

“The Illusion of Criminal ‘Order’: Institutional Trust and Municipal Finances in Mexico” – Supplementary material

Contents

A1 Micro-level Analysis	4
A1.1 Balance checks.....	4
Figure A1.1 Balance plot – Latinobarometro Data (before matching)	4
Figure A1.2 Balance plot – AmericasBarometer Data (before matching)	4
Table A1.1 Covariate Balance Before and After Entropy Balancing (Latinobarometro 2020)	5
Table A1.2 Covariate Balance Before and After Entropy Balancing (LAPOP 2020)	5
A1.2 Descriptives	6
Table A1.3. Summary statistics, full sample (Latinobarometro 2020)	6
Table A1.4. Summary statistics, full sample (LAPOP 2014)	6
A1.3 Cross-tabs	7
Table A1.5 Cross-tabulation of OCG service provision by OCG extortion	7
A1.4 Regression Results – Latinobarometro (2020)	8
Table A1.6 Linear Regression Models: Citizen attitudes under criminal presence	8
Table A1.7 Linear Regression Models: Citizen attitudes under criminal presence, covariate adjustment.....	8
Table A1.8 Linear Regression Models: Citizen attitudes under criminal presence, controls for respondents’ crime experiences, fear thereof and violence in their neighbourhood	9
Table A1.9 Linear Regression Models: Citizen attitudes under criminal presence, region fixed effects	9
Table A1.10 Linear Regression Models: Citizen attitudes under criminal governance	10
Table A1.11 Linear Regression Models: Citizen attitudes under criminal governance, covariate adjustment.....	10
Table A1.12 Linear Regression Models: Citizen attitudes under criminal governance, controls for respondents’ crime experiences, fear thereof and violence in their neighbourhood	11
Table A1.13 Linear Regression Models: Citizen attitudes under criminal governance, region fixed effects	11
Table A1.14 Linear Regression Models: Citizen attitudes under criminal extortion	12
Table A1.15 Linear Regression Models: Citizen attitudes under criminal extortion, covariate adjustment.....	12
Table A1.16 Linear Regression Models: Citizen attitudes under criminal extortion, controls for respondents’ crime experiences, fear thereof and violence in their neighbourhood	13

Table A1.17 Linear Regression Models: Citizen attitudes under criminal extortion, region fixed effects	13
Table A1.18 Linear Regression Models: Citizen attitudes in areas with OCG-imposed war taxes	14
Table A1.19 Linear Regression Models: Citizen attitudes in areas with OCG-imposed war taxes, covariate adjustment	14
Table A1.20 Linear Regression Models: Citizen attitudes in areas with OCG-imposed war taxes, controls for respondents' crime experiences, fear thereof and violence in their neighbourhood .	15
Table A1.21 Linear Regression Models: Citizen attitudes in areas with OCG-imposed war taxes, state fixed effects	15
A2 Municipal-level Analysis	16
A2.1 Descriptive Figures	16
Figure A2.1 Temporal variation in the OCG presence in Mexican Municipalities, maximum	16
Figure A2.2 Composition of Municipal Tax Revenue Over Time.....	16
A2.2 Descriptive Statistics.....	17
Table A2.1 Summary statistics for the outcome variables	17
Table A2.2. Summary statistics for the treatment status and covariates.....	18
Table A2.3. Summary statistics of covariates by categorization of OCG presence	19
Table A2.4. Summary statistics of covariates by categorization of OCG presence	20
A2.3 Evolution of Municipal Revenues and Expenditures After OCG Entry	21
Figure A2.3. Evolution of counterfactual and realised municipal revenue outcomes before and after OCG entry (competition).....	21
Figure A2.4. Evolution of counterfactual and realised municipal spending outcomes before and after OCG entry (competition).....	22
Figure A2.5. Relative difference in municipal revenues between treated and counterfactual municipalities over time	23
Figure A2.6. Relative difference in municipal expenditures between treated and counterfactual municipalities over time.....	24
A2.4 Estimations Results for Specific Revenue and Expenditure Items	25
Figure A2.7. Effect of OCG Entry on Total Tax Revenues Over Time.....	25
Figure A2.8. Effect of OCG Entry on Service Revenues Over Time.....	26
Figure A2.9. Effect of OCG Entry on License Revenues Over Time	27
Figure A2.10. Effect of OCG Entry on Earmarked Transfers from Central/State Government Over Time	28
Figure A2.11. Effect of OCG Entry on Public Investment Expenditure Over Time	29
Figure A2.12. Effect of OCG Entry on General Services Expenditure Over Time	30
Figure A2.13. Effect of OCG Entry on Basic Services Expenditure Over Time	31
Figure A2.14. Effect of OCG Entry on Personnel Expenditure Over Time	32

A2.5 Robustness Checks – Alternative Data	33
Figure A2.15 Effect of OCG Entry on Total Revenue Over Time	33
Figure A2.16. Effect of OCG Entry on Total Expenditure Minus Debts Over Time	34
A2.6 Robustness Checks – Number of Factor Loadings	35
Figure A2.17. Effect of OCG Entry (4 and 6 factor loadings)	35
Figure A2.18. Effect of OCG Competition (4 and 6 factor loadings)	36

A1 Micro-level Analysis

A1.1 Balance checks

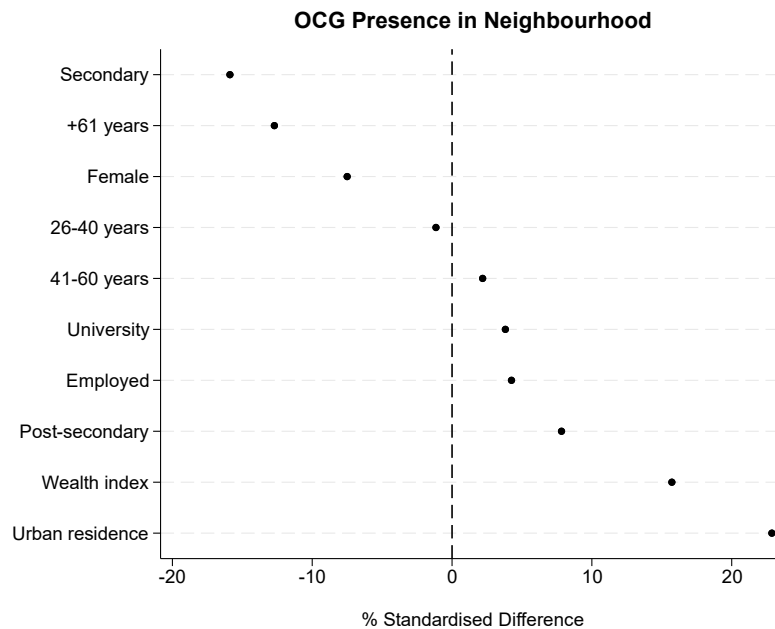


Figure A1.1 Balance plot – Latinobarometro Data (before matching)

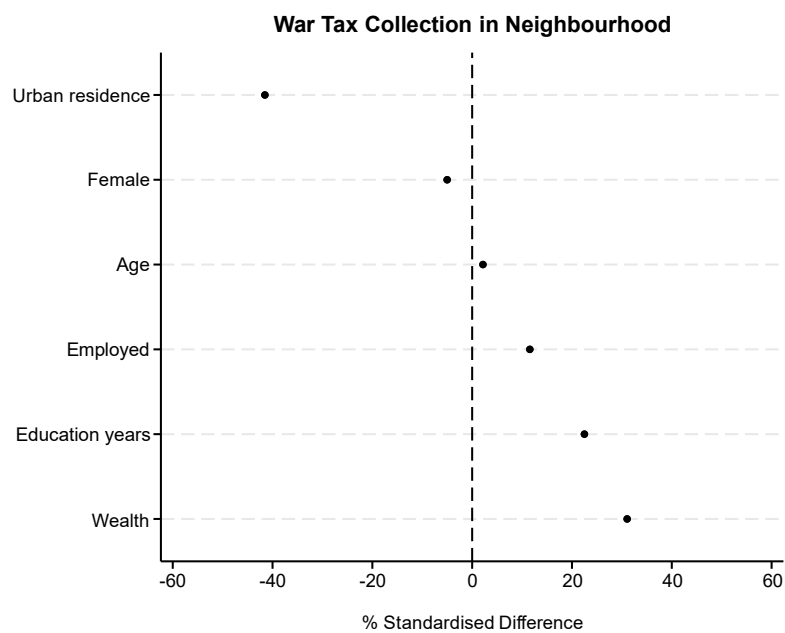


Figure A1.2 Balance plot – AmericasBarometer Data (before matching)

Table A1.1 Covariate Balance Before and After Entropy Balancing (Latinobarometro 2020)

<i>Before weighting</i>						
Variable	<i>Treated units (N = 400)</i>			<i>Control Units (N = 652)</i>		
	Mean	Variance	Skew	Mean	Variance	Skew
Female	0.465	0.2494	0.1403	0.5046	0.2504	-0.01841
26-40 years	0.28	0.2021	0.98	0.2868	0.2049	0.9428
41-60 years	0.36	0.231	0.5833	0.3497	0.2278	0.6304
60 years	0.14	0.1207	2.075	0.1871	0.1523	1.605
Urban	0.835	0.1381	-1.805	0.7423	0.1916	-1.108
Secondary	0.14	0.1207	2.075	0.2009	0.1608	1.493
High school	0.5975	0.2411	-0.3976	0.5567	0.2472	-0.2285
University	0.1475	0.1261	1.988	0.1319	0.1147	2.176
Working	0.5275	0.2499	-0.1102	0.5031	0.2504	-0.01227
Wealth index	0.6553	0.04985	-0.3597	0.619	0.04984	-0.1854
<i>After weighting</i>						
Female	0.465	0.2494	0.1403	0.4651	0.2492	0.1399
26-40 years	0.28	0.2021	0.98	0.28	0.2019	0.9801
41-60 years	0.36	0.231	0.5833	0.3599	0.2307	0.5836
60 years	0.14	0.1207	2.075	0.1402	0.1208	2.072
Urban	0.835	0.1381	-1.805	0.8344	0.1384	-1.799
Secondary	0.14	0.1207	2.075	0.1404	0.1208	2.071
High school	0.5975	0.2411	-0.3976	0.5972	0.2409	-0.3965
University	0.1475	0.1261	1.988	0.1474	0.1259	1.989
Working	0.5275	0.2499	-0.1102	0.5274	0.2496	-0.1098
Wealth index	0.6553	0.04985	-0.3597	0.6551	0.04935	-0.3478

Note: Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.2 Covariate Balance Before and After Entropy Balancing (LAPOP 2020)

<i>Before weighting</i>						
Variable	<i>Treated units (N = 400)</i>			<i>Control Units (N = 652)</i>		
	Mean	Variance	Skew	Mean	Variance	Skew
Female	0.4629	0.2497	0.1489	0.4931	0.2502	0.02778
Age	41.28	271.1	0.6753	40.87	258.7	0.6695
Urban	0.1004	0.09075	2.659	0.256	0.1906	1.118
Education years	9.934	20.54	-0.07061	8.931	19.17	-0.03804
Wealth	6.415	3.63	-0.3873	5.796	4.701	-0.3282
Working	0.6026	0.2405	-0.4194	0.5417	0.2485	-0.1672
<i>After weighting</i>						
Female	0.4629	0.2497	0.1489	0.4629	0.2489	0.1489
Age	41.28	271.1	0.6753	41.27	257.9	0.6934
Urban	0.1004	0.09075	2.659	0.1007	0.09066	2.653
Education years	9.934	20.54	-0.07061	9.934	19.62	-0.1595
Wealth	6.415	3.63	-0.3873	6.414	4.055	-0.4825
Working	0.6026	0.2405	-0.4194	0.6026	0.2397	-0.4193

Note: Authors' own elaboration based on data from the LAPOP 2014 wave for Mexico.

