price for demanding that critics accept a progressive side of modernity and allowing European colonization to be central to the discussion of norms. However, they accept his admission that the natives internalize their colonizers’ norms, thus resulting in the loss of identity and freedom. Moreover, Blaney discusses the negative aspect of trying to forget because of the dangers it may bring. The

123 ibid.
125 ibid., p. 168
126 ibid.
importance of this period was the expansion to new countries and the distribution of new cultures and traditions to a foreign land. It allows scholars to see what occurred in the past to understand the behaviors of state institutions today. By erasing this period from history would downplay its danger and perhaps a situation with a similar motivation could be imitated.

Colonization is central to understanding governance because the natives eventually internalized the colonizers’ norms. This was not a colonial tragedy to be forgotten, but a chance for scholars to understand the behaviorism of the former colonies today. For the former colonies that struggle through this period, it gives insight into how corruption came to form.

4.2 SOCIAL CONSTRUCTIVISM

To begin with, constructivism deals with human action and the nature of how individuals learn. According to Charlotte Epstein, constructivism is a nature of social science itself and a discipline of international relations as well as the social theory of international politics.127 It emphasizes social construction of world affairs versus the neorealist, “an outgrowth of traditional balance-of-power theories of international relations [and] emphasizes the continuity between their own and older views.”128 If social constructivism is all about learning in a social setting, in terms of these two cases, the colonized were developing in the way of the Spaniards because they had no choice but to adapt to the new ways of their colonizers – their rulers.

According to Lev Vygotsky, “Every function in the child’s cultural development appears twice: first, on the social level and, later on, on the individual level; first between people (interpsychological) and then inside the child (intrapsychological)”\textsuperscript{129} All the higher functions originate as actual relationships between individuals.\textsuperscript{130} This is relatable to the case of Mexico and the Philippines because as Spain came in as the new colonizers, Mexico and the Philippines were taking the place of children who had to follow everything that the Spaniards said and go along with the new way of living of individuals from a completely different continent. Changes had to be made and there was an introduction to class system that was far from what they had before where wealth was put into play rather than leadership status within the villages.

In the sense of Mexico and the Philippines, social constructivism is an element to how they developed because with Spain colonizing these two countries, it was about adaption by the Mexicans and the Filipinos to these new rulers. The Mexicans and the Filipinos were not in control of their own state as there was a much more powerful empire taking over and so, in terms of constructivism, it can be seen as if they were treated as children developing and following their parents, whether or not they liked it.

\textbf{4.2.1 SOCIALIZATION, INFANTILIZATION & STIGMATIZATION}

First, what are socialization, stigmatization, and infantilization? How does this affect the countries put into perspective, and how do they associate to corruption and colonization? According to Epstein,

\textsuperscript{129} Lev S. Vygotsky, \textit{Readings On The Development Of Children}(WH Freeman 1997).
\textsuperscript{130} ‘Social Constructivism’ (Berkeley Graduate Division, 2016) <http://gsi.berkeley.edu/gsi-guide-contents/learning-theory-research/social-constructivism/>. 
Socialization has been centrally mobilized to understand how international actors do change their behavior and adopt collective policies, by taking on the norms they contact. Socialization, however, also established a distinct set of frames upon the study of norms.¹³¹

In the anthropological context, socialization is referred to as procuring culture because as children, we are socially and culturally inept.¹³² On the other hand, the OED handles the definition as “the activity of mixing socially with others” and “the process of learning to behave in a way that is acceptable to society.”¹³³ The definitions agree on relating to the concept of learning from and adapting traits of others. In this context, the European colonizers imposed their culture upon the natives, forcing the practice of Catholicism on Spanish colonies, and overlooking the natives as being equivalent to the foreigners.

Socialization in international relations deals with countries [the colonized] having their own “norm” and countries having to conform to the global norm [of the colonizer].¹³⁴ This correlates to a previous idea of Treisman, who said that different colonial traditions result to different legal cultures.¹³⁵ This comparison generally suggests that countries have their own identities but when annexed by another country, they have no choice but to adapt to the traditions of their colonizers. While the British have socialized their colonies to rely on a common law tradition, other European countries have imposed a less autonomous style of governance, hesitantly accepted by the natives.¹³⁶

¹³³ ‘Socialization’
¹³⁶ ibid.
Social institutions, including norms, are born of the dialectical interplay between three processes, “externalization,” “objectivation,” and “internalization.” Schematically, human beings enter into habitualized interactions with one another and their environment out of “anthropological necessity”.\cite{137}

The natives were exposed to the foreigners and as a result, in this case, the Filipinos and the Mexicans internalized the Spanish’s norms. Even if this were met with reluctance in order to maintain the old traditions, constant exposure to the foreigners would have eventually led to Spanish norm becoming Filipino/Mexican norms. The idea of internalization links to colonies setting the standard for state development because eventually, the Filipinos/Mexicans were unknowingly adapting Spanish style of governance.

Internalizing norms does not always result in socialization, especially when they are rejected. Constructivist study finds that norms can be rejected and norm-diffusion can be mishandled in two different ways –

1. “It falls short as a causal explanation, conflating internalization with socialisation, and socialisation with compliance, […]
2. Reproduces existing hierarchies in the international system, treating only non-compliance with a norm as an endogenously driven decision, while attributing compliance to supposedly benign exogenous drivers.”\cite{138}

In this case, Zarakol suggests that the perception is that the “good” norms are delivered by Western thought whereas “bad” norms come from non-Western thought as a result of rebellion and norm-breaking behavior. Like Jamaica and the Philippines integrating democratic ideals in hopes of fighting corruption – they end up internalizing an ideology but do not know how to adapt it to their government, thus these countries maintain corruption.

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In theory, colonized countries are demonstrated as the infantilized, having to learn and adapt to the culture of the Europeans, perceived as the parents in this situation. Infantilization is a concept of socialization where an individual or a group is treated as a child. In Epstein’s definition, for a country to be infantilized is to be treated as its norms are naïve and unstructured as a more developed country. The OED defines infantilization as “treat[ing] (someone) as a child or in a way that denies their maturity in age or experience.” \(^{139}\) In regard to sociology, it is outlined to solely define women as childlike according to their physical and emotional traits. \(^{140}\) This is a valid description relating to colonization because the personification as a woman in the context of the colonial period sets the colonized countries back to amounting to powerlessness.

Stigmatization is “when a particular actor has come to see themselves through the eyes of another, as failing ‘normal’ expectations.” \(^{141}\) In Epstein’s sample of the Siam King – he is ashamed to learn that his traditions are flawed whereas Western thought was realistic and factual. He was stigmatized by his non-Western views and sought to forget everything he learned as it was not accepted by the West. The king was stigmatized and felt threatened by his cultural views and felt the need to conform to the West’s norms –

As a result, for the Siamese king, as for many around the world, ‘modernisation’ – will inevitably be tied to the feeling of shame. […] He seems […] to have been sufficiently ashamed of his past knowledge system to go as far as to claim that he never believed it, dismissing his own ‘progress’ along with it. \(^{142}\)

\(^{139}\) ‘Infantilize’.
\(^{142}\) ibid.
This first encounter demonstrated that the West has a huge influence on the Non-West and that they truly believe that Western intellect is above other parts of the world. The Siamese king sought education in the West, to annihilate his feeling of inferiority, and in turn, he developed an inferiority complex not on himself but for the rest of his country. Zarakol describes this story as worldviews colliding and only one dominating – Western perspective – and gave way to the fears of colonization. Through colonization, there was a loss of territories as maps were redrawn to reflect what Europeans saw, and “the threat of Western imperialism and Thailand’s stigmatisation then became cemented in the national psyche, reifying, legitimizing, and idealizing subsequent ‘national’ practices, including some that would have to be protected at all costs in the future, the supposed essence of ‘the nation’”.143 The Non-West that felt rejected and inferior to the West recalibrated their way of thinking to be more European but in the end, it would be reversed when resistance against the colonizers occurred.

