

Family Rules: Nepotism in the Mexican Judiciary*

Pablo Brassiolo[†] Ricardo Estrada[‡] Gustavo Fajardo[§]
Julian Martinez-Correa[¶]

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Abstract

This paper studies the extent and causes of nepotism in the Mexican judiciary. On average, the arrival of a judge into a judicial circuit results in the hiring of 0.05 relatives to key court positions within the following year, a figure which is probably a lower bound of the overall effect. The observed nepotism is concentrated among judges who have been sanctioned for administrative offenses, which indicates that the hiring of relatives is motivated by rent-seeking rather than by efficiency purposes. Importantly for personnel policy, the effect is concentrated among judges who are assigned to courts located in their state of birth—where jobs might be closer to a wider family network—and among appeal judges—who may have access to larger institutional resources and face lower career incentives.

JEL codes: D73, J45, M50.

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[†]CAF-Development Bank of Latin America. E-mail: pbrassiolo@caf.com.

[‡]CAF-Development Bank of Latin America. E-mail: restrada@caf.com.

[§]CAF-Development Bank of Latin America. E-mail: gfajardo@caf.com.

[¶]Centro de Estudios Distributivos, Laborales y Sociales (CEDLAS) - IIE-FCE-Universidad Nacional de La Plata, Argentina. E-mail: julian.martinezcorrea@gmail.com.

1 Introduction

Favouring relatives at the time of making personnel decisions is an old practice in all sorts of organizations. But the way in which this practice is perceived has changed dramatically as the value of meritocracy is increasingly recognized and upheld. Nepotism is in direct contradiction with the spirit of modern civil service systems. Thus, there are usually rules to forbid it in the public sector. Even in the private sector, it is nowadays unacceptable and largely frowned upon. This change in attitude is warranted according to the scarce but damning evidence on the pervasive effects of nepotism on organizational performance (Bloom and Van Reenen, 2007; Durante et al., 2011; Pellegrino and Zingales, 2017).

The judiciary is a specially salient organization in democratic societies. Regarding the recruitment of judicial officials, a lot of the attention is usually focused on achieving mechanisms that shield that process from political interference. This is natural, since the independence of the courts is a central concern of any republic. However, even arrangements that reduce political interference can have other problems that limit meritocracy, especially if they grant too much discretion to certain actors.

In Mexico, the selection of federal judges is made through competitive examinations. Judges, in turn, have a lot of leeway to appoint individuals to work in their courts, even in the most important positions within the courts, such as judicial clerks. Recently, significant circumstantial evidence that the system is plagued by nepotism has begun to accumulate. Part of that evidence comes from efforts by councilors of the Federal Judiciary themselves to document and curb the problem.¹ The issue has been echoed by legal academics, NGOs and the media. A 2018 report, using information from interviews with judicial officials, estimates that 51% of federal judges and appeal judges have at least one family member in the federal judicial system (Ríos Figueroa, 2018). News outlets recurringly single out cases of nepotistic hirings. Even though the selection of judges is supposed to be protected from these problems by the use of a competitive process, participation in those examinations is usually restricted

¹See Borrego Estrada (2017).

to individuals already working in the judicial system. Thus, nepotism can ultimately affect the appointment of individuals at all levels of the system.

The aim of this paper is to assess quantitatively the existence of nepotism in the Mexican Federal judicial system, and to explore the conditions that increase the likelihood that judges engage in this practice. To do this, we use data on the curricular information of judicial officials and employ an event-study design to estimate whether the arrival of a judge increases the prevalence of that judge's relatives (proxied by family names) among the staff of the corresponding judicial circuit.

Our sample consists of 458 judge arrivals, scattered across time and circuits. With this collection of events, we estimate a set of dummies for the relative time (in months) since the event, which capture the dynamic effect of the judge's arrival on the prevalence of her family names.

Our main result is that judge arrivals indeed have an effect, which kicks in early on. The percentage of circuit staff that shares a family name with the arriving judge increases just two months after the event. In terms of magnitude, the average effect is an increase of 0.02 percentage points in the share of staff with those family names. The effect roughly implies that there is one nepotistic hire for every 20 judges that are appointed. In terms of placement, we find that judges help their relatives to find employment either in the court that they head or in other courts in the district.

Two aspects of our empirical strategy are worth mentioning to interpret better our results. First, the availability of data forces us to restrict the analysis to a subset of the staff in the judicial system. In fact, we only observe the personnel who works in court's four positions (besides judge), and the bulk of those we observe are law clerks. This means we only observe a fraction of nepotistic hires, and presumably a small fraction, as the discretion of judges to appoint individuals in the positions we observe is relatively lower (as compared to positions we do not observe).

Second, we estimate the effect at the circuit level. The reports and circumstantial evi-

dence show that judges often exchange favors, hiring each other’s relatives, and our strategy allows us to account for those hires when they occur within the circuit of the judge. However, it is possible that there is some exchange of favors across circuits, which we are not able to capture. Thus, our estimates should be considered a lower bound of nepotism.

To understand the factors which favor nepotism, we investigate further if the effect is larger when judges might have access to larger family networks: when they are assigned to their circuit of birth. We find evidence which indicates that this is indeed the case. Although the point estimates are noisy, the effect seems to be larger among judges who are appointed to the state where they were born.

Furthermore, we observe that the effect seems to be concentrated among appeal judges—the effect for district judges is not significant. Appeal judges have access to larger institutional resources and face weaker career concerns, which suggests the relevance of these factors for the prevalence of nepotism.

Turning into mechanisms, there are broadly two reasons for which judges may push for their relatives to be hired by the judiciary: rent-seeking and efficiency. We cannot investigate directly these alternatives, but we can study whether the detected effect varies by whether the judge has been subject to administrative sanctions or not. We find that the effect is concentrated among judges with sanctions—judges without sanctions have no effect on their relatives employment prospects in the circuit—which we interpret as suggestive evidence that the hiring of judges’ relatives is more related to rent-seeking than to efficiency purposes.

Our main contribution is to provide quantitative evidence of the extent and causes of nepotism in the personnel decisions in a judicial system. In doing this, this paper relates to previous work documenting nepotism in other contexts. Durante et al. (2011) studies the case of Italian academia, while most of the existent literature has focused on politicians (Dal Bó et al., 2009; Querubin, 2016; Fafchamps and Labonne, 2017; Gagliarducci and Manacorda, 2020).

Recruitment and personnel decisions in the judiciary are important to study because po-

sitions in this institution are very high-stakes and extremely professionalized. A recent paper by Dahis, Schiavon and Scot (2020) shows that judge quality explains around a quarter of the variation in performance among state courts in Brazil, and that competitive examinations can be an effective way to screen and select better candidates.² Our results show that even in contexts where examinations are used to screen judges, forms of favoritism can emerge in a way that undermines meritocracy in the recruitment of court personnel.