A1.2 Descriptives

Table A1.3. Summary statistics, full sample (Latinobarometro 2020)

Variable	N	Mean	SD	Min	Median	Max
OCG presence	1072	0.383	0.486	0	0	1
No OCG, no services	1072	0.617	0.486	0	1	1
OCG, no services	1072	0.285	0.451	0	0	1
OCG, services	1072	0.099	0.299	0	0	1
No OCG, no extortion	1072	0.617	0.486	0	1	1
OCG, no extortion	1072	0.126	0.332	0	0	1
OCG, extortion	1072	0.257	0.437	0	0	1
Local government responsiveness	1191	1.270	0.851	0	1	3
Corruption in local government	1015	0.407	0.491	0	0	1
Trust in the national government	1190	1.059	0.881	0	1	3
Trust in the police	1191	0.893	0.806	0	1	3
Corruption in the police	1015	0.543	0.498	0	1	1
Corruption among judges	1015	0.357	0.479	0	0	1
Voting as a civic duty	1141	0.569	0.495	0	1	1
Familiarity with tax evasion	1190	0.245	0.430	0	0	1
Female	1200	0.492	0.500	0	0	1
18-25 years	1200	0.193	0.395	0	0	1
26-40 years	1200	0.287	0.452	0	0	1
41-60 years	1200	0.350	0.477	0	0	1
60 years	1200	0.170	0.376	0	0	1
Primary	1200	0.113	0.316	0	0	1
Secondary	1200	0.172	0.377	0	0	1
High school	1200	0.573	0.495	0	1	1
University	1200	0.142	0.350	0	0	1
Urban	1200	0.767	0.423	0	1	1
Employment status	1200	0.507	0.500	0	1	1
Wealth index	1176	0.633	0.223	0	0.6	1
Victim of violence	1189	0.468	0.499	0	0	1
Gang violence in neighbourhood	1068	0.410	0.492	0	0	1
Fear of crime	1193	1.693	0.987	0	2	3

Note: Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.4. Summary statistics, full sample (LAPOP 2014)

Variable	N	Mean	SD	Min	Median	Max
Extortion in neighbourhood	1240	0.185	0.388	0	0	1
Trust in the local government	1522	3.026	1.768	0	3	6
Satisfaction with local goods	1500	1.068	0.782	0	1	2
Asked for a bribe	1535	0.280	0.449	0	0	1
Asked for a bribe by the police	1521	0.188	0.391	0	0	1
Trust in the police	1527	2.331	1.821	0	2	6
Attendance at townhall meetings	1530	0.095	0.293	0	0	1
Female	1535	0.502	0.500	0	1	1
Age	1535	41.089	16.355	18	39	100
Urban residence	1535	0.197	0.398	0	0	1
Education years	1533	9.193	4.381	0	9	18
Wealth index	1533	6.021	2.112	0	6	9
Working	1535	0.542	0.498	0	1	1
Crime victim	1535	0.365	0.482	0	0	1
Unsafe neighbourhood	1531	0.501	0.500	0	1	1
Gang/OCG violence in neighbourhood	1494	0.512	0.500	0	1	1

Note: Authors' own elaboration based on data from the LAPOP 2014 wave for Mexico.

A1.3 Cross-tabs

Table A1.5 Cross-tabulation of OCG service provision by OCG extortion

<i>OCG services</i>	<i>OCG extortion</i>			Total
	No OCGs	OCGs, no extortion	OCG, extortion	
No OCGs	661	0	0	661
	100	0	0	100
OCGs, no services	0	60	245	305
	0	19.67	80.33	100
OCG, order & security	0	75	31	106
	0	70.75	29.25	100
Total	661	135	276	1072
	61.66	12.59	25.75	100

Notes: Pearson $\chi^2 = 1314.72$ Prob < 0.000. First row has frequencies and second row has row percentages
 Authors' own calculations based on data from the LB 2020 wave for Mexico.

A1.4 Regression Results – Latinobarometro (2020)

Table A1.6 Linear Regression Models: Citizen attitudes under criminal presence

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCGs in the neighbourhood	-0.200*** (0.054)	0.074* (0.034)	-0.031 (0.056)	0.044 (0.035)	-0.149** (0.052)	0.024 (0.033)	-0.031 (0.033)	0.059* (0.028)
N	1,047	905	1,046	905	1,045	905	1,006	1,047

Notes: Coefficients displayed as marginal effects. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.7 Linear Regression Models: Citizen attitudes under criminal presence, covariate adjustment

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCGs in the neighbourhood	-0.203*** (0.054)	0.073* (0.034)	-0.032 (0.055)	0.041 (0.034)	-0.157** (0.051)	0.025 (0.033)	-0.030 (0.032)	0.057* (0.028)
N	1,047	905	1,046	905	1,045	905	1,006	1,047

Notes: Coefficients displayed as marginal effects. Coefficients of individuals' demographic and socioeconomic characteristics (e.g., gender, age, education, employment, wealth, and urban/rural residence) are omitted for ease of presentation. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.8 Linear Regression Models: Citizen attitudes under criminal presence, controls for respondents' crime experiences, fear thereof and violence in their neighbourhood

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCGs in the neighbourhood	-0.177** (0.057)	0.034 (0.037)	-0.014 (0.060)	0.039 (0.037)	-0.111* (0.057)	0.018 (0.036)	-0.006 (0.036)	0.037 (0.030)
N	938	829	937	829	937	829	901	939

Notes: Coefficients displayed as marginal effects. Coefficients of individuals' crime experiences, fear thereof and violence in their neighbourhood are omitted for ease of presentation. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.9 Linear Regression Models: Citizen attitudes under criminal presence, region fixed effects

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCGs in the neighbourhood	-0.181*** (0.054)	0.081* (0.035)	-0.023 (0.057)	0.048 (0.035)	-0.146** (0.054)	0.039 (0.034)	-0.039 (0.034)	0.054+ (0.029)
N	1,047	905	1,046	905	1,045	905	1,006	1,047

Notes: Coefficients displayed as marginal effects. Regional dummies included but omitted for ease of presentation. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.10 Linear Regression Models: Citizen attitudes under criminal governance

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCG, no services	-0.200*** (0.060)	0.077* (0.038)	-0.091 (0.060)	0.053 (0.038)	-0.142* (0.057)	0.048 (0.037)	-0.031 (0.036)	0.058+ (0.031)
OCG, security & order	-0.200* (0.089)	0.067 (0.055)	0.141 (0.097)	0.021 (0.056)	-0.167* (0.081)	-0.040 (0.052)	-0.034 (0.054)	0.063 (0.047)
N	1,047	905	1,046	905	1,045	905	1,006	1,047

Notes: Coefficients displayed as marginal effects. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.11 Linear Regression Models: Citizen attitudes under criminal governance, covariate adjustment

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCG, no services	-0.195** (0.059)	0.079* (0.038)	-0.087 (0.059)	0.054 (0.038)	-0.146** (0.056)	0.053 (0.037)	-0.030 (0.036)	0.056+ (0.031)
OCG, security and order	-0.224* (0.090)	0.054 (0.056)	0.125 (0.095)	0.006 (0.056)	-0.190* (0.081)	-0.051 (0.052)	-0.029 (0.054)	0.060 (0.047)
N	1,047	905	1,046	905	1,045	905	1,006	1,047

Notes: Coefficients displayed as marginal effects. Coefficients of individuals' demographic and socioeconomic characteristics (e.g., gender, age, education, employment, wealth, and urban/rural residence) are omitted for ease of presentation.

Table A1.12 Linear Regression Models: Citizen attitudes under criminal governance, controls for respondents' crime experiences, fear thereof and violence in their neighbourhood

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCG, no services	-0.175** (0.063)	0.037 (0.041)	-0.073 (0.065)	0.047 (0.041)	-0.104+ (0.062)	0.041 (0.040)	-0.005 (0.039)	0.037 (0.033)
OCG, security and order	-0.183* (0.088)	0.027 (0.055)	0.148 (0.099)	0.020 (0.057)	-0.132 (0.083)	-0.043 (0.054)	-0.008 (0.056)	0.036 (0.049)
N	938	829	937	829	937	829	901	939

Notes: Coefficients displayed as marginal effects. Coefficients of individuals' crime experiences, fear thereof and violence in their neighbourhood are omitted for ease of presentation. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.13 Linear Regression Models: Citizen attitudes under criminal governance, region fixed effects

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCG, no services	-0.179** (0.060)	0.075+ (0.039)	-0.072 (0.061)	0.052 (0.039)	-0.143* (0.060)	0.063+ (0.038)	-0.031 (0.038)	0.048 (0.032)
OCG, security and order	-0.187* (0.086)	0.097+ (0.056)	0.110 (0.096)	0.039 (0.055)	-0.152+ (0.081)	-0.023 (0.053)	-0.062 (0.056)	0.070 (0.048)
N	1,047	905	1,046	905	1,045	905	1,006	1,047

Notes: Coefficients displayed as marginal effects. Regional dummies omitted for ease of presentation. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.14 Linear Regression Models: Citizen attitudes under criminal extortion

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCG, no extortion	-0.267*** (0.075)	0.079 (0.052)	0.187* (0.086)	0.035 (0.052)	-0.099 (0.077)	0.019 (0.050)	-0.023 (0.049)	0.042 (0.042)
OCG, extortion	-0.167** (0.064)	0.072+ (0.039)	-0.138* (0.061)	0.049 (0.039)	-0.173** (0.058)	0.026 (0.038)	-0.036 (0.038)	0.068* (0.032)
N	1,047	905	1,046	905	1,045	905	1,006	1,047

Notes: Coefficients displayed as marginal effects. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.15 Linear Regression Models: Citizen attitudes under criminal extortion, covariate adjustment

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCG, no extortion	-0.278*** (0.075)	0.073 (0.052)	0.184* (0.084)	0.027 (0.052)	-0.119 (0.076)	0.013 (0.049)	-0.022 (0.049)	0.044 (0.042)
OCG, extortion	-0.165** (0.063)	0.073+ (0.039)	-0.139* (0.061)	0.047 (0.039)	-0.176** (0.057)	0.031 (0.038)	-0.034 (0.037)	0.064* (0.032)
N	1,047	905	1,046	905	1,045	905	1,006	1,047

Notes: Coefficients displayed as marginal effects. Coefficients of individuals' demographic and socioeconomic characteristics (e.g., gender, age, education, employment, wealth, and urban/rural residence) are omitted for ease of presentation. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.16 Linear Regression Models: Citizen attitudes under criminal extortion, controls for respondents' crime experiences, fear thereof and violence in their neighbourhood