According to OED, to be stigmatized is to “describe or regard as worthy of disgrace or great disapproval.”144 The connotation in this context is negative and in relation to the previous definition, it essentially gives the colonies a sense of objectification for their cultural differences and physical traits. It gives a sense of no concrete evidence for the discrimination that follows being stigmatized.

To an extent, having been a colonized country promotes a sort of stigma, especially with the strong divisions in the social classes. The Spaniards were obviously at the top in both scenarios of the Mexicans and the Filipinos.

144 ‘Stigmatize’
There was a wealth system that was introduced and in the Philippines and in Mexico, there were the criollos and mestizos – citizens with Spanish blood – who were usually Spanish loyalists. They were part of the elite classes and they had the benefits that the Spanish had so there was no comparison to the natives. For instance, in the Philippines, it was a trend even until now to have white skin to look more like the Europeans and the Americans.\textsuperscript{145} In their own countries, there were Mexicans and Filipinos who felt inferior and wanted to change themselves to be more like their colonizers. The ingrained of colonization from a Western country can be difficult, and when looking at the history of both these countries, the aftermath of independence did not come easily for either one.

Along the lines of Charlotte Epstein’s critique on socialism and the feeling of inferiority for not following the Western guidelines, the Philippines and Mexico had to be subordinate to the conquistadors and the Americans who were ruling them.

Before the nineteenth century, what Western ‘norm-entrepreneurs’ found inappropriate or as ‘normal’ would not at all be apparent to most members of non-Western societies. [There would be a] more severe difference of perception regarding the world, an ontological difference that would not even allow an argument to be made about appropriateness using any adjacency claims.\textsuperscript{146}

Mexico and the Philippines had no choice but to accept the “norms” of the Spaniards, which ended up building inferiority for their beings and for the colonizers who are forcing them to change. In James H. Blount’s \textit{The American Occupation of the Philippines}, he describes some of the Filipino natives of the South as “Moros and other non-Christian tribes” and refers

\footnotesize{\textsuperscript{146} Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics And Political Change' (1998) 52 International Organization.}
to them as uncivilized. In Mexico’s history, the Aztecs dressed similarly with loose clothing that did not cover the body and even the upper class wore little except they were a bit more adorned. The descriptions made by Blount and the discovery of the Aztecs by the heavily armored Spanish depicted how low the natives were seen, for the lack of dress, which was depicted as uncivilized to the Spanish.

So with that being said and in relation to Epstein’s theory, socially these two countries had to develop accordingly despite their traditional ways.

Erving Goffman explained that ‘society establishes the means of categorising persons and the complement of attributes felt to be ordinary and natural for members of each of these categories’. In the case of Japan and whaling – Japan was stigmatized for continuing a tradition that has lasted for hundreds of years. The flaw of infantilization and also socialization is that if one country has to adhere to a certain set of laws, then they should also become a norm for all others, otherwise it would be hypocritical. Whaling is not solely an act performed by the Japanese, as many Western countries participate like Canada, the United States, and Norway. There is no transparency when the Western world forbids non-Western countries from participating in particular traditions. The lack of collaboration amongst countries only provides mistrust and a lack of guidance, which was a recurring theme with Rothstein, though this situation revolves around foreign relations.

The obstacles of these theories are that they can measure up to normative concepts. In discussing the relation of these theories to colonization within this paper, it is a challenge to surpass that these ideas are relative only to behavior. As colonized countries, the Spanish overpowered the Philippines and Mexico because the colonized lacked the technological advancements that the Europeans were able to acquire with weaponry. The Spanish had the upper hand in this scenario having a motive for colonization whereas there was no way to avoid foreign expansion. Similar to the Siam King, the natives of the Philippines and Mexico had their own lives, intellect, religion, language, and form of politics. When the Spanish arrived, the natives were exploited to work for these outsiders. In a sense, they were stigmatized when approached by the Europeans, who led a different lifestyle than the natives of the colonized countries.

Modern international society was built on a dynamic of stigmatization – many, but especially non-Westerners, whether they escape formal colonization or not, joined it at a disadvantage and the various pathologies of stigmatization have been incorporated into modern national narratives and state identities.\textsuperscript{151} Zarakol expressed that stigmatization was unavoidable under forced leadership and the characteristics attached to the colonies’ identities that we see today. Non-Western states are integrated in the international order dominated by Western powers. Although there is no such thing as one civilization having a better concept of democracy and good governance, the colonized countries were only allowed a narrow perception of the world belonging to their colonizers. As mentioned in the previous chapter, colonization laid the foundation for how governance is viewed in respective countries, but because each colonizer had their own way of rule, some colonies were more able to succumb to corruption quicker than others.

Stigmatization leaves the colonized peoples trapped to yield to the inequalities that the colonizers impose. Achieving independence was not gratifying for both colonies because independence still sustained the violence. Revolts and revolutions took place, with no open opportunity for colonies to re-socialize and regain their former identities. These countries have struggled to regain their identity but in the process, forgot it.

In establishing the theoretical framework for a better understanding of postcolonialism and the behaviors that occurred within the two groups, it sets the structure for how we observe our former colonies. It is important to understand the literature review, as it relates to the cause and effect of corruption, whereas theory demonstrates the values that led to the preliminary stages of corruption – state development and QoG, for example.
5.1 INTRODUCTION

The Philippines have a history of colonialism, beginning with Spain from 1565 to 1889, then the United States from 1900 to 1942, and from 1942 to 1944, there was Japanese occupation. It was not until 1946 when independence was fully achieved. During the war, American General Double MacArthur famously said, “I shall return,” which denotes some American influence and a relationship would still occur in the future. It is no hidden agenda that after the Spanish-American War, President William McKinley “began Americanizing the former Spanish colony” by appointing Taft to evaluate the country as well as appoint as Governor. Many of the Philippines have been influenced by the Spanish, from being one of the only primarily Christian Asian countries with Latin spirit in its culture. During American colonialism, “the Philippines were America’s showcase of democracy in Asia, looking almost American, except by being an ocean away, but today, one can note that the Philippines in backwards and is still developing”. Because of the relationship between the Philippines and its colonizers, there are Filipinos who have resentment of being taken advantage, especially by the United States.

In the business aspect, according to Forbes, the Philippines is eighty-fourth in “best countries for business”. With a GDP of $285 billion, unemployment at 6.8 per cent, the Philippines has a lagging economy compared to other developing countries, and there are challenges surrounding poverty, unemployment, boosting expenditures, and reforming the government.

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among other problems. In 2013 alone, according Ky D. Johnson, executives saw corruption in the public sector rise to 56 per cent while the private sector’s practices displayed briberies for government favoritism. Graft and bribery remain huge issues and penetrates every part of the government, from the Bureau of Customs to the traffic police officers, resulting in 13 per cent of the Philippines’ annual budget lost to corruption. Current Philippines president Benigno Aquino III laid the foundations of his candidacy on cutting corruption and, because of the popularity of the campaign for fighting a major problem – it made him the clear winner. Corruption has decreased after his administration began but it still has not cleared up and there are still issues to go up against such as the mentioned lack of freedom of speech.

Additionally, as the presidential and vice presidential elections take place this year, citizens want to see someone who fights for justice and change. Based off of public opinion portrayed in Filipino news outlets, Aquino failed to fulfill his promise of fighting corruption, and now that his term comes to an end, there is no way for him to make that change as president. Because of the 1987 Philippine Constitution, he cannot run for re-election and thus, it is up to the next president to resume his priorities against corruption.

