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THE POLITICAL ECONOMY OF REMITTANCES:

EMIGRATION, SOCIAL INSURANCE PROVISION, AND POLITICAL BEHAVIOR IN MEXICO

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THE POLITICAL ECONOMY OF REMITTANCES: EMIGRATION, SOCIAL INSURANCE PROVISION, AND POLITICAL BEHAVIOR IN MEXICO

by

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Dissertation

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THE POLITICAL ECONOMY OF REMITTANCES:

EMIGRATION, SOCIAL INSURANCE PROVISION, AND POLITICAL BEHAVIOR IN MEXICO

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The University of Texas at Austin, 2010

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Why do international migrants send money home? What are the implications of these monetary flows for developing countries? Long debated by economists and sociologists, these questions have received very little attention in the political science literature. This dissertation argues, however, that remittances—money sent home or "remitted" by international migrants—have significant implications for the study of politics.

My main contention is that international migrants assume a more significant welfare burden when their home government's commitment to social insurance provision is in decline. Remittances, in other words, flow to compensate non-emigrating citizens for state retrenchment and the absence of a robust welfare state. I argue that this "transnational safety net" makes remittance recipients (RRs) less vulnerable to economic instability than neighbors who do not receive this money. All else equal, RRs should be more contented with their economic circumstances and have fewer economic grievances with which to politicize. The income-stabilizing and insurance effect of remittances, then, should reduce public pressure on the state, leaving RRs less motivated to mobilize against and punish incumbents for a poor economy when public safety nets are weak.

Evidence comes from an original survey of 768 Mexican households, field interviews, and time-series data published by the Bank of Mexico. Statistical tests reveal that Mexicans abroad remit more to families that do not receive social benefits and send roughly $2.5 million more home for every $10 million reduction in spending on social programs by the Mexican government. Analyses furthermore reveal that despite being very poor on average, RRs tend to enjoy higher levels of income stability, are less likely to identify an economic matter as "the most important problem facing Mexico," and make more positive and optimistic assessments of the national economy and their own financial circumstances. In the 2006 Mexican presidential election, I find that RRs were up to 15 percent more likely to stay home on election day at the expense of the primary opposition party and significantly less likely to punish the incumbent party with a vote for either of the major opposition parties if they did vote.

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Tables & Figures

Acronyms and Abbreviations

ANAGSA	*Aseguradora Nacional, Agrícola y Ganadera* National Agriculture and Livestock Insurance Agency
CONASUPO	*Compañía Nacional de Subsistencias Populares* National Company of Popular Subsistence
DIF	*El Sistema Nacional para el Desarrollo Integral de la Familia* National System of Family Development
EPS	Emigration and Politics Study
FERTIMEX	*Fertilizantes Mexicanos* Mexican Fertilizers (state-owned company)
IMSS	*Instituto Mexicano del Seguro Social* Mexican Social Security Institute
INMECAFÉ	*Instituto Mexicano de Café* Mexican Coffee Institute
ISSSTE	*Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado* Institute for Social Security and Services for State Workers
MMP	Mexican Migration Project
NAFTA	North American Free Trade Agreement
PAN	*Partido de Acción Nacional* National Action Party
PEMEX	*Petróleos Mexicanos* Mexican Petroleum Company
PRD	*Partido de la Revolución Democrática* Party of the Democratic Revolution
PRI	*Partido Revolucionario Institutional* Institutional Revolutionary Party
PROCAMPO	*Programa de Apoyos Directos al Campo* Program of Direct Support to Farmers
PROGRESA	*Programa de Educación, Salud y Alimentación* Education, Health, and Nutrition Program
PRONASE	*Productora Nacional de Semillas* National Seed Producer
PRONASOL	*Programa Solidaridad Nacional* National Solidarity Program
PROMUSAG	*Progama de la Mujer en el Sector Agrario* Program for Women in the Agricultural Sector
RI	Remittances Index
RR	Remittance Recipient (i.e., someone who receives remittances)
non-RR	Someone who does not receive remittances
SAGARPA	*Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación* Ministry of Agriculture, Livestock, Rural Development, Fishing, and Nutrition
SRA	*Secretaría de la Reforma Agraria* Ministry of Agricultural Reform
SEDESOL	*Secretaría de Desarrollo Social* Ministry of Social Development

Chapter 1: Introduction

By 1982, it had become clear to Mexican policymakers that decades of undisciplined spending on subsidies, social welfare benefits, and state-owned enterprises was no longer sustainable. Such spending not only resulted in massive debts that could not be repaid, but also contributed to the inefficiency, stagnation, and inflation that would plague the Mexican economy throughout the 1980s and 1990s. In an attempt to cure these economic ills, the Mexican government—like the governments of many poor countries at the time—adopted structural adjustment reforms. These reforms stressed the advantages of a leaner state, one that practiced fiscal discipline and left market outcomes to be determined more by the invisible hand than by policymakers.[1] Economic reform, in other words, demanded that the Mexican state curtail or eliminate the indirect subsidies, price supports, and other forms of market-distorting assistance that had long insulated producers and industries from competition.

Even when unavoidable, this kind of fiscal retrenchment can cause great hardship for many households, prompting adversely affected citizens to mobilize against and punish

[1] Such reforms are commonly referred to as "market-oriented reforms," "structural adjustment reforms," or "neoliberal reforms." I use these terms interchangeably throughout the dissertation. In addition to the curtailment of state spending, market-oriented reforms also called for the privatization of state-owned enterprises, the reduction of tariffs, and the deregulation of financial markets.

politicians who advocate the withdrawal of government benefits (Pierson 1994). Many analysts predicted that state retrenchment would trigger a "populist cycle" in countries like Mexico, as the losers of reforms would shift their support to candidates who promised a return to the days of exorbitant spending and protectionism—approaches that contributed to inefficiency, inflation, and economic crisis in the first place (see, e.g., Stokes 2001: 8-10; Sachs 1989). Despite viable leftist (some would say populist) challengers, however, the Mexican electorate has consistently elected rightwing and center-right presidents since the painful deepening of market-oriented reforms under Carlos Salinas de Gortari in the late 1980s and early 1990s (Stokes 2009; Castañeda 2006). How have pro-market politicians been able to survive in Mexico, particularly when so many other Latin American electorates have shifted support to the left?

The Argument

In this dissertation, I argue that remittances—money sent home or "remitted" by international migrants—have been an important and overlooked factor in preventing populist backlash against market-oriented reforms and state retrenchment in Mexico. First, I argue that international migrants have stepped in to systematically fill a social insurance vacuum in the wake of the Mexican state's retrenchment. Particularly in the Mexican countryside, where up to half the population has emigrated to the United States from some towns, remittances have come to substitute for funds that were once distributed by the state in the form of indirect subsidies and other forms of market distorting assistance. In brief, Mexicans abroad have sent increasingly massive amounts of money home in response to the Mexican state's withdrawal from the economy. Replacing the social insurance once provided by the state, remittances serve to reduce citizens' sensitivity to economic adversity. All else equal, then, Mexicans who receive remittances regularly will be more optimistic about their economic situation (despite still being very poor) and have fewer economic grievances than neighbors who do not receive this money. I therefore contend that remittance recipients are less likely to mobilize against and punish incumbents for a poor economy despite the weakness of public safety nets. In sum, remittances have become a more significant safety net in an era when the Mexican government's own commitment to social insurance provision has declined, insulating millions of households from economic crisis and thus relieving politicians from pressure or punishment they might otherwise experience when market losers go uncompensated by the state.

The significance of these monetary flows as a form of social insurance and determinant of political outcomes should not be underestimated, as remittance recipients make up an increasingly substantial share of the electorate in new democracies where candidates with opposing visions vie for power in competitive elections. About one in ten voters, for instance, received remittances at the time of Mexico's 2006 presidential election (Lawson et al. 2006). This election presented Mexican voters with a clear choice between Felipe Calderón, an ardent supporter of the market model, and Andrés Manuel López Obrador, a leftist who was vocal in his criticism of neoliberal policies and called for increased social spending and reestablishing trade protections for vulnerable groups like corn and bean farmers (Bruhn and Greene 2007). López Obrador's populist message resonated with much of the Mexican population, and he led the polls throughout most of the campaign season. On election day, however, Calderón and the incumbent National Action Party (PAN) eked out a victory, winning by just 0.56 percent of the vote. The political significance of remittances is unquestionable, then, if remittance-receiving voters saw less need to punish the PAN or saw less need for the changes proposed by the PRD, and as a result, stayed at home on election day or cast a vote for Calderón at López Obrador's expense. If my theory is correct, in other words, remittances were critical to Calderón's victory and the continued survival of Mexico's market-oriented model at a time of great backlash against neoliberalism throughout Latin America.

In sum, the *political economy theory of remittances* advanced in this dissertation provides a new perspective about how citizens and their politicians adjust when any number of exogenous pressures, domestic constraints, and ideological predispositions limit the public provision of social insurance. I show that remittances not only insulate recipient households from economic crisis, but also that this "transnational safety net" relieves politicians from public pressure they may otherwise face when they are unable or unwilling to use public funds to compensate citizens for economic crisis. The broader implication, then, is that remittances foster the kind of economic and political stability in the developing world that proponents of the compensation hypothesis argue to have followed from welfare state expansion in Western Europe and North America after World War II. In the next section, I unpack this and other implications of my theory.

Scholarly Contributions

To my knowledge, this dissertation advances and tests the first theory about the political determinants *and* political effects of migrants' remittances, making original contributions to a variety of social science literatures. First, this dissertation contributes new perspectives to a number of debates in political science, including literatures on the politics of market reform in developing countries, the effects of social insurance on voting behavior and electoral outcomes, and the political implications of emigration and remittances in developing countries. In addition, my research speaks to debates among political economists and political sociologists about how non-state actors assume social insurance burdens traditionally reserved for the state. Finally, my unique focus on the *political economy* of remittances brings a new perspective to debates among sociologists, anthropologists, and economists about the implications of these cash injections for economic development.

Remittances and the Survival of Market Policies in Developing Countries

The central contribution of this dissertation is to debates about globalization and market reform in the comparative politics and international political economy literatures of political science. It is by now a familiar story that the public provision of social insurance has not only been inadequate in developing countries that have undergone market transitions over the past two decades, but also in decline (Rudra 2002; Kaufman and Segura-Ubiergo 2001; Glatzer and Rueschemeyer 2005). Although some degree of fiscal austerity may have been unavoidable in the wake of many developing countries' debt and inflationary crises, proponents of the compensation hypothesis (and a related argument called the embedded liberalism thesis) argue that welfare state expansion is an important strategy for reducing public opposition to market policies that, although good for aggregate growth, cause great pain for certain vulnerable groups. A number of prominent studies, in fact, have shown that using subsidies to compensate those who experience income losses as the result of new market competition or volatility can help to reduce some constituents' hostility to open-economy policies (Ruggie 1983; Rodrik 1997; Garrett 1998; Hays et al. 2005; Katzenstein 1985).

Many scholars have therefore asked how the governments of increasingly open developing economies have been able to cut spending on subsidies and social welfare benefits over the past two decades without succumbing to popular protest, resistance, or punishment at the ballot box (Haggard and Kaufman 1995; Weyland 2002; Stokes 2001; Przeworski 1991b; Haggard and Kaufman 1992). One explanation is, quite simply, that reforms worked. To some extent this explanation is accurate. Fiscal discipline and structural adjustment pulled many debt and inflation-ridden economies out from their crises and stimulated new growth. The fruits of market reform, however, were not distributed equally. Particularly in poor rural areas lacking in capital and opportunities for formal education, state retrenchment often fails to trigger the entrepreneurship and market development predicted in theory (Stiglitz 2002). Under such circumstances, workers in industries and sectors that depended on government assistance must somehow adjust to the challenges and dislocations that often accompany greater exposure to market forces. Some scholars argue that this adjustment came via new forms of government compensation (Kurtz and Brooks 2008; Snyder 2001; Roberts and Arce 1998) and citizens' willingness to accept the pain of market reforms that were justified in the context of deep economic crises (Weyland 1998b; Stokes 2001; Przeworski 1991a).

The question that remains, however, is how do pro-market politicians and parties survive when state retrenchment and market competition have made many constituents worse off in the long term, government compensation is meager, the memory of economic crisis has faded, and viable and charismatic populists run to challenge the market system? As a substitute for benefits lost in the process of state retrenchment, this dissertation argues that remittances have been a critical and overlooked aspect to the adjustment process in countries like Mexico. This explanation views the relative absence of public backlash as the result of a new material resource that provides relief to poor households, thus reducing economic grievances and curbing the type of pressure politicians may otherwise be forced to manage when those who are displaced by market competition do not have access to social safety nets—public or private. Although they are a form of social insurance that flows from a non-state actor, my theory and findings imply that remittances have comparable effects on political behavior and implications for political stability that proponents of the compensation hypothesis and embedded liberalism thesis have credited to government spending on subsidies and social welfare benefits.

State and Non-State Actors in the Provision of Social Insurance

This dissertation also makes valuable contributions to related debates about how citizens secure social insurance as the pressures of globalization and balanced budgets limit states' own social welfare contributions. Rodrik (1997: 67), for instance, asks whether the provision of social insurance will "devolve" to institutions like the family, religious organizations, and charities as efficiency concerns and ideological predispositions cause governments to reduce the size of their welfare states. Similarly, Nelson (1992) notes that the poor find creative ways to adjust to the loss of government benefits and state retrenchment, but provides no evidence that there is actually anything systematic about such strategies. Esping-Andersen (1999) writes of the risk of overlooking nonstate institutions in our analyses of social welfare production and calls on political economists to "be more sociological," conceptualizing social welfare production as an interdependent system involving markets, states, and *the family* (or more broadly, social networks).

This dissertation picks up where scholars like Rodrik, Nelson, and Esping-Andersen have left off, demonstrating that remittances flow to fill a social insurance vacuum when any combination of pressures and constraints limit the amount developing states spend to compensate non-emigrating citizens for destabilizing economic change. In doing so, I show that structural adjustment reforms not only caused a shift in the welfare burden from the state to the market as intended, but also a shift from the state to the family unit. This shift is interesting for at least two reasons. First, it signals the reversal of a modernizing trend in which state institutions have assumed welfare burdens that were traditionally reserved for the family. Second, this "neo-familialism," as one could call it, is unlike more traditional forms of familialism in the sense that rapid advances in communication and electronic funds transfer technologies over the past two decades have given it a distinctly transnational quality.

Political Science and the Study of Emigration

Perhaps the most commonly cited *political* benefit of emigration is that it diverts unemployed citizens to labor opportunities abroad, relieving governments of public pressure when citizens who are aggrieved with the domestic labor market situation vote with their feet instead of at the ballot box (Hirschman 1978; Asch 1994). Along with reducing labor market pressures, however, government officials in many developing countries cite remittances as the primary benefit of mass emigration (Rosenblum 2004), and using policy and institutions to augment the inflow of remittances has become a leading priority for many developing states in recent years (World Bank 2006). In speeches, for instance, politicians hail migrants as heroes for their contributions and pledge to pressure banks and companies like Western Union to lower the cost of sending money home (Martínez-Saldaña 2003).[2] One high level government official I interviewed in Mexico was explicit in acknowledging that "remittances make our job easier," to some degree relieving political pressure that might otherwise exist in the absence of this money (Author Interviews, April 2008).

If remittances relieve pressure on the state, however, scholars still do not understand precisely how and through what mechanisms. By conceptualizing remittances as a form of social insurance that flow to compensate citizens for the absence of a robust welfare state, this dissertation provides one of the first systematic explanations about the distinctly political benefits of this money. Although I do not claim that my theory provides an exhaustive explanation of the political benefits of remittances, I believe my findings offer important insights to an under-researched area of study.

In general, political scientists have advanced very few systematic studies of the interrelationships between emigration and politics (Massey 1999; Hollifield 2008, 2000; Gilpin 2001; Hirschman 1970, 1978), and it is only recently that this topic has begun to receive serious consideration in the political science literature (e.g., Kapur 2010; Pérez-Armendáriz and Crow 2010; Goodman and Hiskey 2008). As such a new area of study, scholars lack many of the basic conceptual and empirical tools needed to provide comprehensive analyses. In addition to contributing new theoretical perspectives and

[2] See, e.g., "Illegal Immigrants Wiring Money Have an Amigo: the Fed" (Los Angeles Times, 27 Feb 2007), "U.S. Banks Woo Migrants, Legal or Otherwise" (Wall Street Journal, 11 Oct 2006), and "Mexico Seeks Lower Fees On Funds Sent From U.S." (New York Times, 3 March 2001)

substantive findings to the emerging study of emigration in political science, this dissertation provides some of those conceptual and empirical tools.

In Chapter 5, for instance, I advance the first theoretical discussion about how scholars should conceptualize and measure what it means to be a "remittance recipient" (RR) for purposes of analyzing this money's effects on political behavior. I argue that it is insufficient to distinguish RRs simply on the basis of a dichotomous variable or a continuous or categorical variable that measures households' annual remittance income, as previous studies have done. Rather, I argue for a more nuanced conceptualization called the *Remittances Index* (*RI*). As detailed later, the *RI* measures the significance of remittances as a source of social insurance to households by focusing on three factors: (a) how remittance income compares to normal household income; (b) the number of years a household has consistently received remittances, and (c) the reliability with which family members abroad send money home when the household is faced with economic crisis.

As I discuss at length in Chapter 4, poor data has long been an impediment to studying the political implications of emigration and remittances in the developing world. With this challenge in mind, I conducted the Emigration and Politics Study (EPS), which to my knowledge is the first and only household survey to have simultaneously collected quantitative data on emigration histories, remittance income, income from government benefits, and political attitudes and behaviors. Although it was designed primarily for the purpose of testing this dissertation's hypotheses, the EPS collected data on over 200 variables for 768 households and 4200 individuals, making it a valuable resource for future inquires into relationships between emigration and other political, economic, and social phenomena.

Relationships between Remittances and Economic Development

Since the late 1980s, remittances have surged to become a leading source of foreign exchange for scores of developing countries. This money is sent directly to needy families, bypassing corrupt and inefficient bureaucracies to alleviate poverty more effectively than foreign aid. Unlike loans, remittances do not burden recipients with interest, conditions, or repayment schedules. In contrast to foreign investors, most migrants remit not to reap a profit, but to provide relief to poor households during times of economic hardship (Lucas and Stark 1985; Chami et al. 2005; Johnson and Whitelaw 1974). These qualities have led many in the development community to hail remittances as just the type of resource poor countries need to lift themselves from centuries of poverty and underdevelopment (McHale and Kapur 2003; Kapur 2005; Ratha 2003).

But while there can be little doubt that these injections of cash are a blessing for poor families, questions remain about the extent to which remittances actually make positive development contributions (Nyberg-Sørensen et al. 2002; Papademetriou and Martin 1991). Pessimists point out that although sometimes dedicated to income-generating investments, the vast majority of remittances are spent on basic household consumption. Optimists argue that even when spent this way, remittances have multiplier effects that stimulate local economies and create new jobs, thus reducing poverty and contributing to development indirectly (Stahl 1989; Durand et al. 1996b; Adams and Page 2005; Adelman et al. 1988). Still others argue that remittances may actually impede long run growth by incentivizing inactivity and discouraging the poor from developing innovative and sustainable solutions to the economic problems that plague their communities (Chami et al. 2005; Asch 1994).

These conflicting accounts have led some leading migration scholars to call the remittances-development nexus an "unsettled relationship" (Papademetriou and Martin 1991).

Whether or not they stimulate more economic activity than they discourage, remittances alone cannot cure all problems related to poverty and underdevelopment. As Massey and colleagues point out, these monetary flows "are not a substitute for sound macroeconomic policies and well-designed development strategies" (1998: 252). As I will discuss in further detail in Chapter 2, however, economic policies designed to promote greater economic efficiency and aggregate economic growth also tend to expose workers and producers to new competition that they may not be able to withstand. When dislocations follow from the shock of new competition and exposure to the vagaries of the invisible hand, politicians may come under pressure from market losers who demand more expansionary and protectionist approaches—policies that may be damaging to growth in the long run when implemented recklessly or for short-term political gain (Polanyi 1944; Sachs 1989; Rogowski 1989).

In this dissertation, I argue that in the absence of a robust welfare state, remittances play an important social insurance role that helps to reduce opposition to incumbents during periods of state retrenchment. By implication, then, remittances may not only be critical to development because they directly stimulate economies, but also because they promote the kind of political stability needed to establish markets when any combination of outside pressures, domestic constraints, and ideological predispositions prevent the development of a robust welfare state. Remittances, in other words, may help politicians implement policies that are both disruptive for certain groups and good for aggregate growth, thus reducing citizens' attraction to politicians who seek to rally the poor with short-term economic fixes rather than sustainable economic solutions. In this way, the developmental role of remittances could be compared to the role that proponents of the compensation hypothesis claim to have been played by spending on subsidies and social welfare programs in postwar Western democracies.

Methodological Approaches and Case Selection

Primary evidence for my theoretical propositions comes from analyses of data collected by the Emigration and Politics Study (EPS), an original sample survey of 768 rural Mexican households I directed in January 2008. EPS data was collected specifically for the purpose of testing this dissertation's hypotheses and is the first survey to bring together the disparate worlds of political science and research on emigration and remittances. I complement individual-level analyses with analyses of macro-level data on remittances and government spending published by the Bank of Mexico when possible. Finally, I draw upon evidence from in-depth interviews that I conducted in Mexico with farmers, return migrants, and state and local officials to establish lines of causality and more vividly illustrate trends in the data. A more extensive discussion about how this data was collected follows in Chapter 4.

As I explain in Chapter 4, the absence of appropriate comparative data for many of my key variables (and the unreliability of much of the comparative data that does exist) left me with compelling reasons to conduct an original survey and thus confine my empirical inquiry to a single country. Mexico was chosen as the site for data collection for a number of reasons. First, it is one of the world's most significant migrant-sending countries. By far the top immigrant group in the United States, there are slightly more Mexicans in the US than there are Chinese, Indians, Vietnamese, Salvadorians, Cubans, Russians, Koreans, and Dominicans—the next largest groups—combined (Camarota 2007). Second, Mexico is one of the world's most significant recipients of remittances, trailing India and China—each of which have domestic populations more than ten times greater than Mexico's—by only a couple of billion dollars per year. In the early 2000s, remittances surpassed tourism as Mexico's largest source of foreign exchange after petroleum (World Bank 2010).

Analytically speaking, Mexico is a very convenient case to study. In contrast to most migrant-origin countries, 95 percent of Mexicans migrate to (and remit from) a single destination: the United States. This fact simplifies statistical analyses immensely, saving analysts from having to control for the unique factors that could conceivably determine remitting behavior in each destination country. Furthermore, since 1995, the Mexican government has kept some of the best records on aggregate remittance inflows (Cañas et al. 2007). When possible I use this data to buttress evidence from household-level tests. Finally, the few published and unpublished studies that have explored relationships between remittances and politics have done so with reference to Mexico (Goodman and Hiskey 2008; Merino 2005; Pérez-Armendáriz and Crow 2010; Diaz-Cayeros et al. 2003). By continuing to analyze this important case, I am able to speak directly to and improve upon deficiencies in prior empirical work.

Overview of the Dissertation

This dissertation is an effort to explain the role of remittances in the context of Mexican political economy. Chapter 2, "The Political Determinants of Remittances," argues that international migrants send money to their developing countries of origin in part to compensate their non-emigrating relatives for the weakness of public safety nets—e.g., subsidies and social welfare programs—in their home countries. By implication, I contend that remittance flows are stimulated by state retrenchment, with international migrants assuming a social welfare burden once assumed by their home governments. In Chapter 3, "The Political Effects of Remittances," I argue that as a reliable substitute for government social spending, remittances promote political stability in a way that is similar to the effects of government social spending. Specifically, I argue that remittance recipients (RRs) should enjoy higher levels of income stability, have a more optimistic outlook on economic matters, and have fewer economic grievances than neighbors who do not receive remittances. As a result, I predict that RRs are less inclined to politicize economic grievances in general and less likely to mobilize against and punish incumbents in elections.

Chapter 4, "Existing Data and the Design of the Emigration and Politics Study," provides a brief discussion about the significant obstacles to conducting empirical research on remittances (particularly comparative research), as well as an overview of how the Emigration and Politics Study (EPS) was conducted and the kind of data it collected. Chapter 5, "State Retrenchment and Dependence on Remittances in the Mexican Countryside," draws upon in-depth field interviews and analyses of EPS data and macro-level data published by the Mexican government to provide evidence for my claim that remittances are a substitute for government spending on subsidies and social welfare benefits. Chapter 6, "The Effects of Remittances on Political Attitudes and Political Behaviors in the Mexican Countryside," establishes a framework for conceptualizing and measuring what it means to be a "remittance recipient" (RR). This chapter also uses EPS data to test some basic claims I made in Chapter 3 about RRs' political attitudes and perceptions of the economy. This chapter also tests the effects of remittances on voting behavior in the 2006 Mexican presidential election. Here I demonstrate that RRs were not only less likely to turn out in the 2006 election, but also that their abstention came at the expense of the leftwing challenger. Moreover, I show that in cases when they did vote, RRs were more likely to vote for the rightwing candidate from the incumbent party over challengers from major opposition parties. Chapter 7 concludes, sums up major findings, and leaves readers with remarks about the policy implications and broader impacts of this research.