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCG, no extortion	-0.255** (0.078)	0.043 (0.052)	0.212* (0.089)	0.038 (0.054)	-0.058 (0.081)	0.025 (0.052)	0.002 (0.051)	0.015 (0.043)
OCG, extortion	-0.137* (0.067)	0.026 (0.042)	-0.126+ (0.066)	0.034 (0.042)	-0.136* (0.063)	0.011 (0.040)	-0.008 (0.040)	0.050 (0.035)
N	938	829	937	829	937	829	901	939

Notes: Coefficients displayed as marginal effects. Coefficients of individuals' crime experiences, fear thereof and violence in their neighbourhood are omitted for ease of presentation. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.17 Linear Regression Models: Citizen attitudes under criminal extortion, region fixed effects

	(1) Local government responsiveness	(2) Local government corruption	(3) Trust in national government	(4) Police corruption	(5) Trust in the police	(6) Corruption among judges	(7) Voting obligation	(8) Familiarity with tax avoidance
OCG, no extortion	-0.223** (0.075)	0.110* (0.053)	0.191* (0.085)	0.058 (0.051)	-0.112 (0.079)	0.046 (0.051)	-0.038 (0.051)	0.016 (0.043)
OCG, extortion	-0.161* (0.063)	0.068+ (0.040)	-0.130* (0.062)	0.043 (0.040)	-0.163** (0.060)	0.035 (0.039)	-0.040 (0.039)	0.072* (0.033)
N	1,047	905	1,046	905	1,045	905	1,006	1,047

Notes: Coefficients displayed as marginal effects. Regional dummies omitted for ease of presentation. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LB 2020 wave for Mexico.

Table A1.18 Linear Regression Models: Citizen attitudes in areas with OCG-imposed war taxes

	(1) Trust in local authorities	(2) Satisfaction with local goods	(3) Asked for a bribe by a government officer	(4) Asked for a bribe by a police officer	(5) Trust in the police	(6) Attendance at townhall meetings
War tax collection	-0.483*** (0.127)	-0.129* (0.060)	0.166*** (0.036)	0.099** (0.033)	-0.342* (0.133)	0.039 (0.024)
N	1,229	1,212	1,237	1,228	1,233	1,234

Notes: Coefficients displayed as marginal effects. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LAPOP 2014 wave for Mexico.

Table A1.19 Linear Regression Models: Citizen attitudes in areas with OCG-imposed war taxes, covariate adjustment

	(1) Trust in local authorities	(2) Satisfaction with local goods	(3) Asked for a bribe by a government officer	(4) Asked for a bribe by a police officer	(5) Trust in the police	(6) Attendance at townhall meetings
War tax collection	-0.483*** (0.124)	-0.128* (0.060)	0.166*** (0.035)	0.100** (0.032)	-0.342* (0.133)	0.039 (0.024)
N	1,229	1,212	1,237	1,228	1,233	1,234

Notes: Coefficients displayed as marginal effects. Coefficients of individuals' demographic and socioeconomic characteristics (e.g., gender, age, education, employment, wealth, and urban/rural residence) are omitted for ease of presentation. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LAPOP 2014 wave for Mexico.

Table A1.20 Linear Regression Models: Citizen attitudes in areas with OCG-imposed war taxes, controls for respondents' crime experiences, fear thereof and violence in their neighbourhood

	(1) Trust in local authorities	(2) Satisfaction with local goods	(3) Asked for a bribe by a government officer	(4) Asked for a bribe by a police officer	(5) Trust in the police	(6) Attendance at townhall meetings
War tax collection	-0.307* (0.136)	-0.093 (0.064)	0.123** (0.038)	0.059+ (0.034)	-0.170 (0.137)	0.037 (0.025)
N	1,218	1,200	1,225	1,216	1,222	1,223

Notes: Coefficients displayed as marginal effects. Coefficients of individuals' experiences with crime, perceptions of insecurity, and report of gang violence in their neighbourhood are omitted for ease of presentation. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LAPOP 2014 wave for Mexico.

Table A1.21 Linear Regression Models: Citizen attitudes in areas with OCG-imposed war taxes, state fixed effects

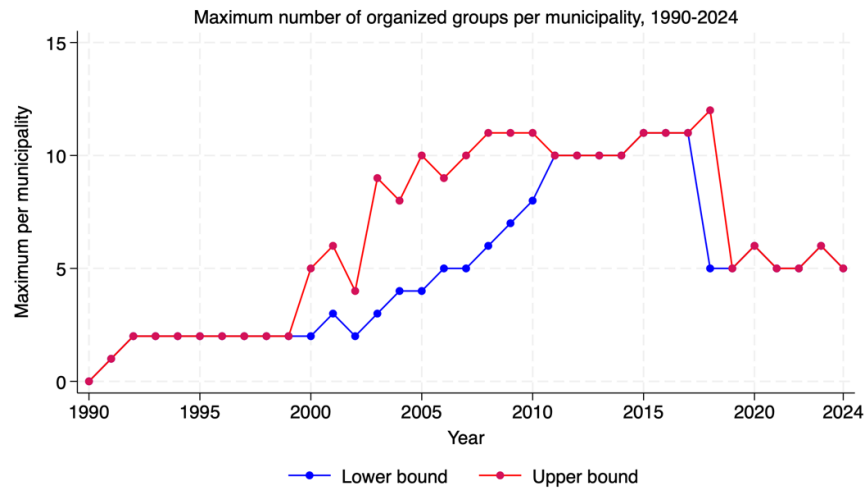
	(1) Trust in local authorities	(2) Satisfaction with local goods	(3) Asked for a bribe by a government officer	(4) Asked for a bribe by a police officer	(5) Trust in the police	(6) Attendance at townhall meetings
War tax collection	-0.419** (0.135)	-0.111+ (0.062)	0.204*** (0.039)	0.101** (0.036)	-0.385** (0.140)	0.049+ (0.027)
N	1,229	1,212	1,237	1,228	1,233	1,234

Notes: Coefficients displayed as marginal effects. State dummies omitted for ease of presentation. Matched sample. Robust standard errors in parentheses. Coefficients significant at *** p<0.001, ** p<0.01, * p<0.05, + p<0.1. Authors' own elaboration based on data from the LAPOP 2014 wave for Mexico.

A2 Municipal-level Analysis

A2.1 Descriptive Figures

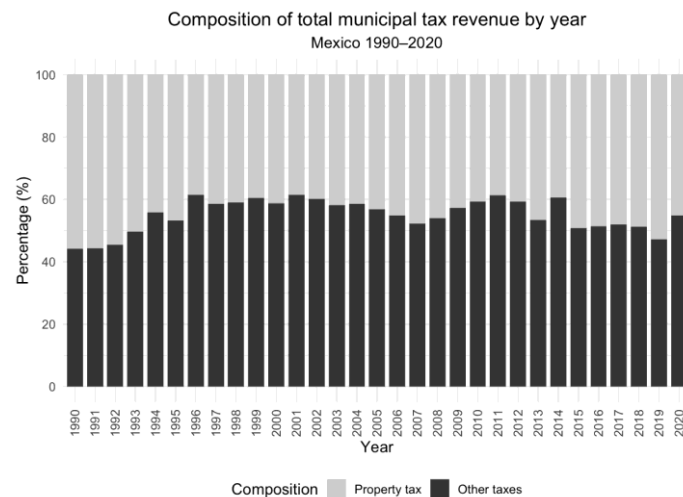
Figure A2.1 Temporal variation in the OCG presence in Mexican Municipalities, maximum



(a) Maximum Number of OCGs per municipalities

Note: The graphs plot the maximum number of OCGs in municipalities of Mexico. The sources are Coscia, Rios (2012) for years 1990-2010, Osorio and Beltran (2020) for 2000-2018, and ACLED for 2018-2021. Because each dataset reports different numbers due to methodological differences, we report the lower bound figures and upper bound figures to reflect these differences.

Figure A2.2 Composition of Municipal Tax Revenue Over Time



Source: State and Municipal Public Finance Statistics, INEGI.

Source: Authors' own compilation based on State and Municipal Public Finance Statistics, EFIPEM (2024).

A2.2 Descriptive Statistics

Table A2.1 Summary statistics for the outcome variables

	N	Mean	SD	Median
Panel A. Fiscal Income (in million Pesos)				
Total revenues	47203	137.51	429.617	37.468
Tax Revenues	44312	17.536	99.300	.667
Property Taxation	39118	10.66	56.811	.496
Fees (<i>derechos</i>)	44653	7.916	36.866	.604
Licensing Fees	29146	2.238	11.961	.131
Non-earmarked Funds (FGP)	45374	37.107	83.446	13.501
Earmarked Funds (FISM)	45637	42.492	130.694	13.33
Panel B. Fiscal Expenditure (in million Mexican pesos)				
Total expenditure net of debt	47203	131.6397	406.8495	36.767
Public Investment Expenditure	46214	34.37	82.701	12.123
Personnel expenditure	46941	46.307	170.296	9.2
General Service Expenditure	47058	19.374	74.797	4.022
Basic Service Expenditure	44550	5.996	20.975	1.323
Water Expenditure	18231	0.79	7.347	0.038
Electricity Expenditure	39071	4.616	15.897	0.93

Note: The table summarizes the control and treatment status variable for each municipality in years 1999-2021. N indicates the number of available observations. Mean and standard deviation are provided for all variables. Median is provided for continuous variables only. Variables Panels A and B are measured at the yearly unit. Variables in Panel C are measured once every three years. For Panel D, the variables are recorded once every 6 years, reflecting the regular term length of the governors (6 years).

Table A2.2. Summary statistics for the treatment status and covariates

	N	Mean	SD	Median
Panel A. OCG Presence				
Municipality exposed to OCGs	54496	0.415	0.493	-
# OCGs per municipality, upper bound	54142	0.436	1.067	-
# OCGs per municipality, lower bound	54142	0.289	0.853	-
% Municipalities with one OCG	54496	0.076	0.266	-
% Municipalities with multiple OCGs	54496	0.117	0.321	-
Municipality with attacks on mayors	54496	.021	0.143	-
Panel B. Demographic & Crime controls				
Homicide rate per 100,000	46494	10.759	37.825	<1
% Indigenous population	49935	17.741	27.641	2.742
% of illiterate population	49935	13.956	10.194	11.437
Population	51597	46356	135760	12675
Population density	51597	279.29	1163.89	51.729
Average nightlight density (0-63)	54054	9.18	10.537	5.579
Panel C. Party affiliations				
Convergencia	44837	0.005	0.073	-
MC	44837	0.018	0.131	-
MORENA	44837	0.012	0.109	-
PAN	44837	0.264	0.441	-
PAS	44837	0.001	0.033	-
PES	44837	0.003	0.055	-
PNA	44837	0.011	0.106	-
PRD	44837	0.118	0.323	-
PRI	44837	0.473	0.499	-
PT	44837	0.045	0.206	-
PVEM	44837	0.03	0.172	-
Independent	44837	0.003	0.059	-
Municipal Council	44837	0	0.022	-
Others	44837	0.015	0.123	-
Mayor and governor on same party	45254	0.484	0.500	-

Note: The table summarizes the control and treatment status variable for each municipality in years 1999-2021. N indicates the number of available observations. Mean and standard deviation are provided for all variables. The median is provided for continuous variables only. The variables on the share of OCGs are generated based on lower bound estimates. All variables are measured at the yearly unit.

