

UC San Diego

SCHOOL OF GLOBAL POLICY AND STRATEGY
Center for U.S.-Mexican Studies



CETYS
UNIVERSIDAD

ELECTORAL NEWSLETTER
NO. 7 | JANUARY 2024

Democratic Integrity: Mexico 2024

MONEY IN ELECTIONS



Summary

**"The historical existence of a marriage, not always a good one, between politics and money seems to be a constant. Both seek each other in order to maintain, secure or increase their respective spheres of influence. And both, one and the other, explore paths that are not always legitimate in order to achieve this goal.
Jorge Malem Seña in "La Corrupción Política" (Political Corruption).¹**

The seventh edition of "Democratic Integrity: Mexico 2024," presents the Mexican model for regulating money in politics, as well as the amount of public funds that will be allocated to the parties in the run-up to the June 2 elections.

In the "Last Glance" section, we share a summary of the reports approved by the National Electoral Institute on the audit of the resources used by the two federal electoral coalitions before the official pre-campaigns launch to promote and nominate their presidential candidates.

The relationship between money and politics is a structural one. In democracies, parties and candidates need resources to maintain their structures and carry out their activities. At the same time, money in politics creates tensions for democracy: the concentration of resources within any given political party negatively affects the principle of equality upon which democracy is based on. In addition, it is necessary to make sure that the money allocated to political parties comes from a legitimate source.

Rules governing the proper use of campaign funds and resources have been developed in different democratic nations.

Since the end of the 20th century, Mexico has developed a solid legislation on the use of money in politics. The model is based on five fundamental pillars: 1) the primacy of public funding over private one; 2) private funding with limits and transparency; 3) the prohibition of certain sources of resources for parties and candidacies; 4) campaign spending caps; and 5) watchdog accountability.

¹ [La corrupción política](#)

Money in Elections

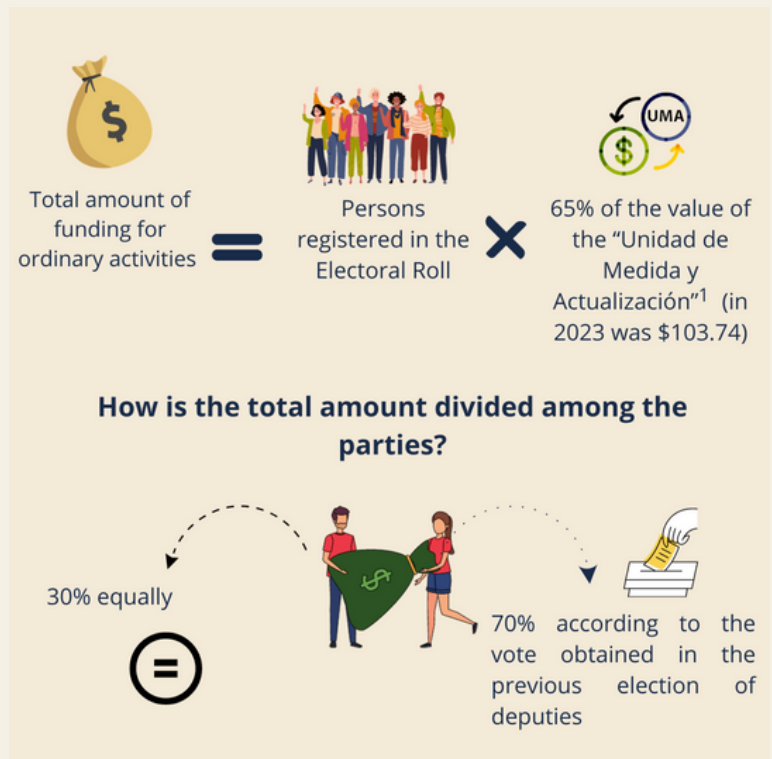
Public Funding

According to Article 41 of the Mexican Constitution, political parties are entities of public interest and receive permanent public funding, including for electoral campaigns.

Public funding has three main objectives: a) to promote independence of political parties from large economic interest groups or, even worse, from criminal groups; b) to promote fairness in political competition; and c) to contribute to the transparency of the origin and legality of the funds received by political actors.

The amount of funds that political parties receive for their ordinary activities is determined by a formula established in Article 41 of the Constitution, and therefore does not depend on the National Electoral Institute (INE), those in power, or who has the majority in Congress (see infographic).