This paper is also connected to the broader literature on the personnel economics of the state. There is an increasing body of evidence on patronage by politicians when hiring bureaucrats in developing countries (Colonnelli, Prem and Teso, 2020; Akhtari, Moreira and Trucco, 2017; Brassiolo, Estrada and Fajardo, 2020). A novelty of our study is that it focuses on a different form of favoritism, i.e. nepotism, practiced by career civil servants when recruiting personnel.

The rest of the paper is organized as follows. Section 2 describes the institutional context. Section 3 presents the data and discusses some issues related to sample selection. The empirical strategy is explained in Section 4. The results are analysed in Section 5 and the main mechanisms are discussed in Section 6. Section 7 presents robustness checks. Finally, Section 8 offers some conclusions and final remarks.

2 Institutional context

The federal judicial system in Mexico is organised into 32 circuits that geographically match the 32 states in which the country is divided for political and administrative matters. The judiciary circuits are organised in turn into district courts and appeal courts—which hear challenges to district court decisions from courts located within the same circuit

The oversight of the district and appeal courts is the responsibility of an administrative council (Consejo de la Judicatura Federal in Spanish). This council is integrated by six

²This is very relevant, as court efficiency is associated with better economic and social outcomes (Jappelli et al., 2005; Ponticelli and Alencar, 2016).

members—appointed by the judicial (3), legislative (2) and executive (1) branches—plus the President of the Supreme Court, who also presides the council.³

The Council of the Federal Judiciary is in charge of appointing district and appeal judges.⁴ The selection of judges is made through national competitive examinations based on written and oral exams. Judges are appointed initially for a period of six years, after which— if confirmed—they receive a permanent appointment.⁵ The council is also responsible for assigning judges to specific courts. The transfer of judges across courts is a common practice.

Judges are responsible for the administration of the court they head, including the appointment and management of the legal and administrative personnel.⁶ Judges have ample discretionary power to select the individuals to be appointed in their courthouse and there is no formal selection process to which these decisions must adhere. The law defines a list of minimum qualifications that the legal personnel must meet, which limits the discretionary in these positions. Apart from the judge, the legal clerk is the the most important position in the law staff. Individuals hired as law clerks must pass a certification exam made by the administrative council. Such certification exams are held monthly and the quantity of certified individuals vastly surpasses the quantity of available positions.

There has been criticisms on the prevalence of nepotistic practices in the Mexican judiciary for a long time, but the public visibility of the issue has increased recently. A former member of the Council of the Federal Judiciary published a report—based on interviews to secret informants—which paints a portrait of judges having wide networks of family members working in the judiciary (Borrego Estrada, 2017). Newspapers routinely report stories along these lines. Under mounting public pressure, the head of the Council of the Federal Judiciary declared the fight against nepotism a priority for his administration. Yet, there

³The current governance of the judiciary is the result of a constitutional reform held in 1995 with the purpose of strengthening the professionalisation and independence of the judiciary.

⁴From here on, when we use the term “judge” we are grouping district and appeal judges.

⁵District judges must be selected in a competitive examination to be promoted to appeal judge.

⁶Except for recently created courts—specialised in criminal law—which house several district judges and are managed by a court director who is not a judge herself. We exclude this subset of courts from our analysis.

is a lack of systematic evidence on the actual extent of nepotism in the system and—more importantly—on its causes and consequences.

3 Data and descriptive statistics

3.1 Data sources

Our main source of data is the curricular information (CVs) of officials of the Judicial System. Officials report that information in a standardized format, and it is made public by the CJF in its web page and in the Plataforma Nacional de Transparencia.⁷ They list each of their previous positions (inside and outside the Judicial system), with their corresponding start and end dates. Importantly, the specific circuit (and court) in which the official served each position is specified.

We focus on officials who work in a court in one of the following positions: judge, law clerk, personal assistant to the judge and administrative coordinator of the court.⁸ That means that we exclude those who work in central offices (typically administrative) and cannot be linked to a specific court and circuit. We have CVs of the roster of active officials for two moments—2nd quarter of 2018 and 4th quarter 2019—and we merge the information from both moments.⁹

We first use that information to identify all instances in which an individual is appointed to a district or appeal court. The arrivals of a district judge or appeal judge to a circuit constitutes the events in our event-study design. Such arrivals can be a consequence of i) an individual being appointed as district judge for the first time, ii) an individual being appointed as appeal judge for the first time, or iii) a district judge or appeal judge changing

⁷See <https://www.plataformadetransparencia.org.mx>

⁸75% of the individuals are legal clerks.

⁹In our sample, we have 1,200 individuals (aprox. 10%) who are present in 2018 but not in 2019 (i.e., people that left the judiciary between 2018 and 2019). For those individuals we impute July, 2018 as the end of their last labor relation.

circuits. For simplicity, we will refer to all these events as “judge arrivals”.¹⁰

For each event, our main variable of interest is the percentage of the staff in the circuit that shares a family name with the arriving judge, before and after the arrival.¹¹ We use the same curricular information to compute that variable, since it allows us to observe the number of individuals working in a given circuit in a given calendar month, and it also contains the family names of those persons.¹² We do not claim that the level of that variable is informative about nepotism, since it is common that non-related individuals share a family name. Our claim is that changes in that variable following the arrival of a judge is indicative of nepotism. The underlying assumption is that, in the absence of nepotism, this variable should be orthogonal to the arrival of judges.

Thus, we construct a dataset of judge arrivals, where these events are characterized by: a circuit, a calendar month, and the family names of the arriving judge. For each of them, we observe the percentage of the circuit staff that shares one of those family names, with monthly frequency before and after the event.

3.2 Sample

We have CVs data for 12,474 officials working in the over 1,000 courts of the Federal Judicial System. Since our data comes from retrospective information given by active officials, we expect increasing attrition as we move further back in time. Considering this, we restrict our analysis to judge arrivals that take place between August, 2015 and December, 2018. Since Judicial officials enjoy considerable job stability, there are no signs of significant attrition in that time window. The average size of staff per court we are able to recover changes little

¹⁰For ii), we exclude cases in which the individual is appointed as appeal judge in the same circuit where she was already acting as district judge. However, this happens rarely and does not change the results.

¹¹We define as staff all individuals working in one of the following positions: legal clerks, personal assistant to the judge and administrative coordinator of the court. These staff positions are those of courts. We do this for consistency, as our data comes from the information of those who occupied one of those positions in 2018-19

¹²Due to naming conventions in Mexico, judges usually have two family names. Considering this, the variable we compute is the proportion of the staff that shares at least one family name with the corresponding judge

in that period, going from 10.4 to 12.3

Moreover, in the presence of nepotism (or any other form of favoritism), we expect the population of officials active at any given moment to be biased towards well-connected people. Importantly, this does not affect our empirical strategy, which relies on comparing the staff before and after judge arrivals.

We apply some restrictions to our sample of judge arrivals. First, we drop cases in which an arriving judge shares a family name with a pre-existing judge in that same district. The reason is that, in those cases, the outcome in the pre-event months may be contaminated by nepotistic hires of the pre-existing judge.