Table A2.3. Summary statistics of covariates by categorization of OCG presence

	No Presence			Monopoly			Competitive		
	N	Mean	Sd	N	Mean	Sd	N	Mean	Sd
Total Revenues	39123	66.546	152.151	4989	294.878	518.106	3091	781.715	1254.65
Tax Revenues	36314	4.857	28.178	4924	38.844	126.757	3074	133.182	301.751
Property Taxation	32092	3.092	17.376	4308	23.322	71.332	2718	79.947	170.593
Fees (<i>derechos</i>)	36691	2.817	11.043	4915	17.217	41.044	3047	54.306	114.591
Licensing Fees	23071	.847	3.833	3747	4.213	12.022	2328	12.836	35.716
Non-earmarked Funds (FGP)	37371	22.407	41.575	4963	76.053	108.099	3040	154.235	211.592
Earmarked Funds (FISM)	37607	21.348	45.743	4971	91.382	165.930	3059	222.984	377.435
Total expenditure net of debt	39123	64.216	141.742	4989	282.311	490.341	3091	741.843	1191.38
Public Investment Expenditure	38300	21.306	39.822	4903	67.497	98.241	3011	146.597	229.245
Personnel expenditure	38862	19.941	54.757	4989	101.775	197.521	3090	288.342	517.355
General Service Expenditure	36740	2.79	7.975	4833	13.254	26.614	2977	33.776	60.550
Basic Service Expenditure	38981	8.019	23.061	4988	44.784	97.870	3089	121.63	223.480
Water Expenditure	14542	.393	4.108	2275	1.744	12.277	1504	3.186	16.062
Electricity Expenditure	32816	2.218	5.871	3907	11.148	20.394	2348	27.271	48.560

Note: The monetary units are in Million Pesos

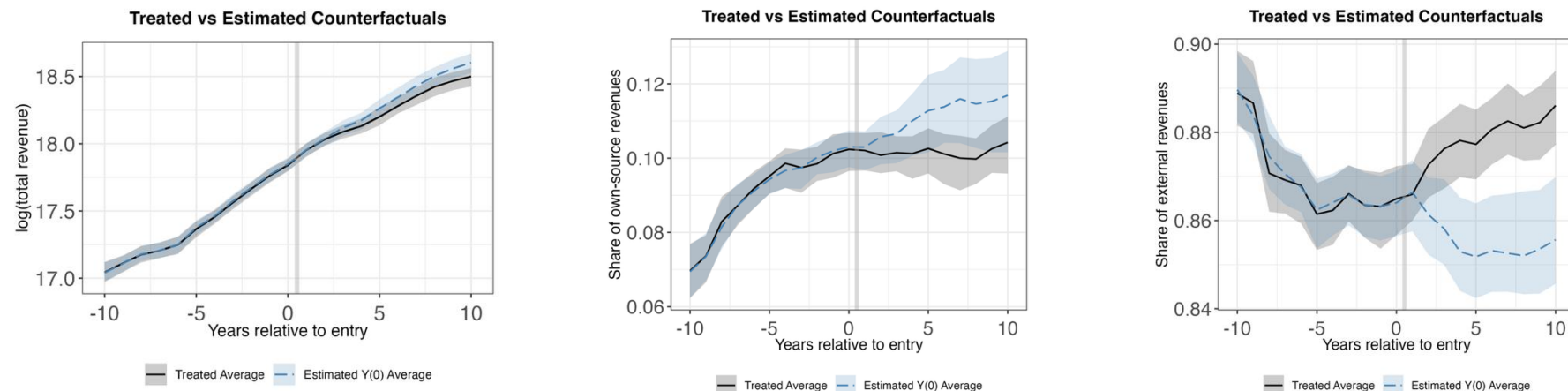
Table A2.4. Summary statistics of covariates by categorization of OCG presence

	<i>No Presence</i>			<i>Monopoly</i>			<i>Competitive</i>		
	N	Mean	Sd	N	Mean	Sd	N	Mean	Sd
Homicide rate per 100,000	38653	8.934	30.855	4733	16.214	67.449	3108	25.141	48.402
% Indigenous population	41206	20.091	29.113	5422	8.046	17.073	3307	4.351	9.783
% of illiterate population	41206	15.216	10.395	5422	8.654	6.696	3307	6.938	5.834
Population	43555	26896	74943	4872	95409	183232	3170	238497	354186
Population density	43555	195.701	819.916	4872	586.151	1917.92	3170	956.233	2542.23
nightlight density (0-63)	45155	8.224	9.388	5549	13.006	12.967	3350	15.734	15.673
Convergencia	36015	0.006	0.079	5452	0.002	0.045	3370	0.002	0.046
MC	36015	0.015	0.121	5452	0.03	0.170	3370	0.026	0.159
MORENA	36015	0.007	0.086	5452	0.034	0.182	3370	0.026	0.159
PAN	36015	0.262	0.440	5452	0.284	0.451	3370	0.261	0.439
PAS	36015	0.001	0.029	5452	0.002	0.045	3370	0.002	0.046
PES	36015	0.003	0.052	5452	0.006	0.078	3370	0.001	0.038
PNA	36015	0.011	0.102	5452	0.018	0.134	3370	0.009	0.092
PRD	36015	0.123	0.328	5452	0.095	0.293	3370	0.107	0.309
PRI	36015	0.489	0.500	5452	0.373	0.484	3370	0.467	0.499
PT	36015	0.036	0.187	5452	0.092	0.289	3370	0.058	0.234
PVEM	36015	0.029	0.168	5452	0.041	0.199	3370	0.027	0.163
Independent	36015	0.003	0.050	5452	0.007	0.085	3370	0.007	0.082
Municipal Council	36015	0.001	0.024	5452	0	0.014	3370	0	0.000
Others	36015	0.016	0.125	5452	0.016	0.124	3370	0.009	0.092
Same party	36176	0.483	0.500	5452	0.459	0.498	3626	0.525	0.499

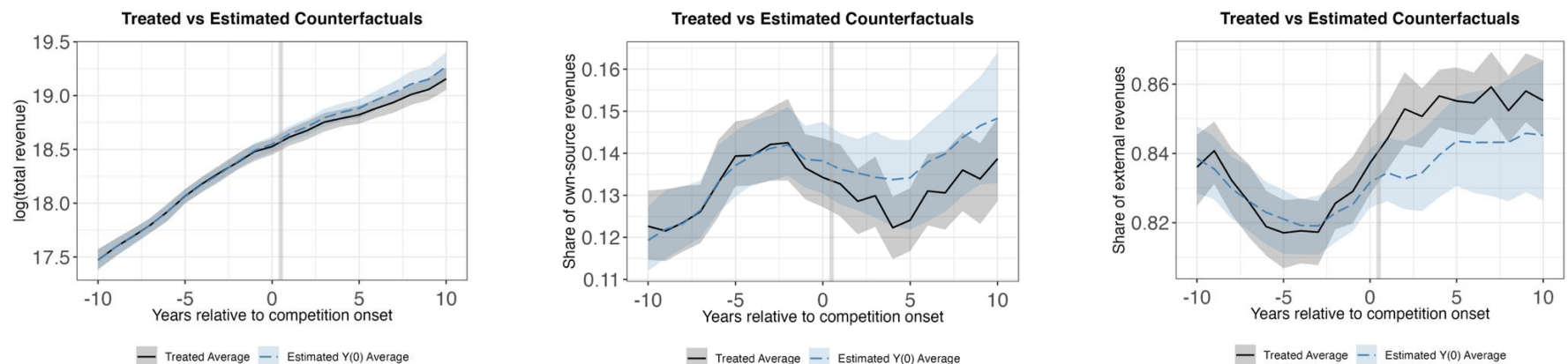
A2.3 Evolution of Municipal Revenues and Expenditures After OCG Entry

Figure A2.3. Evolution of counterfactual and realised municipal revenue outcomes before and after OCG entry (competition)

Effect of OCG Entry



Effect of OCG competition

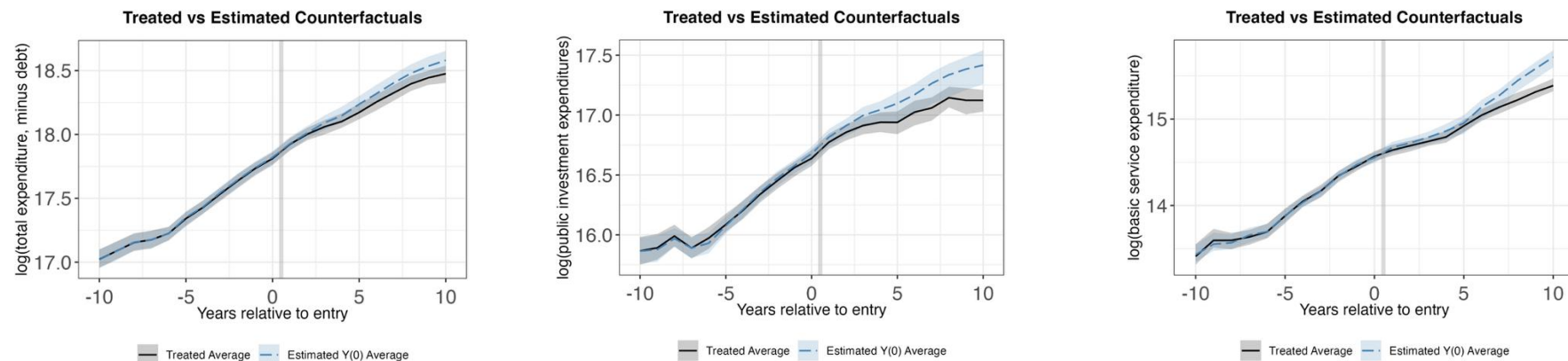


Note: Point estimates from generalised synthetic control methods with 95% confidence intervals are presented. Plots report the path of outcome variables for the treated group and its counterfactuals across time periods. Bootstrap standard errors clustered at the municipality level are used.