How is public funding used to support the ordinary activities of political parties calculated?



¹ The "Unidad de Medida y Actualización" is an economic reference that serves as the basis for calculating payments, obligations or fines owed to the government. It is calculated annually by the National Institute of Statistics and Geography.

Source: Compiled by author based on article 41, third paragraph, Basis II, clause a) of the Mexican Constitution

The formula for distributing public funds is explicitly designed to promote fairness in political competition: 30 percent is distributed equally and 70 percent is distributed proportionally (depending on the percentage of votes each political option received in the last election of deputies). Thus, not all political parties are treated equally, but neither is the electoral strength of each party simply reproduced.

This formula was incorporated into the Constitution in 1996. Since then, elections in Mexico have become more competitive and fair. Every year, the INE applies the formula to determine the total amount of funding for each political party. These funds are included in the Federal Expenditure Budget approved by the Chamber of Deputies for each fiscal year.

The INE must determine the amount of public financing for other items once the total amount for ordinary permanent activities has been calculated, such as:

- Campaign expenses for national political parties (every three years). If only the Chamber of Deputies is up for renewal, each party will receive an additional 30% of the total amount for ordinary activities for that year to be used for campaign expenses. The parties will receive 50% of the funds for ordinary activities if the presidency is elected and the entire Congress of the Union is renewed (every six years), as will be the case in 2024.
- Campaign expenses for independent candidates: It is equal to 2% of the total amount of ordinary activities. It is divided equally among the approved candidacies.
- Specific activities: refers to those related to training, education, research, and publications. It corresponds to 3% of the total amount of ordinary activities. The 30% will be distributed equally and the 70% according to the votes obtained in the previous election for deputies.
- Postal and telegraphic franchise: The postal franchise is equal to 4% of the total amount of permanent ordinary activities. The telegraphic franchise is determined in the fiscal year of the year in question. It will be distributed equally among all parties.

On August 25, 2023, the General Council of INE approved the amount of public funding to be received by the national political parties, as well as the campaign expenses for all independent candidacies.

2024: Public Funding for Political Parties:








(612 million 201 thousand 484 dollars)



Source: Compiled by authors based on information of the Agreement of the National Electoral Institute INE/CG493/2023.

Article 116 of the Federal Constitution requires that the constitutions and laws of each of the 32 states guarantee that national and local political parties have access to public funding for their ordinary and local electoral activities. Thus, national and local parties receive an additional allocation that comes from the states in accordance with the General Law of Political Parties, which uses the same formula as the Federal Constitution: the number of voters and a percentage of the Measuring and Updating Unit (UMA, for its initials in Spanish).

Table 1 shows the federal public funding allocated to each national political party for the year 2024. It should be noted that parties are must dedicate at least 3% of the total amount granted to them for their ordinary activities to the training, promotion, and development of the political leadership of women.

| The public funding corresponding to each national political party for 2024 is: | | | | | | |
|---|---|-------------------|---------------------|------------------|---------------------|------------------------------|
| PPN | Federal public funding, 2024 | | | | | |
| | Figures in millions of pesos and in millions of dollars (USD) | | | | | |
| | Ordinary Activities | Campaign Expenses | Specific Activities | Postal Franchise | Telegraph Franchise | Total |
|  | \$1,226.35 | \$613.18 | \$36.79 | \$28.33 | \$0.10 | \$1,904.74 |
| | 71.8 USD | 35.9 USD | 2.2 USD | 1.7 USD | 0.005 USD | 111.5 USD |
|  | \$1,201.63 | \$600.81 | \$36.05 | \$28.33 | \$0.10 | \$1,866.92 |
| | 70.4 USD | 35.2 USD | 2.1 USD | 1.7 USD | 0.005 USD | 109.3 USD |
|  | \$472.53 | \$236.27 | \$14.18 | \$28.33 | \$0.10 | \$751.40 |
| | 27.7 USD | 13.8 USD | .83 USD | 1.7 USD | 0.005 USD | 44 USD |
|  | \$451.63 | \$225.81 | \$13.55 | \$28.33 | \$0.10 | \$719.42 |
| | 26.4 USD | 13.2 USD | 0.8 USD | 1.7 USD | 0.005 USD | 42.1 USD |
|  | \$565.16 | \$282.58 | \$16.95 | \$28.33 | \$0.10 | \$893.13 |
| | 33.1 USD | 16.5 USD | 1 USD | 1.7 USD | 0.005 USD | 52.3 USD |
|  | \$646.35 | \$323.17 | \$19.39 | \$28.33 | \$0.10 | \$1,017.34 |
| | 37.8 USD | 18.9 USD | 1.14 USD | 1.7 USD | 0.005 USD | 58.6 USD |
|  | \$2,046.14 | \$1,023.07 | \$61.38 | \$28.33 | \$0.10 | \$3,159.02 |
| | 119.8 USD | 59.9 USD | 3.6 USD | 1.7 USD | 0.005 USD | 185 USD |
| Total | \$6,609.79 | \$3,304.89 | \$198.29 | \$198.29 | \$0.69 | \$10,311.96 |
| | 387 USD | 193.5 USD | 11.6 USD | 11.6 USD | 0.04 USD | 603.7 USD¹ |