We exclude arrivals to a newly created set of courts specialised in criminal law (Centros de Justicia Penal Federal), which are the product of recent legal reforms and work under different organizational arrangements.

In our main sample, we also exclude arrivals of judges with extremely common family names (those in the top 1% of frequency among college graduates in Mexico).

3.3 Descriptive statistics

Our main sample comprises 458 judge arrivals. 133 correspond to the appointment of new judges, 107 to the appointment of appeal judges in new circuits, and 218 to movements across circuits of already judges or appeal judges (see Table 1). On average, there are 1.74 circuit's staff members sharing a family name with judge, corresponding to 0.53% of that staff.

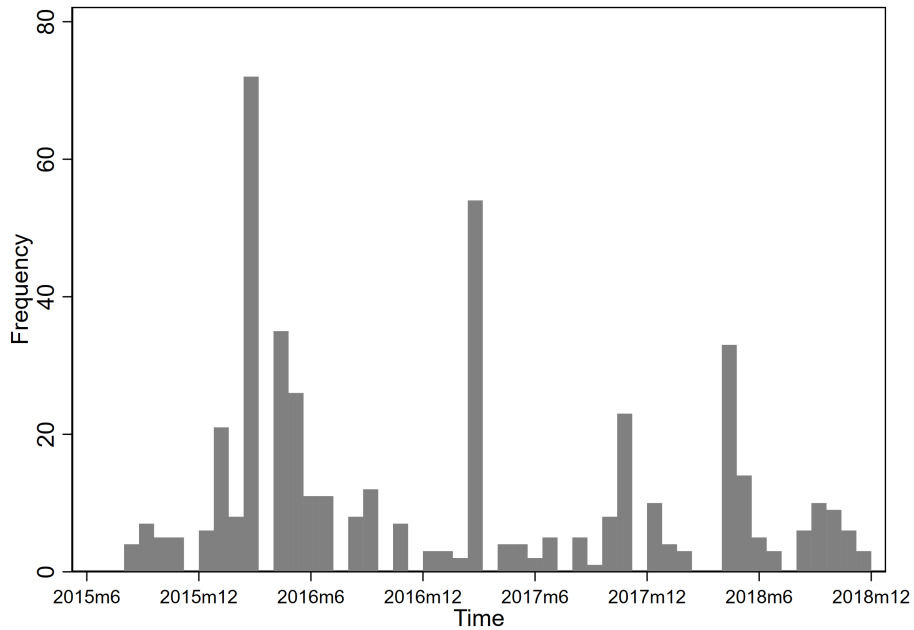
Arrivals are fairly scattered chronologically and geographically. Figure 1 shows the number of arrivals by month throughout the period of study. Some spikes are observed in moments where large examinations take place, but we observe some arrivals in almost every month. Figure 2 shows that, although there is some correlation with population size, judge arrivals are well distributed over the circuits. We observe some arrivals in every circuit. They range from a minimum of 3 in Campeche and Baja California Sur, to 46 in Mexico

City.

Table 1: Descriptives of judge arrivals

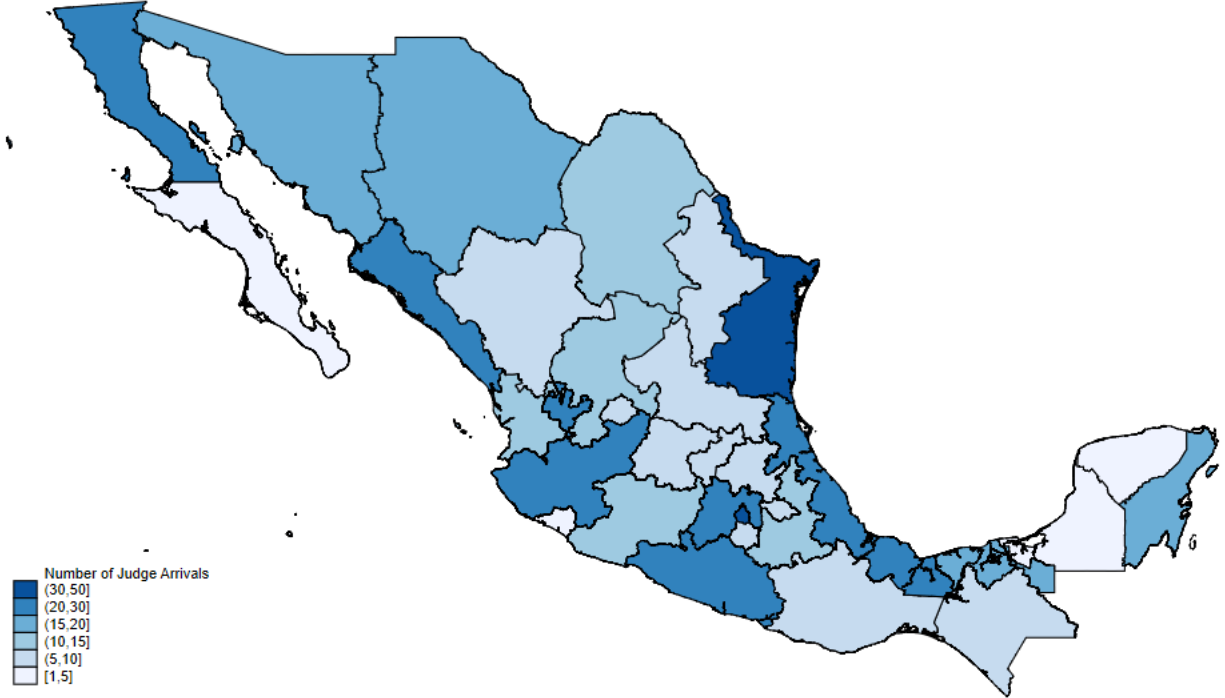
Judge arrivals	458
<i>By type of judge:</i>	
District judge	250
Appeal judge	208
<i>By type of arrival:</i>	
New district judges	103
New appeal judges	117
Rotation of existing judges	118
<i>By gender:</i>	
Female	86
Male	372
Avg. percentage of circuit's staff sharing family name with judge (t=-1)	0.53
Avg. number of circuit's staff sharing family name with judge (t=-1)	1.74

Figure 1: Judge arrivals, by month



Note: Figure shows an histogram (bin=50) of the frequency of judge arrivals over time.

Figure 2: Judge arrivals, by circuit



Note: Figure plots the number of judge arrivals in our sample by circuit.

4 Empirical strategy

We want to estimate the effect of a judge’s influence over a jurisdiction on the hiring decisions in that jurisdiction. To estimate this judge effect we would ideally like to randomize judges to different circuits. Given that this is not possible, we instead exploit the normal rotation of judges within the districts of the judiciary system.