PART I: A POLITICAL ECONOMY THEORY OF REMITTANCES

Chapter 2: The Political Determinants of Remittances

The next two chapters advance what I call a *political economy theory of remittances*—a set of interconnected hypotheses about the political determinants (Chapter 2) and political effects (Chapter 3) of remittances. In this chapter, I argue that we gain a better understanding of the determinants of remittances by analyzing how public forms of social insurance have been produced, distributed and withdrawn in Mexico (and other developing countries, for that matter) over the past two or three decades. Specifically, I shall argue that the withdrawal of many subsidies and social welfare benefits that occurred as part of structural adjustment reforms left a social insurance vacuum in many developing countries that expatriates have sought to fill, if only partially, with remittances. I therefore contend that the dramatic surge in remittance flows over the past two decades is to some extent the outgrowth of a process wherein responsibility for guaranteeing social welfare has increasingly devolved from the state to the family—in this case, the "transnational family." This process can be contrasted with a trend that predominated after World War II (and which continues to predominate in wealthy countries), where governments expanded the size of their welfare states, assuming an increasingly large social insurance burden and relieving the family unit of some of its welfare responsibilities.

I advance the argument that migrants systematically compensate for a low or declining *public* commitment to social insurance provision back home in the following parts. I begin by defining remittances for the purposes of this study, providing some background on trends in the flow of remittances over the past two decades, and discussing theories that have been developed by economists and sociologists to explain why and when migrants send money home. My analysis of the extant literature characterizes remittances as a form of social insurance that migrants provide to insulate their non-emigrating relatives from economic crisis. I proceed to argue, however, that it is not only exogenous economic shocks that cause migrants to send more money home; additionally, migrants become a more significant source of social insurance in response to decisions made by politicians to reduce the state's social insurance burden.

Developing this argument requires a discussion about why states provide social insurance to their publics and why many developing states have reduced their commitment to social insurance provision over the past two decades. I follow with a discussion of theories about how states, markets, and families interact to produce social insurance. I then reflect on the limits of many familial self-insurance strategies and argue that remittances are one such way that families overcome these limits, particularly when the state's commitment to social insurance provision is low or in decline. International migrants, in other words, become a more significant source of social insurance when any combination of pressures, constraints, and ideological predispositions cause their home states to withdraw subsidies and social welfare benefits.

Definitions, Characteristics and Trends

International migration is the movement of an individual from one country (emigration) to another (immigration). While some migrants remain abroad permanently, others return home after a relatively short stay (temporary migration/return migration) or come and go between the origin and the destination country on a periodic or regular basis (circular migration). Individuals (or entire families) emigrate for various social, political and economic reasons; the pursuit of labor opportunities and higher wages, however, has been central to most migrations from the developing world in the postwar era (Messina 2007).

In addition to improving one's own economic situation (Todaro 1969), going abroad may also be part of a strategy to support relatives and friends who are unable or unwilling to emigrate (Taylor 1999). A remittance is thus defined as a transfer of money by a migrant living in a foreign country (or nearby urban area) to some individual, household, or set of households in the migrant's homeland (or home village). Although sometimes sent collectively by groups of migrants to fund community projects back home, the vast majority of remittances flow directly from individuals to their non-emigrating relatives.[3] In this dissertation, I speak only to the more common individual-to-household remittance sent by international migrants to their developing countries of origin.[4]

At an estimated $325 billion per year, remittance flows have surged over the past two decades to become a leading source of foreign exchange for many poor and middle-income countries. This money, in fact, now rivals the foreign direct investment (FDI) flowing into developing economies and is more than three times the aid donated by advanced industrialized countries (Figure 2.1). In at least twenty developing countries, remittances are

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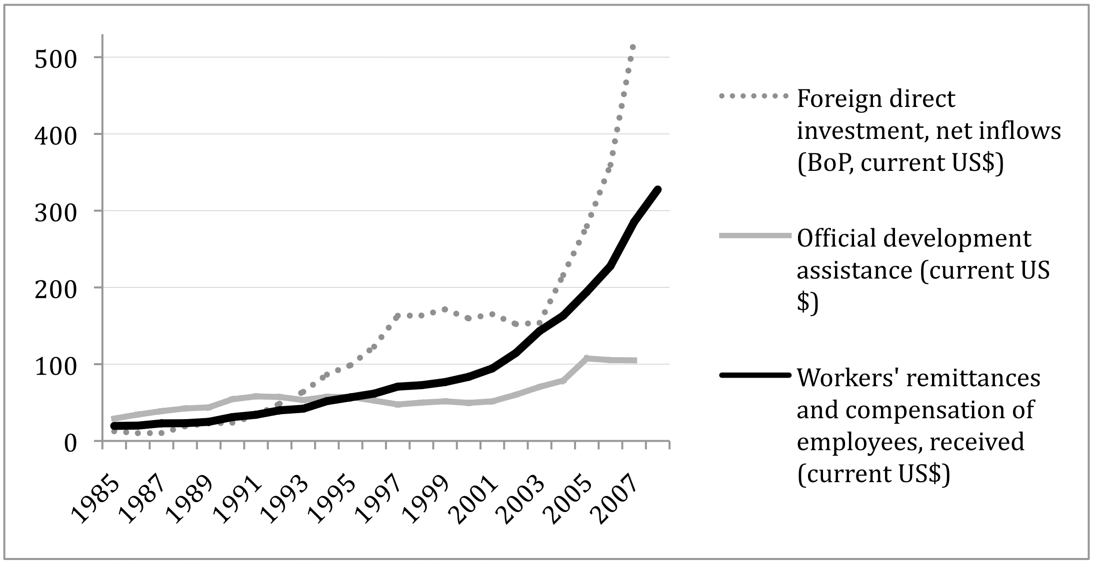
[3] Fox and Bada (2008) estimate that only about 1 percent of the $24 billion sent home by Mexican migrants was sent collectively. Although family remittances dominate, collective remittances are still an important and interesting transfer. I refer the reader to a number of insightful pieces on collective remittances and their political implications. See, e.g., Goldring (2002) and Iskander (2005).

[4] Remittances also flow to wealthy countries. The reasons migrants from wealthy countries send money home, however, is generally much different than the reasons why migrants from poor countries remit.

equivalent to between one-tenth and one-third of national income, often more than earnings from top exports and, in some cases, all exports combined (World Bank 2010).



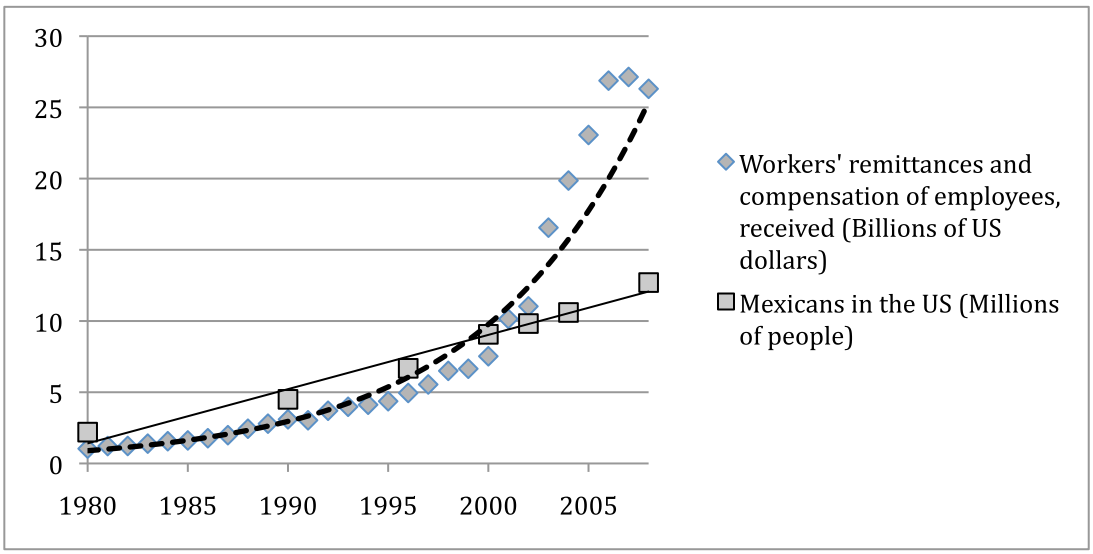
Source: World Development Indicators, World Bank

Figure 2.1. FDI, Official Development Assistance, and Remittances to Low and Middle Income Countries, 1985-2008 (*in billions of US dollars*).

At first glance, the surge in remittances may seem to reflect nothing more than economic globalization at work. Increased economic integration, logic would have it, should lead to the dismantlement of immigration barriers and more opportunities to work abroad and send money home. Contrary to this prediction, however, the past two decades have actually been characterized by tighter restrictions on the flow of labor (Sassen 1996; Dollar and Kraay 2002). As developing economies became some 200 percent more open to the flow of goods and services between 1990 and 2005, in fact, the global stock of migrants held steady at about 3 percent of global population. The 25 percent increase in the number of people living outside their countries of birth was matched with a roughly 400 percent increase in the amount of money international migrants sent home.[5] Remittances to Mexico,

[5] Author's calculations. The first calculation is the percentage change in trade (imports plus exports) by low and middle income countries from 1990-2004 in constant US dollars. See World Bank (2010). The second calculation is from United Nations data (2004), which estimates world population at roughly 5.3 billion in 1990 and 6.5 billion in 2005, and United Nations (2006) data,

for instance, have increased by some 550 percent since the Mexican government began keeping good records on inflows—from about $4 billion in 1995 to about $26 billion in 2008.[6] Although significant, the growth of the Mexican population in the US alone cannot account for this surge. According to best estimates, the number of Mexicans in the US rose from 6.7 million in 1995 (Passel 2004) to 12.7 million in 2008 (Pew Hispanic Center 2009)—a 90 percent increase (Figure 2.2). The average Mexican immigrant today, in other words, like the average migrant throughout the world, remits substantially more than his counterpart did in 1995.



Sources: World Development Indicators; Passel (2006); Pew Hispanic Center (2009).

Figure 2.2. Comparison of remittances sent to Mexico and population of Mexicans living in the US, 1980-2008.

If not exactly the increase in the number of people living outside their countries of origin, what else explains the increase in remittances over the past fifteen or twenty years? One explanation is surely the higher employment levels and wages of immigrants working in places like the US, Europe, and the Middle East during the 1990s economic boom. While

which estimates the global migrant stock in 1990 as 2.9 percent of world population and in 2005 as 3.0 percent of world population. The third calculation is from World Bank (2006: 88) data, which estimates remittances sent to developing countries at $31.2 billion in 1990 and $166.9 in 2005.

6 Data on remittances to Mexico can be accessed at the Bank of Mexico's website, http://www.banxico.org.mx.

this certainly accounts for some of the increase, it is important to remember that real wages in the US, for example, the world's top source of remittances, only experienced negligible increases in the low-skill sectors where most immigrants work.[7] Another explanation is that banks and wire transfer companies have made it easier and cheaper for migrants to send money home since the early 2000s (Freund and Spatafora 2005; Orozco 2002b). The relative ease and affordability of wiring money not only encourages more migrants to remit, but also means that more and more migrants who once sent remittances as cash now do so electronically. Because electronic remittances are much more effectively counted than cash remittances, some of the increase in remittances is illusory and merely the consequence of better record-keeping practices (World Bank 2006). A third explanation is that demand for remittances has increased in developing countries. In what sense have households in poor countries become more vulnerable to economic crisis over the past two decades? The task of the remainder of this chapter is to unpack the demand-side component of migrants' remitting decisions in an effort to provide a new explanation for the surge of remittances. I begin by developing a simple model of remitting behavior and proceed to explore the implications of this model within the context of political economy.

Remittances as Social Insurance

Economists and sociologists have advanced many theoretical and empirical studies that explore why, when, and how much migrants remit. In the most basic sense, scholars find that remittances tend to be compensatory transfers that migrants send out of genuine concern for their relatives' welfare and without expectation of repayment (Johnson and

[7] This conclusion is made from an analysis of data on real wages published by the US Bureau of Labor Statistics. Data accessed at http://www.bls.gov.

Whitelaw 1974; Lucas and Stark 1985; Chami et al. 2005). Migrants, in other words, care about their non-emigrating relatives' demand for an income supplement.

This spirit of caring and altruism is detected in how remittances are ultimately spent by recipient households. In general, studies throughout the developing world find that remittance recipients (RRs) use this money to purchase basic goods and services (see Massey et al. 1998: 257-62 for a good review of this literature). Eighty-six percent of the $24 billion remitted to Mexico in 2007, for example, was ultimately spent on essentials like food, clothing, shelter, healthcare and medicine, with 6.3 percent spent on expenses related to education (Banco de México 2007: 17). Ninety-two percent of the remittance-receiving households that participated in the Emigration and Politics Study (EPS) reported that remittances are most often dedicated to food, clothing, healthcare and medicine, education, utilities, home repairs and mortgage or rent payments. The majority, 56.6 percent, said that buying food is their top use of remittances (Table 2.1).

Table 2.1. Top Uses of Remitted Income in Ten Rural Towns in Michoacán, Mexico (Percentage of households reporting a particular type of purchase).

Item or Service Purchased	Primary use (%)	Secondary use (%)	Tertiary use (%)
FOOD	56.6	19.4	13.3
HEALTHCARE & MEDICINE	16.7	21.7	24.2
ELECTRIC, GAS, WATER	7	22.1	23.8
EDUCATION	3.9	1.9	5.9
CLOTHING	1.6	17.4	9.8
OTHER BASIC NEEDS	1.9	3.1	9
AGRICULTURAL USES	1.6	0.4	0.8
LUXURY ITEMS	0.8	0.8	1.2
BUILD/EXPAND/RENT HOME	4.3	6.6	5.1
SAVINGS	2.7	2.3	2.7
PAY DEBTS	1.2	1.9	1.6
START A BUSINESS	0.4	0.4	0
EXPAND A BUSINESS	0.8	0.4	0.4
OTHER / DON'T KNOW	0.8	1.6	2

Source: The Emigration and Politics Study; *N* = 258 households that received remittances regularly at the time of the survey.

Although non-emigrating relatives' demand for remittances may be a significant determinant of remitting behavior, two additional factors are decisive. First, migrants can only remit money they have. They thus consider their own income level when deciding how much money to send home. Second, migrants are concerned with the welfare of some friends and relatives more than others. Kinship bonds and other attachments to the homeland are thus central to the remitting decision (Johnson and Whitelaw 1974; Chami et al. 2005; Durand et al. 1996a; Lucas and Stark 1985).[8]

Holding migrants' earnings and the strength of kinship bonds constant, it would seem that migrants from the poorest households would have the greatest demands placed upon them to remit and thus remit the greatest amounts. Somewhat surprisingly, however, most statistical studies do not confirm this prediction: non-emigrating relatives' *average* income levels are not usually a primary determinant of remitting behavior (Agarwal and Horowitz 2002; Gubert 2002; Lucas and Stark 1985).[9] The leading explanation for this recurrent null finding is that migrants remit more in response to non-emigrating relatives' vulnerability to income shocks than their average income levels (Lucas and Stark 1985). All else equal, the most impoverished households are more vulnerable to crisis since they are

[8] The importance of kinship bonds and attachments to the homeland becomes apparent when considering why high-skilled migrants generally remit less than their low-skilled counterparts despite higher earnings. Because they are more likely to migrate with documentation and since they have the financial resources to do so, highly skilled migrants are more likely to take their closest family members abroad with them. They also tend to settle abroad permanently or for relatively long periods of time. Thus, although their incomes may be higher, highly skilled migrants often have fewer attachments to their homelands and therefore feel less compelled to remit. Holding kinship bonds and attachments to the homeland constant, however, empirical studies show that remittances generally increase with earnings (Faini 2007).

[9] Survey analyses that report no statistical significance on variables measuring average household income include Agarwal and Horowitz (2002), Gubert (2002), and Lucas and Stark (1985). Similarly, most macro level studies report no statistical significance on GDP or GDP per capita variables, which are included as a measure for average household wealth. See, e.g., El-Sakka and McNabb (1999) (Egypt); Freund and Spatafora (2005) (92 countries); Gupta (2005) (India); Lianos (1997) (Greece); Straubhaar (1986) (Turkey); Swamy (1981) (Greece, Turkey, Yugoslavia); Vargas-Silva and Huang (2006) (Brazil, Colombia, Dominican Republic, El Salvador, Mexico).

closer to subsistence thresholds. But other factors also must be taken into consideration. Lucas and Stark (1985) demonstrate, for instance, that migrants from rural Botswana sent more money home in the late 1970s not only as local droughts became more severe, but increasingly so when relatives' assets were particularly sensitive to drought. A household that raises cattle, for example, may have a higher average income than a neighboring artisan household. In times of drought, however, risk may be more acute for the cattle-raising household and its demand for insurance greater.

Many studies have confirmed Lucas and Stark's intuition that economic shocks are a key determinant of remittance flows. Analyzing survey data from Mali, Gubert (2002) shows that migrants' contributions increase markedly as crop yields back home drop below normal levels, not necessarily when households' incomes are low on average. In their study of the Philippines, Yang and Choi (2007) use rainfall as an instrument to show that the most remittances flow to households that experience the most acute income shocks. Likewise, Clarke and Wallsten (2003) find that Jamaican emigrants remitted the most to households that incurred the most damage from Hurricane Gilbert. Kapur (2005) attempts to generalize these household-level findings. Drawing on data for fourteen countries, he shows that remittance flows to developing economies increased an average of threefold in the three years following a major macroeconomic shock.

Remittances as a Response to State Retrenchment

In summary, remittances are a valuable form of social insurance that helps recipients meet basic consumption needs despite threats to consumption that stem from market vicissitudes, natural disasters, and other economic crises (Chami et al. 2005). In the remainder of this chapter, however, I will argue that remittances are not merely sent to compensate for exogenous economic shocks, but also political decisions that leave certain household more vulnerable to such shocks. My main contention is that international migrants have become a more significant source of social insurance over the past two decades precisely because their home states have reduced their own commitments to social insurance provision. Remittances, in other words, flow as a substitute for public safety nets when governments curtail or eliminate subsidies and social welfare programs. In this section, I discuss how and why developing states have retrenched, how state retrenchment shifts the burden of social insurance provision more to the family unit, and why migrants become a more significant source of social insurance when their home state's own social welfare commitment is low or in decline.

Why States Compensate and Why Many Developing States Retrenched

Although essential for aggregate economic growth, capitalist markets are competitive and often create new groups of economic losers. Opening the domestic economy to international trade, for instance, exposes once-protected industries and producers to new competition and the vagaries of the invisible hand, forcing some to take losses or be rooted out by more efficient foreign competitors. Moreover, as witnessed with the collapse of the Mexican peso and the Asian financial crisis, highly mobile capital and interdependent financial markets make humble households vulnerable to punctuated income shocks that even top economists are unable to anticipate (Kim 2007; Katzenstein 1985; Stiglitz 2002; Polanyi 1944; Rodrik 1997, 1998).

Households reduce their vulnerability to shocks like these by securing insurance. Many political economists focus on the ways in which states provide such insurance and insulation from market vicissitudes. Scholars have shown, in fact, that democratic states in the West assumed a more significant welfare burden after World War II, using public funds to offset shocks associated with the establishment of more open, market-oriented economies and to insure individuals against life-course risks. When workers are displaced by market competition, relief may come from public unemployment, trade adjustment, and job-creation programs. States may spend on training, education, and subsidies to bolster competitiveness and compensate for losses incurred in the market. They may furthermore insure households against the risks associated with sickness and old age by establishing public healthcare and pension programs (Katzenstein 1985; Rodrik 1998; Garrett 1998; Ruggie 1983; Esping-Andersen 1990).

Over the past two decades of structural adjustment reform, developing economies have become more open and market-oriented. In contrast to their postwar Western counterparts, however, developing states have generally reduced their commitment to social welfare in this process (Rudra 2002; Kaufman and Segura-Ubiergo 2001; Glatzer and Rueschemeyer 2005). There is nothing too surprising about this finding. Market orthodoxy and fiscal belt tightening were in vogue when developing states adopted such reforms. Meanwhile, the organizational capacity of low-skill workers in the developing world is often highly limited and workers in poor countries have low access to the types of labor institutions that facilitated the organization of workers in the postwar West (Rudra 2002). Lower levels of democratic accountability in many developing countries furthermore leave politicians with few incentives to attend to and appease economic losers (Adserà and Boix 2002; Brown and Hunter 1999; Avelino et al. 2005; Rudra 2002). Moreover, developing states are subject to internal constraints and external pressures that limit social spending even when accountability is high. Underdeveloped systems of tax collection, the requirements of international agreements, the conditions of international loans, for instance, have kept spending low in general (Avelino et al. 2005; Stallings 1992; Garrett 2001). Limited opportunities for borrowing and an insistence on balanced budgets may also lead to spending cuts during economic downturns—periods when households could benefit most from the expansion of social safety nets (Wibbels 2006).

Many developing states furthermore had little choice but to reduce certain types of spending upon adopting market-oriented reforms in the 1980s and 1990s. In wealthy countries, the term "social policy" brings to mind public spending on pensions, unemployment compensation, and healthcare. To understand the character of social insurance provision in developing countries, however, we must also think in terms of how indirect subsidies and other forms of market-distorting assistance function as a social policy. Prior to reform, for example, many developing states used public funds to subsidize the price of agricultural inputs. To a subsistence farmer, such spending is akin to a credit to purchase basic foodstuffs. For farmers who sell surplus crops, input subsidies and government agencies that buy crops at above-market prices insulate growers from more efficient competition. By offering these types of assistance, the state essentially pays inefficient farmers to keep farming when they would otherwise be priced out of the market, insuring them against losses and income instability and funding basic consumption indirectly.

Undisciplined spending on programs like these, however, was a key cause of the debt and inflationary crises that plagued many developing economies throughout the 1980s and 1990s. The market-oriented reforms adopted in the wake of these crises demanded that developing states eliminate the indirect subsidies, price supports, and other forms of market-distorting assistance that shielded inefficient producers and industries from competition and volatility, not to mention the bloated state enterprises that ran such programs. In theory, this type of withdrawal should make citizens less dependent on government, promoting entrepreneurship and essentially causing the welfare burden to shift from the state to the market. While there are many examples where this shift has occurred fluidly and made citizens better off, there are just as many examples where it has not, particularly in rural areas where education and capital are in such scarce supply (Stiglitz 2002). Workers in the developing world that grew dependent on government assistance have thus had to find ways to adjust to the challenges that come with new market pressures and decreased government intervention (Nelson 1992).

Interactions Between the State and the Family in the System of Social Insurance Provision

Questions about how and how effectively certain institutions guarantee welfare are central to the study of political economy. Naturally our analytical focus tends toward two institutions in particular: the market and the state. The market produces welfare through the distribution of resources via investment, labor, production, competition, and exchange. The state, on the other hand, pools resources and distributes or redistributes them on the basis of political decisions. Esping-Andersen argues, however, that the narrow focus on markets and states "leaves a huge 'welfare residual' unaccounted for" (1999: 34). To understand this residual, he claims, we must also take notice of the family, an institution that produces welfare through caring, support, and the pooling and distribution of resources across its members.

Through policies and spending, Esping-Andersen argues, the state absorbs some share of the welfare burden and in turn "assigns" some level of responsibility to the market and the family. Public policy is thus central in determining how the state, market, and family interact to produce social welfare (Esping-Andersen 1999). Reflecting on cases where the male breadwinner model tends to predominate and extended families remain a bastion of support and servicing, Esping-Andersen argues that a familialistic welfare regime "assigns a maximum of welfare obligations to the household" and "public policy assumes—indeed insists—that households must carry the principal responsibility for their members' welfare" (Esping-Andersen 1999: 45, 51). Like a liberal welfare regime, the familialistic regime de-emphasizes the state's commitment to social welfare through the marginal provision of public benefits. But like the conservative regime, norms and institutions assume that "families are the relevant locus of social aid" and that while markets are prone to failure, "families normally do not 'fail'" (Esping-Andersen 1999: 90). While heavy emphasis on familialism may be rare in wealthy countries, there can be little doubt that welfare regimes in most developing countries are (and always have been) highly familialistic. The large-scale elimination or curtailment of public programs should leave some families forced to carry an even more substantial welfare burden (Nelson 1992). "The more welfare state," Esping-Andersen argues, "the less familialism" (1999: 67). If so, we should also expect that families assume a larger welfare burden in the absence of a robust welfare state.

A hypothetical example illustrates how the state, market, and family interact to provide social insurance. Consider an individual who is injured and unable to work. This individual may seek relief from one or a combination of sources. First, he and his employer may have paid into private health insurance and disability funds, with care and compensation for lost earnings guaranteed by the market. Second, the state may provide health and disability insurance to injured workers. Finally, an injured worker may turn to relatives for care and financial support when wages are lost due to injury. The absence of any one of these options places a greater burden on the other two. When both the state and the market fail to provide adequate healthcare and compensation, the burden of care and support shifts heavily to the individual's family.

Coping with risk through reliance on the family unit is a way of life in poor countries. The elderly and the sick are more likely cared and provided for not by the market or the state, but by extended family members. Children are expected to make contributions by engaging in household labor or wage labor at a young age. When the risk of income volatility is high in any given sector, families attempt to diversify their income portfolio. Insurance comes less from private firms and lenders, but by pooling resources, saving in good times, and drawing on savings in bad times (Alderman and Paxson 1992). If the state was once an important source of social insurance but reduces its welfare commitment, these household strategies become even more critical. The problem, however, is that the very strategies poor households use to manage economic risk are often limited by the unfavorable conditions they aim to mitigate. Saving, for instance, is difficult when poverty is enduring and income diversification is out of the question if local labor opportunities are essentially limited to activities like rain-fed agriculture (Dercon 2002).

