



# Crony Capitalism, Corruption and the Economy in the State of New Mexico

## A Communications Toolkit for Business Leaders

The Committee for Economic Development of the Conference Board (CED) has been studying crony capitalism in the state of New Mexico since 2014. The following toolkit details the top findings and recommendations for how business leaders can help curb this practice to improve the state's economy and democracy.

To review the full report, poll findings, case studies and other resources, please visit: <http://newmexicocronyism.com>

## Poll Findings

Crony capitalism diminishes a state's economic vitality and democracy by benefitting the few at the cost of the many. In New Mexico, this problem is real and documented. A poll of over 250 business leaders, conducted in December of 2016 and January of 2017, detailed their opinions on the issue within the state.

### Here are the top five findings:

- Nearly nine-in-ten (86%) business leaders in New Mexico say that big campaign donors have either a *great deal of impact* (39%) or *some impact* (47%) on state government corruption.
- The vast majority (88%) of business leaders continue to say the ethical behavior of state elected officials over the past twenty years has been either a *somewhat* (40%) or *very serious* (48%) issue.
- Approximately two-thirds (64%) of New Mexico business leaders feel that greater transparency is needed in regard to the disclosure of political contributions.
- Over nine-in-ten (92%) leaders *somewhat* (17%) or *strongly support* (75%) the proposal requiring all political contributions and expenditures from individuals, corporations, political action committees (PACs), non-profits, or unions to be made public.
- Over eight-in-ten (83%) leaders say they *somewhat* or *strongly support* the creation of an independent Ethics Commission to establish and enforce rules regarding the ethical behavior and actions of state officials. Of note, 82% were supportive in the 2016 study and 76% were supportive in the 2015 study.



## Focus Group Findings

Fair and open competitive markets should be standard practice in New Mexico, for the benefit of its citizens' and businesses' livelihood; but business leaders agree that the New Mexico government is replete with economic favoritism. As the state's biggest employer, the government maintains a "citizen legislature," which is paid significantly less (under \$20,000 on average vs. over \$80,000 for full-time legislators) and provided fewer resources. As a result, these elected officials are susceptible to special interest groups and their dollars.

In the last election cycle, over \$17 million in independent donations poured in, blurring the lines of transparency. Moreover, election costs have increased 211% from 1998 to 2012, and lobbying expenditures alongside it. Disclosure of campaign contributions is critical in restoring faith in the system, and it is a missing link.

Three focus groups conducted in October 2016 of New Mexico business leaders explored the perceived link between their state's government and pay-to-play politics.

### Among the findings:

- New Mexico's state politics is not business-friendly;
- The New Mexico state government is out of touch with its residents; and,
- The caliber and integrity of its elected officials is tarnished.

As with many state governments, one participant responded that business leaders "get things done through who you know;" not atypical for some state government relationships, but especially poignant here.

Luckily, practical solutions exist that can empower business leaders to be agents for change.

## Three Ways Business Can Lead

The time is ripe for leadership from the business community. These leaders can make a positive impact in the fight against crony capitalism and provide a significant boost to the state's economic vitality by incorporating CED's recommendations in their day-to-day activities and through their existing networks.

### They can and should hold government accountable by:

1. Asking state legislators for greater and more complete disclosure of campaign contributions and lobbying expenditures and efforts;
2. Generating demand among peers to establish an Independent Ethics Commission; and,
3. Publicly demonstrating support for regular, rigorous tax subsidy program reviews.



## Social Sharing

- Cronyism diminishes a state's economic vitality and democracy. In New Mexico, this problem is real. CED has a fix. <http://www.newmexicocronyism.com>
- 88% of New Mexico business leaders say that ethical behavior of its elected officials over past 20 yrs is an issue. <http://www.newmexicocronyism.com>
- Business leaders can make a positive impact in fighting against crony capitalism in New Mexico. Learn more. <http://www.newmexicocronyism.com>
- 89% of NM business leaders support placing limits on PAC contributions to elected officials. <http://www.newmexicocronyism.com>
- CED has 3 ways that business leaders can combat cronyism in the state of New Mexico. More: <http://www.newmexicocronyism.com>
- Cronyism in New Mexico is nothing new, but more business leaders are starting to push back for the sake of their economy.
- Support for regular, rigorous tax subsidy program reviews can make a dent in cronyism in New Mexico.
- We believe that crony capitalism has no place in state government; do you?
- Greater disclosure regarding campaign contributions and lobbying can stop the spread of cronyism. #campaignfinance
- Business leaders should work with their peers to establish an Independent Ethics Commission in NM.
- Crony capitalism benefits the few at great cost to the many. CED's report on its implications in the state of NM. <http://www.newmexicocronyism.com>
- Think crony capitalism doesn't affect you? Think again. #campaignfinance <http://newmexicocronyism.com/what-is-crony-capitalism>
- It takes \$31k in tax subsidies to attract a job with an average salary of \$43k in New Mexico. <http://www.newmexicocronyism.com>
- New Mexico is 1 of 16 states that still has a part-time legislature with relatively low pay and limited resources.
- Pay-to-play is alive and well in the state of New Mexico. CED's new report can fix that. <http://www.newmexicocronyism.com>