¹ The total of 10,311.96 pesos (\$603.7 USD) does not coincide with the total amount of public funding granted to political parties presented in the chart on page 3, which is 10,444.157 pesos (\$612.2 USD). This is because this table presents only the funds granted to political parties, while the previous table includes the funds to be granted to independent candidacies, if any. By law, the INE had to take into account an additional \$66,097,872.75 to be given to independent candidacies, if any, for campaign expenses, as well as \$66,097,872.75 reserved as a postal franchise. Thus: 10,311,961,566 + 66,097,872 + 66,097,872 = 10,444,157,311, which is the total amount allocated to political parties and independent candidacies as public funding in 2024.

To learn more about the amounts of public financing for political parties and independent candidacies in the current electoral process, you may consult the INE/CG493/2023 agreement at: <https://repositoriodocumental.ine.mx/xmlui/bitstream/handle/123456789/152896/CGor202308-25-ap-3.pdf>.

Prohibited Funding Sources

In Mexico, it is legitimate and legal for political parties to be financed by individuals. Citizens have the right to support the party of their choice not only through voting, but also through donations. Private financing refers to contributions from sympathizers or militants, self-financing or financial returns, as well as funds and trusts managed by political parties.

The law sets limits on how much each citizen can contribute to politics, so that private donations do not have an undue influence on the parties' agenda and they do not depend on large donations. In 2024, each party can receive a maximum of 118 million 720 thousand 329 pesos from its militancy (7 million USD) –in cash or in kind–; supporters are limited to 42 million 963 thousand 332 pesos (2.5 million USD), and individuals can donate up to 2 million 148 thousand 166 pesos (130 thousand USD). This limit is also a safeguard for individuals against excessive demands to political actors in exchange for money.

The total amount received by parties as private funding may not exceed the amount established for their permanent ordinary activities, campaign expenses and specific activities.

In accordance with the principle of maximum publicity, donations may not be anonymous and any donor, whether in cash or in kind, must be duly identified. Corporations cannot make political contributions in Mexico, but individuals and businessmen may do so in their capacity as citizens and with their own resources. They may not contribute from the consortiums in which they participate.






Source: Compiled by authors based on the General Law on Electoral Institutions and Procedures.

Spending Caps

The resources of political parties in Mexico, whether public or private, must be used for the purposes established by law. Their leaders may not use party resources for any other purpose.

To avoid vote buying, it is expressly forbidden to use money to give gifts or presents to the population.

In Mexico, it is also forbidden to buy radio and television airtime, as this creates unfairness and increases the cost of campaigns. Parties and candidates have access to these media only through state time (managed by the National Electoral Institute).

| Limits to Private Funding | | |
|--|---|----------------|
| ITEM | | LIMIT |
| Contributions from the members of each party |  | US\$ 7,748,871 |
| Contributions that are allowed by the group of supporters by each political party |  | US\$ 2,518,366 |
| Pre-candidacy and candidacy contributions by each party |  | US\$ 2,518,366 |
| Individual limit on contributions in cash or in kind by supporters to political parties. |  | US\$ 125,918 |

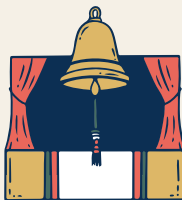
Source: Compiled by authors based on the Agreement of the National Electoral Institute, INE/CG/592/2023.