How, then, do poor households overcome adversity when local conditions limit the efficacy of their risk-management strategies? If the objective is to accumulate savings and diversify income, some household members may leave home and work where wages are not only higher, but also uncorrelated with economic cycles at home (Stark and Levhari 1982). By way of their wage remittances, those who migrate become a valuable source of insurance to the household in light of limits to local coping strategies (Lucas and Stark 1985). Like other coping strategies, however, the emigration strategy may too be limited by the very adverse local conditions it aims to manage, making it a particularly difficult option for the poor. Moving abroad requires a high upfront investment in transportation expenses and the fees charged by labor recruiters and human smugglers. Furthermore, earning one's first paycheck can take many weeks or months, leaving new immigrants to rely on high interest loans, savings, or support from non-emigrating relatives. A household may moreover save and spend great sums to finance a member's journey only to have that member return with news that a labor recruiter's employment offer was fraudulent or a clandestine immigration attempt unsuccessful.

The costs of emigration are not invariant, however. Proximity to a destination economy may make emigration cheaper and easier. Historical, colonial, or linguistic ties may increase the likelihood of securing a visa or finding work abroad (Castles and Miller 2003; Sassen 1999). Moreover, transnational social networks—members of one's community who are already abroad—provide lessons from past experience, money for travel expenses, housing, a system of social support, and information about employment opportunities and ways to obtain forged or authentic labor documents (Massey et al. 1998; Massey and Espinosa 1997). Finally, the governments of some developing countries lobby destination states to admit more of their citizens, provide official information and training to prepare citizens for the move abroad, and regulate the market for labor recruitment to minimize the cost of securing overseas jobs (Hugo 2003; Abella 1995; Martin et al. 2004; Hugo and Stahl 2004).

Remittances as a Substitute for Public Safety Nets

In some poor communities, the costs of emigration are sufficiently low such that going abroad on a permanent, temporary, or circular basis becomes something of an inevitable act for some (usually youthful) members of the population, particularly when transnational social networks are highly developed. Throughout rural Mexico, for instance, young people generally do not decide to emigrate as part of some rational strategy (as may have been the case for those who initially left the community years or decades prior), but on the basis of more diffuse considerations such as the desire to "get ahead" and the feeling that "everyone" in town emigrates when they reach a certain age. But even when reasons for leaving are rooted in self-interest and social norms, many migrants remain attentive to their non-emigrating relatives' welfare, sending home hundreds of billions of dollars every year.

And if migrants remit in the wake of economic shocks as many studies have found, we should expect remitting to increase when safety nets are scaled back and households are more vulnerable to shocks. A weak (or weakened) welfare state, in other words, leaves a social insurance vacuum that households will aim to fill by turning to private markets or by relying on familial strategies. When private insurance markets fail to spring up, as is often the case in impoverished areas, households will rely more on their own members to close the welfare gap. If migrants remit in response to their non-emigrating relatives' vulnerability to economic crisis, they should become a more critical source of insurance to crisis-ridden households in the absence of other forms of insurance. Specifically, I predict that all else equal, migrants abroad remit the most to households that receive the lowest levels of government assistance. In this respect, migrants compensate for shortfalls in their home states' social welfare systems. Over time, this individual level response should contribute to an aggregate trend in which remittance flows to developing countries increase in response to state retrenchment.

The decision of governments in many developing countries to curtail and eliminate indirect subsidies in the wake of economic crises in the 1980s therefore provides an important *political* explanation for the surge in remittances over the past two decades. When structural adjustment reforms were implemented, government subsidies that kept people employed and incomes stable were suddenly lost. The poor—already so vulnerable to economic crisis—found themselves without safety nets that they had knowingly or unknowingly depended on for decades. When smallholder farmers lost government subsidized fertilizer and crop insurance, for instance, they lost social insurance that cushioned the blow of volatile and competitive markets. As a result, families had to find some way to adjust and thus became more dependent on wages earned by family members abroad. The decision to curtail and eliminate agricultural subsidies and consumption subsidies in the late 1980s and early 1990s—not mere "market failure"—provides a new explanation as to why families in thousands of communities throughout the developing world have come to depend so heavily on money sent back by relatives abroad. Remittances therefore are not merely sent "to compensate their recipients for bad economic outcomes," as a leading study by the International Monetary Fund (IMF) argues (Chami et al. 2005: 75), but also to compensate for disruptive political outcomes.

Government spending should also help to explain variation between households. All else equal, a household that has access to social programs that provide health insurance and food in times of crisis, for instance, shall have much less need for remittances than a household that does not have access to such programs. Members of the household that is not insured by the government, in other words, will be more motivated to seek out some other form of insurance like remittances, which are often spent on basics like food and healthcare. In a rural Mexican town, for example, a farming household and a household whose primary breadwinner works as a teacher at a public elementary school may have roughly similar incomes on average. The family whose income comes from teaching, however, will be less likely to receive remittances because it can depend on the stability of a government paycheck and access to public insurance programs (e.g., healthcare and pensions). The farming household, on the other hand, will have more reason to self-insure and thus be a more likely candidate to receive remittances, all else equal. Particularly when agricultural subsidies and crop insurance programs are less than generous, the farming household will be preoccupied with making sure it has a safety net in the event that income is threatened by some economic crisis.

Concluding Remarks

In his widely cited book on globalization, Rodrik speculated that as more and more governments come under pressure to reduce the size of their welfare states, the provision of social insurance shall "devolve" more to families and other non-state actors (1997: 67). It is clear from the context of his statement that Rodrik used the word "devolve" to mean *a delegation of responsibility* by some larger institution (the state) to many smaller units (families and other non-state actors). The tendency since the dawn of the modern state, but particularly since the Great Depression and World War II, however, has been that states assume, not relinquish, welfare responsibilities that were traditionally the domain of the family, community, or tribe. In this respect, the word "devolve" could also be interpreted another way: this resurgence of familialism may be signaling *the reversal of a trend* that has been a key aspect of the modernization process.

The growing significance of remittances as form of social insurance, however—the rare shift from statism to familialism—is not altogether in conflict with modernization. In some respects, it is the byproduct of modernization, as the defining characteristic of this form of "neofamilialism," as it could be called—one that distinguishes it from the more traditional form—is its transnational quality. Technological advances in telecommunications and electronic funds transfer have allowed families to more effectively and efficiently cultivate and sustain transnational social networks, thus allowing those that are unable to self-insure at the local level the opportunity to more fluidly respond to state retrenchment by calling on family members who have gone to work abroad.

It is important to note that since not all poor households have family members abroad and because expatriates do not have nearly the ability to raise and coordinate the distribution resources as most states do, we can only expect this "transnational safety net" to be a partial substitute for social insurance that was once distributed by the state. Remittances are nevertheless a massive source of foreign exchange for scores of developing countries, and the existence of this safety net should come with important implications for the course of politics in developing countries where elections are sufficiently close, the share of voters receiving remittances is sufficiently high, and economic issues are at the center of the public debate.

As I will explain in the next chapter, social insurance is a mechanism by which states "adjust to" (Katzenstein 1985) challenges associated with the market transition and global market integration. Safety nets insulate households from economic instability and cushion the blow of their poverty, thus reducing backlash against incumbents who preside over economic downturns. Proponents of this argument—frequently referred to by political scientists as "the compensation hypothesis"—have focused on the how *public spending* on social insurance mitigates political backlash. In an era when remittances have become an increasingly significant form of social insurance in the state's absence, I propose that the transnational safety net provided by migrants can have similar political effects in developing countries as, say, welfare state expansion had in postwar Western democracies. The next chapter unpacks this proposition.

Chapter 3: The Political Implications of Remittances

By conceptualizing remittances as a substitute for government compensation, I argue that we not only advance our understanding of the determinants of these monetary flows, but are also provided a basis for theorizing the effects of remittances on their recipients' political behavior. If remittances fill a social insurance vacuum in the absence of a robust welfare state, I predict that remittance recipients (RRs) will be less hostile to politicians who preside over both a poor economy and a weak welfare state. Specifically, I contend that by virtue of having access to this transnational safety net, RRs will find themselves less sensitive to unfavorable economic conditions, have fewer economic grievances, and thus view their economic situation in a more positive light than neighbors who do not receive this money. In elections, remittances should therefore flow to the advantage of incumbents as RRs become less likely to voice economic grievances to the state, less likely to turn out to vote for the opposition in an expression of economic grievances, and less likely to punish the incumbent with a vote for the opposition if they do turn out.

In post-2000 Mexico, I argue that remittances have primarily benefited the rightwing National Action Party (PAN), which has sought to deepen market reforms, at the expense of major opposition parties, particularly the leftwing Party of the Democratic Revolution (PRD). Insured by those who have gone abroad, RRs are less attracted to the social democratic or populist departure advocated by the PRD than they otherwise would be in the absence of remittances. As an increasingly significant form of social insurance that insulates households from economic adversity and reduces citizens' economic grievances, remittances may be an important factor in contributing to the continuation of market-oriented approaches in Mexico at a time of great backlash against neoliberalism throughout Latin America. In this respect, the political implications of remittances may be similar to those of government spending on subsidies and social welfare programs, which proponents of the compensation hypothesis argue contributed to political stability during periods of economic transition in the postwar West (Garrett 1998; Katzenstein 1985; Ruggie 1983; Hays et al. 2005; Cameron 1978; Rodrik 1997, 1998).

Economic Voters and the Political Logic of Compensation

The conceptualization of remittances as a safety net and evidence that economic conditions play a significant role in how people vote serve as the basis of my argument about the effects of remittances on political behavior. Political scientists have long observed that voters tend to punish incumbents for a poor economy with votes for the opposition. Pocketbook voters assess their own financial situation when deciding how to vote (Kramer 1971; Fiorina 1978; Bloom and Price 1975). Sociotropic voters, on the other hand, analyze the overall state of the economy when making their vote choice (Kinder and Kiewiet 1979). While there is some debate about whether pocketbook or sociotropic assessments matter more, scholars agree that both often play a role in citizens' decisions about how to vote (Markus 1988; Lewis-Beck 1988). More recent work by Stokes (2001) adds that at least in the developing world, prospective assessments of government performance may be combined with retrospective assessments in the process of deciding how to vote.

In sum, incumbents should come under less pressure when citizens experience or expect fewer threats or disruptions to consumption. Voters will be less sensitive to economic downturns—and thus more sanguine or optimistic about the state of the economy or their own pocketbooks—when they have access to a safety net. As a result, incumbents in countries with larger welfare states tend to face less punishment from economic losers (Pacek and Radcliff 1995). It is this logic, many scholars argue, that prompted politicians in postwar Western democracies to use public funds to "compensate" workers in vulnerable industries or economic sectors for challenges associated with the establishment of more open, market-oriented systems (Polanyi 1944; Esping-Andersen 1990; Garrett 1998; Kim 2007; Katzenstein 1985; Cameron 1978; Rodrik 1997, 1998). Ruggie (1983) calls this the "embedded liberal compromise," an implicit pact between postwar Western states and their publics to use government spending to minimize demand for protectionism and generate support for open-economy policies that, although good for aggregate growth, were destabilizing for certain groups. Katzenstein (1985) similarly called welfare state expansion an "adjustment strategy" that helped to temper political opposition from market losers in small European states.

Pacek and Radcliff's (1995) analyses show that voters in countries with more developed welfare states tend to be less sensitive to adverse economic change, thereby reducing their propensity to punish incumbents for a poor economy. Hays, Ehrlich, and Peinhardt (2005) use survey data to demonstrate that opposition to economic policies that create new market losers can be tempered by unemployment insurance, subsidies, and other social programs. Failure to compensate, on the other hand, makes politicians vulnerable to the type of electoral punishment predicted by the economic voter thesis. Radcliff's (1992) analyses suggest, for instance, that poor economic performance tends to be more heavily politicized in developing countries where anemic welfare states leave citizens more sensitive to economic instability than in countries where welfare states are more developed. As a result, those who are extremely sensitive to macroeconomic fluctuations tend to mobilize against incumbents because the perceived benefits of voting will seem relatively high when the economy is bad and social protections are weak (Eloy Aguilar and Pacek 2000; Radcliff 1992). Voters, in other words, tend to be more motivated by the threat of losses than by the prospect of gains (Lau 1985; Weyland 1998b).

Explanations for the Absence of Populist Backlash Against Market Reforms

The literatures on economic voting and government compensation leave us with some clear predictions. First, citizens tend to vote on the basis of retrospective or prospective assessments of the economy and tend to punish incumbents for poor economic performance. Second, although generally good for economic growth in the aggregate, market policies create concentrated groups of losers who may seek to punish politicians at the polls for adverse economic change. Third, government spending on subsidies and social welfare programs reduces voters' sensitivity to economic adversity and therefore lowers voters' inclination to punish politicians for a poor economy. Finally, weak social welfare protections in developing countries make it more likely that poor economic performance will be politicized, causing voter turnout to spike at the expense of incumbents.

As a result of budget cuts, incumbents in developing countries undergoing structural adjustment should have been even more vulnerable to punishment on election day, as retrenchment makes citizens who are accustomed to receiving benefits worse off and tends to incite anger more than other types of policies (Pierson 1994; Magaloni and Romero 2008). The potential for political opposition to reforms that mandate both the establishment of new markets and the withdrawal of state benefits therefore seems very high in developing countries, many of which made simultaneous advances toward democracy (Przeworski 1991a; Stokes 2001; Weyland 2002, 1998a; Haggard and Kaufman 1995, 1992). Sachs (1989), for instance, discusses the idea of a "populist cycle." Such a cycle, he explains, begins with an economic crisis rooted in the inefficiency and inflation caused by protectionism and reckless public spending. The crisis leads to the ascendance of conservative candidates who promise a more austere fiscal policy. The budget cuts and dislocations that follow in the wake of these reforms are painful, however. As a result, citizens shift their support to another populist who uses promises of exorbitant spending and protectionism to rally disaffected constituencies, thus renewing the cycle.

To the surprise of many scholars, however, this populist cycle largely has not come to pass in developing countries that adopted structural adjustment reforms in the 1980s and 1990s. Voters throughout Latin America have indeed come out in support of more and more leftist candidates since the early 2000s in response to neoliberalism's failure to deliver all that it promised. Hugo Chávez and Evo Morales aside, however, this "new left" is generally quite moderate and inclined to work within the existing market framework (Castañeda 2006), above all else favoring more government compensation to offset the volatility and competition that come with global market integration (Stokes 2009). Mexico is an interesting exception to Latin America's leftward trend. Despite viable challenges from the left and a real sense that market policies have made Mexico's poor even poorer, the Mexican right has continued to hold power since the country established a truly competitive democracy in the late 1990s and early 2000s. Mexico, in fact, is the only major Latin American country besides Colombia, a country that has been forced to manage a violent leftist uprising for decades, to consistently elect center-right presidents since the late 1990s.

One explanation for the relative lack of populist backlash in Mexico is that reforms have made citizens better off. This explanation is helpful, but only to some degree. Market policies have indeed been good for the Mexican economy in the aggregate. The negative growth and high inflation that plagued the Mexican economy in the late 1980s have long passed, and Mexico's annual exports are now worth more than $200 billion. The gains of reform, however, have been highly uneven. The Mexican countryside, for instance, where one-quarter of the country's population continues to reside, experienced the most significant losses from market reforms (Fox and Bada 2008). Only 5 percent of Mexicans who participated in the Emigration and Politics Study (EPS), for instance, reported any benefit from the North American Free Trade Agreement (NAFTA), one of the most recognizable symbols of market reform in the Mexican countryside. Meanwhile, 95 percent of respondents said they were in favor of more spending by the Mexican government on farm subsidies and welfare benefits. As I will discuss in greater detail in Chapter 5, opposition to market policies and calls for more government assistance in the Mexican countryside are related to the increase in the price of farm inputs and the drop in the price of crops that have occurred as a result of the elimination of government subsidies and trade protections since the late 1980s. Millions of Mexican farmers have been priced out of the market and abandoned their land in light of these new challenges.

A second explanation for the absence of backlash against market reforms is that groups were adequately compensated for the loss of benefits and exposure to new foreign competition (Pierson 1994; Weyland 1998b). Scholars point out, in fact, that structural adjustment has not meant the all-out abandonment of social protections, but rather a restructuring of the types of benefits and programs that states offer (Nelson 1992; Snyder 2001; Kurtz and Brooks 2008). In particular, the nature of government support has shifted from indirect, market-distorting assistance to direct transfers that provide poor households some modicum of relief and insurance. Although benefits from such programs are generally meager and may not fully substitute for market-distorting assistance, they may be enough to appease some constituencies (Roberts and Arce 1998). On one hand, direct transfers provide supplementary income to alleviate poverty and absorb market dislocations. At the same time, some programs, like Mexico's Program of Direct Support to Farmers (PROCAMPO), for example, were conceived of with the explicit intention of decreasing households' dependence on the state through tougher eligibility requirements and an emphasis on individual responsibility (Casco Flores 1999). There is evidence that social emergency programs like these were implemented with the aim of mitigating opposition to structural adjustment and were successful in some cases (Roberts and Arce 1998; Schady 2000; Bruhn 1996). As I will show in Chapter 5, however, even under the most favorable scenarios, benefits offered to Mexicans peasants in the post-reform era have not sufficiently compensated for the loss of market-distorting assistance that many received prior to reforms.

A third explanation questions the appropriateness of the assumption that voters in developing countries behave according to the logic of normal economic voting—i.e., that they punish politicians at the ballot box for economic downturns. Weyland (1998b, 1998a), for instance, draws on prospect theory to argue that voters in developing countries became more likely to support painful market-oriented reforms in the wake of devastating inflationary crises. The logic of this argument is that although people are generally averse to risk in good times, they become increasingly acceptant of risk when their normal consumption levels are threatened. Citizens were thus more willing to accept the pain that came with market reforms because deep economic crises had already put them in the "domain of losses." In addition to making citizens more risk-acceptant, the debt crises of the 1980s may have been compelling enough justification for retrenchment (Pierson 1994). In this respect, citizens may substitute retrospective assessments of the economy for more "intertemporal" assessments that combine a prospective outlook with an understanding of past economic crises. As a result, citizens may blame poor economic conditions on past administrations and be willing to exonerate the current administration in hopes that reforms bring about better economic times (Stokes 2001).

Alternative theories of voting are not immune to critiques, however. Magaloni and Romero (2008) argue, for instance, that models advanced by Weyland (1998b) and Stokes (2001) are best suited for questions about why market reforms were supported in their initial phases, claiming that normal economic voting assumptions are more appropriate in the decades after reforms were adopted. The reason is that in the years or decades after the adoption of market reforms, those who still have yet to benefit from these policies will no longer accept the justification that economic hardship is the result of past leadership or that poor economic performance reliably signals that good times are ahead.

The question that remains is whether Mexicans behave according to the logic of the economic voter thesis. Studies of Mexican elections prior to democratic reforms in the late 1990s show that the effects of economic assessments were highly attenuated in Mexico due to the dominance of the Institutional Revolutionary Party (PRI) and lack of viable opposition parties that appealed to mainstream voters (Domínguez and McCann 1995; Greene 2007). The role of economic considerations in determining electoral outcomes gained in significance, however, as Mexico became a competitive democracy (Poiré 1999). A number of statistical studies, in fact, indicate that Mexicans systematically punish incumbents for poor economic performance (Buendía Laredo 2001; Greene 2009; Poiré 1999; Magaloni and Poiré 2004; Buendía 1996), particularly in elections where there is a strong and viable opposition and economic issues are of great salience (Singer 2009).

Remittances, Economic Optimism, and Voting Behavior

Considering evidence that Mexicans behave according to the logic of the economic voter thesis, how has the Mexican right not succumbed to punishment from constituents who have been disadvantaged by market policies and inadequately compensated for their losses? I propose that the transnational safety net provided by international migrants is a key piece to this puzzle.

In Chapter 2, I argued that citizens abroad send more money home when their non-emigrating family members face economic crisis and have low or reduced access to government compensation. Migrants compensate in place of the state through periods of state retrenchment, in other words, meaning that many households that experienced material losses as a result of market reforms never had to endure the full pain of those losses because relatives abroad filled the welfare gap to some extent. As remittances become a more substantial, reliable, and enduring source of income to the household—i.e., a more significant safety net—citizens shall thus be less sensitive to adverse economic change. In this respect, I predict that remittances affect citizens' perceptions of the economy and voting behavior similarly to how government spending on subsidies and social welfare benefits has been found to affect perceptions and voting behavior in postwar Western democracies.

Specifically, as remittances become a more significant safety net to the household, I expect that citizens enjoy higher levels of income stability and view their own economic circumstances and the state of the economy in a more positive or optimistic light than neighbors who, while they may be similar in most respects, do not receive this money.

Stated in more technical language, receiving remittances should be correlated with making (1) more positive retrospective pocketbook assessments, (2) more positive retrospective sociotropic assessments, (3) more optimistic prospective pocketbook assessments, and (4) more optimistic prospective sociotropic assessments.

Enjoying higher levels of income stability and having a more positive and optimistic economic outlook, RRs should thus have fewer economic grievances to politicize. With fewer economic grievances, RRs will in turn be less eager to mobilize against and punish incumbents for the economic hardships that they might otherwise be forced to manage in the absence of remittances. Remittances should therefore affect voting behavior in two key ways, both of which work to the advantage of incumbents. First, citizens should turn out to vote less often as remittances become a more significant form of social insurance. But because unfavorable economic conditions in developing countries tend to drive voters to the polls to punish the incumbent, the lower rates of turnout that result from the existence of this safety net shall translate into an indirect benefit to the incumbent when fewer votes go to opposition candidates who would otherwise profit from a situation in which more citizens are unhappy with the economy.[10] Second, if they do vote, RRs should be more likely to vote for incumbents at the expense of opposition parties.

In sum, the safety net provided by remittances insulates the poor from economic instability and cushions the blow of their poverty, leaving RRs with a more positive or optimistic outlook on economic matters, fewer economic grievances with which to politicize, and therefore less reason to punish incumbents.

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[10] RRs may also be less likely to vote because they are less dependent on the government and thus less likely to view political channels as the most effective way to solve economic problems, a logic that was proposed (but not quite tested) by Goodman and Hiskey (2008). This study improves upon Goodman and Hiskey's work by using new survey data to test the causal mechanisms operating behind the prediction of lower turnout and explore how lower rates of turnout among RRs may help or hurt certain parties or candidates.

In Mexico, remittances may have thus been an important factor in preventing the PRD, Mexico's center-left party, from assuming power when a wave of backlash against market-led approaches in Latin America during the 2000s made conditions ripe for a leftist victory. The 2006 presidential election, which pitted a staunch pro-market candidate from the incumbent PAN against a charismatic populist from the PRD, provides a fitting opportunity to test this proposition. As I will argue and illustrate in Chapter 6, the transnational safety net provided by migrants left Mexico's poor with fewer economic grievances and thus less reason to punish the PAN with a vote for the PRD. In this respect, remittances were very likely critical to the PAN's victory, and to the survival of market reforms in Mexico.

To summarize, this chapter has developed at least five testable hypotheses. First, I predict that as remittances become a more substantial, reliable, and enduring source of income to the household, citizens will be less sensitive to economic adversity than neighbors who do not receive remittances, all things equal. Second, citizens should make more positive assessments of their own financial situation and the state of the national economy as remittances become a more significant safety net, all things equal. Third, RRs should have fewer economic grievances and be less likely to politicize economic issues than non-RRs, all things equal. Fourth, RRs should be less likely to vote than non-RRs and will tend to stay home on election day at the expense of the opposition, all things equal. Fifth, I hypothesize that RRs will be more likely to vote for the incumbent party over major opposition parties in democratic elections, all things equal.

Alternative Explanations and Rival Hypotheses

I have advanced a very specific argument about the effects of remittances on voting behavior that is developed by thinking of this money as a substitute for government benefits through periods of state retrenchment. In addition to the hypothesis that remittances reduce citizens' economic grievances, I will explore the following alternative explanations and rival hypotheses about the effects of remittances on political behavior using survey data in Chapter 6.

Do RRs Favor Some Parties' Positions on Major Issues?

In the American context, rising income has been associated with attitudes that emphasize the role and responsibility of individuals over government in ensuring economic well-being and advancement (Feldman 1982). Because they have added income, then, we may expect RRs to identify more with the positions of conservative candidates. Remittances, in other words, could be thought of as an income boost that raises one's socioeconomic status and causes citizens to identify more with conservative economic values.

I find this explanation unconvincing from the outset. Even with their income from remittances, RRs are generally still very poor. They are thus unlike the middle class and upper class voters that Feldman (1982) had in mind when advancing this argument in the context of American elections. I therefore expect RRs to have similar attitudes on economic questions as neighbors who do not receive remittances. Because, however, they are more insulated from economic adversity than neighbors who do not receive remittances, RRs may be attracted to candidates who campaign on some non-economic issue that they find particularly important. This idea will be tested as well.

Do Some Parties Target RRs While Others Neglect Them?

Although RRs are generally still very poor even with their income from remittances, migration scholars have noted the significant intra-community inequalities that may be manifested or reinforced when some households receive remittances and others do not (Barham and Boucher 1998; Stark et al. 1986). Observing the condition of homes in any rural Mexican community, for instance, it is often all too apparent which households receive remittances and which do not. Political parties may seek to capitalize on these intra-community differences by targeting or neglecting RRs as part of their campaign strategies. If targeting is at work, we should observe that RRs receive more or less attention from particular political parties and thus vote accordingly.