In the Philippines, the country is also marred by human rights violations where accountability is not being taken seriously as enforced disappearances and extrajudicial killings take place, similar to in Mexico. Currently, the Philippines is going through its presidential elections and on the ballot list, as well as a favorite, is Rodrigo Duterte who has been open about his style of governance which includes executions and extrajudicial killings of hundreds of people in Davao City. He has been quoted as saying, “If I make it to the presidential palace, I will do

just what I did as mayor. You drug pushers, holdup men, and do-nothings, you better get out because I’ll kill you.”  

Moreover, his place in presidency would have to tackle what Benigno Aquino failed, which was investigating and prosecuting abuses by state security forces; addressing a corrupt and politicized criminal justice system; and a legacy of “patronage politics” – whereby wealthy individuals and private companies help finance political campaigns with the expectation of favors.”

5.2 HISTORY OF COLONIZATION IN THE PHILIPPINES

To begin with, the Philippines were first colonized by Spain in 1521 until 1898 in what is known as the Spanish Colonial Era. At the time of Spain’s arrival, the Southern parts of the Philippines were practicing Islam and according to John F. Cady, the Philippines was a place where there was an opportunity to have a gateway into spreading Christianity in Asia. In Asia, Christianity was not a major religion at all and one of the key features that can be seen today is the predominantly large population of Catholics in the Philippines. The “pre-Spanish Philippines” around the 1400 to 1500s included Malay people transmitting Hindu culture and spreading Islam as well as worshipping idol images. In Southeast Asia: Its Historical Development, Cady describes the population as being half-savage and having almost no government, which made Chinese traders hesitant to go onshore. There was commercial contact with China such as gunpowder, umbrella manufacturing, gong making, and silver. This could have contributed to why the Filipinos were easily seen as uncivilized and barbaric to the Spaniards, much to the result of making them slaves.

159 John F Cady, Southeast Asia (McGraw-Hill 1964).
160 ibid.
The Philippines was discovered by Ferdinand Magellan in 1521 but it was in 1565 to 1571 when Spain took full control of the Philippines, making Manila its capital and installing Miguel Lopez de Legazpi as Governor-General of the Philippines. Like in Mexico, the encomienda system was utilized, which made the harbor of Manila the center of commercialism in East Asia, trading with China, India, and the East Indies. Similarly to Mexico, gold was sent to Spain, Catholicism was installed and imposed on the population, and land was given to the Spanish conquistadors and priests.

The Filipino natives resented the encomienda system and were mistreated by the Spaniards. The Filipinos wanted to attain equality between them and the Spaniards because at the time of Spanish colonization, there was an instilled class system that gave the Spaniards and the Filipinos a suppressive divide. There were individuals who tried to take on the Spanish and who were influential figures such as Jose Rizal. They were the advocates of rebellion such as Rizal who, like others of his time, wrote literature depicting the disaster that came with the Spanish. There was a secret society formed on July 7, 1892 called the “Kataastaasan Kagalanggalang Katipunan ng mga Anak ng Bayan,” meaning “Highest and Most Venerated Association of the Sons and Daughters of the Land” (the shorter name being “Katipunan,” which is “Association” in English) comprised of revolutionaries like Andres Bonifacio, Deodato Arellano, Valentin Diaz, Teodoro Plata, Ladislao Diwa and Jose Dizon. They fought for three things: political, moral, and civic equality from the Spaniards. However, even with the resistance, there was no peace and those involved in the rebellion did not escape the Spanish unharmed, much like Rizal who was executed in 1896. Following his death, there were attacks between the Spanish and the Katipunan, leading to more executions and


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eventually a constitution drafted by Emilio Aguinaldo that would eventually help the Filipinos.

Even so, nothing came easily for the Philippines as the Spanish-American war began. After the Spanish, the Americans came and took over and their presence led the Philippines to be under colonization for 381 years. Although not as hugely influential as the Spanish, “it is imperative to recognize that everywhere the colonizers sought to impose upon the colonized their worldview”\(^\text{162}\). May 1, 1898 was an important point in Filipino history because U.S. Navy Admiral George Dewey attacked Manila Bay, occupied by the Spanish, who the Americans later defeated. Thus, this led to the “Treaty of Paris” and the Philippines being ceded to the Americans as a result of the Spanish defeat. Aguinaldo wanted independence in 1898 but the United States preferred to keep them as a colony, which led to the Philippines becoming a colony to another empire. War commenced between the Philippines and the United States, which led to Aguinaldo switching sides as a result of the fight. William Howard Taft became the first American governor to the Philippines and in 1934, the Filipinos were allowed to have a House of Representatives and Senate comprising of Filipinos. In 1934, the Tydings-McDuffie Act was enacted to allow the Philippines independence by 1946, also allowing the Philippines to have their own president, who in 1935 was Manuel L. Quezon. The Philippines finally attained independence on July 4, 1946 and accumulated scandalous presidents, political parties that were against each other and utilized assassination, as well as politicians that were more interested in personal gain than what the country can benefit from.

5.3 ORGANIZATION OF THE PHILIPPINES’ GOVERNMENT

The country is similar to the United States in that there is an executive, legislative, and judicial branch. The executive branch is composed of the President and Vice President, with only one term allowed, consisting of six years each, and voted directly by the people. Since January 23, 1899, there have been fifteen presidents of the Philippines because on March 23, 1901, the Americans captured President Emilio Aguinaldo during the Philippine-American War and it was not until the Philippine Commonwealth was established in 1935 that the country could have a president again with Manuel L. Quezon. The Philippines went through different periods after the Second World War and one of those significant periods was the Third Republic in which Ferdinand E. Marcos, declared Martial Law in 1972, and later initiated the “New Republic,” otherwise the Fourth Republic in 1981, as his dictatorship ended after twenty years. During Marcos’ rule, he enforced presidential decrees because there was no legislature to prevent him from doing as he liked. The last of the Fourth Republic was Corazon C. Aquino, a female president who introduced the 1987 Constitution, inaugurating the Fifth Republic, which the Philippines is currently in now, run by Aquino’s son, Benigno S. Aquino III.

The legislative branch consists of Senate and the House of Representatives who make and enable laws as well as have the power to amend and change the constitution. In 1810, the Spanish government allowed Filipinos to receive Spanish citizenship through the Cadiz Constitution but in 1837, they lost their rights of representation, which led to the Propaganda Movement of Jose Rizal. During the Malolos Republic, 1899-1901, the first democratic constitution was written and there was a Congress, though unable to pass any laws because of the Philippine-American War. During the Philippine Commission, 1899-1916, the Philippines had three Filipino delegates and from 1907-1916, the Americans allowed self-governance and
had a representative body, though still predominantly governed by American officials. From 1907 to 1946, a Filipino representative was allowed to sit in the U.S. House of Representatives but by 1946, independence stripped away this right. In 1936, the Constitution allowed the National Assembly to be unicameral and controlled by the Filipinos. The Second World War brought Imperial Japanese forces and the Third Republic, 1946-1949, installed the first Congress, consisting of Senate and House of Representatives, until Marcos placed Martial Law on the country, where a unicameral legislature came into place again, called the Batasang Bayan. Today, the Philippines remain in the Fifth Republic, which began in 1987, where House of Representatives and Senate were reinstated.

The Judicial branch includes the Supreme Court and the Chief Justice. The history of the Supreme Court began in 1583, on the fifth of May when the royal audencia was established, composing of a president, four oidores, and a fiscal. Then, in July 24, 1861, it became the Audencia Territorial de Manila, with a civil and criminal branch that could appeal to the Court of Spain. These audencias consisted of six Filipino representatives in 1899 after the Philippine-American War and in 1901, the majority of the justices were Americans. In 1935, the Supreme Head officially consisted of a chief justice and six justices though this dissolved during the Second World War because the Commonwealth government was put to exile until the end of the war. Marcos’ Martial Law did not affect the judicial system as much and today, the President chooses the justices and they are given the power to exercise jurisdiction, assign judges to the lower courts and review or modify appeals.