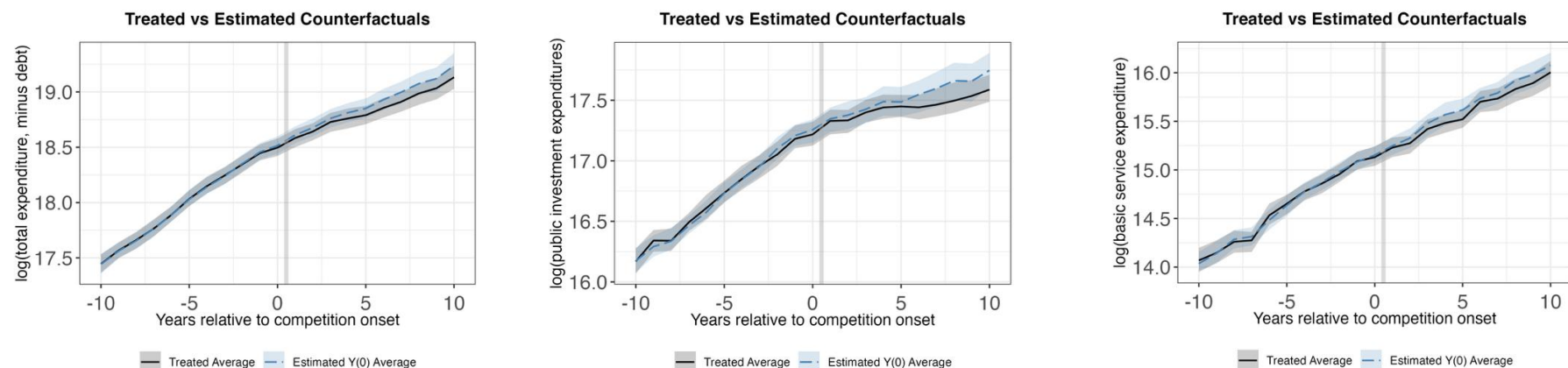
Source: Authors' own compilation, based on Coscia and Rios (2012) for 1990–2010, Osorio and Beltrán (2020) for 2000–2018, and ACLED (2021) for 2018–2021

Figure A2.4. Evolution of counterfactual and realised municipal spending outcomes before and after OCG entry (competition)

Effect of OCG entry

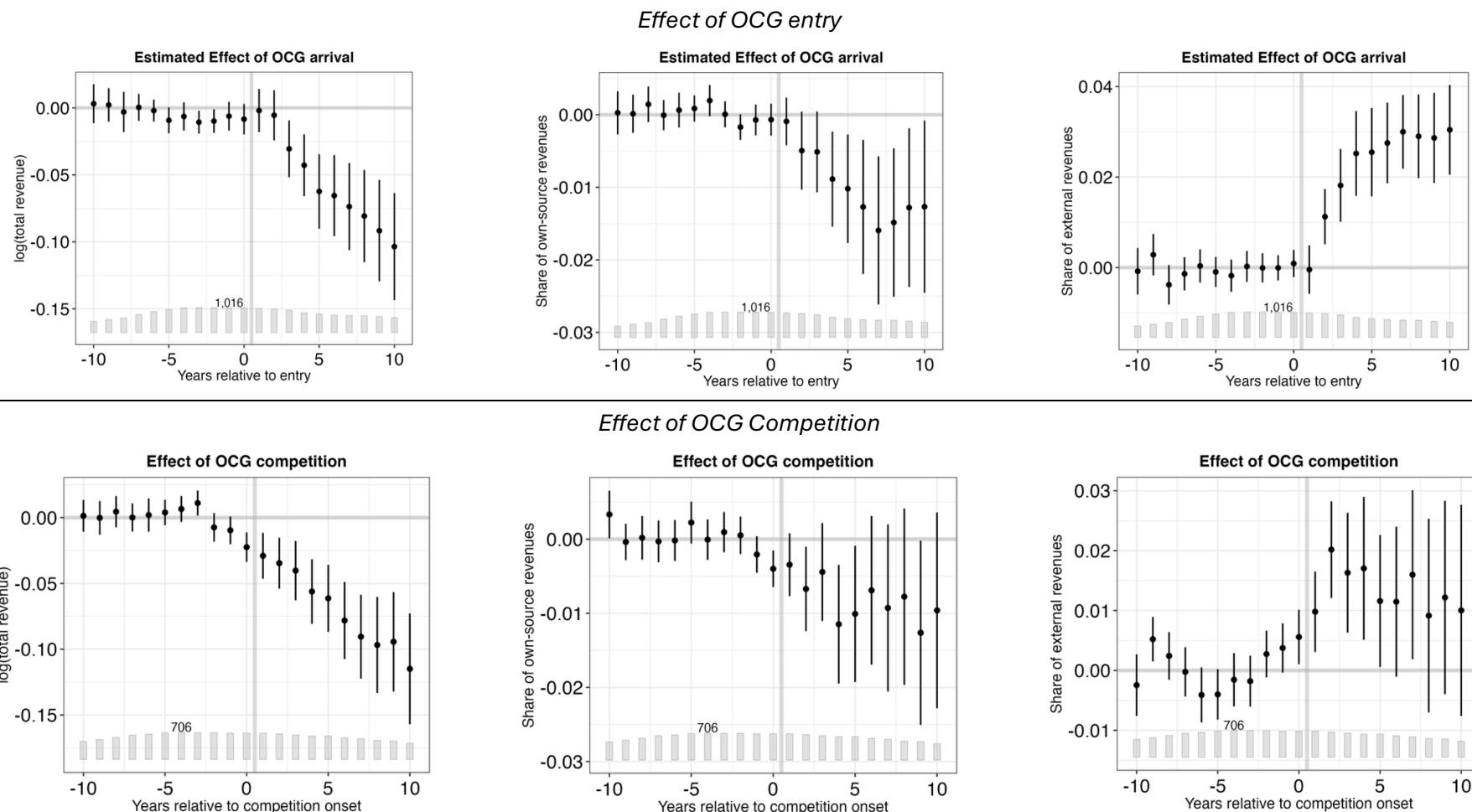


Effect of OCG Competition



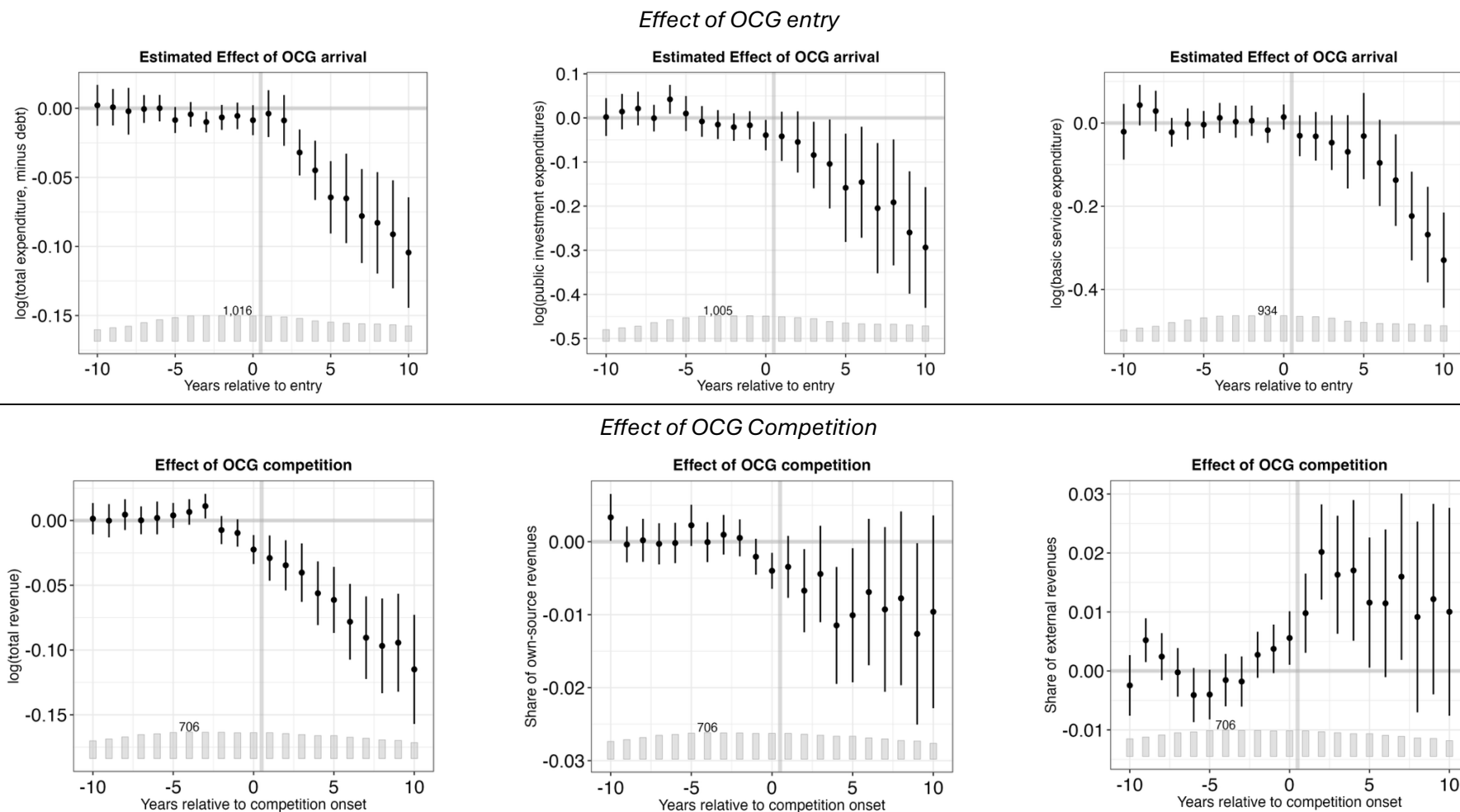
Note: Point estimates from generalised synthetic control methods with 95% confidence intervals are presented. Plots report the path of outcome variables for the treated group and its counterfactuals across time periods. Bootstrap standard errors clustered at the municipality level are used.

Figure A2.5. Relative difference in municipal revenues between treated and counterfactual municipalities over time



Note: Point estimates from generalised synthetic control methods with 95% confidence intervals are presented. The bars at the bottom of each graph refer to the number of treated municipalities and control group municipalities used in generating the counterfactuals for each relative time period. Bootstrap standard errors clustered at the municipality level are used.

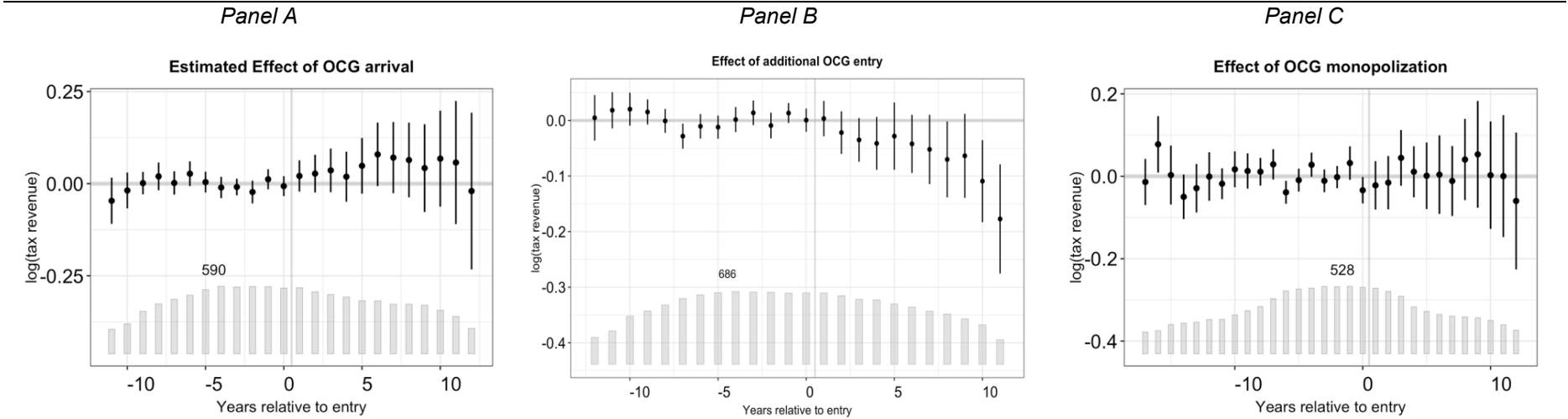
Figure A2.6. Relative difference in municipal expenditures between treated and counterfactual municipalities over time



Note: Point estimates from generalised synthetic control methods with 95% confidence intervals are presented. The bars at the bottom of each graph refer to the number of treated municipalities and control group municipalities used in generating the counterfactuals for each relative time period. Bootstrap standard errors clustered at the municipality level are used.