I do not find this argument too convincing either. First, although relative to one another, there are often important differences in the style and quality of homes owned by RRs and those who do not receive this money, these differences are modest when compared to the general population. As a result, there does not seem to be much added cost or gain to a political party from knocking on the door of an RR versus a household that does not receive remittances, or vice versa. Second, it is difficult to predict which parties might intentionally target or neglect RRs as part of their campaign strategies. Proponents of this argument might predict, for instance, that the PRD would neglect RRs as it seeks to attract the poorest voters. On the other hand, maybe PRD candidates sense that they must work harder to earn the votes of RRs and thus spend more time and resources on this group. Similar types of scenarios could be imagined for the PAN or the PRI, with no clear predictions emerging.

Do Migrants Remit Ideas and Beliefs in Addition to Money?

Pérez-Armendáriz (2009) and Pérez-Armendáriz and Crow (2010) argue that in addition to remitting money, international migrants also transmit political values, ideals, and beliefs to those in the homeland. When they live in the US, Mexican immigrants learn from and adapt to American political life. By communicating with family members back home via phone and the internet, Mexicans abroad may pass on what they have learned to those who stay behind in Mexico. This transnational learning and diffusion process should be more pronounced when remittances are a more substantial, reliable, and enduring source of income to the household. The reason will have less to do with the actual money that is being transferred. Rather, high levels of attentiveness to the origin household's economic needs may reflect strong transnational bonds in general.

Migrants who remit more, remit reliably, and remit for many years are most likely in better contact with those left behind than migrants who do not remit or who do not remit often. And with more contact comes more opportunities to convey information that has been learned from living in the US. Having spent time in the US, a center-right country, Mexican immigrants may be more sympathetic to the Mexican right and less supportive of leftist parties. If this hypothesis tells us anything about reality, we should observe that Mexicans with more substantial, reliable, and enduring remittance incomes tend to talk about politics often with family members abroad and use migrants' views to inform their own voting decisions. Although this hypothesis tells us something about why RRs would vote for one party over another, it cannot explain why RRs might vote less than their neighbors.

Do Remittances Free Voters to Support Opposition Parties?

Two unpublished studies have argued that remittances actually benefit opposition parties at the expense of the incumbent, not the other way around as I have proposed

(Merino 2005; Diaz-Cayeros et al. 2003). Developed with reference to pre-2000 Mexican politics, this perspective argues that remittances freed Mexican voters from the PRI's punishment and reward system. Remittances allowed citizens to forgo state patronage and vote for the candidate of their choice. The PRI, in other words, lost its ability to use public benefits to build support when citizens had access to remittances, thus shifting support to the PAN and the PRD, the primary opposition parties at the time.

Studies making this argument have used highly imprecise municipal level data on emigration rates (Merino 2005; Diaz-Cayeros et al. 2003) and data on "the proportion of the average municipal household income coming from remittances" (Merino 2005: 20) to test this hypothesis. These studies consistently find that higher emigration rates (used as a proxy for remittances) were damaging to the PRI in the pre-2000 era (Merino 2005; Diaz-Cayeros et al. 2003). When a variable measuring "the proportion of the average municipal household income coming from remittances" was used, however, remittances were found to help the PRD at the PAN's expense, with no effect on the share of votes earned by the PRI (Merino 2005). In sum, there is no evidence to support the argument that *remittances* help opposition parties at the expense of the incumbent. Part of the problem, however, may be that this hypothesis has never received a fair test because previous studies used such imprecise municipal level data on emigration rates. I address this issue at length in Chapter 6 when I develop a theoretically-driven method for measuring RRs for the purpose of using *individual-level data* to test the effects of remittances on political behavior.

Even with a more suitable measure and more reliable data, the predictions of this hypothesis are unclear in the post-2000 Mexican context. This is particularly the case in the state of Michoacán, my fieldwork site, where all three of Mexico's major political parties held significant power at some level of government at the time of the 2006 presidential election.

Because it held the presidency, for instance, it could be argued that the PAN had overtaken the PRI to become Mexico's most powerful political party at the time of the 2006 election. By the logic of this rival hypothesis, then, RRs should be more likely to vote for the PRI or, at the very least, the PRD at the PAN's expense. On the other hand, both the PRD and PRI are highly entrenched in the state and municipal-level politics of Michoacán and could be considered the status quo parties despite the PAN's national-level dominance. Between 2000-2006, for instance, the PRD won five straight federal elections in the state of Michoacán. At the time of the 2006 presidential election, a member of the PRD was governor of Michoacán and the PRD held the municipal presidency of 47 percent of Michoacán's 113 municipalities. The PRI is also still very much entrenched despite losing the presidency for the first time in 2000, holding forty-five of 113 (40 percent) municipal presidencies at the time of the 2006 presidential election. Moreover, no party in Michoacán seemed to have a monopoly on the use of patronage at the time I conducted fieldwork. Figure 3.1 shows that in the communities where my survey was applied, there was no indication that any one party used patronage to attract voters more than the other, leaving me even less convinced of the validity of this hypothesis.

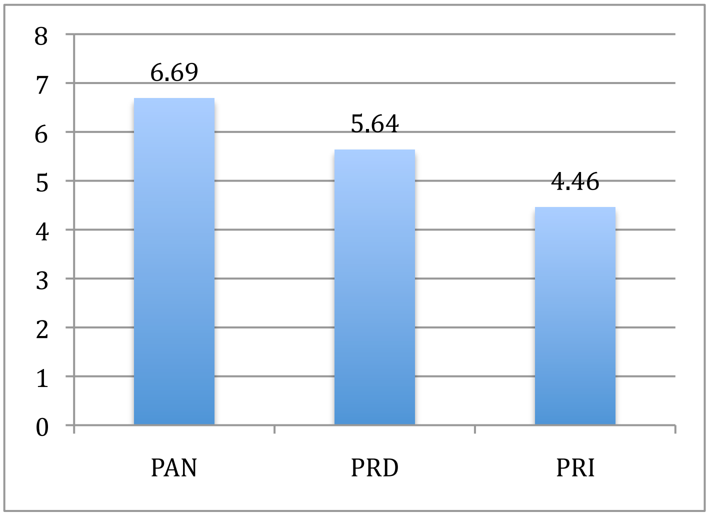

Figure 3.1. Percentage of EPS respondents reporting that a representative from the PAN, PRD, or PRI visited their household offering goods or money in exchange for votes.

Do Remittances Stimulate Turnout?

The argument could be made that remittances cause more citizens to vote, not fewer as I have argued. Studies of American elections find, in fact, that economic adversity depresses voter turnout as personal problems increase when citizens are unemployed or income is in decline. These personal problems, it is argued, occupy the poor and the unemployed and cause a withdrawal from political life (Rosenstone 1982). Because their economic needs are more effectively met as a result of their income from remittances, RRs may therefore have fewer personal and economic problems and thus be able to spend time learning about candidates and issues and participating in politics.

In his comparative study of voter turnout, Radcliff's (1992) statistical findings confirm Rosenstone's (1982) hypothesis that economic adversity depresses turnout in *developed* countries. In *developing* countries, however, Radcliff finds that economic adversity tends to mobilize citizens and draw more voters to the polls. Acknowledging findings of this difference in relationships between economic adversity and turnout between developed and developing countries, I find the hypothesis that remittances lead to higher levels of political participation unconvincing.

The Null Hypothesis

Finally, there is always the possibility that remittances have no effect on political behavior. There is some support for this idea in the small but growing literature on this topic. In tests of survey data from Mexico, for instance, Pérez-Armendáriz and Crow (2010) demonstrate that remittances have no statistically significant effect on *non-electoral* political behavior. The authors, however, did not report any results for tests of the effects of remittances on *electoral* behavior (i.e., voter turnout and vote choice). I furthermore take issue with how my colleagues measured remittances, estimating "the yearly amount (in thousand-peso units) by multiplying the frequency with which respondents reported receiving remittances times the average amount received per transfer" (Pérez-Armendáriz and Crow 2010: 15). As I will argue in depth in Chapter 6, this approach fails to adequately measure remittances' significance as a form of social insurance. I propose a more theoretically grounded approach to measuring remittances for the purpose of analyses of this money's effects on political behavior later in this dissertation.

Conclusion

In Chapter 2, I argued that remittances fill a social insurance vacuum when the state's commitment to social insurance provision is low or in decline. This chapter built from that idea, developing a set of hypotheses about the effects of this transnational safety net on citizens' perceptions of economic matters and political behaviors. I have argued that as a source of social insurance, remittances help to insulate citizens from economic instability. As this money becomes a more substantial, reliable, and enduring source of income to the household, citizens should view their financial circumstances and the state of the national economy in a more positive or optimistic light. As a result, they will have fewer economic grievances and be less inclined to mobilize against and punish incumbents. I contend that the advantage this social insurance brings to incumbents has helped guarantee the survival of market-oriented policies in Mexico at a time of great backlash against neoliberalism throughout Latin America.

Later, I will use original survey data to test these propositions with reference to the pivotal 2006 Mexican presidential election, addressing a number of complementary or competing arguments in the process. Specifically, I will also explore whether remittances cause voters to identify more with conservative candidates on particular issues, whether RRs are targeted or neglected as part of parties' campaign strategies, whether migrants who remit more have greater influence over their political attitudes of voters in the homeland, whether remittances free citizens to vote for opposition parties, and whether remittances stimulate more turnout.

The remainder of this dissertation draws on evidence from my fieldwork in Mexico to provide some empirical support for the *political economy theory of remittances* that I have advanced in this chapter and the preceding chapter. The empirical chapters that follow begin with an analysis of propositions about the political determinants of remittances laid out in Chapter 2 and proceed to analyses of propositions about the political effects of remittances that were set forth in this chapter. Before going directly into the empirical analyses, however, the next chapter provides a brief discussion about the state of data on remittances and details about the original survey data that was collected specifically for the purpose of testing this dissertation's theoretical claims.

PART II: ANALYZING THE POLITICAL DETERMINANTS AND POLITICAL EFFECTS OF REMITTANCES IN MEXICO

Chapter 4: Existing Data and the Design of the Emigration and Politics Study

This chapter provides an overview of existing data on remittances and details about the original survey data that I collected as the principal investigator of the Emigration and Politics Study (EPS). EPS data was collected specifically for the purpose of testing the theoretical propositions that were just advanced in Chapter 2 and Chapter 3. This brief chapter begins by reviewing limitations to existing data and highlighting the many obstacles to conducting comparative studies of the political determinants and political implications of remittances. I then provide readers specifics about the EPS sample and questionnaire designs. Although I believe that it is essential to discuss these data issues before proceeding to empirical analyses, I am also aware that some readers may find such a discussion tedious. For this reason, I advise readers who are not particularly interested in data issues to skim this chapter or to proceed directly to Chapter 5.

Limits to Existing Data

Poor data has long been an impediment to carrying out reliable cross-national studies of remittances (Gammeltoft 2002; Kapur 2005; Freund and Spatafora 2005). Although the IMF and World Bank publish time-series data on remittances for over 100 countries, this data is notoriously inconsistent between countries and over time. While data for some countries extend as far back as the 1970s and 1980s, it was only in 2005 that the IMF established universal definitions about what constitutes a remittance for recordkeeping purposes (Reinke and Patterson 2005). The IMF and World Bank furthermore leave it to individual countries to interpret these definitions and voluntarily collect and report remittance data. The degree to which states succeed in this task often has a great deal to do with how migrants send money home. Over the past decade, the fees charged by banks and companies like Western Union to transfer money have decreased considerably (Orozco 2002a; Freund and Spatafora 2005). As a result, more migrants now send money home electronically rather than through the mail or with returnees in the form of cash or gifts. And because governments can track these electronically transferred remittances more effectively than remittances sent as cash, data on remittances has improved in recent years.

Improvements in the data, however, have been highly uneven. In Uganda, for instance, an estimated 80 percent of remittances still flow under the radar as cash. In the Dominican Republic, on the other hand, it is estimated that 96 percent of remittances enter the economy as wire transfers (Freund and Spatafora 2005). Variation like this makes it difficult to compare many remittance-receiving countries at once, as data collected in places like the Dominican Republic are, by virtue of how remittances are sent, far more reliable than data collected in places like Uganda. Furthermore, as their capacity to keep track of remittances improves, states now count remittances that may have always flowed but which went undetected in prior years because they flowed in the form of cash (Gammeltoft 2002). Consequently, even for countries where remittance data is now highly reliable, it is inappropriate to carry out time-series analyses that extend back much beyond the mid-1990s.

The Challenges of Conducting Comparative Analyses

Clearly, it would be ideal to know the extent to which the hypotheses advanced in Chapter 2 and Chapter 3 generalize beyond the Mexican case. With this understanding, I made numerous attempts to include other countries in this study. With reference to my first hypothesis—that low social spending stimulates remittance inflows—Mexico is the only country I am aware of where household-level data on both remittance income and income from public benefits have been collected (that is, data that I collected as the principal investigator of the EPS). Lacking appropriate survey data for more than one country, I analyzed data published by the World Bank on remittances and public spending for ninety-five developing countries, and after some statistical prodding, found support for my hypothesis. As just discussed, however, these data are highly unreliable and highly inconsistent, both over time and between countries, and I simply did not have confidence in the scientific integrity of my results.

After deciding to abandon this approach, I focused my efforts on countries with the best data on remittances with the hope of carrying out time-series or panel analyses for a handful of cases. The central banks of the Dominican Republic, El Salvador, Guatemala, Mexico, and the Philippines maintain some of the best monthly data on remittance inflows, and all five countries became candidates for this study. After a great deal of searching, however, I came to find that Mexico is the only country in this group to also publish monthly data on public spending on social welfare and subsidies. Because data on social spending is essential for testing the hypothesis that state retrenchment stimulates remittance inflows, I was forced to return to a single-case analysis.

I also made efforts to test my hypotheses about the effects of remittances on political behavior outside of Mexico. After extensive searches of public opinion surveys conducted throughout the developing world, I again found that Mexico is the only country where individual-level data on remittance income, political attitudes, and political behaviors have been collected at the same time. (I did find a promising public opinion survey that was conducted in Poland in June 2001. The survey, however, only asked respondents if they had ever left the country and did not broach the topic of remittances.)

In the absence of survey data on individuals' remittance incomes and political behavior for any country other than Mexico, I entertained the idea of analyzing the effects of remittances on electoral outcomes in countries where aggregate remittance data and election returns had been collected. Again, in the spirit of scientific integrity, I ultimately decided not to proceed in this direction. First, this approach introduces the risk of ecological fallacy—i.e., making statements about individual behavior from trends in aggregate data that may or may not be true. In a related sense, because aggregate data do not tell us who or how many people receive remittances, there is the problem of how to measure remittances. Do we use data on the absolute number of dollars that migrants sent home in an election year? If so, we run the risk of overestimating the impact of remittances in a highly populous country like India and underestimating their impact in a small country like Moldova, where a very high percentage of the population receives this money. Measuring remittances as a percentage of gross domestic product or in per capita terms may be an improvement; both approaches, however, are still very imprecise and force us to make unfounded assumptions about relationships between the number of remittance-receiving households and the size of an economy or national population.

Simply put, the use of aggregate data in this instance introduces the potential for severe errors. Such data also forces us to make arbitrary measurement decisions, which may incentivize dishonest statistical practices in order to obtain desired results. For these reasons, I felt strongly about collecting new survey data in order to provide the most rigorous and scientific tests of my hypotheses as possible, even if that meant limiting the study to the Mexican case.

Original Household Survey: The Emigration and Politics Study (EPS)

Sample Design

Because about one in ten Mexicans received remittances at the time of my research, a national sample that includes a sufficient number of remittance-receiving (RR) households for statistical analysis (n = 200-300) would require a very large sample size (n = 2000-3000). A survey of this magnitude could cost in the neighborhood of one hundred thousand dollars. Households that have members abroad, however, tend to be highly concentrated in certain regions of Mexico, reaching 25-50 percent of the population in some rural municipalities. When funds are an issue, then, researchers can obtain a large sample of RR households by selecting respondents from these high-emigration locales, a strategy that the Mexican Migration Project (MMP), a Princeton University/University of Guadalajara study, has employed with great success for over twenty years.[11]

The Emigration and Politics Study was conducted exclusively in the Mexican state of Michoacán. Because this is indeed a study of both emigration and politics, I decided to confine the study to Michoacán because it was the Mexican state that had held the most recent election at the time of my fieldwork in January 2008. The probability proportionate to size (PPS) method was used to randomly select three of the twenty-eight municipalities in Michoacán that have "very high" rates of outmigration (CONAPO 2002). Mexican municipalities are made up of smaller towns and communities called localities. We then

[11] For more information about the MMP, see http://www.mmp.opr.princeton.edu.

proceeded by choosing three or four localities per municipality by PPS for a total of ten localities in all. The EPS field team then undertook the painstaking task of drawing maps of every block in each of the ten communities to obtain the most accurate count of household units. From these censuses, 768 households were chosen from the total population of households by simple random selection, with the number of interviews per community determined by each community's relative size and the total number of interviews determined by our project budget.

The survey was applied face-to-face by an experienced team of Mexican interviewers, supervised in the field by the author and the former field coordinator of the MMP. The response rate was 79.44 percent. By working in communities with very high rates of emigration, the EPS collected data from 262 RR households (one-third of the sample) while keeping the overall sample size and project cost under my maximum budget of thirty thousand dollars. Table 4.1 provides a breakdown of the actual populations of these ten communities, the number of households that the EPS surveyed in each community, and the share of these households that reported receiving remittances at the time of the interview.

Table 4.1 Characteristics of Communities Surveyed by the EPS

Community Code	Estimated Population (CONAPO 2002)	Number of households sampled per community	% of those households that receive remittances	No. RR households sampled, by community
1	2035	98	34	33
2	1431	60	31.7	19
3	381	21	38.1	8
4	6700	175	32	56
5	9364	127	31.5	40
6	264	18	55.6	10
7	3645	72	40.3	29
8	2723	102	34.3	35
9	542	18	22.2	4
10	2349	77	36.4	28
TOTALS		**768**	**34.2**	**262**

Because the EPS is not a national sample, my findings do not necessarily generalize to Mexico as a whole. Rather, the EPS sample is confined to a band of "very high emigration" (VHE) municipalities in the northern portion of Michoacán. I suspect, however, that the EPS generalizes beyond Michoacán's VHE communities, namely because this band of municipalities are at the center of Mexico's key labor exporting region, which includes the states of Jalisco, Zacatecas, Guanajuato, Estado de México, Querétaro, and Guerrero. With the exception of Zacatecas, all the communities selected for the EPS sample are near the border with one of these other high-emigration states. I add that there are distinct advantages to using local data. In this dissertation, I will claim that RRs exhibit behaviors that differ *from neighbors* who do not receive remittances. While we can use control variables to try to isolate the effect of remittances and thus compare RRs with their neighbors, it is also helpful to have a certain level of homogeneity in the sample so as to reduce the number of factors that we must attempt to control for. We sacrifice, in other words, some level of generality and gain some level of specificity.

Questionnaire Design

The EPS questionnaire was based on a unique two-part design that combines approaches used in socio-demographic studies of emigration like the MMP and political science studies of public opinion. Part I of the interview was conducted with the head of household and all other household members who were available and willing to participate. The main purpose of this half of the interview was to construct an in-depth profile of all household members' emigration experiences and income sources, including remittances. Part II of the interview was conducted with one randomly-selected adult member of the household. The aim of this half of the interview was to understand an individual's political behaviors, political attitudes, and perspectives on the economy. Details about the actual questions that were asked are provided in Chapter 5 and Chapter 6 when variables are discussed. A description of all variables used in this study and their summary statistics can be found in the appendices.

In-Depth Interviews

To complement my statistical work and establish lines of causality, I draw on in-depth interviews I conducted in the Mexican states of San Luis Potosí, Morelos, and Michoacán between 2005 and 2008. Table 4.2 provides an overview of the rural areas where this research was conducted. Living in these small communities for between one and four weeks, I conducted countless interviews with peasant farmers and return migrants about the intersection of remittances, economics, and politics in their towns. Often, these interviews would last about two or three hours.

Table 4.2. Principal rural sites of qualitative research and in-depth interviews.

Municipality	State	Month, Year	Time spent living in municipality
Xilitla and surrounding villages	San Luis Potosí	June-July 2005, February 2008	4 weeks
Quebrantadero	Morelos	January 2007	2 weeks
Huandacareo and surrounding communities	Michoacán	January 2008	2 weeks
Pajacuarán and surrounding communities	Michoacán	January 2008	1 week
Irimbo and surrounding communities	Michoacán	January 2008	1 week

In Michoacán, I conducted dozens of in-depth interviews with mayors and mayoral candidates, local party leaders, peasant farmers, and return migrants in the ten rural towns where we applied the Emigration and Politics Study during the month of January 2008. I also returned to Michoacán in April 2008 to conduct in-depth interviews with regional and state-level officials in Morelia, the state capital, including the Regional Director of the

Ministry for Agrarian Reform (SRA), the State Coordinator for the Oportunidades Program, the State Director of Statistics at the Ministry of Agriculture, Livestock, Rural Development, Fishing, and Nutrition (SAGARPA), the State Technical Director of the Ministry of Rural Development, and the Director of the Michoacán Ministry for Migrants Abroad. In addition to the interviews I conducted in the rural areas and with government officials, I learned a great deal from academics, students, return migrants, and laypeople in the capital cities of Guanajuato (6 weeks), Mexico City (4 weeks), Monterrey (2 weeks), Morelia (3 months), Oaxaca (3 weeks), and San Luis Potosí (3 weeks) between 2005-2008.

Chapter 5: State Retrenchment and Dependence on Remittances in the Mexican Countryside

In Chapter 2, I argued that international migrants remit to compensate their non-emigrating relatives for the weakness of social safety nets back home. My main contention, in other words, is that remittances are a substitute for government spending on subsidies and social welfare programs and that state retrenchment helps to explain some of the surge in remittances to developing countries like Mexico over the past two decades. This chapter evaluates these theoretical propositions. Do migrants remit more when the state spends less? Are remittances, in other words, a substitute for government spending on subsidies and social welfare benefits? Does this money essentially compensate the poor when the state's commitment to social welfare is low or in decline?

To explore these questions, I begin by providing a qualitative analysis that traces mass dependence on remittances in two rural Mexican communities to the Mexican government's withdrawal of indirect subsidies that had insulated farmers from market competition and income instability for decades. I then proceed to analyses of EPS survey data, which reveal that Mexicans in the US tend to send the most money back to households that (all else equal) receive the lowest levels of assistance from Mexico's flagship social welfare and social insurance programs. To explore how these individual-level findings generalize over time, I perform analyses of macroeconomic time-series data published by the Bank of Mexico for the period 1995-2008. Again, I find that Mexicans in the US have sent increasing amounts of money home in response to the Mexican government's curtailment of subsidies and social welfare programs. Before going into these qualitative and quantitative analyses, I begin this chapter by providing some background about the Mexican state's agricultural reforms and the effects these reforms have had on rural incomes.

Mexican Agricultural Reforms and Rural Incomes

By the late 1980s, rural Mexican households had come to depend heavily on state intervention in agricultural markets. Government companies like Mexican Fertilizers (FERTIMEX) and the National Seed Producer (PRONASE), for instance, provided highly subsidized fertilizer and seed to farmers; state enterprises like the National Company of Popular Subsistence (CONASUPO) and the Mexican Coffee Institute (INMECAFÉ) bought harvested crops directly from farmers at prices two to three times international market value; and agencies like the Rural Development Bank (BANRURAL) and the National Agriculture and Livestock Insurance Agency (ANAGSA) offered investment credit and crop insurance to farmers at bargain rates. This support essentially functioned as a social policy, with the state shielding peasant farmers from competition and compensating them for their inefficiency and redundancy (see, e.g., Fox 1993; Yunez-Naude 2003).

Overnight in some cases, but often over a period of years, these institutions were dismantled and the support they provided eliminated. Although some of this retrenchment began under President Miguel de la Madrid (1982-1988) in the wake of the 1982 debt crisis, most occurred under President Carlos Salinas de Gortari (1988-1994) and through the administration of Ernesto Zedillo Ponce de León (1994-2000). CONASUPO, for example, a massive state enterprise that subsidized crop prices and the price of basic foodstuffs, was dismantled in three major phases: 1991, 1995-1996, and 1999 (Yunez-Naude 2003; Casco Flores 1999). INMECAFÉ, on the other hand, an organization that provided production support to coffee farmers and bought their crops, was phased out between 1989-1993.

To compensate somewhat for the loss of market-distorting subsidies (and the exposure to market forces that resulted), the Mexican government established two major social programs in the early 1990s: the Program for Direct Support to Farmers (PROCAMPO) and the National Solidarity Program (PRONASOL), which was restructured and renamed PROGRESA in 1997 and Oportunidades in 2002. PROCAMPO benefits are limited to households that own or rent land and, at the time that I conducted fieldwork in January 2008, payments were a meager US$100 per hectare per year. Oportunidades is a poverty reduction program that requires families to meet educational, health, and nutrition benchmarks. At the time of my fieldwork, Oportunidades beneficiaries received about US$45 every two months, plus small scholarships for school-aged children and comparable stipends for senior citizens when applicable. In recent years, the Ministry of Social Development (SEDESOL) and other arms of the Mexican government have established new programs to assist impoverished households that do not participate in Oportunidades. The 70+ Program, for example, which just began in 2007, provides senior citizens a stipend equivalent to about $50 every two months.