In contrast to other countries, such as the United States, Mexico has established campaign spending caps for each elected office that must be respected by all candidates, regardless of whether they are nominated by one or more parties. Campaign expenditures are used to advertise on public roads, produce radio and television commercials, advertise on social networks, and hold public events, among other things.

If the winning candidate exceeds the campaign spending cap by more than 5 percent, the election may be declared invalid.

CAMPAIGN SPENDING CAPS, 2024

Presidency: US\$ 38.7 million



Deputies: US\$ 129 thousand



Senatorships



It depends on the number of districts in each state. For example, it ranges from \$4.4 million pesos (US\$258 thousand) in Baja California Sur and Colima to \$44 million pesos (US\$2.6 million) in Mexico City, the State of Mexico and Jalisco.

Real Time Accountability

In Mexico, political parties have no right to privacy regarding their income and expenditures: they must report every peso received and spent to the National Electoral Institute (INE).

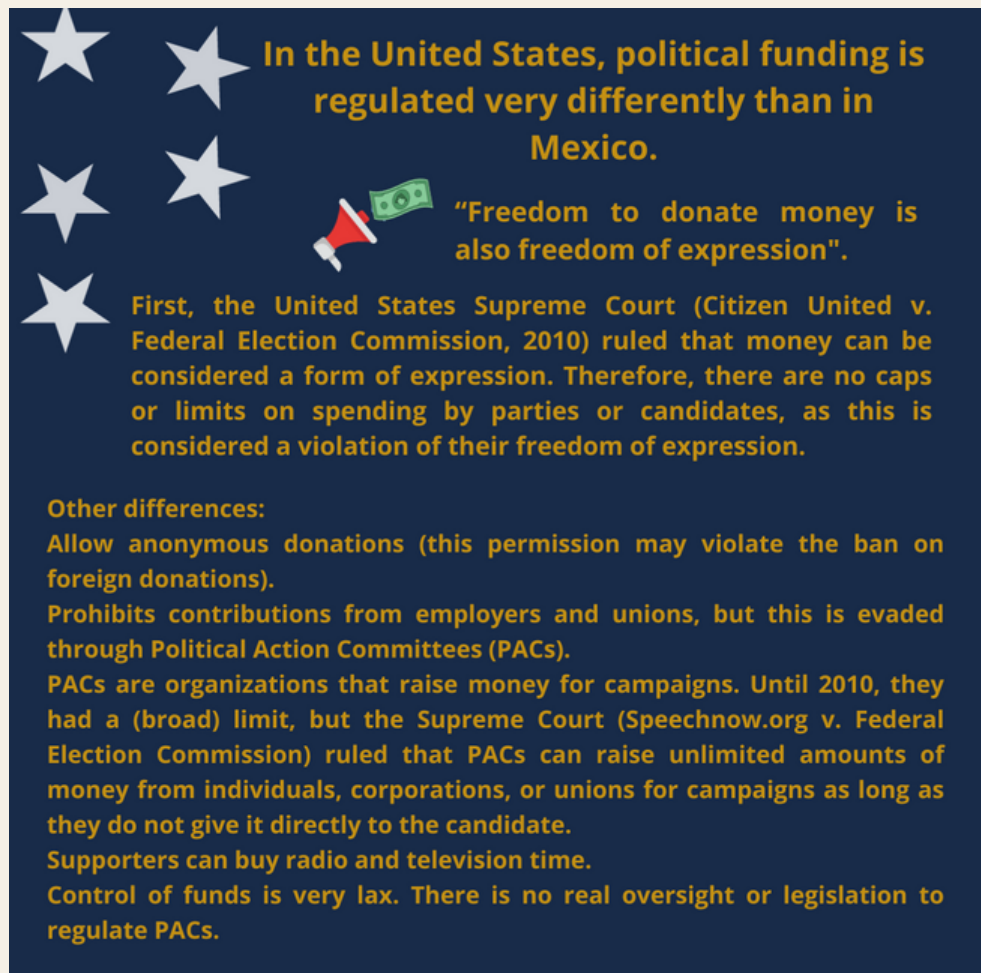
Political parties must submit annual reports of their income and expenditures. Also of their pre-campaigns and campaigns expenses. The rendering of accounts is done in real time, through the Integral Auditing System of INE, which is an online digital accounting tool.

In order to audit the parties, INE can access all the information available in the financial system.