5.4 QUALITY OF GOVERNMENT

With a better understanding of the Philippines’ history and the structure of the government, a discussion on the country’s QoG will follow. In accordance to the research questions, the Philippines have a history of colonization and currently struggles with corruption. According to Article II, Section 1 of the 1987 Constitution of the Philippines, “The Philippines is a democratic and republican State. Sovereignty resides in the people and all government authority emanates from them.” Although there are some democratic traits, there is a lack of freedom and democracy within the country.

In the CPI, the Philippines ranks 95 out of 168, with a governance score of -0.821, reflecting a lack of control of corruption.164 Rothstein denotes that there is more to combatting corruption than having political legitimacy, which serves the common interest of the people and allows citizens to vote in a free election.165 The citizens are allowed to take part in elections but basic human rights are neglected and health issues are a major concern of the country.

The Philippines has always struggled with self-interested leaders who believe they can combat corruption but end up only pausing the issues rather than making actual reductions. In 1965, Ferdinand E. Marcos became the autocratic leader who established a two-decade long presidency, where later he enforced Martial Law. This period is a success and a failure. The Philippines saw a decrease in violent crimes, more welfare projects, and funding from the United States.166 On the contrary, the failures of his presidency were his involvements in

human rights violations and an increased foreign debt in which the Marcos family was accused of money laundering.\textsuperscript{167}

Indeed, the country was and is corrupt. Marcos’ government addressed the strong American influences and took a turn to “depart from the norms of Western democracy” when he wrote “let the third world find a third way [to] create a political and economic system responsive to [the Philippines’] unique character and [its] special realities.”\textsuperscript{168} His departure from Western democracy looks toward erasing the stigmatization that came with being the former colony that had a heavy reliance on its colonizers. It gave the Philippines an opportunity to develop and search for a solution to their economic and political problems. He tried to look for another approach of running his government and in rejecting Western norms, aided in some policies while not complementing others. The demise of his presidency raised the awareness of corruption and the need to combat this rising issue.

To strengthen the argument that democracy cannot work for all states, this can be true for the Philippines as well. From 1985 to 1995, the Philippines Southeast Asian neighbors “limited debt servicing while ramping up government capital expenditures in support of growth.”\textsuperscript{169} In turn, this led to its neighbors growing 6 to 10 percent with the aid of Japanese investment whereas the Philippines remained a depressed market. The economy policy needs to be executed because it plays an enormous factor in reducing poverty.

Between Marcos and Duterte, the last two decades saw scandals with self-interested politicians in Estrada and Arroyo. Although Aquino appointed himself crusader against

\textsuperscript{167} ibid.
\textsuperscript{168} ibid.
\textsuperscript{169} Walden Bello, ‘Does Corruption Create Poverty?’ (\textit{Foreign Policy In Focus}, 2010) <http://fpif.org/does_corruption_create_poverty/>. 
corruption, no significant progress had actually been made under his administration, with citizens disappointed by his promises to end violations.\(^\text{170}\)

Today, the Philippines has gained a new presidency with Rodrigo Duterte, who is gaining a reputation for being a harsh leader, encouraging extrajudicial killings and enforcing the police to commit human rights violations. As president, he is not protecting universal rights and freedoms and recently pledged that his “adherence to due process and the rule of law is uncompromising,” contradicting a later speech that the rule of law must prevail and that human rights is a priority to all citizens.\(^\text{171}\) Duterte advocates the murders of criminals and drug dealers, going as far as to allow brutal, unlawful public executions, regardless if they are tried for these charges. Because the presidential position is so new, Human Rights Watch (HRW) recommends that Duterte put an end to extrajudicial killings, where journalists are primary victims, in addition to putting an end to the abuses made by security forces.

Significant to this case study is that indigenous people (IP), primarily in Mindanao, are being attacked by the military, leading to their displacement and murders. This relates to Zarakol’s discussion on stigmatization. The attack on IP is not only discriminant and parallel to the abuses that the Spanish inflicted on the early Filipinos, but it also demonstrates the “stickiness problem,” which proves the lack of trust in the government and the increase of inequality and corruption.\(^\text{172}\)

Duterte is trying to rid the country of corruption by responding with the infliction of fear and human rights violations. This is an ineffective way of promoting good governance because it


\(^{172}\) Bo Rothstein, The Quality Of Government (University of Chicago Press 2011).
is only instilling fear in the population. Duterte is from Davao, a province in which HRW, the UN, and the country’s Commission on Human Rights have found evidence of corrupt law enforcement participating in death squads. His actions toward Davao never really cleaned up the city because there are still crimes committed so, for a grander scale of governing the whole country, this objective will not work. In terms of Rothstein’s ideas on QoG, it is nonexistent that there is equality or a welfare system to improve poverty. Defeating corruption will not occur by meeting it with violence and a deteriorating trust in the government.

Jan Delhey and Kenneth Newton suggest that,

Corruption free and democratic government seems to set a structure in which individuals are able to act in a trustworthy manner and not suffer, and in which they can reasonably expect that most others will generally do the same.

This is not the case in the Philippines because the foundations made by the colonizers – Spain and the United States – promoted a strong and selfish social divide as well as creating a stigma on their identities. The colonial period was unhealthy to the Philippines. The Filipinos internalized the Spanish opinion of the “barbaric natives” and what the Americans promoted through their advertisements in the country and created an identity further from who they really are, which Epstein discussed as a problem with socialization.

From Spanish rule to American, and at one instance, Japanese, the mentality of the Philippines is delicate as they are a country far from these empires (with the exception of Japan, who is culturally different) and having a history of being told how to behave in a certain way to appease their rulers. Unlike Mexico, the Philippines is far from its colonizers


\[174\] Jan Delhey and Kenneth Newton, Social Trust: Global Pattern Or Nordic Exceptionalism? (WZB 2004).
and in retrospect, had a different outlook on the world, not having gone through industrialization yet, and having a completely separate tradition from the Europeans. Furthermore, Rothstein mentions the casual link between QoG institutions by discussing that,

1. Social trust is related to economic equality and equality of opportunity;
2. These two ideas rely on existence of impartiality, trustworthy reasonable, reliable, and competent government institutions; and,
3. Universal social policies have shown to be much more effective than selective ones in creating economic redistribution.  

With that being said, the Philippines demonstrate bad governance because violence is widespread. With citizens being killed and institutions weakened, there is no trust in the government with it being too futile to be repaired. Unlike the Nordic countries that Rothstein samples, there is no trust amongst citizens and crime is rampant with self-interest being a priority in the big businesses and in the political sphere. There is no impartiality because there is a resistance to diminish the discrimination amongst the different social classes and ethic groups. Policies and reforms are initiated but not being achieved because the underlying issue for the current president is the onset of calls to action to the police and the general public to kill suspected drug dealers and users.  