Our empirical strategy follows an event study design, in which we look at the stock of the staff in a judicial circuit who share a family name (last name) with a given judge and see how this stock varies before and after the judge is appointed to work in that district. More precisely, we study the monthly variation in the stock, centering our analysis around the time of the judge’s arrival to the district. Our main model can be thought as a collection of events, in which each event emerges as a judge arrives to a district. To identify a causal effect, we assume that the timing (in months) of a judge arrival to a circuit is independent

of potential outcomes.¹³ Specifically, the main empirical equation is:

$$Y_{ict} = \sum_{\tau=-7, \tau \neq -1}^{12} \beta_{\tau} \cdot \mathbb{1}[\tau = t - e_{ic}] + \theta_i + \lambda_t + \epsilon_{it} \quad (1)$$

Where Y_{ict} is the percentage of employees who share a family name with judge i and are employed in a court from circuit c at time t . $\mathbb{1}[\tau = t - e_{ic}]$ is a vector of dummy variables that indicate the relative time (in months) with respect to judge i 's arrival (e_{ic}) to circuit c . θ_i and λ_t are judge and calendar time fixed effects, respectively. We restrict the estimation of the monthly coefficients (β_{τ}) to a period of 19 months around the arrival of the judge and—to avoid colinearity—we set the coefficient in the month before the arrival ($\tau = -1$) to zero. We also include in the estimation of equation 1 two dummies in which we bin the periods from the start of the panel to eight months before the arrival and from thirteen months after the arrival to the end of the panel, respectively.¹⁴ Robust standard errors are clustered at the judge level.

5 Results

5.1 Main result

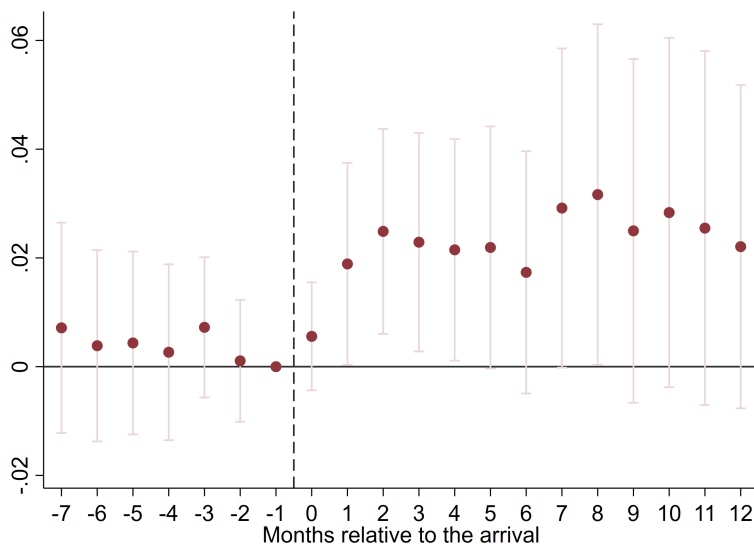
Figure 3 presents the point estimates—and confidence intervals at the 90 percent level—for the effect of a judge's arrival to a circuit on the stock of staff with whom they share a family name and who are employed at the courts located in the same circuit. Reassuringly, the lagged coefficients—those corresponding to the period before entry—are not different from zero. In contrast, we observe that after a judge arrives to a circuit there is an increase in the share of the personnel with whom she shares a family name. The effect kicks in early

¹³The event-study design provides suggestive evidence of the feasibility of this assumption.

¹⁴We estimate Equation 1 in a balanced panel in calendar time, with observations organized at the level of the judge, circuit and month. 39 judges (8% of total) left the district before 12 months. Results are robust to the inclusion in the estimation of equation 1 of an indicator variable that equals 1 for the period in which the judge left the district.

on—one month after the judge arrives to the circuit—and its magnitude amounts to around .02 to .03 percentage points of the staff. This compares to a mean of .53% in the month before the arrival.¹⁵

Figure 3: OLS estimates: effect on the percentage of court personnel in the circuit who share the judge’s family name

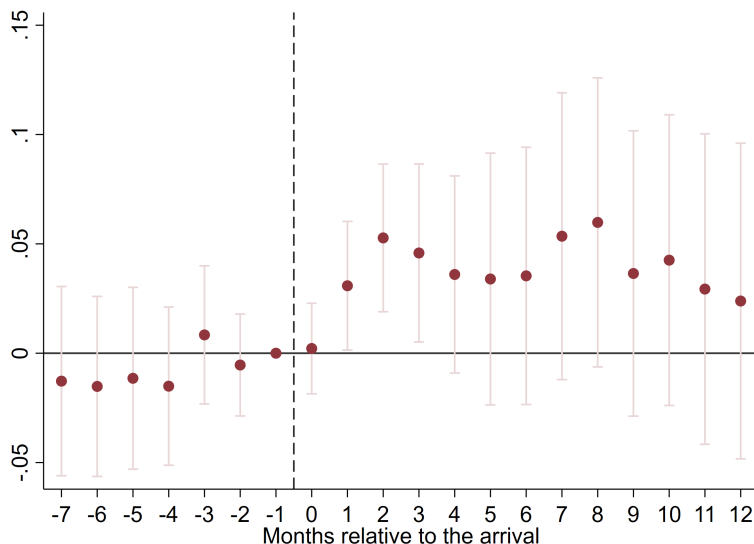


Note: Figure plots β_τ coefficients of equation (1). Outcome is the percentage of circuit’s staff who share a family name with the arriving judge. 458 judge arrivals are stacked. Number of observations of the regression is 27,480. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge’s personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

To interpret better the magnitude of the effect—and as a robustness check—Figure 4 presents similar results, but using the number of the circuit staff who share a family name with the judge. As one could expect, the figure paints a picture which closely resembles the previous one. In terms of magnitude, the arrival of a judge increases on average the number of her relatives employed in the circuit by around .05—to compare with a mean of 1.74 in the month before the arrival. Broadly speaking, in one out of twenty cases the arrival of a judge results in the hiring of a relative during the year after the event.

¹⁵Appendix Table A.1 shows that results remain unchanged when excluding judge arrivals in Mexico City.