Unlike indirect subsidies that insured farmers via market distortion, programs like PROCAMPO and Oportunidades provide households a direct cash stipend that can be saved and used to insure against losses that arise in a competitive market environment. Direct subsidies thus require beneficiaries—not the state—to monitor market conditions and decide how to most efficiently allocate capital (Casco Flores 1999). Programs like

PROCAMPO and Oportunidades furthermore differ from indirect subsidies in that they demand more effort on the part of households to seek out funding and meet eligibility requirements. As a result, many households never apply for or receive benefits. Finally, cash benefits are marginal, vary by household, and often require beneficiaries to meet some set of conditions (Pastor and Wise 1997). Thus, although they may insulate households from market forces somewhat, these programs are consistent with the larger mission of structural adjustment, which is to discourage dependence on government to solve economic problems (Casco Flores 1999).

Even with aid from new programs like PROCAMPO and Oportunidades, the loss of input subsidies, guaranteed prices, and low-cost credit and crop insurance has made rain-fed agriculture riskier and less profitable than ever. Many farmers have simply abandoned their land as a result. Fox and Bada (2008) report, for example, that in 1991 about one-quarter of the Mexican population resided in the countryside and about one-quarter of the Mexican labor force worked in agriculture. Twelve years later, about one-quarter of the Mexican population continued to reside in the countryside. The share of the labor force working in agriculture, however, had dipped from 25 percent to 15 percent, as a significant share of the rural workforce was displaced as a result of the new challenges that accompanied market-oriented reforms.

Actual data on prices helps to illustrate these challenges. A typical farmer, for instance, must use 100 kg of urea (a basic fertilizer) per hectare (Ha) to produce 3 tonnes/Ha of corn. Assuming that this farmer bought urea from FERTIMEX and sold corn to CONASUPO in 1990, he spent 46 pesos/Ha and earned 6000 pesos/Ha. In 2007, on the other hand, he spent 340 pesos/Ha and earned 3600 pesos/Ha for the same amount of corn.[12] This amounts to about a 45 percent decrease in profit as a result of the loss of market-distorting assistance. It is important to note that this example only takes into account the loss of subsidized fertilizer and producer prices, as I could not find historical data on other inputs. But certainly the loss of other types of production support (e.g., seeds and pesticides) and highly subsidized credit and crop insurance have further diminished profits and left Mexican farmers without a safety net during particularly difficult growing seasons.

Benefits from PROCAMPO and Oportunidades, by far the two most common forms of compensation in the countryside, may insulate farming households from adverse market conditions somewhat. In areas of rural Michoacán where I conducted fieldwork, the average landowning family works two hectares of land. If this family receives maximum PROCAMPO benefits for two hectares (2000 pesos) and standard Oportunidades benefits (470 pesos every two months), they will have recovered 4820 pesos, still more than 500 pesos short of pre-reform profits. Again, these figures do not take into account expenses related to seeds, pesticides, interest, or crop insurance, the costs of which have also increased with the loss of market-distorting assistance. But even this simple comparison of potential pre-reform and post-reform incomes indicates that peasant farmers have been adversely

[12] In 1990, a point in which the Mexican government had already begun to reduce its investment in the agricultural sector, producers bought urea directly from FERTIMEX for about 460 pesos per tonne—roughly $150 at the time (Espinosa-Carmona 2002). Meanwhile, the market price of corn in Mexico was officially 707 pesos per tonne ($234) (FAO 2010). CONASUPO, however, paid Mexican producers a guaranteed price for surplus corn that generally amounted to two to four times the market rate. Farmers who sold to CONASUPO therefore earned in the neighborhood of 2000 pesos per tonne ($660). Between 1991 and 1992, FERTIMEX was privatized and by 1995 producers were paying 1343 pesos per tonne ($210) for urea (Espinosa-Carmona 2002). The market price for urea continued to rise over the following decade and hit a high of about 3400 pesos per tonne ($310) by 2008 (*La Jornada*, 22 May 2008). CONASUPO phased out guaranteed prices for most crops in 1990 and for corn and beans by 1995 (Yunez-Naude 2003). According to official data, producer prices for corn reached 2010 pesos per tonne ($184) in 2006 (FAO 2010). Private buyers, however, usually pay below-market rates in the countryside. In communities where I conducted fieldwork in 2007-2008, the going rate for corn was 1200 pesos per tonne ($110).

affected by loss of indirect support, despite the Mexican government's effort to provide some level of direct compensation.

The Mexican government has developed a number of interesting subsidization programs in addition to PROCAMPO and Oportunidades, such as the Enterprising Rural Youth Program, the Fund for Productive Agricultural Projects (FAPPA), and the Program for Women in the Agricultural Sector (PROMUSAG). Farming households, however, tend to have little or no information about these options and have trouble meeting complicated application requirements. Many farmers therefore produce without government support. As a strawberry farmer in Irimbo, Michoacán told me, "We don't have any government support. We're forgotten by the political system. If you ask the local officials, they say there are no subsidies" (Author Interview, Jan 2008). Artemio Diáz Figueroa, a former candidate for municipal president of Huandacareo, explained, "Our officials in the city don't tell about all the programs we have in the government. They only talk about them to their closest friends or relatives." According to officials I spoke with at the Ministry for Agrarian Reform (SRA), the Ministry of Rural Development, and Ministry of Agriculture, Livestock, Rural Development, Fishing, and Nutrition (SAGARPA), the government's outreach efforts tend to be so modest largely because program budgets severely limit the number of households they can offer assistance to.

There is the sense, in other words, that benefits are difficult to secure, which interviewees tended to blame on their own lack of initiative, government favoritism and corruption, the government's failure to provide adequate information and assistance. A small business owner in the town of Pajacuarán, Michoacán, described the difficulty as such: "A person applying for government support must get all of the paperwork together and spend 500 pesos ($50) on a bus ticket to the state capital. When he arrives to the government offices, he is told that he is missing a document. So he must then return home to fix the problem. Then he must spend another 500 pesos—which he cannot afford—to return to the state capital" (Author Interview, Jan. 2008). This is contrasted with how some more senior members of Pajacuarán remember the system of indirect subsidization. "From the time of President Manuel Ávila Camacho (1940-1946) until Ernest Zedillo Ponce de Léon (1994-2000)," one elderly corn farmer recounted, "in every community and every town, there was support for the countryside. Local leaders did their best to get us fertilizer and help us out. Now there is nothing. I have to sell three tons of corn to buy just one ton of fertilizer—that's a crime." His associate interrupted, "The government gave us everything. All you had to do was fill out the application. They asked how much land you had, then they gave you the seeds and fertilizer you needed. Everything was taken care of. Then all of this ended—I don't understand why." (Author Interviews, Jan 2008).

Marginal and reticent support from the government—not to mention doubts and cynicism about the state's commitment to the countryside—left many people I spoke with feeling like protest is "a waste of time that will not benefit anyone," as a corn farmer in one town put it. He followed up stating that with rising input prices, low producer prices, and such little government support, "…it's silly to work [in Mexico]. Better to just go to the US and work there" (Author Interview, Jan 2008). Most Mexicans never go to the US, however—even in areas of the countryside where emigration rates are very high. With nearly 60 percent of households claiming to have one or more members living in the US, for example, the communities where the EPS was applied have some of the highest rates of outmigration in all of Mexico. It remains, however, that only about one-third of the members of these communities have actually emigrated. The question, therefore, is whether the two-thirds of the population that have remained behind have come to rely more on migrants' remittances as a result of the Mexican government's withdrawal of subsidies and production support.

State Retrenchment and Dependence on Remittances in Two Communities in Rural Mexico

I observed the reliability with which expatriates have assumed the Mexican state's social insurance burden in two very different Mexican communities. First, La Victoria is a village of about fifty households in a mountainous coffee-producing region of the state of San Luis Potosí. Landholdings in La Victoria and surrounding communities tend to be no more than about two hectares, limiting farmers to one cash crop. It can furthermore take five years before a coffee grower is able to begin selling his crop due to coffee's lengthy maturation phase. Residents of La Victoria thus had little opportunity for diversification once they chose coffee as their principal cash crop. Coffee appeared to be a worthwhile risk, however. In the 1970s, when farmers there made the switch from corn to coffee, coffee prices had skyrocketed as a result of the 1975 frost in Brazil.

In addition to the Brazilian frost, intervention by the Mexican government contributed to relatively high and stable incomes in La Victoria. The Mexican Coffee Institute (INMECAFÉ) was established in 1958 at a time of great volatility in global coffee markets. Although INMECAFÉ's original beneficiaries were primarily large growers, the institute became more oriented to smallholder farmers with the populist orientation of President Luis Echeverría (1970-1976). Coordinating with other SOEs, INMECAFÉ provided state-subsidized pesticides, fertilizer, and seeds to growers in villages like La Victoria. INMECAFÉ furthermore offered low-cost credit to peasant farmers and bought their coffee at above-market, guaranteed prices—a welcomed alternative to the expensive credit and low and unpredictable prices offered by private buyers (Hernández Díaz 1999).

For decades, INMECAFÉ ensured that however meager, predictable coffee revenues kept the families of La Victoria clothed, fed, and sheltered. Life in La Victoria changed dramatically between 1989-1993 when the Mexican government dismantled INMECAFÉ. For growers, the loss of support from INMECAFÉ was exacerbated by the decline in coffee prices that followed the 1989 collapse of the International Coffee Organization, an institution that had required key coffee-producing countries to adhere to strict supply quotas since 1963 (Bates 1997). In some of Mexico's major coffee-producing states like Oaxaca, well-organized growers pressured state and local governments to provide production support and purchase crops in INMECAFÉ's absence (Snyder 2001). Coffee is marginal to the economy in San Luis Potosí, however, and there was little incentive there to establish new institutions to replace INMECAFÉ. Growers in La Victoria were thus left to compete in a declining market saturated with superior varieties without the production support or guaranteed prices they had become so accustomed to receiving (Author Interviews, July 2005; Feb 2008).

As coffee prices plummeted and the cost of inputs and pesticides soared in the wake of INMECAFÉ's dismantlement, men (and later, women) began leaving La Victoria in unprecedented numbers. They went to work in the tobacco fields of Indiana, the ski resorts of Vail, and the orange fields of Florida (Author Interviews, July 2005). Despite the crisis, however, the vast majority of La Victoria's residents stayed in La Victoria. As community leaders explained to me, those who have stayed behind largely do not grow coffee because there is little assurance that earnings will be high enough to cover the cost of inputs. Instead, most families in the village have come to rely almost completely on remittances. Those who dare to grow coffee depend on remittances to insure themselves against unanticipated price decreases, to purchase inputs, and to pay workers to help them in the fields (Author Interview, Feb 2008). In sum, INMECAFÉ's dismantlement triggered a shift in dependence in La Victoria, with migrants coming to assume a greater welfare burden as a result of the state's withdrawal of subsidies and production support.

Consider also the rural municipality of Huandacareo, which was once the second biggest producer of pork in the Mexican state of Michoacán. As José Refugio Manríquez Díaz, the municipal president (mayor), explained to me, about one-fifth of households in his town raised pigs prior to Mexico's agricultural reforms. When indirect subsidies were eliminated in the early 1990s, family farmers who had grown dependent on government assistance found it difficult to adjust to the new market environment. Because most of Huandacareo's pork producers were unable to compete in a market dominated by large foreign and domestic conglomerates—a situation exacerbated by the North American Free Trade Agreement—"they closed their pig farms and went to the United States, as there was no other way to make a living in town" (Author Interview, Jan 2008; see also *New York Times* 19 Dec 2002).

Manríquez Díaz mentioned, however, that a handful of families have refused to shut down despite unfavorable agricultural policies. After combing the streets of Huandacareo, I met two of the few remaining pig farmers in town. One was a businessman with a relatively large, indoor farm and the capital to compete in the market (Author Interview, Jan 2008). Another was a woman who kept seven pigs in the yard alongside her home. When I asked this woman if I could speak with her husband about their pig farm, she told me that he had left some time ago to work in the United States. In the course of our conversation, she explained that the money her husband sent home was what sustained their business; if he returned, they would have to shut down (Author Interview, Jan 2008). In effect, her husband's remittances had come to replace support that was once provided to the household in the form of cheap, government-subsidized feed, for example.

The cases of pig farmers in Huadacareo and coffee growers in La Victoria are clear examples where I observed remittances replacing government support by directly subsidizing agricultural activities. Most surveys find, however, that remittances are rarely invested directly in agricultural activities. In my own household survey, only 1.6 percent of remittance-receiving households reported that their primary use of this money was direct investment in agricultural activities (e.g., purchasing seeds, fertilizer, renting or buying land, or hiring farmhands). Ninety-two percent, on the other hand, reported that remitted money was dedicated primarily to purchasing basic goods and services (e.g., food, clothing, healthcare and medicine, education, gas and electricity, home repairs and payments).

As a strawberry farmer in Irimbo, Michoacán explained to me, most families see little point in investing remittances directly in agricultural activities because there is such little promise of a good return. A corn farmer in La Victoria put it clearly: "If you invest a thousand pesos to grow corn, you are not going to see that money again because there's no return—not like the old days." Still, whether they fund consumption directly or indirectly, I found that mass dependence on remittances in places like La Victoria and Huadacareo was triggered by the withdrawal of government support that once came in the form of indirect subsidies and low-cost credit and crop insurance. Remittances, in other words, have filled a social insurance vacuum manifested by the elimination of public safety nets that insulated households from market volatility and funded consumption indirectly by keeping producer prices sufficiently high and the cost of inputs sufficiently low.

Household-Level Evidence: Survey Data Analysis

Because benefits from newer social programs like PROCAMPO and Oportunidades are disbursed as cash stipends, survey data can be used to provide a rigorous test of the proposed relationship between remittances and government spending at the household level as a basis for aggregate level generalization. All else equal, are migrants from risk-prone households more compelled to remit and to remit more when their non-emigrating family members receive low levels of government support? To explore this question, I analyze household data on remittance income and income from government social programs collected by the Emigration and Politics Study (EPS).

EPS Data on Remittances and Government Benefits

EPS interviewers began by taking an inventory of all household members' demographic characteristics, years of education, and labor activities. A household member was defined as anyone from the household, whether they live in Mexico or abroad. Household heads were then asked if any household members had migrated in the past or if any members currently live abroad. Following a precedent set by the Mexican Migration Project (MMP), the EPS defined a "migration experience" as a trip abroad lasting at least three months and consisting of "work, an active job search, or a reasonably stable residency."[13]

Profiles of each household member's first and most recent migration experiences were then created by asking the following questions: When did the individual leave for the US? When did he (or she) return to Mexico—or is this person still abroad? What is his relationship to the head of this household? How many times has he emigrated to the US?

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[13] For this definition, see the MMP Interviewer's Manual at http://mmp.opr.princeton.edu/databases/ethnosurvey-en.aspx

What is (was) his occupation in the US? How many children live with him in the US? Does (did) he send money home? If so, how much and how often? If he remitted in the past but then stopped, until what year was money sent home?

In addition to questions about household income from remittances and labor activities in Mexico, every household was asked questions about benefits received from Oportunidades and a host of other poverty-reduction programs. Although the lion's share of welfare benefits are delivered through Oportunidades, a small number of households also reported receiving money from (a) the 70+ Program, which provides a cash stipend for each adult living in the household over the age of 69 (equivalent to US$50 every two months at the time of the survey); (b) the LICONSA program, which provides credits to purchase milk for infants (equivalent to US$10 per month); and (c) staple foods from the National System of Integral Family Development (DIF) (equivalent to US$30 every two months).

Households that rent or own land were furthermore asked whether benefits from PROCAMPO had ever been received, the years of participation in PROCAMPO, and the amount of money received from PROCAMPO per year.[14] Finally, all households were asked which households members, if any, are eligible for benefits from the Mexican Social Security Institute (IMSS). Through contributions from the state, employers, and workers themselves, IMSS provides medical insurance, disability compensation, and pensions to workers and their dependents. Although it is the largest institution of its kind in Latin America, many Mexicans are not covered by IMSS—especially those working in the agricultural sector.

Of the 768 households that participated in the EPS, 357 reported that at least one household member was living in the United States during 2007. In all, data for 870 migrants

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[14] Questions were also asked about many other agriculture and livestock programs like Alianza para el Campo and PROGRAN. No respondent, however, reported receiving agricultural subsidies other than PROCAMPO.

was collected for 2007. The following models analyze the remitting behavior of these 870 migrants, exploring which factors affect their decisions about how much money (if any) to remit to their relatives in Mexico. My primary objective is to understand whether, after controlling for factors prior research has deemed critical to the remitting decision, migrants also base their remitting decisions on the level of government assistance received by their non-emigrating relatives. I expect that migrants send the most money to households that receive the lowest levels of support from programs like Oportunidades, PROCAMPO, and IMSS, insuring their non-emigrating family members against economic crisis in the state's absence.

Dependent Variable

Remittances, the dependent variable, is a continuous measure of the total dollar amount that household *j* (a Mexican household) received from migrant *i* (a member of household *j* living in the US) in 2007. This amount was reported by the head of household *j*. The household head was free to report this amount in U.S. dollars or Mexican pesos. He or she was also permitted to report this amount according to the usual frequency that migrant *i* sent money home. I then used this raw data to calculate the annual amount sent by migrant *i* denominated in U.S. dollars using the average exchange rate for 2007.

Control Variables

Migrant *i* will be more compelled to remit the stronger his ties are to the members of household *j* (Johnson and Whitelaw 1974). Migrant *i* should remit more, for instance, if the head of household *j* is his spouse than if the head of household *j* were merely a distant relative. *Relation* is thus an ordinal variable that assigns values to the relationship between migrant *i* and the head of household *j,* where lower values signify closer relationships.[15] Migrants also tend to remit less as they establish roots in the destination country. *Time Abroad* measures the number of years migrant *i* has lived in the United States without re-establishing himself in Mexico. The longer one lives abroad without making an extended return, the more his ties to the homeland should weaken and the less motivated he should be to remit (Lucas and Stark 1985; Durand et al. 1996a). In addition, migrant *i*'s commitment to non-emigrating relatives will be counterbalanced by his family commitments in the US. *Children* is the number of children migrant *i* has living with him in the United States. Migrant *i* should be less motivated to remit as the number of children he is supporting in the US increases (Faini 2007).

Migrant *i*'s ability to remit will depend upon how much he earns abroad (Gupta 2005). *Wages* measures the amount migrant *i* earns per hour working in the US. Although Mexicans generally know the occupation of their relatives in the US (e.g., construction worker, dishwasher, farmer, landscaper, etc.), they often do not know how much these jobs pay. The *Wages* variable was thus constructed by matching reports about migrant *i*'s occupation in the US to data published by the US Bureau of Labor Statistics on the average hourly wage of hundreds of occupations in the United States. After controlling for the preceding variables*,* I expect remittances to increase with *Wages*.

When other relatives are also abroad, migrant *i* may feel less responsibility to shoulder all of household *j*'s financial burdens. *Other Migrants* is the number of household *j*'s members who were living in the US in 2007, minus migrant *i*. Following prior research, I expect migrant *i*'s contribution to household *j* to be lower when more of household *j*'s

[15] Specifically, *Relation* = 0 if migrant *i* is the spouse of the head of household *j*; *Relation* = 1 if the child, parent, or sibling; *Relation* = 2 if the nephew/niece, brother/sister-in-law, mother/father-in-law, son/daughter-in-law, cousin or grandparent; *Relation* = 3 if some distant familial relationship or non-familial relationship.

members are also living abroad (Agarwal and Horowitz 2002). Finally, with age, people become more likely to maintain steady employment and save their earnings. I thus expect migrant *i* to be more compelled to remit with age (Rodriguez 1996). *Age* is a continuous variable measuring migrant *i*'s age in 2007.

Migrant *i* will also consider the circumstances of household *j* when deciding whether and how much money to remit (Johnson and Whitelaw 1974; Lucas and Stark 1985). The *Income* variable measures household *j*'s annual income from labor activities in Mexico. Household *j* will also be at a greater disadvantage if it is composed largely of children needing support rather than working-age adults who can provide support. *Dependents* measures the share of household *j*'s members who were children under the age of fourteen in 2007. Migrant *i* should be more motivated to remit when household *j* is composed of more non-working dependents.

Key Independent Variables

In their seminal study of remitting behavior, Lucas and Stark (1985) showed that more risk-prone households—not necessarily those that are poorer on average—receive the most support from family members abroad. Economic risk is pervasive in the communities where the EPS survey was applied, with only 6 percent of households classifying their income from local labor as "stable" or "very stable." Among these vulnerable households, arguably the most vulnerable households are those that depend on agriculture. Nine out of ten farming households in these communities engage in the production of grains on an average of two hectares of rain-fed land. Their small yields, lack of capital, land, and technologies, and dependence upon grain farming (a market dominated by more efficient, better-subsidized North American producers) make farmers in these communities particularly susceptible to losses and income instability. To identify migrants whose non-emigrating relatives belong to this particularly vulnerable economic group, I include the *Agriculture* variable, which assigns a value of one when household *j* depends on an agricultural income and zero in all other cases. Because agricultural households are so vulnerable to economic crisis, I expect migrants to be more compelled to remit to agricultural households than to non-agricultural households, all else equal.

My central argument has been that migrants remit the most money to households that receive the lowest levels of government support, essentially compensating or insuring them when the state fails to. To test my theory, I explore the effects of social benefits received by household *j* on migrant *i*'s remitting behavior. *Cash Benefits* is the total dollar amount that household *j* received from its participation in programs like PROCAMPO, Oportunidades, the 70+ Program, LICONSA, and DIF in 2007. Because IMSS is primarily a health and pension program that provides services that are difficult to quantify, I was unable to measure benefits from IMSS in currency units. Rather the *IMSS* variable is the share of household *j*'s members who were eligible for IMSS coverage in 2007. I expect migrant *i* to remit more when household *j* receives less income from programs like PROCAMPO and Oportunidades and when a smaller share of household *j*'s members are IMSS beneficiaries.

Results

Table 5.1 presents ordinary least squares (OLS) estimates. For easy interpretation of the coefficients, all data originally reported in Mexican pesos were converted to US dollars using the average exchange rate for 2007. Standard errors are in parentheses and reflect the fact that some migrants come from the same household *j*.[16] This adjustment is necessary because migrants from the same household are likely remitting on the basis of a set of unobserved factors in addition to those parameterized in the model. When unaccounted for, such spatial correlation can lead to over-confidence (Type I error) in hypothesis testing.

Table 5.1. Survey Data Analysis. OLS Estimates

Dependent Variable	**Remittances sent by migrant *i* to household *j* in 2007**
Cash Benefits	-0.15**
	(0.07)
IMSS	-585.53***
	(218.60)
Income	0.01
	(0.01)
Other Migrants	-201.08***
	(30.75)
Agriculture	380.41***
	(132.88)
Dependents	1683.27***
	(323.24)
Wages	49.52***
	(10.06)
Children	-194.38***
	(49.16)
Relation	-655.55***
	(206.77)
Age	55.38***
	(9.39)
Time Abroad	-29.59***
	(10.93)
Constant	-101.93
	(315.12)
N	870
R-sq	0.28

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

Maybe the most surprising result to readers who are less familiar with the remittances literature is that household *j*'s domestically-earned income has no statistically

[16] Spatial correlation between migrants from the same households was corrected for using STATA's survey data command, grouping sample units by household.

significant effect on migrant *i*'s decision about how much money to remit (*Income*). But as pointed out earlier, this result is a recurring theme in the remittances literature. Household *j*'s access to welfare benefits (*Cash Benefits*) and social insurance (*IMSS*), on the other hand, matters in a way that is both statistically and substantively significant. Taken together, estimates for these three variables are consistent with Lucas and Stark's (1985) findings. Migrants decide how much to remit, they showed, less as a function of household *j*'s average income level and more with respect to its vulnerability to economic risk. Since risk is pervasive in these communities (and the *Agriculture* variable was included to control for what are arguably the most risk-prone households), the factor that distinguishes households most in terms of their vulnerability to risk is their access to government benefits, subsidies, and social insurance.

Point estimates for the key independent variables tell an interesting story about the role that economic risk and government compensation play in migrant *i*'s remitting decision. First, the notion that farming households are relatively more vulnerable to risk and thus require more social insurance is confirmed by estimates for the *Agriculture* variable. On average, migrant *i* remitted $380 more per year if household *j* depends on an agricultural income.

The extent to which household *j* can depend on assistance from the Mexican government furthermore plays an important role in the remitting decision. Specifically, migrant *i* remitted about $585 more per year if no members of household *j* were covered by IMSS than if all members of household *j* were covered by IMSS (*IMSS*). This result is not surprising since health services and medicine are a common use of remitted money. Additionally, migrant *i* remitted an average of $150 more per year if household *j* received no benefits from programs like PROCAMPO and Oportunidades than if household *j* received

$1000 in benefits from these programs (*Cash Benefits*). These results indicate that Mexicans abroad indeed provide a safety net to their non-emigrating relatives in the absence of robust government assistance, sending more money for food, healthcare and other basic goods and services to their loved ones when the Mexican government fails to provide adequate social insurance.

Estimates confirming the very intuitive effects of the control variables lend credibility to estimates for the key independent variables. For instance, migrant *i* remits an average of $200 less annually for every child he or she must care for in the US (*Children*). Moreover, as migrant *i*'s ties to home weaken with every additional year he is abroad, he remits about $30 less (*Time Abroad*). Migrant *i*, however, tends to remit more when his or her relationship to the head of household *j* is closer (*Relation*). As a simulation, consider that if the head of household *j* is migrant *i*'s wife, he remits an average of $1300 more per year than if the head of household *j* were his niece or brother-in-law. Migrant *i*'s own financial situation also plays an important role in the remitting decision. All else equal, migrant *i* sends home an average of $50 more per year for every $1 more he earns per hour working in the US (*Wages*). He furthermore remits more with age, presumably becoming more capable of maintaining steady employment and willing to save and send back disposable income (*Age*).