Universal social policies are generally nonexistent because state assistance for low-income families has been cut, thus increasing incidents of sexually transmitted infection. HIV/AIDS is a major epidemic but the Department of Health nor the municipal government

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177 ibid.
does anything to discourage the transmission of these diseases. The HRW asks that Duterte decrease his brutality and instead call on the pressure for welfare policies to pass.\textsuperscript{178}

With the current events in the Philippines and given the scores from the CPI, state development has not been able to improve and the QoG is directed at violence rather than progression. Moreover, GDP per capita can determine corruption and currently, the Philippines have a GDP growth of 6.0 per cent.\textsuperscript{179} Duterte plans to retain Aquino’s economic policies, as they have been successful in increasing growth since the 1970s.\textsuperscript{180} Because economic growth is substantial to QoG, the Philippines may well be on its way to reducing corruption, but the amount of human rights violations weakens the country.\textsuperscript{181}

If Duterte ends his war on drugs and initiates a more progressive movement to solve the problem, there is a chance that the Philippines could see economic growth and real democracy. The underlying issue is that Duterte just entered office so it is difficult to see where the next few years take the Philippines in its relationship with corruption.

Essentially, this chapter has reflected that the Philippines have struggled with colonization because they dealt with the abusive \textit{encomienda} system as well as the exploitation of the Spanish colonizers. Because of this impression on the natives, from a country far from the Philippines, the natives had a lack of trust not only from the Spanish, but also the Chinese traders who made port in Manila.\textsuperscript{182} Colonialism instilled a class division because of the obvious differences in physical trait but also as a result of the distribution of wealth. Prior to

\begin{thebibliography}{18}
\bibitem{ibid} ibid.
\bibitem{Philippines} 'Philippines: Economy' (\textit{Asian Development Bank}) <http://www.adb.org/countries/philippines/economy>.
\bibitem{ibid} ibid.
\bibitem{John_F_Cady} John F Cady, \textit{Southeast Asia} (McGraw-Hill 1964).
\end{thebibliography}
Spanish arrival to the Philippines, the country was autonomous, having been led by local chiefs. Autonomy has played an important role in the Philippines because it is something the Filipinos sought after but had never been able to achieve because their colonizers chose a centralized government led by the elite, with no participation from the natives. For hundreds of years, they lacked representation and so post-Marcos government tried to enforce an autonomous government yet again –

Local governments wanted autonomy and a provision was made to the Constitution called the Local Government Code, or the Local Autonomy Act in 1991, accepted by local governments as it relied on less dependence on Manila.

It devolves to local government units’ responsibility for the delivery of various aspects of basic services that earlier were the responsibility of the national government. These basic services include the following: health (field health and hospital services and other tertiary services); social services (social welfare services); environment (community based forestry projects), agriculture (agricultural extension and on-site research); public works (funded by local funds); education (school building program); tourism (facilities, promotion and development); telecommunications services and housing projects (for provinces and cities); and other services such as investment support.

If autonomy can be provided to the people, then a steady economic growth could commence the reduction of corruption and poverty in the Philippines. Colonization laid the foundation for governance and state development and in turn, poverty is a major flaw of the country.

\[183\] ibid.
\[184\] Walden Bello, 'Does Corruption Create Poverty?' (Foreign Policy In Focus, 2010) <http://fpif.org/does_corruption_create_poverty/>.
CHAPTER 6: COMPARATIVE ANALYSIS – MEXICO

6.1 INTRODUCTION

Mexico’s existence began with the Spanish and was intervened by the Americans, until they finally gained independence. Geographically, the country is placed in a great location beneath strong trade partners in Canada and the United States. The country is known to be a hotspot for tourists, but the government still warns those vacationing in Mexico to be vigilant. Mexico has been the place where kidnappings and disappearances take place. Mexico is marred by repeated human rights violations such as extrajudicial killings and disappearances. Travel guides like Lonely Planet acknowledge that it is not safe to rely on or even consult the police when you are in trouble because for foreigners, it would just be dangerous.\textsuperscript{185}

Within Mexico, its own citizens are suffering. They are the victims of human rights violations at a time where politicians are trying to find solutions to end the flow of illegal immigrants. In 2014, the Obama administration was faced with an increase in flow of migrants coming from Honduras, El Salvador, and Guatemala in order to escape gang violence.\textsuperscript{186} Even if children are given asylum, these migrants are still turned away and sent back to the dangerous places they tried to escape.

Furthermore, the country is tarnished by media reports and protests that convey that citizens are disappearing. Former president Felipe Calderon’s term was filled with turmoil brought up by individuals who saw his lack of commitment to ensuring the safety of his citizens even though he had initiated the “war on drugs,” which also ended up being a failure to maintain

\textsuperscript{185} Daron Acemoglu and James A Robinson, Why Nations Fail (Crown Publishers 2012).
the peace.\textsuperscript{187} The new president, Enrique Peña Nieto, has to deal with problems of victims’ whereabouts being unknown, as authorities refuse to investigate. Such is the example of what occurred with the teachers who disappeared in Iguala, Mexico. Under Calderon, HRW investigated and found that there are thousands of disappearances - 249 disappearances that were deemed enforced and 149 of those cases, witnesses saw the victims with authorities last.\textsuperscript{188}

Mexico’s failure to help families seeking refuge from gang violence as well as the enforced disappearances are just a few instances of corruption in the country. When looking at the QoG of the country, there seems to be progress but when the government is behind the atrocities, it is a challenge to clean up. As a former colony of Spain, the abuse continues, not from the Spanish, but from the Mexican government. Vivienne Jabri drew the conclusion that the West came up with the “script” for future governments and Mexico is only enacting what they had to adhere to for hundreds of years.\textsuperscript{189} Like in the Philippines, the leadership tries to progress but there are too many stains in the government that prevent the country from being fixed. It is a democratic state, and like the example of Jamaica and the Philippines, democracy does not guarantee an effective government.

### 6.2 HISTORY OF COLONIZATION IN MEXICO

The early settlers of Mexico consisted of nomadic paleo-Indian societies that eventually became the Mayans in the Yucatan Peninsula and the Aztecs in Central Mexico. In 1519, a few years before the Spanish conquests of the Philippines, Hernán Cortés, landed near


\textsuperscript{188} ibid.

present-day Veracruz, where his goal was to conquer Central Mexico, starting with the Aztec capital of Tenochtitlán. In 1521, that goal was successfully achieved as Spanish forces overthrew the Aztec empire and murdered its last reigning Aztec king. Thus, this began colonization of Mexico as the Spanish conquistadors took over and laid the grounds for a semi-autonomous feudal system – *encomiendas*. The natives labored over the land, which were called *repartimientos* and they labored over the land to provide Spanish exports of gold, silver, animals, and anything the land produced. The system was meant to be an exchange of labor by the natives, where the owners would give them education and help convert them to Christianity. However, this system was abusive where the owners took advantage of the natives and forced labor upon them.

In the sixteenth century, Tenochtitlan became Mexico City, the capital of Spain’s North American conquest and the similar scenario as in the Philippines, occurred as Spanish influence began to emerge. There was Spanish-styled architecture throughout the city as well as the imposition of Catholicism as Mexico City became the hub of religion, commercialism, and administration. The Aztecs had multiple gods and goddesses that represented nature and with the Spanish conquests, the population of Mexico City was heavily Christianized and many in the population were *mestizos*; much like what occurred in Manila, Philippines. Mexico had become a colonial society heavily relying on a social class system based on wealth and race: Europeans and Americans, *castas* or *mestizos*, and the native peoples. The relationship that the colonized country had with its colonizers was based on mercantilism, which is about building a wealthy and powerful state, “restraining imports and encouraging exports,” a practice that dominated European thought. The practice of mercantilism

protected Spain’s imports from Mexico and prevented Mexico from being breached by outside competition from the other colonizers.

By the mid-eighteenth century, Mexico had become New Spain with 12 military departments called *intendencias*. At the same time, the Enlightenment philosophy had a strong influence on the Mexico-born population, *criollos*, which wanted a more autonomous government. They wanted to be able to increase their status and take high office but this was something they could not achieve because there was a vast discrimination against the *criollos*. It was not until 1808 when the French intervened with Napoleon Bonaparte invading the Iberian Peninsula and inspiring the *criollos* to coup and go against the Spanish empire, leading to a war against Spanish loyalists. The 16th of September in 1810 commenced the Mexican war for independence where the Indian and mestizo population began to defend themselves against the Spanish. Through the war, with the twists and turns, the Spanish eventually recognized Mexico as an independent state in September 1821.