Figure 4: OLS estimates: effect on the number of court personnel in the circuit who share the judge’s family name



Note: Figure plots β_τ coefficients of equation (1). Outcome is the number of circuit’s staff who share a family name with the arriving judge. 458 judge arrivals are stacked. Number of observations of the regression is 27,480. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge’s personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

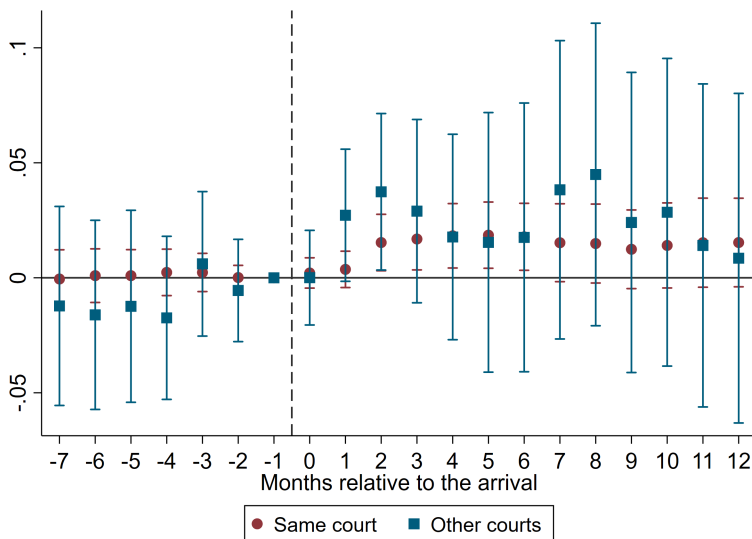
5.2 Placement

Our main results can be driven by judges helping family members to obtain employment in the court they head or in other courts located in the same judicial circuit. Judges could select relatives to fill vacancies in their courts given the discretion they enjoy to make hiring decisions, although they may face restrictions to do so—for example, if they prefer to avoid accusations of nepotism. Alternatively, judges could help their relatives to obtain employment in other courts, perhaps interceding on their behalf with other judges—as anecdotal evidence suggests.

Figure 5 shows the number of court personnel in the circuit who share the judge’s family name by whether they work in the same court than the arriving judge or in other court in the district. As it is possible to observe, the effect seems to be of similar in both types of courts. The magnitude of the coefficients for both outcomes is similar in most cases, although the

confidence intervals are wide (particularly those for employment in other courts). Hence, judges seem to be helping their relatives to get employment both in the courts they manage and in other courts located in the same judicial circuit.¹⁶

Figure 5: OLS estimates: effect on the number of court personnel in the circuit who share the judge’s family name by court of placement



Note: Figure plots β_τ coefficients of equation (1). Outcomes are the number of circuit’s staff who share a family name with the arriving judge divided by whether they work at the same court or in other court in the circuit. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge’s personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

5.3 Family networks

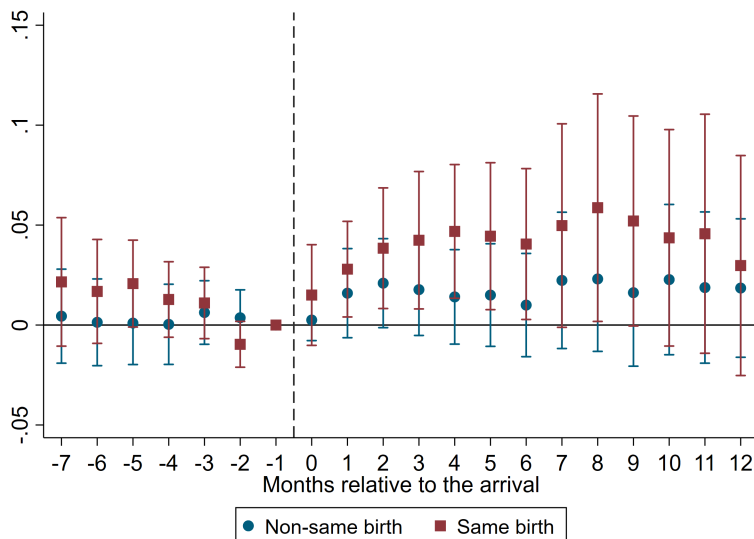
The hiring of a judge’s relatives is conditioned by the size of her family network and by the willingness of her relatives to work in the courts over which the judge has influence. A recent literature in labor economics shows that individuals are less likely to apply to jobs that are far away from their place of residence (Marinescu and Rathelot, 2018). Hence, we can expect a higher effect among judges who are assigned to a circuit (state) where they were born.

Figure 6 explores the above hypothesis by partitioning the sample according to whether

¹⁶Figure A.2 in the Appendix shows similar results for the percentage—rather than the number—of court personnel who share the judge’s family name. Because the number of employees from a given court is lower than the total number of employees from the rest of the circuit’s courts, the effect on employment in the same court is proportionally larger—although the confidence intervals overlap.

the judge is assigned or not to a court located in her state of birth.¹⁷ We find that indeed the effect seems to be larger among judges going back to the state where they were born—although the results are noisy and the 90-percent-level confidence intervals overlap.

Figure 6: OLS estimates: effects on relatives’ employment by assignment to circuit of birth



Note: Figure plots β_τ coefficients of equation (1) separately for the sample of judges that do arrive to their birth’s state (92 judge arrivals) and for those who not (366 judge arrivals). Outcome is the percentage of circuit’s staff who share a family name with the arriving judge. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge’s personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

5.4 Institutional hierarchy

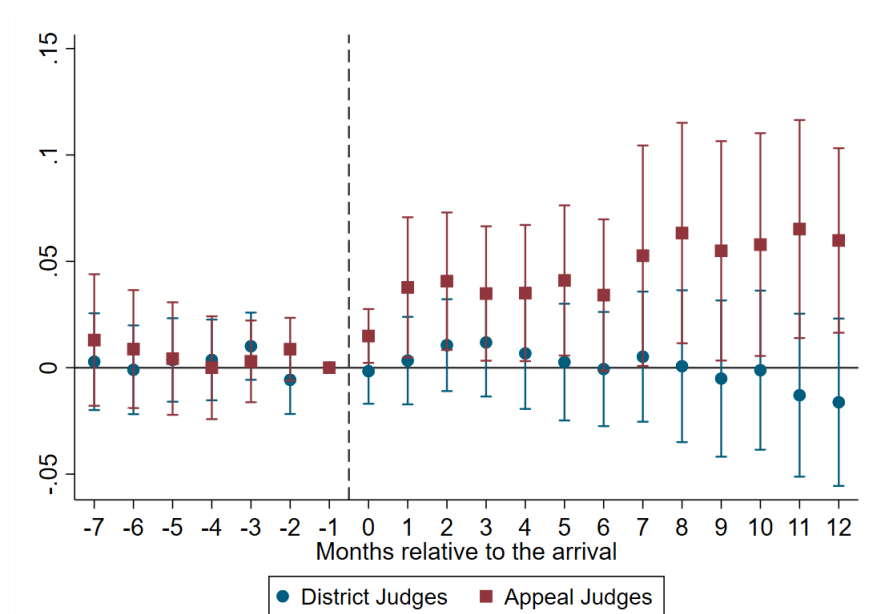
District and appeal judges have different institutional hierarchy and networks, and career incentives. Appeal judges are at the top of the judicial civil service career and have likely developed more social ties with other judges than district judges—the average tenure as a judge among appeal judges in our sample is 6.5 years. Also, appeal judges face limited upward mobility options within the judiciary, as opposed to district judges. There are only 11 supreme court judges for more than 800 circuit appeal judges, and being an appeal judge is not the only path to the Supreme Court. In contrast, being promoted to appeal judge is

¹⁷For 94 judges with missing state of birth information we impute it using the circuit where they start their career in the judiciary system. Results remain unchanged with the restricted sample without imputations.

the natural goal and a distinct possibility for district judges. Indeed, all of the appeal judges in our sample worked as district judges before being promoted to their current position.¹⁸ For these two reasons, we speculate that the effect under study might be larger among appeal judges.