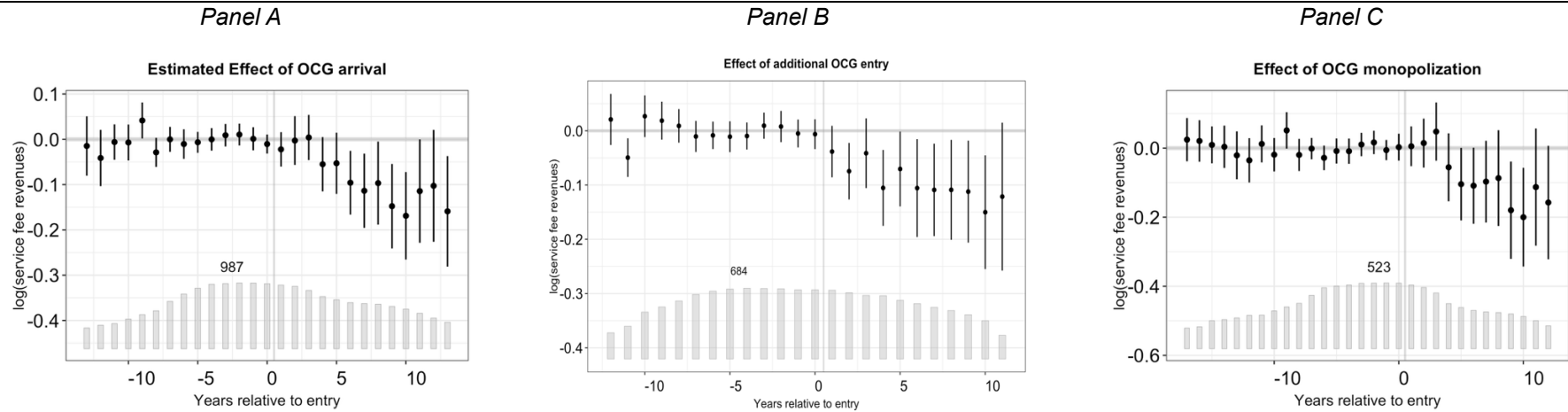
A2.4 Estimations Results for Specific Revenue and Expenditure Items

Figure A2.7. Effect of OCG Entry on Total Tax Revenues Over Time



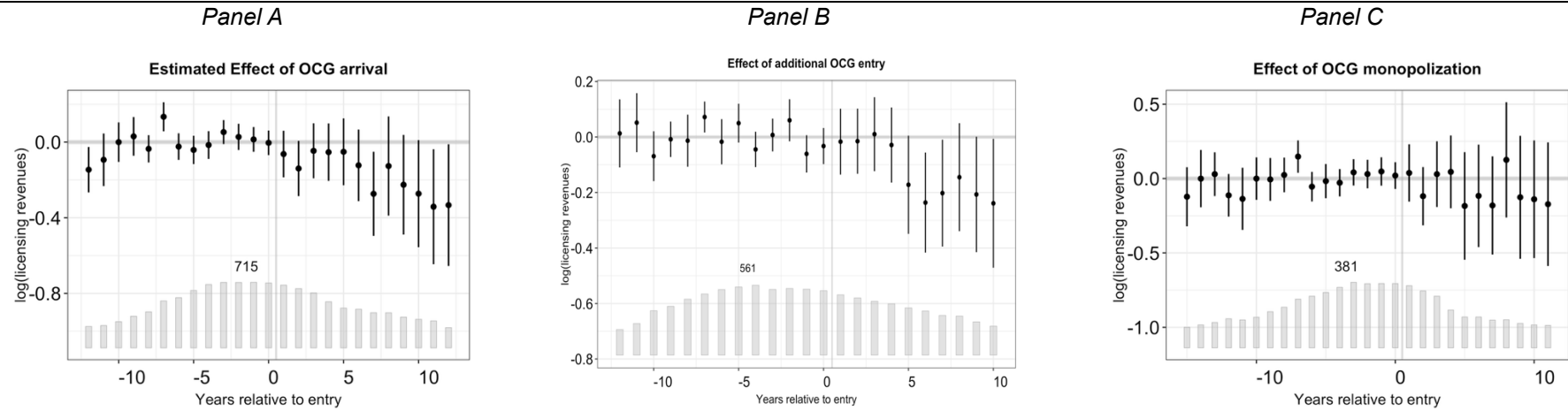
Note: Panel A compares municipalities with any presence of organized criminal groups (OCGs) to those without. Panel B limits the analysis to municipalities where OCGs are present, comparing those under monopolistic control (a single group) with those experiencing competition among multiple OCGs. Panel C further restricts the sample to municipalities either under monopolistic OCG control or with no OCG presence.

Figure A2.8. Effect of OCG Entry on Service Revenues Over Time



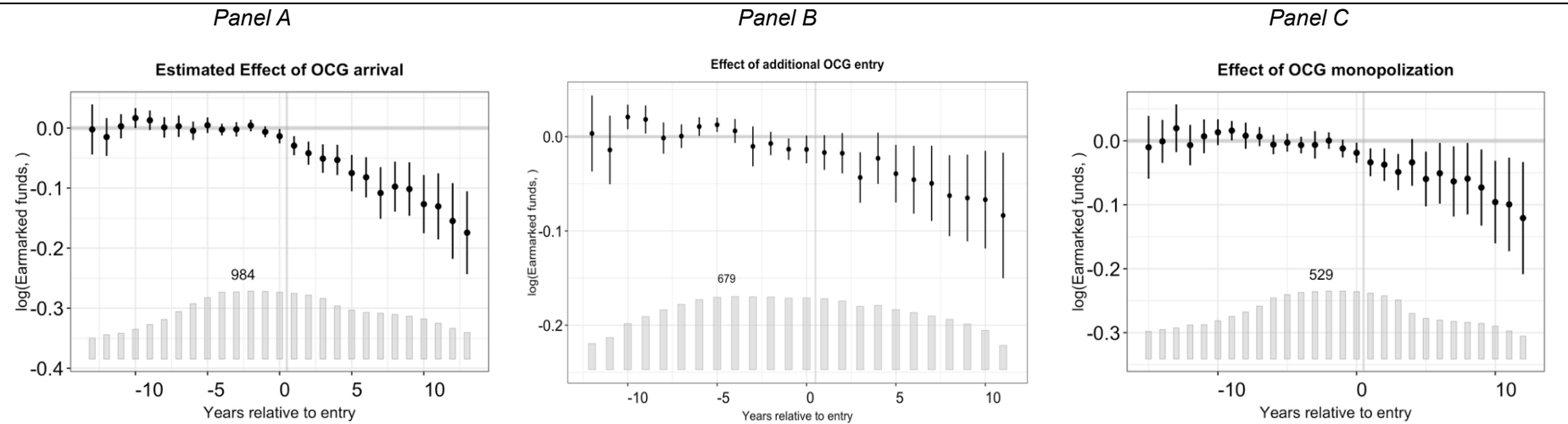
Note: Panel A compares municipalities with any presence of organized criminal groups (OCGs) to those without. Panel B limits the analysis to municipalities where OCGs are present, comparing those under monopolistic control (a single group) with those experiencing competition among multiple OCGs. Panel C further restricts the sample to municipalities either under monopolistic OCG control or with no OCG presence.

Figure A2.9. Effect of OCG Entry on License Revenues Over Time



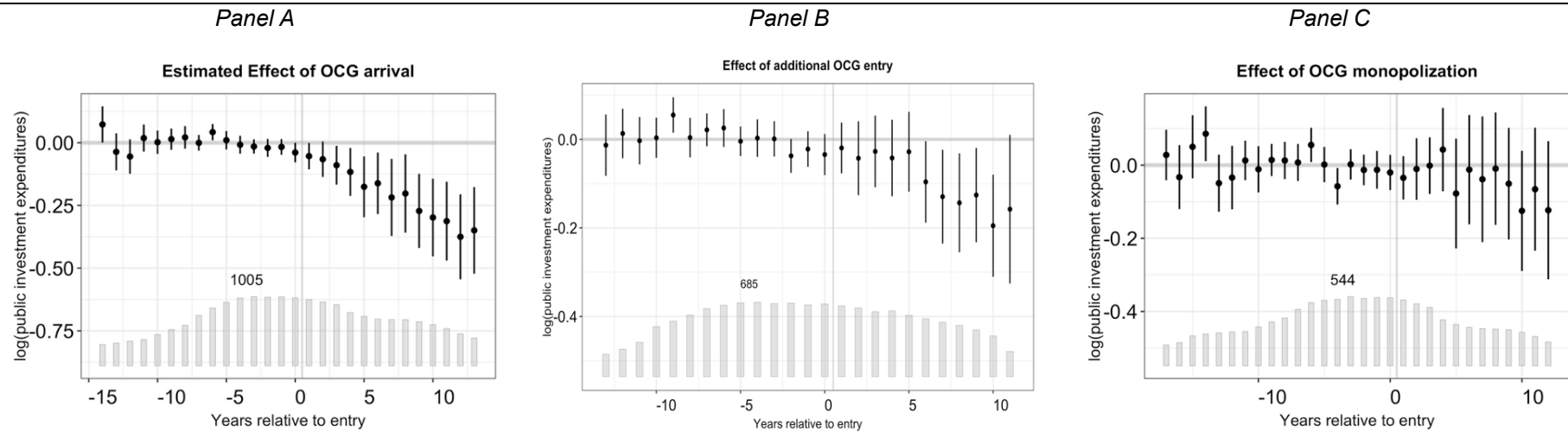
Note: Panel A compares municipalities with any presence of organized criminal groups (OCGs) to those without. Panel B limits the analysis to municipalities where OCGs are present, comparing those under monopolistic control (a single group) with those experiencing competition among multiple OCGs. Panel C further restricts the sample to municipalities either under monopolistic OCG control or with no OCG presence.