When more members from household *j* are abroad, migrant *i* feels less responsibility to shoulder household *j*'s financial burdens. In my analysis, migrant *i* remits about $200 less per year for every additional member of household *j* who is also living in the US (*Other Migrants*). Finally, migrant *i* generally remits more when fewer members of household *j* are working age adults. Consider, for example, a hypothetical six-person household. If five of this household's six members are under the age of fourteen, migrant *i* remits $1400 more on average than if no members of the household were under the age of fourteen (*Dependents*). In sum, the estimates on all of the control variables make a great deal of sense, giving us greater confidence that estimates for the *Cash Benefits* and *IMSS* variables tell us something about reality.

National-Level Evidence: Time-Series Analyses

Estimates in Table 5.1 indicate that Mexicans in the US (at least those from rural Michoacán) tend to remit the most to relatives who receive the lowest levels of assistance from Mexico's flagship social insurance and subsidization programs. If we assume that this type of behavior generalizes to the population of Mexican immigrants, the Mexican state's declining commitment to social welfare over the period of structural adjustment reform should also explain some of the surge in remittances to Mexico. That is, as the Mexican government has withdrawn from the economy over the past two decades of market reform, I have argued that Mexicans abroad have filled some of the social insurance gap by sending increasingly massive amounts of money home.

Because no longitudinal data for households or individuals exists to test my argument, I examine the relationship between the aggregate flow of remittances into the Mexican economy and the Mexican government's spending on "welfare benefits, subsidies, and transfers" over the period 1995-2008. Although the use of aggregate time-series data introduces the risk of ecological fallacy, I am less worried about this possibility in this instance since the preceding analyses indicated a negative relationship between remittances and government spending on the individual level.

In the models that follow, I assume that remittances flow into the Mexican economy as a function of spending by the Mexican government on welfare benefits and subsidies

(*Benefits*), the overall health of the Mexican economy (*Inflation*), and the joint effect of the stock of Mexican immigrants working in the US economy (*Workforce)* and the wages earned by those workers (*Wages*).

Dependent Variable

Data for the dependent variable, Mexico's monthly income from remittances between 1995 and 2008, is publicly available on the Bank of Mexico's website.[17] Since 1995, the Bank of Mexico has collected remittances data by requiring all banks and wire transfer companies to register and report electronic transfers and money orders from foreign economies. The Bank of Mexico furthermore conducts interviews with return migrants to estimate remittances sent as cash or in-kind gifts (Cañas et al. 2007). Ideally, the timeframe of this analysis would begin prior to 1995 in order to more adequately explore the effects of the reforms and spending cuts that took place during the Salinas Administration (1988-1994). Unfortunately, however, Mexico only began keeping reliable, monthly records on remittance inflows in 1995 after Salinas left office. Still, many of Salinas' reforms continued to be realized throughout the 1990s. CONASUPO, for example, a massive state enterprise that subsidized crop prices and the price of basic foodstuffs, was dismantled in three major phases: 1991, 1995-1996, and 1999 (Yunez-Naude 2003; Casco Flores 1999). Two of these three phases fall within the timeframe under analysis here.

Independent Variables

Data for the *Inflation* and *Benefits* variables also come from the Bank of Mexico's online database. *Inflation* is Mexico's consumer price index and is included as a control for

[17] One can best access these data by going to http://www.banxico.org.mx and typing "*remesas familiares"* (family remittances) in the search box.

the overall health of the Mexican economy and macroeconomic shocks like the Mexican Peso Crisis. *Benefits*, the key independent variable, is spending by the Mexican government on "welfare benefits, subsidies, and income transfers."[18] Programs like PROCAMPO, Oportunidades, and IMSS constitute the bulk of spending in this category. Other major expenditures are made through the Institute for Pensions and Social Services for State Workers (ISSSTE) and a host of smaller-scale programs sponsored by Mexico's Ministry for Social Development (SEDESOL) and Ministry of Agriculture, Livestock, and Fishing (SAGARPA).

Data for the two remaining variables, *Wages* and *Workforce*, come from the US Bureau of Labor Statistics' online database and approximate the size and wages of the Mexican workforce in the US.[19] When interacted, these variables serve as a control for the stock of money that could potentially be remitted to Mexico. Since the vast majority of Mexican immigrants engage in low-skill labor, data for *Wages* is the weekly salary of the average blue-collar worker in the US. Because 80-85 percent of Mexican immigration has occurred clandestinely over the past decade, there are simply no reliable short-term measures of the Mexican immigrant population or workforce (Passel 2006). The US Bureau of Labor Statistics, however, publishes good monthly data on the size of the Hispanic and Latino workforce, over 60 percent of which is of Mexican origin or descent. Thus, as the best-available proxy for the size of the Mexican workforce in the US, the *Workforce* variable uses data on the number of Hispanics and Latinos working in the US economy. In using this

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[18] Data on "welfare benefits, subsidies, and transfers" are available at http://www.banxico.org.mx under the category "Finanzas públicas CG9 - Gastos Presupuestales del Sector Público, Gasto presupuestario, Gasto corriente, Ayudas, subsidios y transferencias."
[19] Data for the *Wages* and *Workforce* variables can be accessed at the US of Bureau Statistics website (http://www.bls.gov).

data, my assumption is that unobservable trends in the size of the Mexican workforce follow observable trends in the overall employment of Hispanics and Latinos in the US.

Results

All observations are quarterly averages of monthly data from January 1995 – June 2008. While averaging the data removes much of the autocorrelation that plagues the monthly data, I employ two additional strategies to manage autocorrelation. First, I estimate a first-order autoregressive specification with the data in levels (Table 5.2). Second, I estimate an OLS regression with data as first-differences (Table 5.3). In all models, the independent variables are lagged one quarter. I also include a two-quarter lag of the *Inflation* variable since price increases may take more time to reach the household-level. Finally, data for the dependent variable and the *Benefits* and *Wages* variables are denominated in US dollars.[20]

[20] Data for the *Benefits* variable was originally denominated in Mexican pesos, but converted using the appropriate monthly exchange rates.

Table 5.2. Time-Series Analysis, AR(1) Process, quarterly averages of monthly data in levels.

Dependent Variable: **Remittances Sent to Mexico, 1995-2008**

	Model 1	Model 2
Benefits (t-1)	-0.24***	-0.23***
	(0.03)	(0.03)
Inflation (t-1)	1.24e+07*	
	(6.94E+06)	
Inflation (t-2)		2.01e+07***
		(6.79E+06)
Workforce x Wages (t-1)	1.60***	1.94***
	(0.49)	(0.49)
Workforce (t-1)	-904.03**	-1181.92***
	(350.94)	(359.69)
Wages (t-1)	-1.50e+07**	-2.00e+07***
	(5.82E+06)	(5.83E+06)
Constant	8.48e+09**	1.16e+10***
	(3.61E+09)	(3.68E+09)
N	53	52
R-sq	0.7	0.73

Standard errors in parentheses

* p<.10; ** p<.05; *** p<.01

Table 5.3. Time Series Analysis, OLS with data first-differenced

Dependent Variable: **ΔRemittances Sent to Mexico, 1995-2008**

	Model 1	Model 2
Δ Benefits (t-1)	-0.24***	-0.24***
	(0.03)	(0.03)
Δ Inflation (t-1)	4.59E+06	
	(1.26E+07)	
Δ Inflation (t-2)		2.80e+07**
		(1.17E+07)
Δ Workforce x Wages (t-1)	1.48**	2.17***
	(0.62)	(0.62)
Δ Workforce (t-1)	-847.32*	-1335.46***
	(429.71)	(433.5)
Δ Wages (t-1)	-1.43e+07**	-2.13e+07***
	(6.54E+06)	(6.47E+06)
Constant	1.64E+07	-2.41E+07
	(2.94E+07)	(2.67E+07)
N	52	51
R-sq	0.62	0.67

Standard errors in parentheses

* p<.10; ** p<.05; *** p<.01

Estimates are presented in Table 5.2 and Table 5.3. In both models, observe that remittances to Mexico increase after the Mexican government cuts spending on "welfare benefits, subsidies, and income transfers" (*Benefits*). On average, a $10 million reduction in social spending by the Mexican government stimulates a roughly $2.5 million increase in remittances to Mexico. Note that the coefficient for the *Cash Benefits* variable in Table 5.1 (-0.15) is strikingly similar to the coefficients for the *Benefits* variables in Tables 5.2 and 5.3 (-0.24). I imagine that if it were not necessary to split the effect of social spending between the *Cash Benefits* and *IMSS* variables in Table 5.1—or if there was some way to split the effect of cash benefits and insurance programs in Tables 5.2 and 5.3—these coefficients would be even closer in magnitude.

Estimates for the *Benefits* variables in Table 5.2 and Table 5.3 are further support for my argument that Mexicans in the US have systematically compensated for the weakness of the Mexican welfare state. These findings suggest that as the Mexican government has reduced its commitment to social insurance provision over the past two decades of market-oriented reform, migrants have stepped in to fill some of the social insurance vacuum. Again, however, the data show that Mexican immigrants only make up some of the difference, compensating for only about 25 percent of what is lost in the process of making spending cuts and dismantling government enterprises.

Lending credibility to these conclusions, notice that all signs on coefficients for the control variables are as expected. Unsurprisingly, economic downturns in Mexico, as captured by the consumer price index (*Inflation)*—trigger an increase in remittance inflows. Furthermore, on the American side, a joint increase in the population of Hispanic workers

(*Workforce*) and wages earned by blue-collar workers (*Wages*) results in a statistically significant increase in remittances sent to Mexico.[21]

Evaluating the Causal Story

In Chapter 2, I argued that international migrants have sent more money home over the past two decades in direct response to the withdrawal of subsidies and social welfare benefits that has occurred as part of structural adjustment reforms. This chapter provided some evidence to support this hypothesis by tracing mass dependence on remittances in two Mexican communities to the withdrawal of agricultural subsidies in the late 1980s and early 1990s, analyzing the remitting behavior of individual migrants with original survey data from rural Mexico, and exploring trends in aggregate remittance flows to Mexico and spending by the Mexican government on subsidies and social welfare benefits between 1995 and 2008. Certainly none of these empirical tests are definitive proof that migrants remit to compensate for state retrenchment; however, they demonstrate a strong negative relationship (i.e., correlation) between the level of social spending by the Mexican government and the amount of money sent home by Mexicans abroad.

Clearly, demonstrating a correlation is not the equivalent of establishing a causal relationship (King et al. 1994). So before moving on to the next chapter, we must ask, could the line of causality be reversed? Rather than a scenario in which state retrenchment *causes* migrants to send more money home, as I have proposed, might massive amounts of remittance *cause* states to retrench? Observing that remittances are flowing into their

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[21] Note that the estimate for the *Workforce* variable assumes the unrealistic circumstance where the Hispanic labor force is growing but Hispanics work for no pay (i.e., *Wages* = 0). Similarly, the estimate for the *Wages* variable assumes the unrealistic circumstance where wages in the US are increasing, but no Hispanics are employed in the US labor force (i.e., *Workforce* = 0). See Braumoeller (2004) for further discussion about the interpretation of interaction terms and their related coefficients.

economies, in other words, might politicians recognize that they can afford to spend less money on subsidies and social welfare benefits?

I find this casual story unconvincing for at least two reasons. First, through interviews I conducted in places like La Victoria and Huadacareo, I learned that sudden decreases in producer prices and the loss of production support, credit, and insurance—all consequences of state retrenchment—led to greater dependence on remittances. My interviews, in other words, revealed a clear causal pathway that began with the loss of government benefits and resulted in more families coming to rely on remittances to fund basic consumption needs. Second, research on the causes of structural adjustment indicate that deep economic crises, the belief that market-led growth was the path to sustainable development, and a number of exogenous and endogenous institutional factors explain why politicians in developing countries chose to undertake these reforms (see, e.g., Haggard and Kaufman 1995). This is not to say that upon supporting market reforms, some politicians—particularly those who depended on the support of adversely affected rural constituencies—did not predict that migrants might assume a greater social insurance burden in the state's absence, thus limiting public backlash and helping to ensure their own political survival. But if some politicians depend on migrants to assume a greater social insurance burden through periods of state retrenchment, this implies that politicians indeed understand that retrenchment causes remittance inflows to increase, which has been my argument to this point.

This raises another question, which will be the topic of the next chapter: Do remittances leave citizens with fewer economic grievances, thus reducing public backlash and helping to ensure the political survival of certain parties or candidates? Are politicians who preside over both a poor economy and a weak welfare state, in other words, made less vulnerable to punishment in elections when remittances are a more significant form of social insurance? The next chapter will explore this question using EPS data.

Chapter 6: Remittances, Economic Optimism, and Voting Behavior in the Mexican Countryside

One of my central arguments in Chapter 3 was that because remittances serve as a reliable safety net for some poor families in the absence of a robust welfare state, remittance recipients (RRs) will enjoy a higher level of income stability than neighbors who do not receive this money. As a result, RRs will have a more sanguine or optimistic outlook on economic matters and thus be less likely to have and politicize economic grievances. RRs should therefore be less compelled to mobilize against and punish politicians at the ballot box for a poor economy. Since they are less sensitive to economic hardship and have fewer economic grievances, in other words, RRs will be less likely to vote, and if they do vote, they will be more likely to vote for the incumbent party at the expense of the opposition. In this sense, the effects of remittances on voting behavior can be compared to the effects of public spending on subsidies and social welfare programs, which proponents of the compensation hypothesis have argued were critical to maintaining political stability through periods of economic transition in the postwar West.

This chapter begins with some preliminary evidence from qualitative interviews I conducted in Huandacareo, La Victoria, and Morelia. I proceed by developing a method for conceptualizing and measuring what it means to be an RR for the purpose of using statistical data to explore the effects of remittances on political behavior. I subsequently test my theory alongside other explanations with data from the Emigration and Politics Study (EPS). Statistical tests support the hypotheses that RRs enjoy more income stability, make more positive and optimistic economic assessments, and are less likely to have and politicize economic grievances. In turn, I find strong evidence for my hypotheses that RRs vote less often and tend to favor the incumbent in instances when they do vote. Specifically, I find that remittances' effects on income stability and citizens' economic assessments benefited the rightwing National Action Party (PAN) in the 2006 Mexican presidential election and disadvantaged the leftwing Party of the Democratic Revolution (PRD). RRs, in other words, saw less reason to punish the PAN or embrace the changes proposed by the PRD. Statistical tests furthermore reveal that the reduced-participation, pro-incumbent bias that results from RRs' economic optimism has little to do with parties' campaign strategies or RRs' positions on economic issues. I find, on the other hand, that this bias may be reinforced by the importance RRs attach to non-economic issues and the extent to which they communicate with their family members in the US about politics. Finally, statistical tests allow me to reject the hypotheses that remittances have no effect on political behavior, that RRs are more likely to participate in elections, and that RRs are more likely to vote for the opposition at the expense of the incumbent.

Interviewees' Reflections on Remittances and Politics

Do remittances reduce pressure on the state? If so, how? To gain a handle on questions like these I asked residents of La Victoria and Huandacareo very general questions about how they and their neighbors view the government and their rights as citizens to make demands on the state through voting, protest, and lobbying. I followed up by asking respondents why they feel the way they do.

One man I spoke with, a cattle rancher and return migrant from Huandacareo, described himself and his neighbors as very "laid back people" who do not see much use in protesting the government's failures. When I asked him why, he replied that "we do not depend on the government—we depend more directly on our brothers in the United States—so we aren't so concerned with what our government officials do and don't do" (Author Interview, Jan. 2008). More than anyone else I interviewed, this gentleman clearly described a situation in which the safety net provided by relatives abroad had a calming effect on the population, breeding what could be described as a political complacency that makes citizens less inclined to politicize government failures.

I found that this notion was also revealed in what residents did not say. Interviewing a smallholder farmer and village leader in La Victoria who receives remittances, for example, I asked what he thought the government could do to help his community in light of the coffee market crash. Because his community is so poor and was devastated by the dramatic decrease in coffee prices, I expected him to reply with a list of demands. Instead, he thought about my question for a few moments, then told me that he could not think of any proposals. To be clear, the interviewee is a very sharp gentleman who is highly engaged in the issues facing his small community. A Mexican colleague who had accompanied me thus pressed him on the question: "Nothing that the government could do?" he asked the farmer in astonishment. The farmer reflected on the question for a few more moments and replied very calmly that maybe the government could help them by providing funds to raise sheep and goats (Author Interview, Feb. 2008).

I was only left to wonder how many proposals the farmer in La Victoria would have had his community not been supported by remittances in the wake of the state's retrenchment and subsequent decrease in coffee prices. "Remittances are what sustain the people here," a corn farmer in Huandacareo declared in one of my interviews. "If money wasn't coming in from the U.S., I don't know what would happen—people would have to find a way [to survive]. Maybe there would be […] another revolution. This is why the government wants us to migrate" (Author Interview, Jan. 2008). Similarly, a small business owner and return migrant in Morelia proclaimed that "the government assumes that the 'Mexican landscapers' [i.e., Mexicans in the US] will send home a lot of money, and because of them, the Mexican economy survives" (Author Interview, Feb. 2008). The feeling, in other words, is that these infusions of cash take citizens' focus off of government failures by sustaining families and reducing their sensitivity to poor economic conditions.

Government officials I interviewed in Morelia, Michoacán were understandably more interested in listing their efforts and accomplishments than they were about speculating about the specific ways remittances relieve pressure on the government. But they made more general statements revealing that they understand that remittances make life easier for government officials (Author Interview, Ministry of Rural Development, April 2008). "Remittances provide a reprieve (*respiro*) for the country," one official at SAGARPA told me (Author Interview, April 2008).

My interviews imply that in filling a social insurance gap, remittances leave citizens somewhat more complacent about politics and less inclined to make demands on the government than they otherwise would in the absence of this money. My qualitative interviews, however, leave many questions unanswered. How do remittances promote this complacency and reduce punishment and pressure on the Mexican government? Is there anything systematic about these effects? Do remittances affect citizens' perceptions about the state of the economy and their own financial circumstances? Do remittances flow at the expense of some political actors and to the advantage of others? The remainder of this chapter uses EPS data to dig deeper and more rigorously explore questions like these.

Conceptualizing RRs for Analytical Purposes

Existing Data and the Problem of Measuring RRs

Some basic conceptual issues must be addressed before we begin to analyze the political effects of remittances. Who, for instance, should be considered a remittance recipient? Is receiving remittances an either-or proposition? If not, how do we go beyond a dichotomous measure to account for variation within the group of citizens who receive remittances? How, in other words, do we measure what it means to be a remittance recipient in analyses of political behavior?

These types of questions have been overlooked in prior work. Goodman and Hiskey (2008), for instance, employed data from a survey called the "Democracy Through U.S. and Mexican Lenses Project" (Camp et al. 2000) to explore the effects of remittances on participation in Mexico's 2000 presidential election. Because the "Lenses Project" did not collect any data on remittances, however, Goodman and Hiskey created a dichotomous variable that, based upon the Mexican Population Council's estimates (CONAPO 2002), distinguished respondents living in high-emigration municipalities from those who live in municipalities with lower levels of out-migration. Two unpublished studies that explored the effects of remittances on voting behavior used similar municipal level indicators (Diaz-Cayeros et al. 2003; Merino 2005).

Municipal level indicators are problematic primarily because they force us to make the assumption that the residents of high-emigration municipalities benefit similarly (if not equally) from remittances. This assumption is inaccurate both between and within municipalities. Scholars have noted, for instance, the lack of clear relationship between a municipality's emigration intensity and poverty level, meaning that higher levels of emigration do not always translate into higher levels of development (Fox and Bada 2008). Furthermore, significant intra-community inequalities are manifested or reinforced when some households receive remittances and others do not (Barham and Boucher 1998; Stark et al. 1986). Just because one lives in a town with high rates of outmigration, in other words, does not mean he or she receives remittances or benefits from this money in any way.

Clearly, individual-level data on remittances are needed to investigate the effects of these monetary flows on political behavior. To my knowledge, only three previous public opinion surveys, all of which were conducted in Mexico, have asked respondents about their income from remittances (Los Angeles Times 1991; Lawson et al. 2006; Crow 2006). These data, however, do not permit the development of a very nuanced measure of what it means to be an RR because they only ask the following types of questions: (1) "Do you or anyone in this household receive money from a family member or friend who is working in the United States?" and (2) "How much money does the household receive from a family member or friend who is working in the United States?" The former question results in a dummy variable that identifies respondents who receive any amount of money from a family member abroad, while the latter results in a categorical or continuous variable that, with varying degrees of precision, measures respondents' remittance income in currency units.

A simple dichotomous measure should be ruled out from the outset. By conceptualizing the state of being an RR as an either-or proposition, we fail to pick up on important variation in the population of RRs. It is inaccurate to assume, in other words, that the effect of remittances is the same for a household that receives $100 once a year as a gift as it is for a household that has received $100 a week for the past five years.

A categorical or continuous variable that measures household income from remittances is certainly an improvement on a dichotomous variable. This type of variable still has a number of deficiencies, however. First, previous surveys have required interviewers or respondents to pigeonhole remittance income into predefined (and arbitrary) categories. The wording of a question in *Los Angeles Times* Poll #258, for example, allows respondents only to report their *monthly* income from remittances (Los Angeles Times 1991). Remittances, however, are often not sent on a monthly basis, forcing the respondent (or possibly the interviewer) to quickly calculate a monthly average, which may or may not be accurate. The wording of a question in the Mexico 2006 Panel Study only allows respondents to report remittance income in Mexican pesos (Lawson et al. 2006). Remittances, however, are often sent in US dollars, which again forces the respondent or the interviewer to make a quick (and for many, difficult) calculation.[22] When given the option to report remittance income in US dollars or Mexican pesos, in fact, 85.12 percent of respondents to the EPS chose to report this income in US dollars.

Predefined and arbitrary categories may not only lead to the collection of inaccurate data, but also very imprecise data. This issue is most severe in the case of the Mexico 2006 Panel Study, where categories tend to be quite large. Two respondents, for example, may report that their remittance income is between 5,000 to 9,999 pesos every two or three

[22] The difficulty respondents and interviewers have in making simple calculations and currency conversions became apparent to me when I worked as a research associate for the Mexican Migration Project (MMP) in January 2007. Upon designing the EPS in the months following my work on the MMP, I made every effort to write a questionnaire that required no calculations or conversions on the part of respondents and interviewers.

months. Although these two respondents appear indistinguishable in the data, they could be quite different in reality. One respondent, for instance, may actually be taking in about 60,000 pesos per year (about US$6000 at the time this data was collected) while the other takes in closer to 20,000 pesos per year (about US$2000). In parts of Mexico where families may only earn about 30,000 pesos per year, this difference of 40,000 pesos is substantial. It is thus mistaken to assume that the categories used in previous surveys tell us much about real differences between remittance recipients.

Finally, the most critical problem with previous datasets is that they do not allow us to measure the extent to which remittances are a relatively *substantial, reliable, and enduring* source of income to households. Put differently, existing data does not provide information about remittances' significance as a safety net. The importance of this point is best illustrated with an example. Imagine, for instance, that two households reported receiving $1200 last year in remittances. Household A, however, has only received remittances for one year and transfers were somewhat unpredictable: $700 arrived in January, another $400 was sent in October, and finally $100 was sent in November. Household B, on the other hand, has consistently received $100 every month from a family member in the US for the past ten years. Furthermore, imagine that Household A and Household B have domestically-earned incomes of $12,000 per year and $3600 per year, respectively.

These two households appear indistinguishable if we only observe their annual income from remittances. It is not difficult to imagine, however, that the implications of the $1200 each of these households receives are very different once we take a closer look at the degree to which remittances are a *substantial, reliable, and enduring* form of income to each household. For Household A, remittances are a new and occasional gift, amounting to only one-tenth of normal household income. For Household B, on the other hand, remittances have been a relatively substantial and highly dependable income supplement that has helped to insulate the family from economic instability and cushion the blow of poverty for a decade. If remittances have any impact on political behavior, it seems they would have a much more significant impact on the members of Household B. It is therefore necessary to develop a variable that measures remittances' significance as a household safety net so that we may observe differences between households like these. To appropriately test my theory, we must develop a way to measure the extent to which remittances are a substantial, reliable, and enduring source of income to the respondent.

Using EPS Data to Develop the Remittances Index (RI)

The Emigration and Politics Study (EPS) used various approaches to overcome the shortcomings of previous surveys so that scholars may employ more nuanced conceptualizations of what it means to be an RR. First, like other studies, we asked households whether or not they currently receive remittances. Of the 767 people who responded to Part II of the EPS, 262 (34 percent) received remittances at the time of the survey. Next, giving respondents the option of reporting remittance income in US dollars or Mexican pesos, we used open-ended questions to ask for the specific amount sent and the frequency with which this amount is normally transferred—be it every week, once every two weeks, once a month, once every two months, once every three months, and so on. By giving respondents the option to report this income in the units of their choice, the EPS left the burden of making calculations and conversions to computers after the interview rather than to respondents and interviewers during the interview.