Figure 7 presents results by judge type. We do find evidence that the effect seems to be concentrated among appeal judges. The magnitude of the point estimates for the subsample of district judges is consistently close to zero, while those for the subsample of appeal judges significantly increase after the judge’s arrival—although as before the 90-percent-level confidence intervals overlap.

Figure 7: OLS estimates: effects on relatives’ employment by judge type



Note: Figure plots β_τ coefficients of equation (1) separately for the sample of district and appeal judges. There are 250 and 208 district and appeal judges’ arrivals, respectively. Outcome is the percentage of circuit’s staff who share a family name with the arriving judge. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge’s personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

¹⁸There are 400 district judges working in conventional courts and, as we mentioned, more than 800 appeal judges in the current structure.

6 Rents vs efficiency

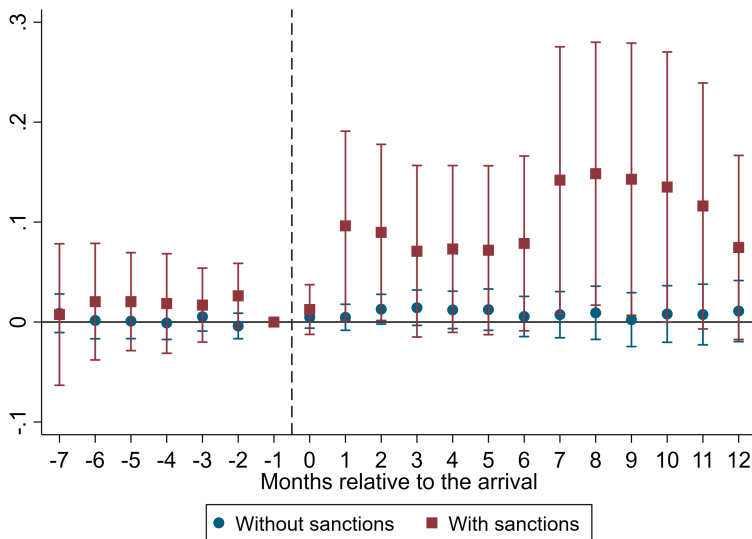
Broadly, there are two reasons why judges may help their relatives to gain employment in the judiciary. One is rents, i.e. judges may want to transfer the rents associated to a judicial job to their relatives. The other is efficiency. Judges maybe have superior information about the quality and motivations of their relatives, and their family connection might help to elicit higher effort through a relational contract. In other words, judges may seek the hiring of relatives because this increases the efficiency of the judiciary. Note, however, that the hiring of relatives in the Judiciary based on efficiency arguments is less obvious than in contexts where asymmetric information is more prevalent. For example, judges should have easy access to signals about the quality of potential legal clerks (e.g., university of studies, class rank, and recommendations by law scholars). Furthermore, any efficiency gains of hiring relatives should be weighted against the reputational costs for the Judiciary of being perceived by the public as a nepotist institution.

We have information about whether the judges in our sample have been subject recently to an administrative sanction (in 2018 or 2019). This is the case for 17% of them. We claim that, if rent extraction is the driver behind the hiring of relatives, these hires should disproportionately come from judges who have incurred in administrative offenses.

Figure 8 shows the results from estimating equation 1 in sub-samples split by whether the arriving judge received an administrative sanction. The results show a clear contrast between both types of judges. Judges without sanctions do not improve the employment prospects of their relatives. The point estimates for the months before and after the judge's arrival have all a small magnitude and are not different from zero from a statistical point of view. This is not the case of the judges who have been sanctioned, who have a clear effect on the probability that her relatives gain employment in the circuit. Compared to the average results, the magnitude of the point estimates for this subgroup is high: .1 to .15 percentage points increase in the proportion of staff with the judge's family names. Hence, we find suggestive evidence that the hiring of judges' relatives is more related to rent-seeking than

to efficiency purposes.

Figure 8: OLS estimates: effects on relatives' employment by previous administrative sanctions



Note: Figure plots β_τ coefficients of equation (1) separately for the sample of judges with and without administrative sanctions, respectively. Outcome is the percentage of circuit's staff who share a family name with the arriving judge. There are 75 judge arrivals with sanctions and 383 without sanctions. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge's personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

7 Robustness checks

The results presented up to now come from an event study design in which all units are treated and the timing of the treatment is staggered. One potential concern in such setting is that the timing of the treatment is correlated with other events that increase the prevalence of personnel who share a family name with a new judge—independently of the treatment. This is unlikely to explain our results for two reasons. First, the outcome under study is measured at a relatively high frequency (monthly), which allows to see that the discontinuity in the outcome follows closely the judges arrival and to better separate secular trends from event effects. Second, the previous results do not show evidence of the existence of pre-treatment trends in outcomes or (discontinuous) effects that predate treatment. Nonetheless,

to explore such possibility we employ a difference-in-differences design in which we use as control units the other circuits, that is the circuits where judge i does not arrive at time t . Intuitively, we compare the change in the percentage of circuit personnel who share a family name with a new judge in the circuit where the judge does arrive vs the circuits where she does not.¹⁹ This design produces multiple experiments (one for each arriving judge), in which each experiment—indexed by e —is associated to the family names f of a judge i and contains a treated circuit and a set of control circuits. Following Cengiz et al. (2019), we stack multiple experiments and estimate the following equation:

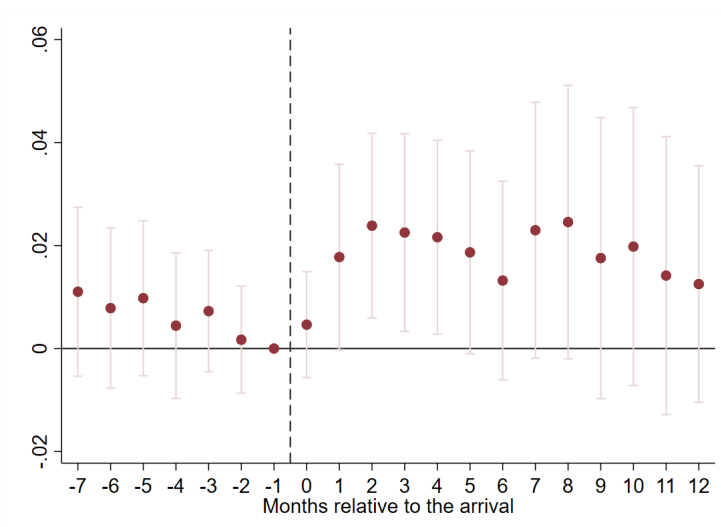
$$Y_{ect} = \sum_{\tau=-7, \tau \neq -1}^{12} \beta_{\tau} \cdot \mathbb{1}[\tau = t - e_e] + \theta_{ec} + \lambda_{et} + \epsilon_{et} \quad (2)$$

Where Y_{ect} is the share (number) of staff with a family name(s) in experiment e employed in a court located in circuit c at time t . $\mathbb{1}[\tau = t - e_e]$ is a vector of dummy variables that indicate the relative time (in months) with respect to the arrival of the judge in experiment e to circuit c . θ_{ec} and λ_{et} are experiment-by-circuit and experiment-by-time fixed effects, respectively. Standard errors are clustered at the judge level.