Figure A2.10. Effect of OCG Entry on Earmarked Transfers from Central/State Government Over Time



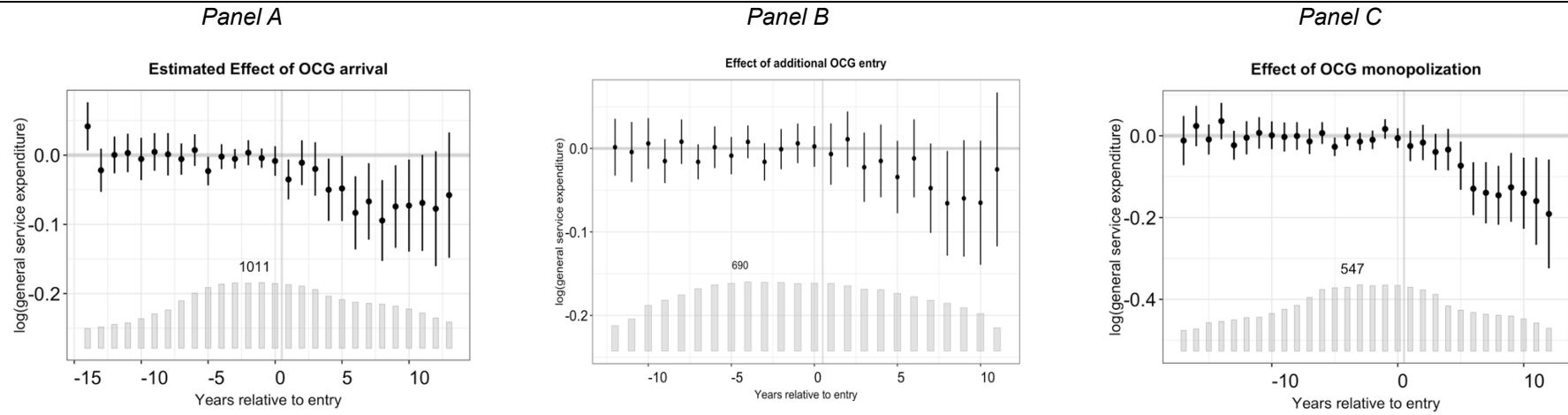
Note: Panel A compares municipalities with any presence of organized criminal groups (OCGs) to those without. Panel B limits the analysis to municipalities where OCGs are present, comparing those under monopolistic control (a single group) with those experiencing competition among multiple OCGs. Panel C further restricts the sample to municipalities either under monopolistic OCG control or with no OCG presence.

Figure A2.11. Effect of OCG Entry on Public Investment Expenditure Over Time



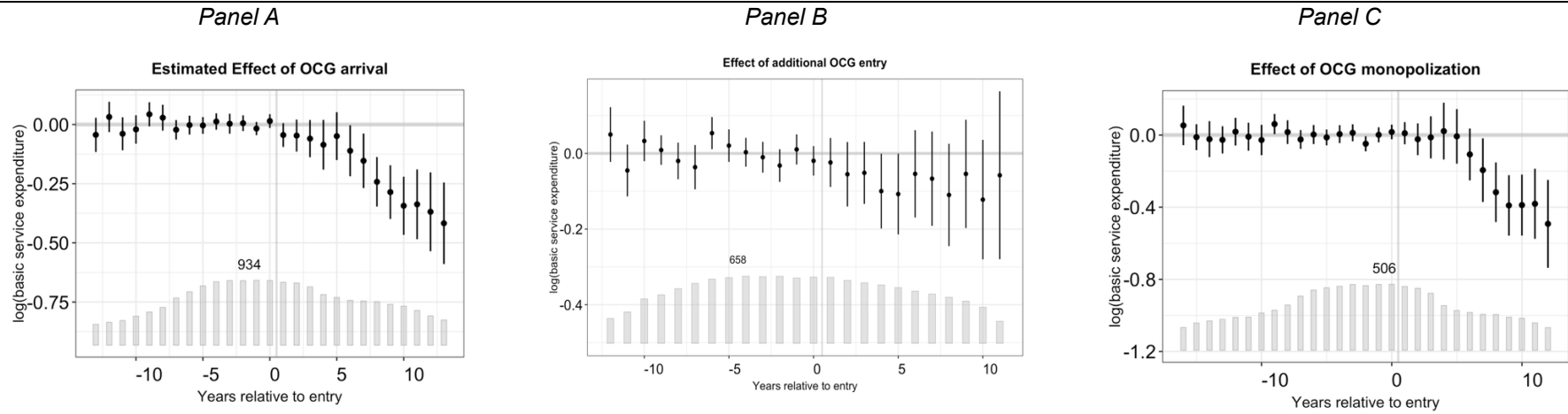
Note: Panel A compares municipalities with any presence of organized criminal groups (OCGs) to those without. Panel B limits the analysis to municipalities where OCGs are present, comparing those under monopolistic control (a single group) with those experiencing competition among multiple OCGs. Panel C further restricts the sample to municipalities either under monopolistic OCG control or with no OCG presence.

Figure A2.12. Effect of OCG Entry on General Services Expenditure Over Time



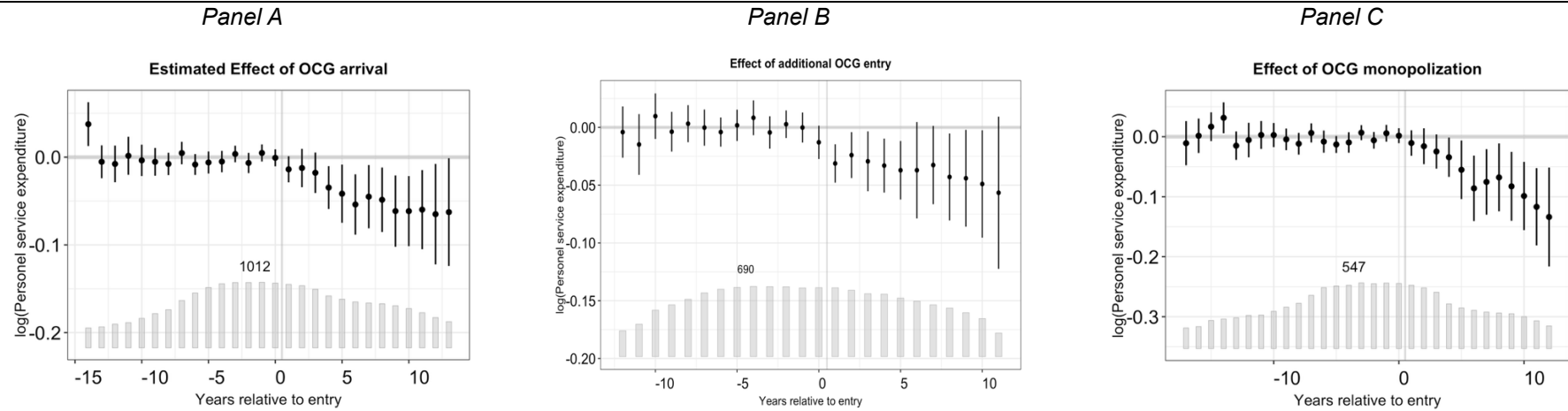
Note: Panel A compares municipalities with any presence of organized criminal groups (OCGs) to those without. Panel B limits the analysis to municipalities where OCGs are present, comparing those under monopolistic control (a single group) with those experiencing competition among multiple OCGs. Panel C further restricts the sample to municipalities either under monopolistic OCG control or with no OCG presence.

Figure A2.13. Effect of OCG Entry on Basic Services Expenditure Over Time



Note: Panel A compares municipalities with any presence of organized criminal groups (OCGs) to those without. Panel B limits the analysis to municipalities where OCGs are present, comparing those under monopolistic control (a single group) with those experiencing competition among multiple OCGs. Panel C further restricts the sample to municipalities either under monopolistic OCG control or with no OCG presence.

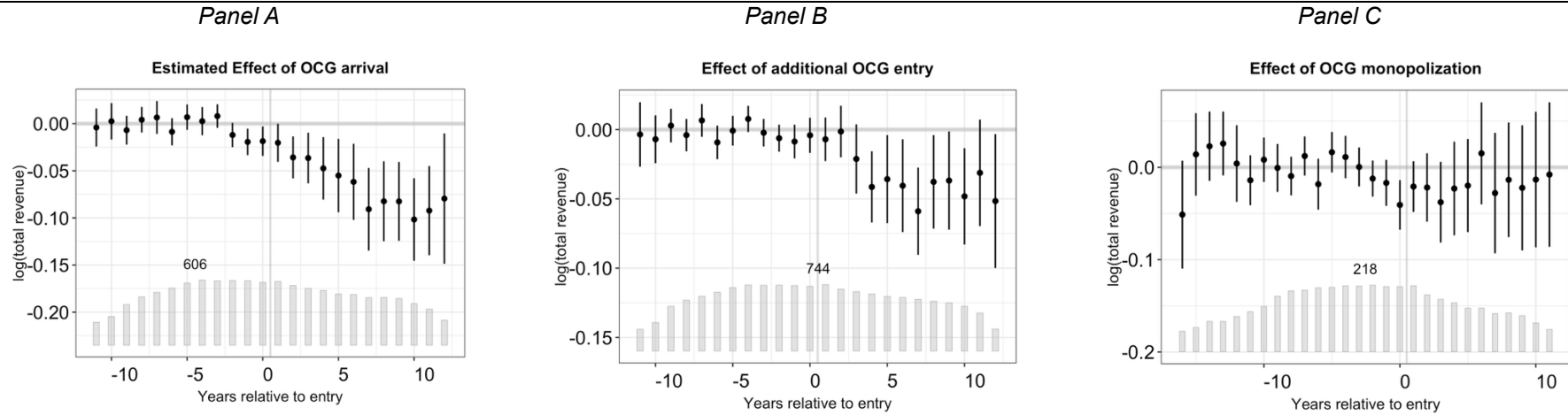
Figure A2.14. Effect of OCG Entry on Personnel Expenditure Over Time



Note: Panel A compares municipalities with any presence of organized criminal groups (OCGs) to those without. Panel B limits the analysis to municipalities where OCGs are present, comparing those under monopolistic control (a single group) with those experiencing competition among multiple OCGs. Panel C further restricts the sample to municipalities either under monopolistic OCG control or with no OCG presence.

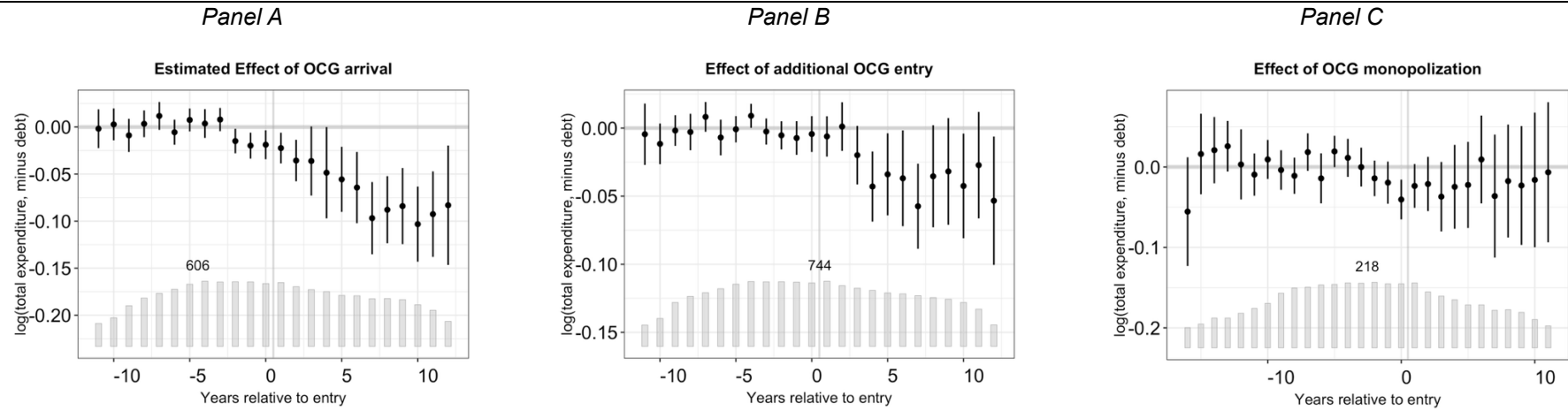
A2.5 Robustness Checks – Alternative Data

Figure A2.15 Effect of OCG Entry on Total Revenue Over Time



Source: Sobrino (2021). Note: Panel A compares municipalities with any presence of organized criminal groups (OCGs) to those without. Panel B limits the analysis to municipalities where OCGs are present, comparing those under monopolistic control (a single group) with those experiencing competition among multiple OCGs. Panel C further restricts the sample to municipalities either under monopolistic OCG control or with no OCG presence.