With Spain withdrawing from Mexico, it paved the way for regimes that would seem less than unsuitable to handle Mexico’s independence from Spain. The first to take over is Augustin de Iturbide, a Spanish loyalist who defected and ended his rule in bankruptcy and lost support from the *criollo* population. He was overthrown in 1823, and replaced by General Antonio Lopez de Santa Anna, later defeated by the Texans, who at the same time wanted independence from Mexico. There was anti-Mexican sentiment in the United States and there was support for Texas to gain independence and to put it briefly, only occurred as a result of the Treaty of Guadalupe Hidalgo. In 1857, the new president of Mexico was Ignacio Comonfort, who, during his rule, instated a Bill of Rights constituting “habeas corpus,
religious freedom, secularization of education, and confiscation of Catholic Church lands.”

However, his government was forced out and there was civil war between supporters of a conservative government against a liberal government, which became known as the War of the Reform.

Progression continued with President Proferio Diaz from 1876 to 1910 who worked on creating economic modernization by putting “heavy state investment in urban public works, railroads, and ports – all of which were sustained and increased an export-led economic growth.” Through his government, foreign investment in export agriculture was priority and it improved the status of those in the middle class although the poorer classes still continued to suffer. In the “Profiriato era,” military abuse began to be seen as well as a fraudulent election done by Diaz in 1910, which is something similar to what can be seen today. This was around the time of the Mexican Revolution where the United States supported a man named Venustiano Carranza, rival of Francisco “Pancho” Villa, who was responsible for attacking the United States borders. By November 1920, the Mexican Revolution proved to be truly a time of violence with a death toll of more than one million lives. The late 1920s contributed to the modern institutions that influenced the Mexican political system as a result of President Plutarco Elias Calles. However, at the same time his system was “based on an authoritarian state controlled by a hegemonic “revolutionary” party” whose tactics included “state patronage, manipulation of electoral laws and electoral fraud, government propaganda and restrictions on the press, and intimidation of the opposition [that]

192 ibid.
193 ibid.
helped ensure the decades-long domination of government." Following this period came the likes of Presidents Lazaro Cardenas to Miguel Aleman Valdes, 1934 to 1952, who tried to fix relations with the United States and enforce conservative policies and stabilize the economy.

### 6.3 ORGANIZATION OF MEXICO’S GOVERNMENT

Mexico is to the south of the United States and because of the geographical closeness, there are similarities as well as dissimilarities between the two states such as the United States adopted a democratic constitution that created limitations on how political power is utilized. Mexico is organized into a centralized government and consists of three branches — executive, legislative, and judicial, much like the American federal government. The executive branch is responsible for the government and includes the President and the Secretaries of the government. The President has power of approving laws passed by the Legislative Branch. He is the Chief of State, head of the government and the commander-in-chief of the army. Since the 1930s, the President is allowed a “sexenio” or a six-year term but with no follow-up re-election. He has no Vice President and if scandal arises within the first two years, an interim president is designated and if it is four years, then a provisional president must be brought in to finish the term. He or she is responsible for appointing and hiring cabinet members and other employees of the executive branch as well as state governors. Moreover, there are thirty-one states, each headed by a governor given only one six-year term.

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194 ibid.
The Legislative Branch is a bicameral congress, Congreso de la Union, which in turn, proposes and rejects laws as well as passes laws before they reach the President. The legislature consists of the Cámara de Diputados, otherwise the Chamber of Deputies and the Camara de Senadores, or Chamber of Senators. They are responsible for “pass[ing] laws, impos[ing] taxes, declar[ing] war, approv[ing] the national budget, approv[ing] or reject[ing] treaties and conventions made with foreign countries, and ratify[ing] diplomatic appointments”.\textsuperscript{196} The Senate addresses foreign policy and the Deputies take account of government budget and public expenditures.

Lastly, there is the Judicial Branch, otherwise the courts, which oversee federal and state level cases. The president, as well as the Chamber of Senators and Deputies take office according to popular vote whereas the Executive Branch appoints the Judges. Much like the Spanish legal system, there are strict legal codes that affect everyone including the executive branch – the President included, called the “amparo.”\textsuperscript{197}

\textbf{6.4 QUALITY OF GOVERNMENT}

According to Transparency International’s CPI 2015, Mexico also scored 95 out of 168 countries ranked, the same as 2014. Mexico is no longer considered among the major Latin American economies because of the failures made by the National Action Party (PAN). PAN was responsible for the country’s initial downfall, having scandals including citizen disappearances to the drug lord Joaquín “El Chapo” Guzmán escaping prison. According to Forbes, President Peña Nieto has seen scandals that show evidence of conflict of interest


\textsuperscript{197}ibid.
where he relies on nepotism to appoint a friend to investigate rumors of his lavish lifestyle.\(^{198}\) The country received a low score because Mexico has weak public institutions and suffers from bad governance. José Ugaz, Chair of Transparency International, sought for public officials to listen to their citizens and put an end to corruption. Moreover, with its history of colonization, the Spanish colonizers left Mexico in disparity, the most affected by colonialism of the other eighteen colonized states in Latin America.\(^{199}\)

Corruption is worsening in Mexico, as bribes are procedural. In order to put an end to this, leaders have to evaluate and eliminate policies that harm the country. Although Nieto is scarred by scandal, he has done good things for the country such as ending monopolies on oil and telecommunications.

States will either rationally go through the motions of norm-compliance without internalization because of material incentives (either fear of punishment for non-compliance or because compliance brings rewards) or they will ‘genuinely’ change their behavior because they (usually the elites) have been persuaded about the substantive value of the norm in question and have come to internalize those values.\(^{200}\)

The QoG of Mexico is ineffective as there is no collaboration between citizens and public officials – citizens cannot trust authority because they are motivated by self-interest. Although the country allows free and fair democratic election, Rothstein writes that it does


not equate the creation of political legitimacy.\textsuperscript{201} There are four distinct views on political elections according to David Beetham:

1. Citizens accept political authority as a result of “owing to tradition”;
2. Leader’s charisma/appeal;
3. Government production of goods and services; and,
4. “Belief in fairness of the procedural mechanisms responsible for selection leaders.”\textsuperscript{202}

In this case, Nieto was elected by popular vote because of his charismatic appeal, his media savvy, and his promises to “guide the nation away from gang warfare and poverty.”\textsuperscript{203} Initially, he promised to serve the common interests of Mexican citizens and thus, he was elected fairly. The election was done fairly but legitimacy was not achieved as Nieto is faced with drug cartels, allegations of enforced disappearances, among other scandals. With all these problems leading to his unpopularity, voters at the elections midway of his term fear protesting would not change anything.\textsuperscript{204} This reflects Beetham’s first note on “owing to tradition” because it seems as though the Mexicans were used to the treatment they received by the government to the extent of internalizing, with no plans of changing this behavior.