Figure 9 presents the DID estimates for the main outcome. Reassuringly, the results follow the same pattern that those presented before—although the estimates are more noisy. The point estimates for the period before the judge’s arrival have a small magnitude and are not significantly different from zero. In contrast, the point estimates for the period after the arrival have a higher magnitude and statistical significance. A similar story is found using the number—instead of the percentage—of relatives employed in the circuit as the outcome variable (see Table A.6 in the Appendix). Hence, this evidence supports the robustness of the main results.

¹⁹We exclude from the control group the circuits where there is at least one judge who shares a family name with an arriving judge.

Figure 9: OLS—DID estimates: effects on the percentage of personnel that share the judge’s family name



Note: Figure plots β_τ coefficients of equation (2). Outcome is the percentage of circuit’s staff who share a family name with the arriving judge. 458 judge arrivals are stacked. Number of observations of the regression is 27,480. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge’s personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 7 for details on the estimated equation.

8 Conclusions

The results presented here show that nepotism is an established practice in the Mexican judiciary. The arrival of a judge into a judicial circuit results in the hiring—in the following 12 months—of an individual with whom she shares a family name in one out of 20 cases, a figure which is probably a lower bound of the overall effect. Importantly for personnel policy, the effect is concentrated among judges who are assigned to courts located in their state of birth—where jobs might be closer to a wider family network—and among appeal judges—who may have access to larger institutional networks and face lower career incentives. Furthermore, the observed nepotism is concentrated among judges who have been sanctioned for administrative offenses, which indicates that the hiring of relatives is motivated by rent-seeking rather than by efficiency purposes.

An independent and professional judiciary is a cornerstone of democratic institutions and

economic development. The widespread use of nepotism—or other forms of favoritism—can not only decrease the overall efficiency of the judiciary, but undermine the confidence of the public in this institution. Mexico passed an ambitious reform in 1995 aimed at strengthening the independence and professionalism of the judiciary. The reform included—among other elements—the formation of the Council of the Federal Judiciary—to professionalise the administration of the judiciary—and the use of competitive examinations to select judges. Yet, nepotism in the system is still alive and kicking. The results presented here are relevant not only for the Mexican judiciary, but also for institutions in other countries seeking to establish merit—as opposed to favoritism—as the main criterion to guide the entrance to public service.

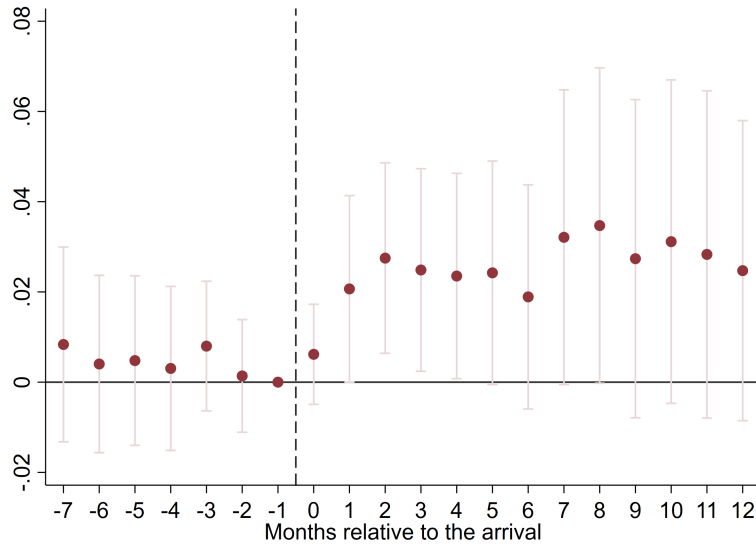
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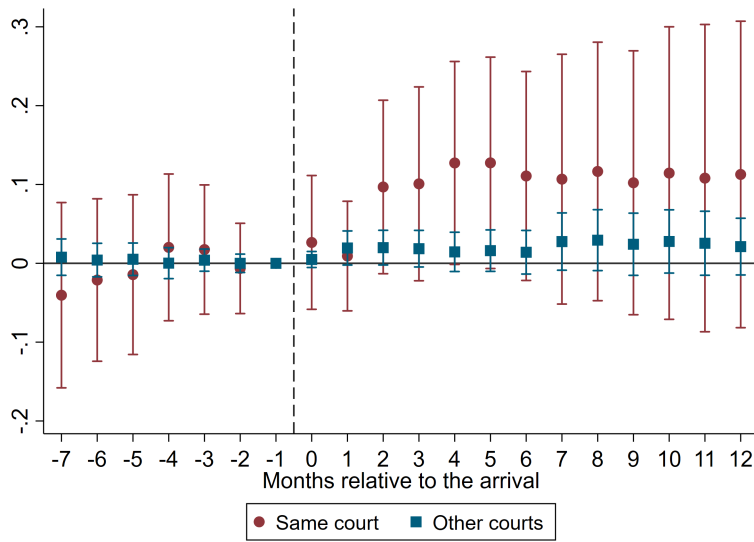
A Appendix: Tables and Figures

Figure A.1: OLS estimates: effect on the percentage of court personnel in the circuit who share the judge's family name — excluding Mexico City



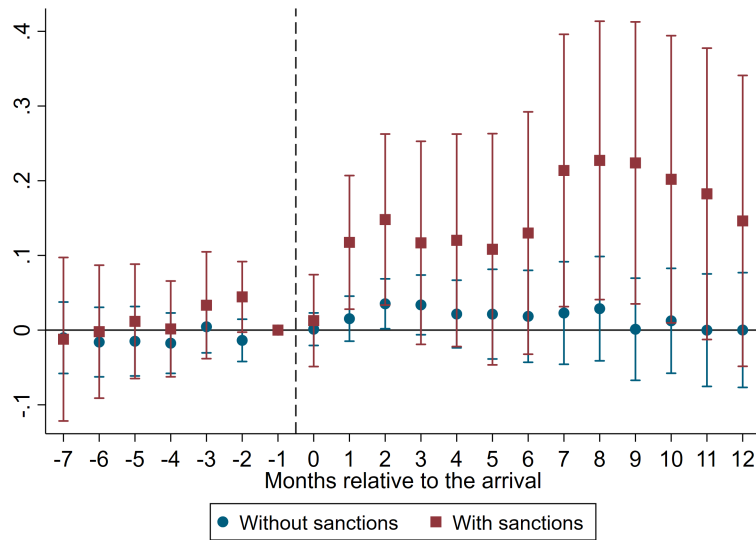
Note: Figure plots β_τ coefficients of equation (1). Outcome is the percentage of circuit's staff who share a family name with the arriving judge. 31 judge arrivals are stacked (we exclude judge arrivals at Mexico City). Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge's personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