The Mexican Constitution expressly states that the INE cannot be subject to banking, fiduciary and tax secrecy.

The INE must approve the income and expenditure reports of the political parties for each year, as well as for the pre-electoral campaigns and for each electoral campaign once it has ended. It is the only authority that supervises political parties at the national level, including local elections.

Since the use of money in campaigns can affect the legality of a political contest, the INE must present the results of the audit of all electoral campaigns before the elections are qualified as valid by the electoral courts. In the case of the 2024 elections, the audit will be completed in July, so that the Congress of the Union will be installed in September and the new head of the federal executive will take office on October 1st.



In the United States, political funding is regulated very differently than in Mexico.

"Freedom to donate money is also freedom of expression".

First, the United States Supreme Court (Citizen United v. Federal Election Commission, 2010) ruled that money can be considered a form of expression. Therefore, there are no caps or limits on spending by parties or candidates, as this is considered a violation of their freedom of expression.

Other differences:

- Allow anonymous donations (this permission may violate the ban on foreign donations).**
- Prohibits contributions from employers and unions, but this is evaded through Political Action Committees (PACs).**
- PACs are organizations that raise money for campaigns. Until 2010, they had a (broad) limit, but the Supreme Court (Speechnow.org v. Federal Election Commission) ruled that PACs can raise unlimited amounts of money from individuals, corporations, or unions for campaigns as long as they do not give it directly to the candidate.**
- Supporters can buy radio and television time.**
- Control of funds is very lax. There is no real oversight or legislation to regulate PACs.**

Last Glance




Accountability Reports Before Pre-Campaign Launch

On December 15, 2023, the General Council of the INE voted the "Reports of Income and Expenditures regarding the acts, activities, and propaganda carried out in the political processes" prior to the pre-campaigns that formally began on November 20 and culminate on January 18, 2024.




In other words, the INE agreement refers to the activities prior to the formal start of the pre-campaigns (the so-called pre-pre-campaigns) carried out, on the one hand, by the parties Morena, del Trabajo (PT) and Verde Ecologista de México (PVEM), for the appointment of Claudia Sheinbaum as coordinator of the "Defense of the Fourth Transformation". On the other hand, the Partido Acción Nacional (PAN), the Partido Revolucionario Institucional (PRI), and the Partido de la Revolución Democrática (PRD) nominated Xóchitl Gálvez as leader of the "Broad Front for Mexico".

The INE's findings led to 87.5 million pesos in fines (US\$5.1 million), distributed among the following coalitions

Sigamos Haciendo Historia INE Penalties

| Political Party | USD | Pesos |
|---|---------------|-------------|
|  | 4 million | 68 million |
|  | 498 thousand | 8.5 million |
|  | 70.3 thousand | 1.2 million |

Fuerza y Corazón por México INE Penalties

| Political Party | USD | Pesos |
|---|---------------|-------------|
|  | 400 thousand | 6.8 million |
|  | 93.8 thousand | 1.6 million |
|  | 64.5 thousand | 1.1 million |

The Morena Party committed the two acts that merited a higher sanction from the INE. The INE states that "the party failed to report expenses for propaganda placed on public roads" for 29.9 million pesos (1.75 million dollars, mmd), which earned it a sanction of 150 percent, or 37.2 million pesos (2.2 million dollars). Likewise, the INE points out that "the party failed to report expenses for events and propaganda in the verification visits," 13.5 million pesos (\$0.8 million), which earned it a penalty of 20.2 million pesos (\$1.19 million).

In the other coalition, the most sanctioned conduct was for the PAN, which failed to report "expenses generated by banners, tents, aprons, image editing, video editing and production," among others, for 2.3 million pesos (\$0.16 million), which deserved a fine of 3.4 million pesos (\$0.2 million). To be sure, the most punishable conduct is not declaring expenditures. When an expenditure is hidden, the source of the money used by political parties is also hidden. Opaque money violates election integrity.

If you want to know more about the INE audit, you can consult the full resolution at:

<https://repositoriodocumental.ine.mx/xmlui/bitstream/handle/123456789/162032/CGor202312-15-rp-2.pdf>

Newsletter Editorial Team: Coordination: **Ciro Murayama**; Edition: **Farah Munayer**; Editorial Board: **Kathleen Bruhn, Cecilia Farfán, María Marván, Heberto Peterson and Daniel Yanes.** 8