For the first time in any study, the EPS also asked three questions to measure the extent to which remittances are a *substantial, reliable, and enduring* source of income to the household. First, respondents were asked to think about and compare remittances to their income from local labor activities. Interviewers made it clear that we were not looking for a scientific calculation, but rather the respondent's snap judgment about the *relative significance* of remitted income to the household. If respondents reported that remittance income was "small" compared to normal income, they received a score of one. If remittances were reported to be an "intermediate" or "substantial" share of normal income, scores of two or three, respectively, were assigned. After being immersed in the field with the MMP and EPS, I am convinced that asking respondents to make a quick assessment about whether remittances are a small, medium, or substantial share of total income is more reliable than using reports of remittances and domestically-earned income to make this calculation after the fact.[23]

Second, the EPS asked respondents to report the degree to which they could count on migrants to send money home. A score of one was assigned when respondents reported that remittances were "only sometimes sent" in times of need, a score of two if remittances were "almost always sent when needed," and a score of three if remittances were "always sent when needed." The purpose of this question was to measure respondents' feelings about migrant members' attentiveness to the economic needs of the household and

[23] There are many reasons for why I believe asking the respondent to make a quick assessment of remittances' relative significance as a source of income is an improvement over what some scholars may consider more objective measures, such as taking reports of remittances as a share of reported total household income: (1) Incomes in communities like those where the EPS was applied are highly unstable, changing month-to-month, and often coming from a variety of sources (e.g., sales from small bodegas or weekly markets, odd construction jobs, work as farmhands, informal taxi work, etc.). As a result, many respondents are not able to quickly or accurately recall what their domestically-earned income is. (2) There is a high level of distrust of outsiders in rural communities like these, and respondents often feel uncomfortable reporting their incomes. (3) Respondents are known to mistakenly include a count of remittances in responses about their domestically-earned income in surveys about remittances (see, e.g., Lucas and Stark 1985). Asking respondents to think about remittances as a small, medium, or substantial share of their total income (1) saves respondents from having to recall specific financial information that they may not know offhand; (2) is much less invasive; and (3) makes it clear to the respondent that their income from remittances should be distinguished from their other income sources.

therefore obtain a measure of the *reliability* of remittances as a source of social insurance. Finally, respondents were asked to report the number of years their household has consistently received remittances. The actual number of years was recorded. This question measures the degree to which remittances have been a temporary or *enduring* source of social insurance to the household.

Scores on these three measures were used to create the *Remittances Index* (*RI*). The *RI* was constructed by first assigning a score of zero on each of the three component variables to respondents who did not receive remittances at the time of the survey (n=505). Then, for those who reported receiving remittances (n=262), scores on questions about the degree to which remittances are a relatively substantial, reliable, and enduring source of income were combined. So that all three variables carried equal weight, the number of years a household reported receiving remittances was divided by a constant to adapt the series to a three-point scale. The three measures were then summed and divided by nine to create a continuous index that ranges from zero to one.[24]

Summary statistics for the *Remittances Index* (*RI*) are presented in Table 6.1. Without sacrificing parsimony, the *RI* provides a much richer and more nuanced measure of what it means to receive remittances than a simple dichotomous variable or continuous variable

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[24] To test the validity of the RI, I compared it and its component parts to similar constructs. I find strong correlations, which suggest that the RI is indeed measuring the constructs that we are interested in. First, I find that the correlation between the RI and a continuous variable measuring households' annual income from remittances is .6452 (statistically significant at $p<.01$). Respondents' answers about whether remittance income was a small, medium, or substantial when compared to domestically-earned income was strongly and positively correlated with a variable that divided annual income from remittances by total household income (r=.7160, statistically significant at $p<.01$). Reports about the reliability of remittances as a source of social insurance is strongly and positively correlated with data collected on a very objective question about whether migrants remit once a week, once a month, once every two months, etc. (r=.6615, statistically significant at $p<.01$). Data on this question, on the other hand, is not correlated with self-reported levels of income stability (r=.0751, not statistically significant). The implication, then, is that this variable is more effectively measuring the degree to which migrants are attentive to the household's needs, not how needy the household is in general.

measuring total dollar amounts. Specifically, it provides us with a continuum for understanding the degree to which remittances are a relatively *substantial*, *reliable*, and *enduring* source of income and social insurance to the respondent. In the remainder of this dissertation, I use the *Remittances Index* (*RI*) to analyze the effects of remittances on respondents' economic assessments and voting behavior.

Table 6.1. Summary statistics for the Remittances Index (*RI*)

Mean	0.1615
Standard Dev.	0.2472
Maximum	1
Minimum	0
Observations	759
Missing Values	8

Testing the Argument

I argued in Chapter 3 that as remittances become a more substantial, reliable, and enduring source of social insurance, RRs will enjoy more stable incomes and, as a result, be more sanguine or optimistic about the economy and their own financial circumstances. As a result of having fewer economic grievances, RRs will be less motivated to mobilize against the incumbent, thus reducing their rates of turnout in elections when compared to neighbors who do not receive remittances. In cases when they do participate, on the other hand, I predicted that RRs are less likely to punish the incumbent party with a vote for opposition parties.

Income Stability, Economic Assessments, and Economic Grievances

Poverty and economic risk are a way of life in the communities where the EPS survey was applied. Nearly half of households in these towns rely on small-scale agriculture as their primary income source. Their low yields, lack of capital, and antiquated technologies make them particularly vulnerable to poverty and risk. Most non-agricultural households rely on revenue from family-owned retail stores, domestic services, construction, small-scale manufacturing, crafts, and teaching in local schools. With the possible exception of those who are teachers, most non-farming households in these towns are also forced to manage high levels of economic instability. Seventy-four percent of respondents to the EPS, in fact, reported that they consider their income either "somewhat unstable" or "very unstable."

Whether or not they receive remittances, households in these communities tend to be quite poor. Table 6.2 summarizes EPS respondents' average annual incomes, grouped by whether or not the household received remittances at the time of the survey. Before income from remittances is taken into account, RRs earn about 37 percent less than non-RRs on average. With remittances, RRs' annual incomes are about 14 percent greater on average. Using the average household size of 4.48 members for households that do not receive remittances and 3.99 members for RR households, I calculate that the average non-RR in towns where the EPS was applied lives on $3.16 per day while the average RR lives on $4.07 per day.

Table 6.2. Average annual income of RRs and non-RRs

	Average annual income from domestic sources	**Average total income** (i.e., income from domestic sources + remittances)
Households that do not receive remittances	$5,177.14 (273.13)	$5,177.14 (273.13)
Households that receive remittances (RRs)	$3,769.85 (251.73)	$5,896.33 (293.49)
Difference of means	$1,407*** (420.10)	-$719.20** (433.94)

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

Although poverty and economic risk are pervasive in these communities, the social safety net provided by Mexicans abroad should make some families less sensitive to economic adversity. I have argued that when remittances are a more substantial, reliable, and enduring source of income to the household, citizens should feel less vulnerable to economic crisis, make more positive pocketbook and sociotropic assessments, have fewer economic grievances, and thus be less likely to punish incumbents at the ballot box than neighbors who do not receive remittances.

But, in general, do citizens with more stable incomes tend to make more positive pocketbook and sociotropic assessments and have fewer economic grievances? To measure respondents' level of *Income Stability*, the EPS asked the following question: "Income is considered stable if you can trust that it will be the same or nearly the same month-to-month or year-to-year. Income is considered unstable if it changes frequently and is difficult to predict month-to-month or year-to-year. Would you consider this household's income to be very unstable (=0), somewhat unstable (=1), somewhat stable (=3), or very stable (=4)?" (Numerical scores for each potential response are in parentheses.) Respondents who said "don't know" or "neither stable nor unstable" were assigned a score of 2.

Citizens develop their economic outlook by making *Pocketbook* assessments and *Sociotropic* assessments, both retrospectively and prospectively. The EPS collected data on these assessments by asking respondents to report the extent to which their personal economic situation and the national economy had greatly worsened (=0), worsened somewhat (=1), stayed the same (=2), improved somewhat (=3), or greatly improved (=4) over the previous five years. Similarly, we asked respondents to report the extent to which they expected their personal economic situation and the national economy to greatly worsen (=0), worsen somewhat (=1), stay the same (=2), improve somewhat (=3), or improve greatly (=4) over the five years to come.

Ordered probit results presented in Table 6.3 indicate that respondents from households that reported having more stable incomes—not necessarily those with higher incomes on average—indeed tend to make more positive and optimistic economic assessments. Respondents from households that enjoy higher levels of income stability tend to look back on their own financial circumstances and the health of the national economy in a more positive light. Respondents with more stable incomes furthermore look ahead with greater optimism, predicting that both their own financial circumstances and the national economy will improve in the years ahead.

Table 6.3. Determinants of economic optimism (Ordered Probit)

	(1)	(2)	(3)	(4)
Dependent Variable	**POCKETBOOK** (RETRO-SPECTIVE)	**POCKETBOOK** (PROSPECTIVE)	**SOCIOTROPIC** (RETRO-SPECTIVE)	**SOCIOTROPIC** (PROSPECTIVE)
Income (log)	-0.02168*	-0.01647	-0.02177*	-0.02307*
	(0.0125)	(0.0121)	(0.0115)	(0.0131)
Income Stability	0.1182***	0.09126**	0.07649**	0.09472**
	(0.0335)	(0.0369)	(0.0340)	(0.0376)
Age	-0.006372**	-0.01243***	-0.002330	-0.005655*
	(0.0028)	(0.0031)	(0.0030)	(0.0031)
Female	-0.001039	-0.01433	-0.002979	-0.08730
	(0.0897)	(0.0940)	(0.0919)	(0.0928)
Education	-0.002445	0.0005754	-0.01276	-0.01195
	(0.0120)	(0.0145)	(0.0123)	(0.0129)
N	750	678	717	666

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

Because they make more positive retrospective assessments and more optimistic prospective assessments, citizens with more stable incomes should have fewer economic grievances. As a test of this proposition, I explore why citizens might identify a certain economic or non-economic issue as the most pressing problem facing their country. Like most public opinion surveys, the EPS asked respondents to identify "the most important problem confronting Mexico today." Not surprisingly for a sample of Mexican citizens, a population known to conform to the predictions of the economic voter thesis (Buendía Laredo 2001), sixty-three percent of respondents cited some economic issue like unemployment, poverty, or inflation as the country's biggest problem. In second place, eighteen percent of respondents cited some domestic security issue like organized crime, drug cartel violence, or kidnappings as Mexico's biggest problem (Figure 6.1).

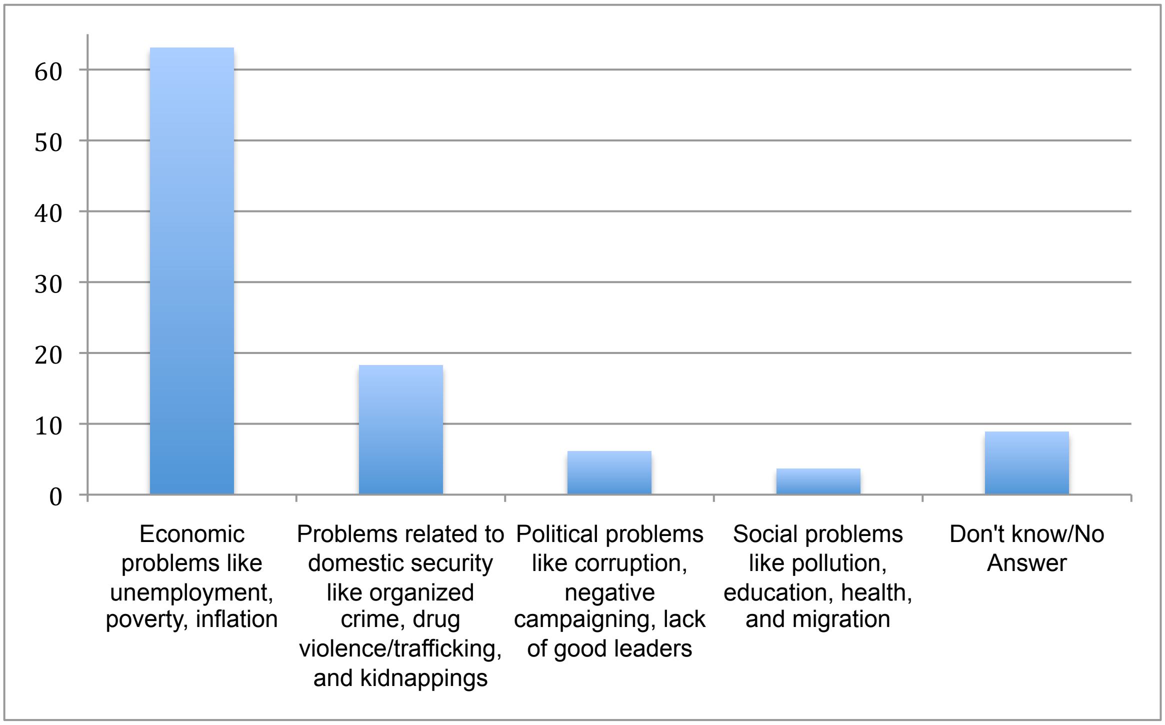

Figure 6.1. Percentage of EPS respondents identifying a certain issue area as the most significant problem confronting Mexico. Source: Emigration and Politics Study.

Table 6.4 shows that respondents from households with more stable incomes were more inclined to deviate from the general tendency of citing an economic issue as Mexico's biggest problem. In particular, these respondents were more likely to view crime as the most significant problem. There are at least three key implications of these findings. First, voters with more stable incomes may see less reason to participate in an election because they have fewer economic grievances to politicize. Second, with fewer economic grievances, economic voters with more stable incomes will be less inclined to punish the incumbent party for reasons related to economic performance. Finally, as their focus shifts from economic issues to other issues like crime, voters with more stable incomes may be more likely to support candidates who campaign on some non-economic issue that they consider important.

Table 6.4. Likelihood a respondent identified "the economy" or "crime" as Mexico's most important problem of the day (Binomial Logit)

Dependent Variable	(1) ECONOMY	(2) CRIME
Income Stability	-0.2423***	0.2155***
	(0.0683)	(0.0770)
Age	-0.0008456	-0.01272*
	(0.0062)	(0.0077)
Female	-0.4739***	0.3956*
	(0.1823)	(0.2308)
Education	0.06259**	-0.05135*
	(0.0282)	(0.0307)
Farmer	0.3174*	-0.2735
	(0.1766)	(0.2224)
Income (log)	0.008009	-0.01501
	(0.0214)	(0.0261)
Constant	0.6402	-1.0365**
	(0.4499)	(0.5153)
N	756	756

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

RRs, Income Stability, and Economic Optimism

I expect that there is a positive and statistically significant relationship between a respondent's perceived income stability and the extent to which remittances are a substantial, reliable, and enduring source of income to his or her household. To test this proposition, I regress the *Income Stability* variable on the *Remittances Index* (*RI*), controlling for relevant factors. Specifically, I expect citizens who have access to the health insurance, disability insurance, and pensions provided by government institutions like the Mexican Social Security Institute (IMSS) and the Institute for Social Security and Services for State Workers (ISSSTE) to characterize their incomes as more stable since such coverage insulates them from economic shocks and life-course risks. The *IMSS* and *ISSSTE* variables thus measure the share of household members who are covered by these social institutions. I also expect households with higher incomes to be less vulnerable to risk and therefore more likely to characterize their incomes as "stable" or "very stable." The *Income* variable is a continuous variable measuring households' income from local labor activities. Households that rely on agricultural production, on the other hand, should be particularly vulnerable to market vicissitudes and thus be more likely to report that their incomes are highly unstable. *Farmer* is a dichotomous variable that distinguishes respondents from households whose incomes come primarily from agriculture (=1) and those whose incomes come from some other type of work (=0).

Results from ordered probit analyses are presented in Table 6.5, indicating that as the *RI* variable increases—i.e., as remittances become a more substantial, reliable, and enduring source of income to the household—respondents become more likely to report having a "stable" or "very stable" income. Signs and levels of statistical significance on the other independent variables lend credibility to this important finding. *Income Stability*, for instance, is positively correlated with having more *Income* and more extensive coverage from *IMSS* or *ISSSTE*. *Income Stability* is furthermore negatively correlated with dependence on agricultural production, as expected.

Table 6.5. Determinants of income stability among rural Mexican respondents (Ordered Probit)

Dependent Variable	**(1)** **INCOME STABILITY**
RI	0.5101***
	(0.1802)
IMSS	0.6941***
	(0.6941)
ISSSTE	1.1206***
	(0.3138)
Farmer	-0.2807***
	(0.0895)
Income (log)	0.0516***
	(0.0138)
N	749

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

Because they are less sensitive to economic adversity, citizens with higher scores on the *RI* should thus view their financial circumstances and the state of the national economy in a more positive light. To test this proposition, I replicate tests presented in Table 5.3, only this time I include the *RI* in place of the *Income Stability* variable. Ordered probit results presented in Table 6.6 indicate that the effects of the *RI* on the likelihood that a citizen makes a positive pocketbook or sociotropic assessment are quite similar to the effects of *Income Stability*. These results support the argument that citizens tend to be more optimistic about the economy and their own financial circumstances when remittances are a more significant form of social insurance to the household.

Table 6.6. Remittances as a key determinant of economic optimism (Ordered Probit)

	(1)	(2)	(3)	(4)	(5)	(6)
Dependent Variable	**POCKETBOOK** (RETRO-SPECTIVE)	**POCKETBOOK** (PROSPECTIVE)	**POCKETBOOK** (PROSPECTIVE)	**SOCIOTROPIC** (RETRO-SPECTIVE)	**SOCIOTROPIC** (PROSPECTIVE)	**SOCIOTROPIC** (PROSPECTIVE)
RI	0.3937**	0.5333***	0.4098**	0.2199	0.5684***	0.381**
	(0.1890)	(0.1659)	(0.179)	(0.1894)	(0.1783)	(0.1922)
Income (log)	-0.0061	-0.0001	0.0059	-0.0113	-0.0057	0.0004
	(0.0123)	(0.0119)	(0.0124)	(0.0112)	(0.0131)	(0.0133)
Age	-0.0069**	-0.0136***	-0.0114***	-0.0027	-0.0067**	-0.0045
	(0.0028)	(0.0032)	(0.0034)	(0.0030)	(0.0032)	(0.0033)
Female	0.0178	-0.003	-0.0335	0.011	-0.07137	-0.1342
	(0.0901)	(0.0937)	(0.0984)	(0.0922)	(0.0925)	(0.0985)
Education	0.0061	0.0068	0.0065	-0.0071	-0.0064	-0.0068
	(0.0116)	(0.0143)	(0.0148)	(0.0121)	(0.013)	(0.0134)
Pocketbook			0.3403***			0.1951***
(retrospective)			(0.0652)			(0.0637)
Sociotropic			0.2636***			0.4813***
(retrospective)			(0.0535)			(0.0608)
N	754	681	649	720	668	642

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

Because they are more optimistic about their economic situation and the health of the national economy, RRs should be less likely to have and politicize economic grievances. As I did earlier by looking at the effects of income stability, I analyze the extent to which being an RR is correlated with reporting some economic or non-economic issue as Mexico's most significant problem. Results presented in Table 6.7 indicate that when remittances are a more substantial, reliable, and enduring source of income, citizens become less likely to cite an economic issue as Mexico's biggest problem.

Table 6.7. Likelihood a respondent said "the economy" or "crime" when asked to identify Mexico's most important problem (Binomial Logit)

Dependent Variable	(1) ECONOMY	(2) CRIME
RI	-1.069***	0.794**
	(0.3517)	(0.4212)
Income (log)	-0.015	0.0033
	(0.0222)	(0.0266)
Age	0.0007	-0.0135*
	(0.0064)	(0.0081)
Female	-0.4083**	0.3589
	(0.1833)	(0.2318)
Education	0.0521*	-0.0403
	(0.0285)	(0.0328)
Farmer	0.3909**	-0.345
	(0.1753)	(0.2183)
Constant	0.6282	-1.008*
	(0.4632)	(0.5375)
N	759	759

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

Results presented in Table 6.8 furthermore reveal that not only do RRs have fewer economic grievances, but also that they are less likely to politicize economic grievances. When asked whether (=1) or not (=0) they have ever attempted to solve an economic problem by asking for "aid, funds, or cooperation from the Mexican government," RRs were more likely to say "no" than neighbors who do not receive remittances. Respondents with fewer years of *Education* and less *Income* were more likely to have said "yes" to this question, as were *Females*, who largely do not have independent sources of income in rural communities like these because they are expected to assume more traditional household duties.

Table 6.8. Likelihood a respondent has attempted to solve an economic problem by asking for "aid, funds, or cooperation from the Mexican government" (Binomial Logit)

Dependent Variable	**HAVE ASKED FOR GOVERNMENT AID**
RI	-1.407***
	(0.438)
Income (log)	-0.0507**
	(0.024)
Age	0.0078
	(0.0083)
Female	0.4844**
	(0.2247)
Education	-0.0752*
	(0.0408)
Constant	-1.175**
	(0.5778)
N	757

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

Before proceeding to tests of the effects of remittances on voting behavior, it is important to emphasize that my analyses to this point have already uncovered some important political implications of remittances. Put simply, the income-stabilizing and insurance effects of remittances leave some citizens who are otherwise very poor on average more content with their economic situation. When more citizens are content with their economic circumstances and have fewer economic grievances, politicians and government officials should face less public pressure in general. The results presented in Table 6.8 are illustrative of this dynamic. Insured by their family members abroad, RRs are less likely to make claims on the state when confronted with economic hardship, thus reducing the volume of demands that politicians and government officials must attend to. In what follows, I take the analysis one step further to explore whether remittances' effects on income stability and economic optimism actually translate into less backlash against incumbents on election day.

Remittances and Voter Turnout

So far, I have shown that citizens tend to enjoy higher levels of income stability, are more inclined to view economic issues in a positive or optimistic light, and are less likely to have and politicize economic grievances when remittances are an increasingly significant safety net to their households. RRs, in other words, are more content with their economic situation and less compelled to have and voice economic grievances to the state. Drawing on previous work that argues that the prospect of economic losses tends to drive citizens in poor countries to the polls (Radcliff 1992; Eloy Aguilar and Pacek 2000), I argued in Chapter 3 that the stabilizing effects of remittances should leave RRs less motivated to vote in elections. With fewer economic grievances, in other words, I predict that citizens will feel less compelled to mobilize on election day.

To test this hypothesis, I run a binomial logit analysis, where the dependent variable distinguishes respondents who reported casting a ballot in the 2006 election (=1) from respondents who reported staying home on election day (=0). As remittances become a more significant form of social insurance, I expect that citizens become less likely to vote in elections.

The key independent variable here is the *RI*, which I expect to be negatively correlated with the dependent variable. It is important to note that in this analysis and in the vote choice analysis that follows, the *RI* was recoded to reflect the fact that the survey was applied a year and a half after the 2006 election. Specifically, the component of the *RI* that measures how long one has received remittances was re-scaled to reflect the fact that the 2006 election took place one year and six months prior to data collection. Any respondent who reported receiving remittances for a year and a half or less received a score of zero on the *RI*. Moreover, due to the fact that the EPS only collected data on the three components of the *RI* for families that received remittances at the time of the survey, twenty-one respondents who received remittances in 2006 unfortunately do not have an *RI* score. These twenty-one respondents were thus treated as missing values in my analyses of the 2006 Mexican presidential election (i.e., Table 6.9 and Table 6.11) since no *RI* data is available.

My model includes a number of control variables. First, people become more likely to vote as *Age*, *Education*, and *Income* increase (Powell 1986; Klesner and Lawson 2001). Additionally, citizens who are registered to vote (*Registered*) and who have greater interest in politics (*Political Interest*) should be more likely to vote (Klesner and Lawson 2001), while respondents who claim not to identify with a political party should be less likely to vote (*No Party ID*) (Powell 1986).[25]

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[25] Citizens who had a valid voting credential at the time of the survey (and who were thus very likely to have been registered at the time of the 2006 election) received a score of "1" on the *Registered* variable, while those who did not received a score of "0." The *Political Interest* variable is the survey interviewer's assessment of the respondent's interest in politics. The variable measures whether the respondent seemed to have no interest in politics (=0), very little interest (=1), some interest (=2), or a lot of interest (=3).

Table 6.9. Likelihood a respondent voted in the 2006 presidential election (Binomial Logit)

Dependent Variable	**VOTED IN 2006 ELECTION**
RI	-0.9094**
	(0.4560)
Income (log)	0.0379
	(0.0238)
Age	0.0405***
	(0.0073)
Female	0.323
	(0.199)
Education	0.091***
	(0.0268)
Registered	1.1409***
	(0.3439)
Political Interest	0.4654***
	(0.1051)
No Party ID	-0.5973***
	(0.1985)
Constant	-3.341***
	(0.5636)
N	738

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

Results presented in Table 6.9 support my hypothesis that citizens become less likely to vote as remittances become a more substantial, reliable, and enduring source of income to their household. The simulations presented in Table 6.10 indicate that the effect of remittances is not only of statistical significance, but also of great substantive significance. Among registered male voters, for instance, the probability of voting decreased by 15 percent as the *RI* increased from its minimum value to its maximum value. Coefficients for the most important control variables—i.e. *Education*, *Registered*, *Age*, *Political Interest*, and *No Party ID*—are statistically significant and carry the expected signs. I suspect that the *Income* variable is not statistically significant because respondents were drawn from ten small communities that do not have nearly the type of variation in income levels that one would find in a national sample.

Table 6.10. Simulated probability that a registered voter reported casting a ballot in the 2006 presidential election, by sex and the RI. All other variables held at their means.

	Males	Females
RI = 0	0.68	0.75
RI = 0.41	0.62	0.7
RI =1	0.53	0.61

Note: Among remittance recipients, 0.41 is the mean value of the RI.

I have argued that RRs vote less because, with fewer economic grievances, they see less reason to mobilize and turn out on election day to punish the incumbent. If my intuition is correct, then, remittances suppress voter turnout to the expense of some candidates and the advantage of others. Specifically, I hypothesize that RRs tend to stay home on election day at the expense of candidates from opposition parties. In cases when they do vote, I argue that RRs are less likely than neighbors who do not receive remittances to punish the incumbent party with a vote for the opposition. The next section provides some background on the 2006 Mexican presidential election and tests these two remaining propositions.