Figure A.2: OLS estimates: effect on the percentage of court personnel who share the judge's family name by court of placement



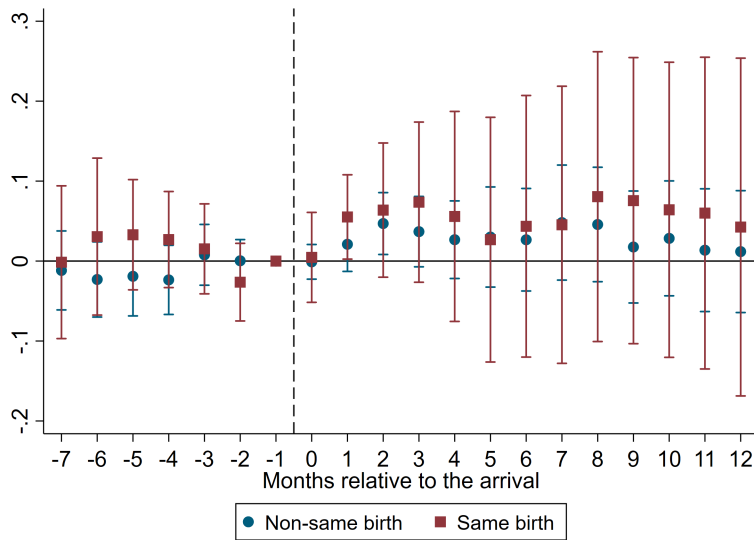
Note: Figure plots β_T coefficients of equation (1). Outcomes are the percentage of circuit's staff who share a family name with the arriving judge divided by whether they work at the same court or in other court in the circuit. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge's personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

Figure A.3: OLS estimates: effects on the number of the judge’s relatives employed in the circuit by previous administrative sanctions



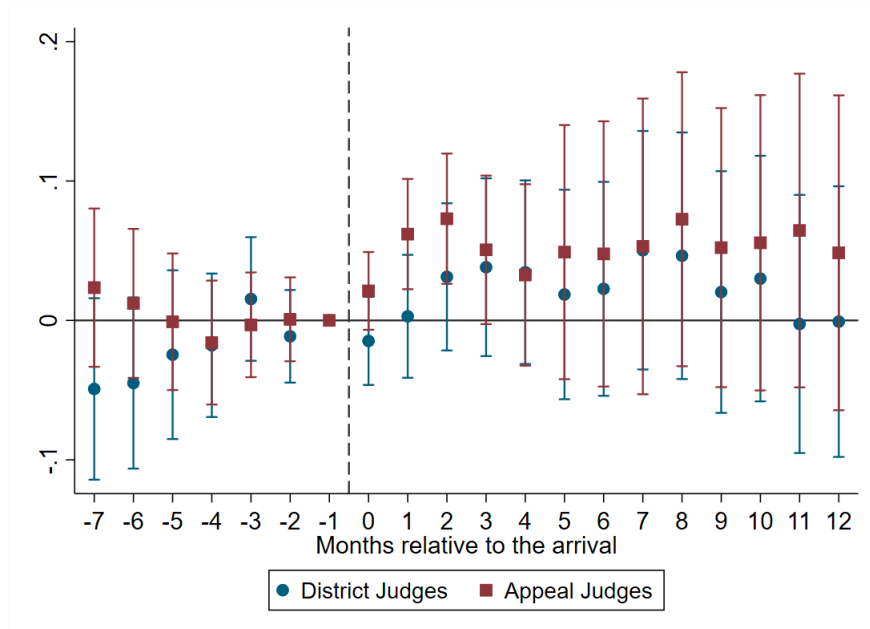
Note: Figure plots β_τ coefficients of equation (1) separately for the sample of judges with and without administrative sanctions, respectively. Outcome is the number of circuit’s staff who share a family name with the arriving judge. There are 75 judge arrivals with sanctions and 383 without sanctions. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge’s personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

Figure A.4: OLS estimates: effects on the number of the judge’s relatives employed in the circuit by circuit of birth



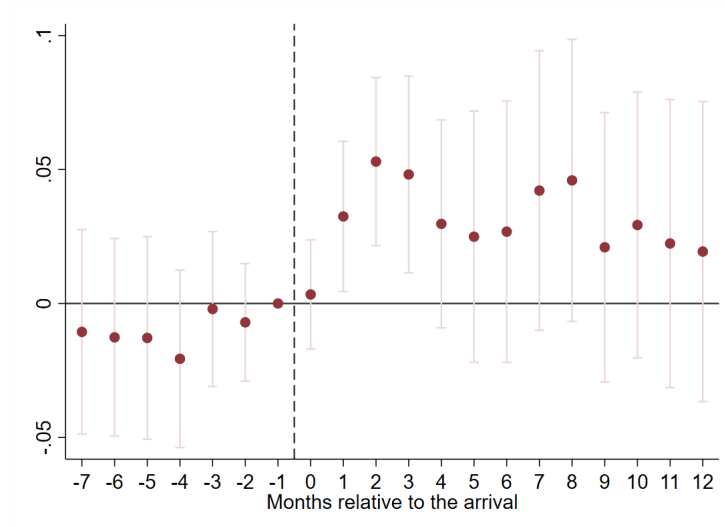
Note: Figure plots β_τ coefficients of equation (1) separately for the sample of judges that do arrive to their birth’s state (92 judge arrivals) and for those who not (366 judge arrivals). Outcome is the number of circuit’s staff who share a family name with the arriving judge. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge’s personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

Figure A.5: OLS estimates: effects on the number of the judge’s relatives employed in the circuit by judge type



Note: Figure plots β_τ coefficients of equation (1) separately for the sample of district and appeal judges. There are 250 and 208 district and appeal judges’ arrivals, respectively. Outcome is the number of circuit’s staff who share a family name with the arriving judge. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge’s personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 4 for details on the estimated equation.

Figure A.6: OLS—DID estimates: effects on the number of personnel that share the judge’s family name



Note: Figure plots β_τ coefficients of equation (2). Outcome is the percentage of circuit’s staff who share a family name with the arriving judge. 458 judge arrivals are stacked. Number of observations of the regression is 27,480. Standard errors at the 90% level clustered at the judge level are represented in bars. Sample is composed by legal clerks, judge’s personal assistants, and administrative managers employed at courts during the 2015-2018 period. Data comes from the transparency website of the Council of the Federal Judiciary. See Section 7 for details on the estimated equation.