Figure A2.16. Effect of OCG Entry on Total Expenditure Minus Debts Over Time

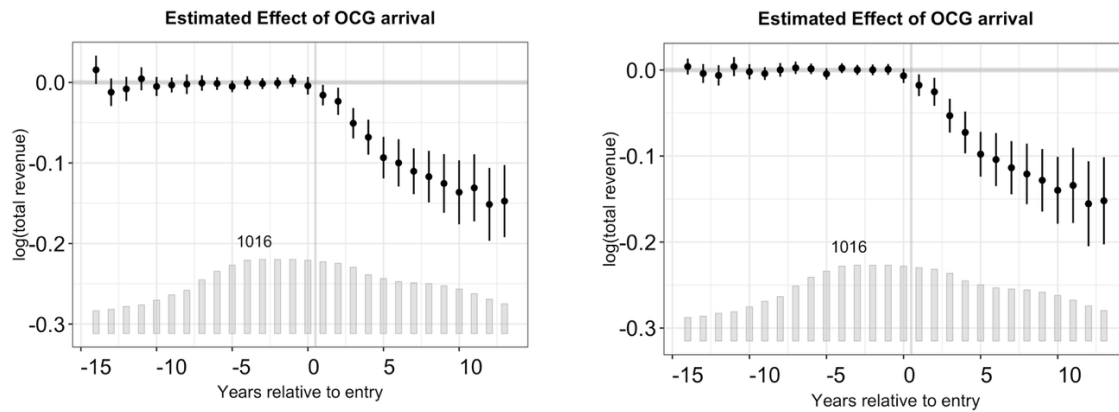


Source: Sobrino (2021). Note: Panel A compares municipalities with any presence of organized criminal groups (OCGs) to those without. Panel B limits the analysis to municipalities where OCGs are present, comparing those under monopolistic control (a single group) with those experiencing competition among multiple OCGs. Panel C further restricts the sample to municipalities either under monopolistic OCG control or with no OCG presence.

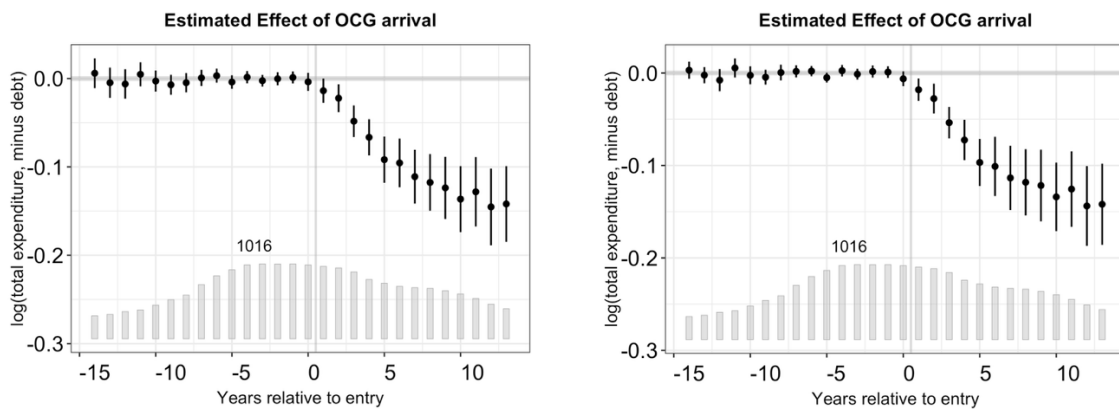
A2.6 Robustness Checks – Number of Factor Loadings

Figure A2.17. Effect of OCG Entry (4 and 6 factor loadings)

Panel A. Total Revenues



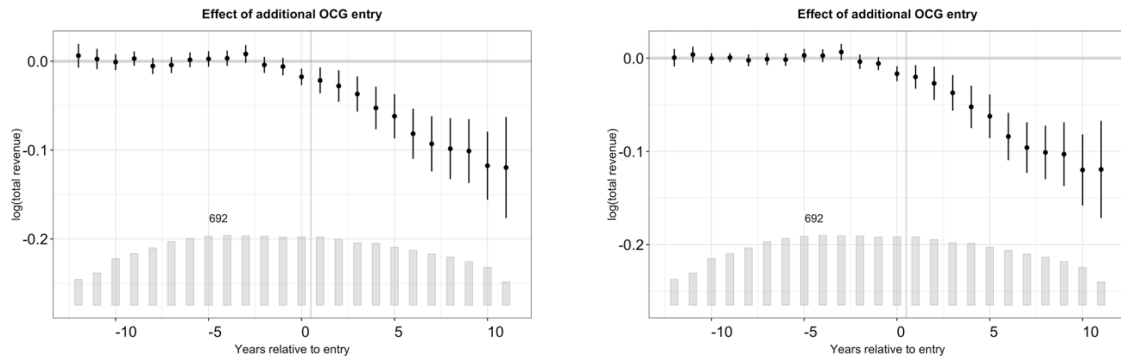
Panel B. Total Expenditures (4 and 6 factor loadings)



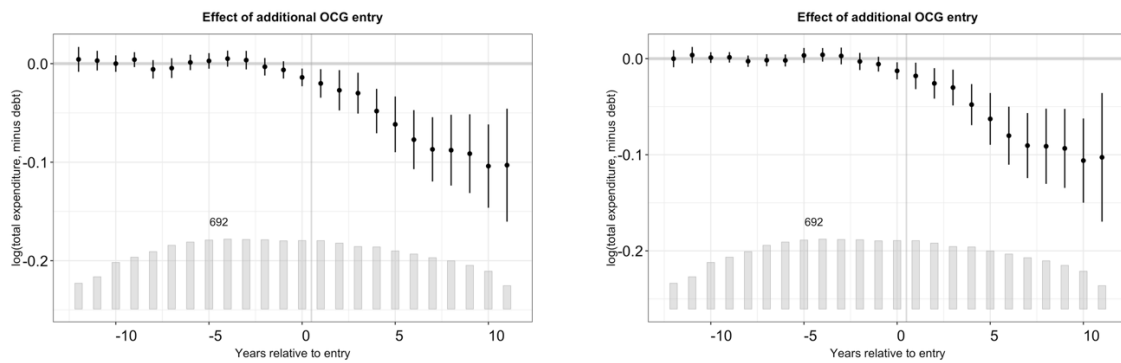
Note: The left hand graphs on each panel show results with 4 factor loadings. The right hand graphs report results with 6 factor loadings.

Figure A2.18. Effect of OCG Competition (4 and 6 factor loadings)

Panel A. Total Revenues (4 and 6 factor loadings)



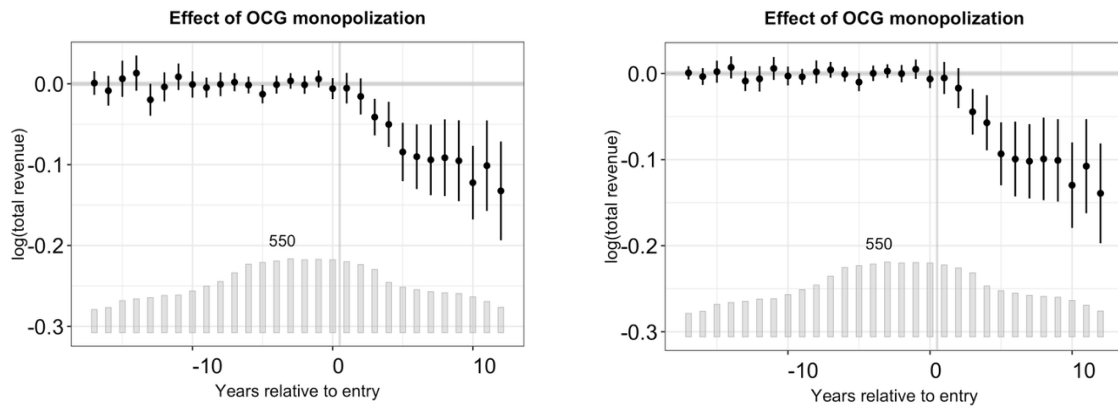
Panel B. Total Expenditures (4 and 6 factor loadings)



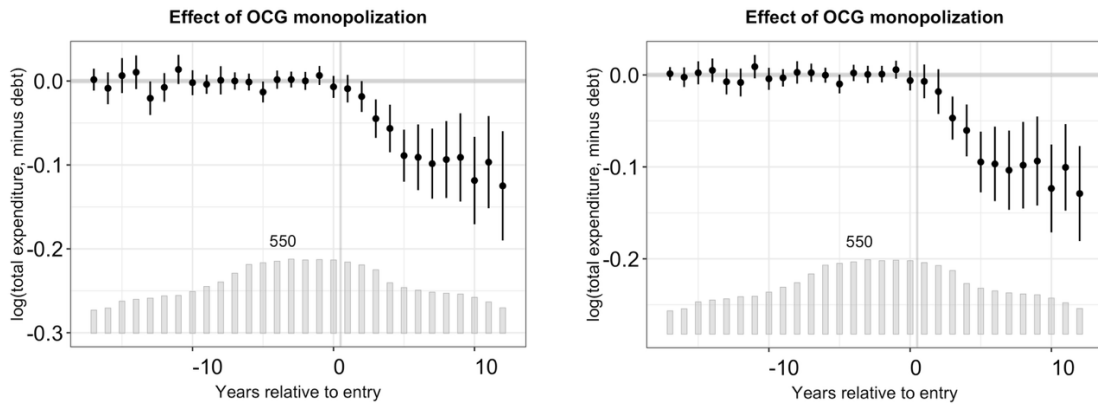
Note: The left hand graphs on each panel show results with 4 factor loadings. The right hand graphs report results with 6 factor loadings.

Figure A2.19. Effect of OCG Competition (4 and 6 factor loadings)

Panel A. Total Revenues (4 and 6 factor loadings)



Panel B. Total Expenditures (4 and 6 factor loadings)



Note: The left hand graphs on each panel show results with 4 factor loadings. The right hand graphs report results with 6 factor loadings.