President Nieto has been unable to hinder the drug war that has taken the lives of 70,000 and was responsible for 20,000 missing persons since 2006.\textsuperscript{205} To put it briefly, on September 2014, in Iguala, Mexico, 43 student teachers were protesting on buses when Iguala police

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{201} Bo Rothstein, \textit{The Quality Of Government} (University of Chicago Press 2011).
\item \textsuperscript{202} David Beetham, \textit{The Legitimation Of Power} (Humanities Press International 1991).
\item \textsuperscript{204} ibid.
\item \textsuperscript{205} ibid.
\end{itemize}
\end{footnotesize}
started shooting at the buses and these students were never to be seen again.\textsuperscript{206} The Iguala police were involved in the massacre but what is more significant is that the government’s account of the event mentions that the police confused the students for a local drug gang and were murdered by a rival gang. The Inter-American Commission on Human Rights has proved the contrary that even federal police and troops were present during the massacre, displaying this case as more than just a local news story.\textsuperscript{207} On November 8\textsuperscript{th}, 2014, protestors tried to set the National Palace on fire, which symbolized a passive government in which Pena Nieto was incapable of enforcing the rule of law.\textsuperscript{208} The investigation continues despite the government’s version of the story being contradictive of the evidence found by the Inter-American Commission on Human Rights.

Moreover, Mexico is closing its doors to Central American migrants from Salvador, Guatemala, and Honduras.\textsuperscript{209} Thousands of children are threatened to join gangs and thus, families are forced to escape in order to protect them. Once these families reach Mexico, they are misled into applying for asylum, only for it to be too late as they are sent back to their countries. According to HRW’s report, “less than 1 percent of children who are apprehended by Mexican immigration authorities are recognized as refugees or received other formal protection in Mexico”.\textsuperscript{210} In this case, the Mexican government has an obligation to these

\textsuperscript{210} ibid.
children but instead neglect their rights to the appropriate protection they need by sending them to detention.

With the nature of Spanish colonization being abusive and Mexican natives constantly yearning for their independence, there seems to be evidence here that those in authority adapt to those ideals. This former colony suffered from a colonizer who refused to acknowledge that humanity of the natives were exploited and therefore it seems that the country is doing the same to the powerless and the outsiders. There is a refusal to acknowledge the rights of refugees fleeing from violence as well as their own citizens who are not allowed the right to protest. Law enforcement should be trusted to protect the people but rather, they turn against the people and instill fear.

Poor countries succumb to corruption because they have extractive economic institutions. An extractive institution was established because the elites in the early 1900s shaped the “ejido,” which was a term to describe how plots of land would be rented or sold. 211 Farmers had no property rights and instead, the elites chose to benefit from the situation by controlling the rural people. This approach promoted inequalities because the early 1900s imitated that of the early colonial era where the indigenous people were similarly taken advantage. 212 According to Robinson, this practice of exploitation and extractive institutions surpassed the colonial age with the Institutional Revolutionary Party (PRI) in the sense that there was no political inclusiveness and the post Revolution weakened the country. Although there is precedent to be less extractive and be more progressive towards inclusive political institutions, it will be a long way until this can happen.

212 ibid.
As mentioned above, postcolonialism has had an effect on the QoG of Mexico. The colonial era introduced the exploitation of the indigenous people and prioritized self-interest of the elites first. This selfish behavior was a cause of more power and more natural resources to be traded with Spain. The rule of law would never exist in colonial Mexico because Guillermo O’Donnell described it as delivering equality and fairness as well as protecting fundamental rights. Good governance was also nonexistent in the former colony because there were no reforms to benefit the native people and the class system was strictly staying the same to maintain the divide. This exploitation of the natives comes as a result of Zarakol’s discussion on stigmatization – the natives felt inferior in their own land and they had no control as a result of ejido. Independence only led to the elites managing the government and serving their personal interests.

The QoG of Mexico is unfavorable because fundamental human rights are not acknowledged, the government cannot be trusted, and there is an incentive-based “principal-agent” approach in which finding solutions are secondary priorities. The main issue relating to colonialism and corruption is that Spanish rule left behind “predatory states and dysfunctional markets [and] stratified societies.” This left the basis for the government seen in Mexico today. Development was able to occur but the lasting effects of colonialism left a mark on Mexico in which state development is still weak, although the market should benefit from its geographic location, being the Unites States’ second-largest export market and third major trading partner. The onset of colonialism began in 1521 and ended in 1821, similar to other

214 ibid.
Spanish colonies. High levels of pre-colonial development and colonialism subjugated Mexico. In comparison to other Spanish colonies in Latin America – Bolivia, Ecuador, Guatemala, and Peru – Mexico had the highest Palmer’s rankings for Colonial Influence. Like in the Philippines, the IP in Mexico were exploited and oppressed and benefited the least from social development, making it difficult to ever overcome their social statuses, especially because of the highly dense population. The encomienda system enforced forced labor of the natives and put them directly at the hands of the elites who abused them. High taxes were imposed on the IP, whereas the Spaniards were spared as a result of the ethno racial hierarchies set up by the Spanish. In addition, the country ranked below the Organization for Economic Cooperation and Development (OECD) average in a few categories—

The average household net-adjusted disposable income per capita is USD 12,806 a year, less than the OECD average of USD 29,016 a year. There is a considerable gap between the richest and poorest – the top 20 per cent of the population nearly fourteen times as much as the bottom 20 per cent. […] In terms of employment, nearly 60% of people aged 15 to 64 in Mexico have a paid job, lower than the OECD employment average of 66%. Some 78% of men are in paid work, compared with 44% of women. In Mexico, 28% of employees work very long hours, one of the highest in the OECD where the average is 13%. About 35% of men work very long hours compared with 17% of women

Colonialism has left a heavy imprint on the country where inequality was fervent and the elites had a stable position in power, something that could still be seen today. In this case, colonialism perpetuates its influence on the state of the country today and as the IP were once

217 ibid.
219 ibid.
abused, citizens have their rights stripped away and are silenced and there is still a lack of trust towards the government.

Eventually, Mexico received its independence but only after rebellion, revolt, and revolution. Despite the abuse of the Mexican IP, postcolonial Mexico has been able to develop, though corruption is still quite rampant with the economy slowly growing and the amount of human rights violations rising. With a score of 96/168 on the CPI, it shares the same ranking as the Philippines. State development could be stronger but even Pena Nieto admits that Mexico’s governors are too corrupt, like Governor Javier Duarte, who has the reputation for killing journalists and participating in violent crimes. The country is overwhelmed with scandals of self-interest and violent murders that the country is prevented from moving forward.

In order to tackle corruption, state development and QoG needs to improve, first by creating a level playing field for companies. Although Pena Nieto has made some progress to change the Mexican market, it is plagued by oligopolies and state monopolies in categories such as telecommunications, media, food, and electricity. There needs to be improvement in the labor market as well as growth and investment in education and infrastructure as well as maintaining transparency within the government.

Mexico, like the Philippines, struggles to maintain a quality of government because the country is marred by corruption. Drug trafficking and enforced disappearances overshadow the country. Mexico, as mentioned, is a major partner of the United States, and there are plenty of opportunities for growth, but it is a matter of state officials focusing on growth.


rather than self-interest. With colonization as a major factor for leaving the country in disarray, if Pena Nieto leads the country towards progression, and as long as his successor follows this lead, corruption can be reduced. The country has been heavily marred by violence and chaos since even before the colonial period that it is imperative that a new pattern requires strong, motivated leadership to help the country escape this route.
This case study recognizes that colonialism serves as a basis for state development, and in turn corruption. Most former colonies, such as the Philippines and Mexico, have suffered the abuses of their European colonizers. Indeed, each colonizer had a particular style of governance, but in the case of the Spanish empire, it led to a temperament that was internalized by both natives of the Philippines and Mexico. In both countries, one of the problems included the deep social class divide that formed into mistrust for the elite class who have had a history of taking advantage of the lower class. This research has shown that there is a type of cause-and-effect relationship in which the modern status of both governments resonated from the colonial period.

7.1 DISCUSSION OF RESULTS

At the start of this paper, it was revealed that this paper hoped to accomplish connecting colonization to state development and then to corruption. Corruption has many foundations, with colonization being the main emphasis of this paper. Essentially, this paper was meant to prove that the first underlying root to corruption is colonization because it set the basis for how the early colonizers set an example for modern governments. There was heavy emphasis on literature based on colonialism and quality of government. The connection found between both issues was that quality of government had some reliance on colonialism for a basis.

While colonialism gives an explanation to how governments and political parties act, state development is crucial to understanding corruption. The importance of equality is quintessential because it distributes trust amongst authority and citizens as well as promotes
favorable conditions to no specific groups. With that being said, impartiality needs to be discussed as an impossible goal because some groups will be alienated as a result of biases.

Moreover, it is important to acknowledge that representative democracy is not necessary to QoG because countries can be democratic and still have a low QoG. On the other hand, there were cases that examined the efforts of autocratic countries to defeat QoG and actually succeed, such as the case of Singapore. Democracy counts when good governance is available.

Colonization laid the basis for corruption, particularly in developing countries. Corruption collaborates with colonization because the patterns developed during colonization heavily influenced the countries once the colonizers left. Colonization is the period when the European powers spread across the globe to exercise their power on territories abroad. For the colonizers, it was a moment of competition and wealth and a testament to power while to the colonized natives, it was a period of abuse and exploitation. Indeed, the colonized countries eventually achieved independence, but not at an easy price.

Colonization has had a much more huge impact than what is perceived. Colonization was a time of abuse and rebellion closely stringed along as, of course, citizens were not happy with the exploits of their land and their culture. Rebellion occurred as a result of colonization and once independence was achieved, there was confusion because no one has truly known how to rule a country. Countries such as Mexico and the Philippines could continue the ruling of their old colonizers, though that is obsolete now or they could follow the Western style of democracy.

Even so, it brings up the conflict between the West versus non-West, where the West perceives itself predominate in maintaining the standard for rule. However, as seen in the text, the West is not always the right path for some countries like Singapore and Thailand.
Countries try to resist the West while there are others that shamefully submit to what the rest of the world is doing and lose their identity by trying to satisfy the West. Like in the case of the Philippines, although Marcos benefited from United States funding, he wanted to steer away from following Western democracy.223

Resistance achieved independence and war but signing documents did not guarantee true independence from Spain. The United States came in and interfered in the transitional process as well, preventing Mexico and the Philippines from being able to evaluate and understand how they want to lead the government. Because of the inexperience and lack of training from the colonizers, who only silenced the colonized countries, it made it difficult for Mexico and the Philippines to transition into a developed democracy.

7.2 CONCLUSION

In this final discussion, it is important to address that democracy does not necessarily promote prosperity. As seen with the Philippines and Mexico, being categorized as democratic proves nothing when initiatives for development and growth are low priority. Electoral democracy does not always work well because even if the citizens are allowed to vote for their leaders and have an opinion, the government is allowed to change their priorities and even punish their citizens with the threat of death squads if their opinions seem damaging. Moreover, treatment depends on status, which is a result of colonization. In these countries, the social class divide is still strong.

Colonization manufactured the inequality that is perceived amongst the Philippines and Mexico. The correlation is clear between colonization and state development because the

influences of the colonizers laid strong foundations for the independent governments we see today. Colonization created this slippery slope of discrimination and inequality: first, the colonizers mistreated the natives; then, the Filipino/Mexican Spanish loyalists mistreated the natives beneath them; and in the independent nation, the Filipino/Mexican leader cannot be respected or respect the different ethnic groups. Spain laid the foundations for abuse and it carries on today. Personal gain is a top priority in both these nations because it was something that was ingrained in their minds for how to run a government. The theory of an incentive-based “principal-agent” approach was adopted and it was deemed that those in corruption who benefitted do not bother to change a corrupt system.224

Bo Rothstein disagrees that citizens accept political authority because of “owing to tradition,” but I believe there is some evidence. Much of this study conveys how much of an impact old institutions have on today because old foundations are difficult to change especially in a landscape where leaders see that the old ways are an advantage to them. If the leaders in focus are benefiting from the old ways, they see no reason to change their leadership. Because of the values of the old institutions, it makes it easier to remain constant than to challenge the dangerous mission of reforming a country filled with violence and corruption.

Along the lines of Epstein, Western principles cannot be adapted. Mexico is to the south of the United States and has adapted many parts of its constitution. However, the government has not been able to execute the same policies and imitate America’s method of rule. Like the Philippines, Mexico was forced to adapt to the colonial period’s misconstrued European values. The Spanish introduced themselves as exploiters and violent people who cared nothing for the natives. These institutions forced their rule and in the end, when the former

colonies adopted their institutions and policies, it only led to their downfall because of the outdatedness of these policies.

Indeed, developed countries are working with developing countries to help unify the states and make them stronger but there is no major reforms and motivation to provide aid to everyone who is need of help – only if the situations are drastic.

My hope from this study is that in the near future, these colonized countries learn from the mistakes of the colonial period. The colonial period was an important time in history because it did lead to the spread of different cultures, though not as harmonic as globalization is perceived today. However, I think the labels of developing and developed countries can be detrimental to states that struggle with corruption because the connotations are demeaning and give a dependence on stronger economies to come up with solutions. It is important to remain true to old traditions and values, but is also important to evolve and learn from the past. As Inayatullah and Blaney discuss that it is dangerous to erase the past, it is even more dangerous to remain outdated as the rest of the world is trying to modernize.

I agree with Rothstein in that democracies do not always mean good governance or a quality government. Countries like the Philippines and Mexico may imitate the democracies and adapt some policies, but the execution has to be precise and done in a peaceful way, nothing so authoritarian and intimidating. But I would also like to add that quality of government really lies on colonization because former colonies internalize all the negative aspects of the colonizers’ rule, which makes it difficult to challenge and overcome today.

With that being said, it is imperative that further investigation be done as well as stronger implantation of policies and reforms to improve the state of these countries. It is possible for these countries to overcome the negligence of a bad foundation, but it takes a lot of manpower and trust in the government to actually reach these goals.
International organizations demand that states enforce transparency and provide all information for the public domain to maintain trust in their capabilities to avoid corruption. This is another step for the Philippines, Mexico, and other developing countries because it provides the citizens with some relief that they know what is going on in their government. If there is trust, it ensures that citizens will have no reluctance or fear of paying taxes. Taxes go to welfare policies but if there is no money to collect, it becomes a difficult challenge to find resources to come up with programs benefiting the community.

Corruption is found everywhere, not only just within the government but also in everyday life. Decisions made on a daily basis reason with dishonesty and in turn, we are prone to being corrupt, even though not on a larger scale that impacts the community. However, it is something that we must be aware of because it can easily be defeated but individuals must be more determined to fight corruption. This study also showed that not everyone is allowed their basic human rights because in countries like the Philippines and Mexico, those who are meant to protect them threaten them. Research on corruption barely began in the early 1990s but at this rate, it has become a topic of discussion for international organizations like World Bank and Transparency International. If we allow the discussion to continue, corruption can be finally reduced in most parts of the world.
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### Table 2.1

| Transparency International’s Corruption Perceptions Index (2012-2015) |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
|                             | 2015 | 2014 | 2013 | 2012 |
| Denmark                     | 91   | 92   | 91   | 90   |
| Finland                     | 90   | 89   | 89   | 90   |
| Sweden                      | 89   | 87   | 89   | 88   |
| New Zealand                 | 88   | 91   | 91   | 90   |
| Netherlands                 | 87   | 83   | 83   | 84   |
| Philippines                 | 35   | 38   | 36   | 34   |
| Mexico                      | 35   | 35   | 34   | 34   |

*The following countries represent 2015’s top 5 cleanest countries in comparison to the Philippines Mexico, the two countries participating in this case study.*