Remittances and Vote Choice in the 2006 Election

The frontrunners going into the July 2006 presidential election were Andrés Manuel López Obrador of the Party of the Democratic Revolution (PRD) and Felipe Calderón of the incumbent National Action Party (PAN). These candidates proposed two very different visions of Mexico's future (Bruhn and Greene 2007). On the right, Calderón called for a continuation of the market-oriented approaches that his party had pursued and deepened since winning power from the Institutional Revolutionary Party (PRI) in 2000. On the left, López Obrador rode a wave of dissatisfaction with the market-oriented approaches that had been sweeping Latin America throughout the decade. During the campaign, López Obrador called for more social spending and wage increases to help Mexico's poor, favored tariffs on grain and bean imports to protect Mexico's most vulnerable farmers from American competition, and came out against the PAN's proposal to privatize PEMEX, Mexico's national petroleum company. Trailing Calderón and López Obrador was Roberto Madrazo of the Institutional Revolutionary Party (PRI), who ran on a more centrist platform that was both critical of neoliberalism and supportive of the PAN's proposal to privatize PEMEX.

López Obrador's populist message earned him a healthy lead over Calderón and Madrazo in polls conducted during the winter and spring of 2006. As the campaign season wore on, however, Calderón began to gain on López Obrador, in part due to a negative ad campaign that portrayed López Obrador and his economic proposals as "a danger to Mexico." Comparing him to Venezuela's Hugo Chávez, the ads argued that López Obrador was a populist demagogue whose statist approaches and attempts to redistribute wealth would repel investors and trigger economic crisis. Calderón's message was thus that voters knew what to expect from the PAN, which had presided over moderate yet steady economic growth during the tenure of outgoing president Vicente Fox, and that they were taking a significant risk by electing López Obrador (Moreno 2007; Singer 2009).

Although the presidential election of July 2, 2006 was initially too close to call, Calderón led the preliminary results with a razor-thin advantage over López Obrador. López Obrador quickly pressed for a recount, charging that electoral fraud had tipped the balance in Calderón's favor. For weeks, López Obrador's supporters occupied Mexico City's central square and blocked traffic on the Paseo de la Reforma, a main thoroughfare. After a legal battle and partial recount that lasted through August 2006, the Electoral Tribunal of the Federal Judiciary (TEPJF) declared Calderón the winner by about 234,000 votes out of over 41 million cast (Figure 6.2). Although López Obrador proclaimed himself the “Legitimate President of Mexico” in a ceremony in Mexico City’s central square, the TEPJF’s ruling stood and Calderón was inaugurated on December 1, 2006.

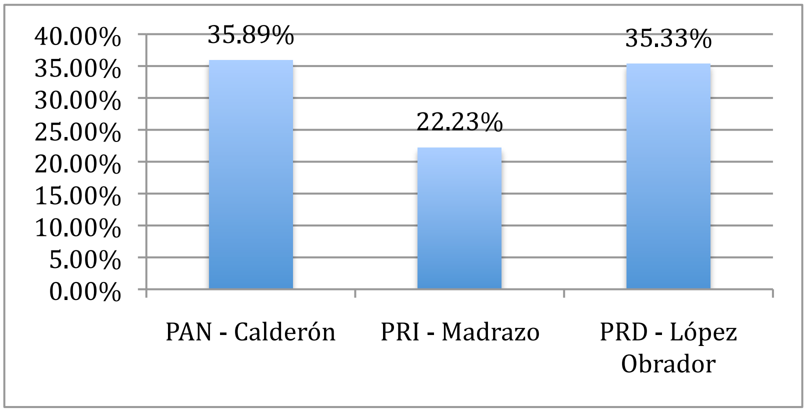


Figure 6.2. Official results of the 2006 Mexican Presidential Election.
Source: Mexico’s Electoral Tribunal of the Federal Judiciary (TEPJF).

Clearly, whether or not López Obrador’s allegations of fraud have any validity, a number of other factors played to Calderón’s advantage. One factor that has yet to receive any attention is the role played by remittances. In Chapter 3, I argued that as remittances become a more substantial, reliable, and enduring source of household income, citizens will enjoy more economic stability, make more positive and optimistic pocketbook and sociotropic assessments, and have fewer economic grievances to politicize. RRs will therefore be more likely to stay home on election day when they otherwise may have turned out to punish the incumbent, thus disadvantaging the opposition. In cases when they do vote, I have argued that they see less reason to punish the incumbent with a vote for the opposition. In sum, my main contention is that the social insurance provided by migrants flows to the advantage of incumbents and to the disadvantage of opposition parties. I shall now put this argument to the test with EPS data.

The analysis that follows is a multinomial logistic regression. The dependent variable is a respondent’s self-reported vote choice in the 2006 election. My model treats the voting decision as a choice between an abstention and each of the three major-party candidates:

Calderón of the PAN, López Obrador of the PRD, and Madrazo of the PRI. Statistical results are very similar when only the three major party candidates are included as choices. I present only the model where an abstention was included as a fourth choice for clarity of presentation and discussion.

In all models, the key independent variable is the *RI*. Again, the *RI* was altered to reflect the fact that the data was collected a year and a half after the election (see discussion preceding Table 6.9). I expect that as remittances become a more substantial, reliable, and enduring source of household income, citizens will be less likely to punish the incumbent (the PAN candidate) with a vote for either of the major opposition parties (the PRD and PRI candidates). I furthermore expect that the reduction in voter turnout that results as a consequence of remittances will come at the expense of opposition candidates, as having fewer economic grievances means that more voters will stay home when they otherwise may have mobilized to punish the incumbent with a vote for the opposition.

My model controls for demographic factors (*Age, Education, Income, Female*), party identification (*PAN Party ID, PRI Party ID, PRD Party ID*), approval of the job done by outgoing president Vicente Fox of the PAN (*Approval of Fox*), and voters' retrospective and prospective assessments of the economy (*Pocketbook, Sociotropic*). Baker (2009) argues that Mexicans' immediate social environments play a large role in shaping how they vote. Such local voting effects are likely a particularly important factor in isolated, rural communities where the EPS was applied. I control for these local social effects by including dummy variables that distinguish respondents from each of the ten communities where the EPS was applied. Prior work has also emphasized the importance of campaign effects in determining Mexicans' vote choice (Domínguez and Lawson 2004). Specifically, voters' perceptions of candidates' character and competency (Greene 2009) and exposure to media and television news (Lawson and McCann 2005) have been shown to have a particularly pronounced effect in Mexico's 2000 and 2006 presidential elections. Unfortunately the EPS did not ask respondents about their impressions of candidates' traits or their exposure to campaign ads or television news. As a result, these factors were not able to be controlled for in my analysis.

Table 6.11. Determinants of vote choice in the 2006 presidential election. Abstentions included as a choice (Multinomial Logit)

Dependent Variable	Note: First party listed below is the basecategory			
	(1) PAN vs PRD	**(2) PAN vs PRI**	**(3) PRD vs ABSTAIN**	**(4) PRD vs PRI**
RI	-2.821***	-1.542**	2.106***	1.279
	(0.8181)	(0.7466)	(0.7425)	(0.9209)
Education	-0.0922*	-0.1983***	-0.1007**	-0.1061*
	(0.0521)	(0.061)	(0.0437)	(0.0636)
Age	0.0146	-0.0142	-0.0594***	-0.0288*
	(0.0129)	(0.0162)	(0.0115)	(0.0165)
Female	-0.6693**	-0.5964	0.1546	0.0728
	(0.3489)	(0.4299)	(0.3029)	(0.4399)
Income (log)	-0.0879*	-0.001	0.0076	0.0869
	(0.0491)	(0.0677)	(0.0378)	(0.0694)
PAN Party ID	-2.433***	-2.054***	1.1127	0.3785
	(0.7236)	(0.7328)	(0.7794)	(0.9362)
PRD Party ID	3.492***	0.819	-1.953***	-2.673***
	(0.5647)	(0.8675)	(0.3449)	(0.6925)
PRI Party ID	-1.993*	1.661***	1.209	3.654***
	(1.06)	(0.5146)	(1.171)	(1.086)
Approval of Fox	-0.4605***	-0.6244***	0.1507	-0.1639
	(0.1405)	(0.1814)	(0.129)	(0.1899)
Pocketbook	0.1736	0.0007	0.0591	-0.1730
(Retrospective)	(0.1919)	(0.2435)	(0.177)	(0.24441)
Pocketbook	0.318	-0.0214	-0.2748	-0.3426
(Prospective)	(0.2309)	(0.2466)	(0.1971)	(0.2484)
Sociotropic	-0.6312***	-0.0214	0.5632***	0.6098***
(Retrospective)	(0.1927)	(0.1872)	(0.1779)	(0.2073)
Sociotropic	-0.1227	0.0399	0.1027	0.1625
(Prospective)	(0.1782)	(0.2332)	(0.1616)	(0.2321)
Constant	1.258	2.858**	3.315***	1.6
	(1.241)	(1.402)	(1.105)	(1.506)
N	542	542	542	542

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01
Community-level dummies included in regressions but not reported

Table 6.11 presents results from the vote choice model. The first party listed in each statistical matchup is the base category. Observe in the first and second columns that voters became significantly more likely to vote for the incumbent PAN over the PRD or the PRI as their score on the *RI* increased. In addition, the third column shows that respondents were more likely to stay home on election day than turn out for the PRD. Remittances therefore benefited Calderón and the PAN in two respects. First, voters who may have been compelled to punish the PAN with a vote for the PRD did not mobilize because remittances made them less sensitive to economic crisis and left them with fewer economic grievances, therefore advantaging the incumbent party indirectly. Second, among those who went to the polls, remittances discouraged citizens from punishing the PAN with a vote for the PRD or the PRI. With fewer economic grievances and a more optimistic economic outlook, RRs saw less reason to favor the economic policy shift that the PRD and, to a lesser extent, the PRI were proposing. Again, the social insurance effect of remittances brought clear advantage to Calderón and the PAN. It is also important to note that the *RI* had no effect in the matchup between the PRD and the PRI (the fourth column), which further corroborates my argument that remittances flow to the advantage of incumbents. To be sure that a few outlying cases were not dictating these results, I reran the analyses, this time coding respondents with extreme values on the *RI* (>0.75) as missing values. Signs and levels of statistical significance on the coefficients remained the same. Clearly, these results allow us to reject the following rival hypotheses, which were laid out at the end of Chapter 3: (a) remittances have no effect on voting behavior; (b) remittances cause turnout to increase; and (c) remittances lead to more support for opposition parties.

The signs and significance levels of control variables lend credibility to these findings. Party identification is a consistently reliable predictor of one's vote choice in the expected direction. Wealthier and more educated voters tended to vote for the PAN over the PRD or the PRI, as the PAN tends to appeal more to middle and upper class voters and the PRI and PRD to the lower classes. Logically, voters who approved of the outgoing president, a member of the PAN, were more likely to vote for the PAN over the PRD or the PRI. Finally, voters who made more positive retrospective sociotropic assessments tended to reject the PRD in favor of the PAN, PRI, or an absention. The logic is that voters who looked back on the state of the economy in a favorable light also tended to support a continuation of the center-right proposals offered by the PAN and the PRI over the more social democratic or populist departure advocated by the PRD. Retrospective sociotropic assessments seemed to matter more to respondents than prospective sociotropic assessments and retrospective and prospective pocketbook assessments, a finding that has been reported elsewhere (Buendía Laredo 2001; Magaloni and Poiré 2004; Greene 2009).

Before concluding this chapter, I will explore three alternative (or complementary) explanations for the results presented in Table 6.11. First, I will assess the extent to which RRs tended to identify with parties on major issues. Next, I will analyze the potential effect of parties' campaign and targeting strategies on RRs' voting behavior. Finally, I will test the argument that RRs were influenced by the political ideas and values communicated by relatives abroad.

Do RRs Tend to Identify with the PAN on Major Issues?

I have argued that as a form of social insurance, remittances allow the poor to enjoy a higher level of income stability, thus reducing their propensity to mobilize against and punish incumbents who preside over a poor economy and a weak welfare state. In the 2006

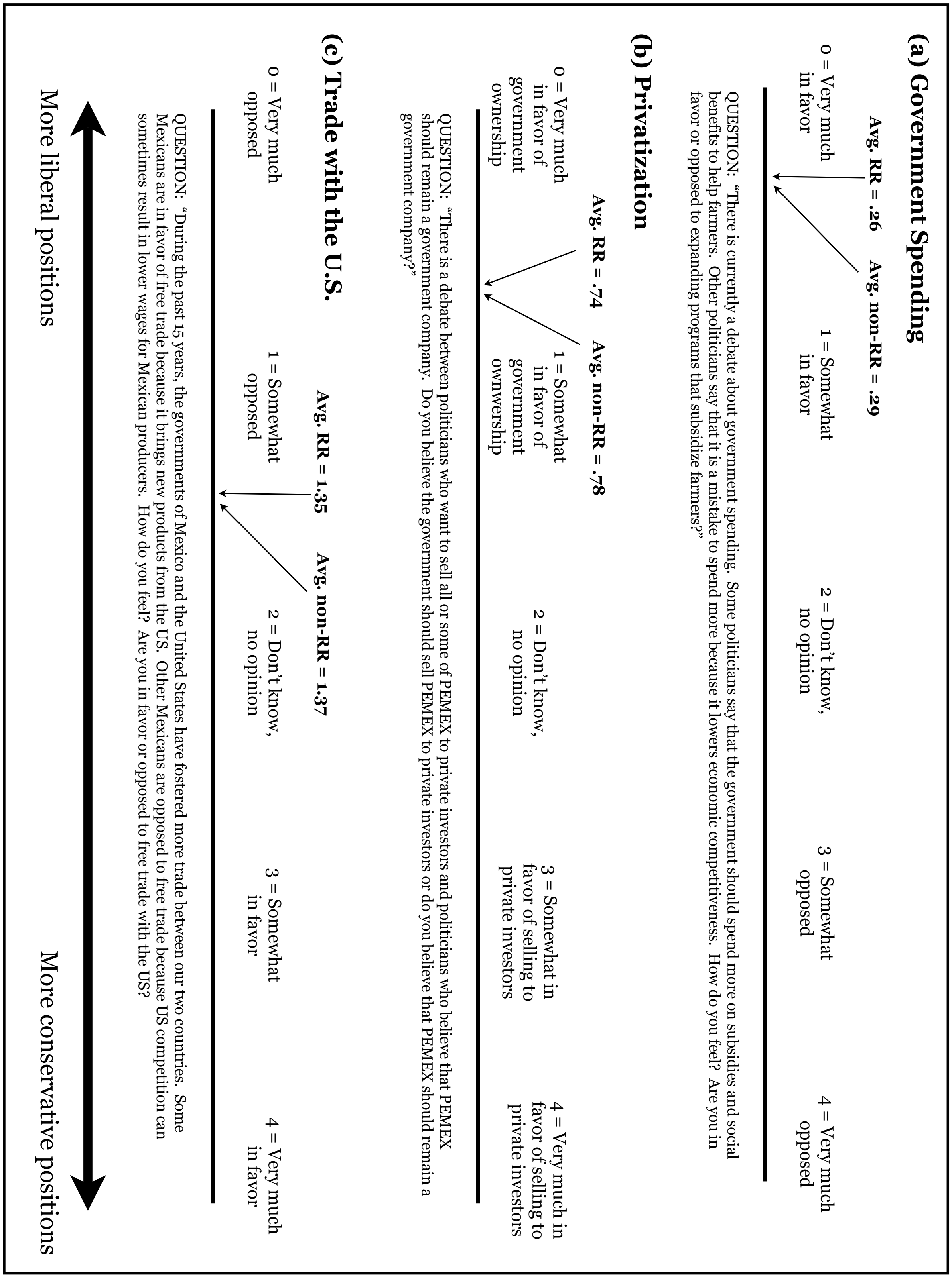
Mexican election, this "social insurance effect" benefited the PAN. But might RRs also have voted for the PAN because they identified more with Calderón's positions on major issues?

To explore this possibility, the EPS asked respondents questions about their opinions on major economic issues. Figure 6.3 shows that at least when analyzing respondents' positions on *economic* issues, RRs and non-RRs alike were overwhelmingly opposed to the PAN's positions on hotly debated topics like social spending, the privatization of PEMEX, and free trade with the United States. Difference of means tests (not shown) indicate no statistically significant difference between RRs and non-RRs on these pressing economic debates. As residents of rural communities that have largely suffered from market-oriented reforms, then, RRs and non-RRs in communities where the EPS was applied should have been heavily inclined to vote for López Obrador of the PRD, and to a lesser extent, Madrazo of the PRI. By virtue of being less sensitive to economic adversity, however, RRs had fewer economic grievances to politicize, and as a result, were less hostile to the PAN than neighbors who did not receive this money.

RRs may have been further drawn to the PAN due to Calderón's ownership of a key non-economic issue. Throughout the campaign, Calderón not only spoke about the importance of creating jobs and improving the economy; he also emphasized that his administration would make fighting organized crime and drug trafficking a key priority. Results reported earlier in Table 6.7 indeed show that respondents with more substantial, reliable, and enduring remittance incomes were more likely to identify crime as the biggest problem facing Mexico and less likely to identify an economic issue as the biggest problem. Because Calderón was the only candidate to campaign on the crime issue, it is logical that voters who viewed crime as the country's biggest problem would have been more drawn to

Calderón even if they found themselves agreeing more with other candidates on questions that they deemed less pressing.

Figure 6.3. Average positions of RRs and non-RRs tended to be much closer to the PRD on major economic issues.



Are RRs Targeted by Some Parties or Neglected by Others?

In Chapter 3, I raised the idea that RRs may be more heavily targeted by certain political parties or neglected by others—i.e., that expending resources to attract RRs or saving resources by neglecting them is part of parties' campaign strategies. I did not have very clear predictions about which parties might intentionally target or neglect this group prior to my statistical tests since a variety of scenarios can be imagined.

Table 6.12 presents results from three binomial logit regressions where the dependent variable is a dummy variable that identifies households that were approached by candidates or representatives from the PAN, PRI, or PRD to request their vote or to provide party propaganda or information in the months before Michoacán's gubernatorial election on November 11, 2007. These tests provide no evidence to suggest that RRs are targeted or neglected by a particular political party.

The most significant predictor of whether a household is targeted by political parties, on the other hand, is whether or not the household owns a business. All three major political parties, in fact, tend to target business owners with almost equal force. The reason is quite simple: most businesses in towns like these are small stores that exist either in the front or first floor of the family home. People who live in such homes will thus be exposed to a great deal more information from all political parties simply because they do not have the option of choosing who they open their door to. Candidates and party representatives, in other words, are able to enter these family business at will and ask for support on election day. In subsequent analyses (not shown here), I found that households with members abroad are more likely to own small businesses. Indirectly, then, it may be the case that RRs are targeted by political parties more than other citizens. There is no indication, however, that any single party targets small businesses much more than any of the others, meaning that this hypothesis is unable to provide a good alternative or complementary explanation for the results presented in my vote choice model.

Table 6.12. Likelihood a respondent was asked for his or her vote by a representative of the PAN, PRI, or PRD (Binomial Logit)

Dependent Variable	(1) PAN	(2) PRD	(3) PRI
RI	0.4175	0.3252	0.5430
	(0.3834)	(0.3877)	(0.3817)
Business owner	0.4677***	0.4008**	0.5791***
	(0.1617)	(0.1609)	(0.1632)
No. of Animals	-0.003383	0.006363	0.005844
	(0.0152)	(0.0141)	(0.0149)
Income (log)	0.04529*	0.007167	0.01355
	(0.0233)	(0.0221)	(0.0227)
PAN Party ID	0.08193	0.2393	0.2014
	(0.2644)	(0.2618)	(0.2604)
PRD Party ID	0.007039	0.1268	-0.08718
	(0.2320)	(0.2300)	(0.2359)
PRI Party ID	0.1197	-0.3702	-0.07183
	(0.3377)	(0.3425)	(0.3301)
Community 1	0.1809	-0.1720	-0.3912
	(0.3227)	(0.3183)	(0.3243)
Community 2	-0.03354	-0.6354*	-0.7093*
	(0.3696)	(0.3765)	(0.3758)
Community 3	-0.07845	-0.5609	-0.6455
	(0.5370)	(0.5437)	(0.5392)
Community 4	-0.2244	-0.7649***	-0.9003***
	(0.2945)	(0.2922)	(0.2973)
Community 5	0.4337	-0.2839	-0.5523*
	(0.3078)	(0.3034)	(0.3110)
Community 6	0.5520	1.0478*	0.02109
	(0.5408)	(0.5904)	(0.5411)
Community 7	0.2399	-0.3795	-0.6462*
	(0.3482)	(0.3448)	(0.3547)
Community 8	0.3843	-0.04081	0.07351
	(0.3112)	(0.3094)	(0.3116)
Community 9	-0.5019	-0.6141	-0.7379
	(0.5864)	(0.5466)	(0.5515)
Constant	-0.9275***	-0.2842	-0.2194
	(0.3129)	(0.3018)	(0.3066)
N	752	752	752

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

Did Migrants Remit Ideas and Beliefs Along with Money?

Pérez-Armendáriz (2009) and Pérez-Armendáriz and Crow (2010) argue that in addition to remitting money, international migrants also transmit political values and ideals to those in the homeland. When they live in the US, Mexican immigrants learn from and adapt to American political life. By communicating with family members back home via phone, internet, and mail, Mexicans abroad may knowingly or unknowingly convey what they have learned to those who stay behind.

A survey conducted by the Pew Hispanic Center in the months before the 2006 Mexican presidential election found that Mexicans in the US identified with the PAN over the PRD by a nearly three-to-one ratio (Suro and Escobar 2006). Moreover, the 40,000 Mexicans abroad who voted in the 2006 Mexican presidential election voted for Calderón over López Obrador by a nearly two-to-one ratio.[26] It thus appears that if Mexicans in the US had any influence over their non-emigrating family members' political preferences, this influence would have largely worked to the PAN's advantage.

One could argue that the transnational learning and diffusion process should become more pronounced when remittances are a more substantial, reliable, and enduring source of social insurance. The reason would have little to do with the actual money that is being transferred. Rather, high levels of attentiveness to the origin household's economic needs could be a reflection of stronger transnational bonds. If this were the case, then, the *RI* would not be measuring remittances' significance as a form of social insurance so much as the strength of transnational bonds between Mexicans abroad and their non-emigrating relatives. RRs may have been more likely to vote for the PAN, in other words, not because

[26] Official election results are available at http://www.ife.org.mx.

of remittances' social insurance effect, but because those sending remittances are remitting ideas about politics in addition to money.

To test this alternative hypothesis—the notion that higher values on the *RI* are associated with more communication about politics between family members in the US and Mexico—the EPS asked respondents whether they had family members or friends living in the US. The 93 percent of respondents who answered in the affirmative were then asked whether they sometimes speak with any of these friends or family members about politics. A small share of respondents, just under 9 percent, said they indeed talk to those abroad about politics.

Results presented in Table 6.13 show that the propensity to talk about politics with someone in the US increases with a respondent's level of interest in politics (*Political Interest*) and his or her level of formal education (*Education*). There is no evidence, however, that the likelihood that a respondent talks about politics with someone in the US increases with the *RI*. As shown in the second model, however, the likelihood of talking about politics with someone in the US increases as the number of migrants from the respondent's immediate family—not simply people he or she knows—increased (*No. of Migrants*). These findings, in combination with my earlier findings about relationships between the *RI* and income stability, are evidence that the *RI* measures remittances' significance as a form of social insurance rather than serving as a proxy for the strength of transnational bonds between those in Mexico and those in the US. I make this conclusion not only on the basis of the lack of statistical significance on the coefficient for the *RI* in Table 6.13, but also on the basis of the statistically significant coefficient on the *No. of Migrants* variable. A logical predictor of the strength of transnational bonds, it would seem, is the closeness of familial relationships between those who have gone abroad and those who remain in Mexico. Thus, although most people in the Mexican countryside know someone who has gone to the US, it makes sense that they would be more likely to talk about something as personal as politics with someone from their immediate family and that this likelihood would increase when more members of their immediate family are abroad.

Table 6.13. Likelihood a respondent claimed to talk about politics with a family member in the US (Binomial Logit)

Dependent Variable	**(1) TALK POLITICS**	**(2) TALK POLITICS**
RI	0.9193	
	(0.5954)	
No. of Migrants		0.1569**
		(0.0692)
Income (log)	-0.0393	-0.0435
	(0.0459)	(0.0425)
Age	-0.0183*	-0.0213*
	(0.0108)	(0.0113)
Female	-0.1632	-0.123
	(0.3267)	(0.3173)
Education	0.1032**	0.1065**
	(0.0459)	(0.044)
Political Interest	1.063***	0.9696***
	(0.2248)	(0.2288)
Constant	-3.922***	-3.692***
	(0.8034)	(0.7449)
N	703	710

Standard errors in parentheses
* p<.10, ** p<.05, *** p<.01

Addressing Empirical Limitations

Before concluding, it is important to briefly address questions about the reliability and generalizability of findings presented in this chapter. First, some readers may have legitimate concerns about the timing of my fieldwork with regards to my analyses of the effects of remittances on voting behavior (i.e., Table 6.9 and 6.11). Ideally, the EPS would have been conducted in the days following the 2006 election to obtain the most accurate reports about voting behavior and most current measures of remittances' significance as a form of social insurance to respondents at the time of the election. As stated earlier, I attempted to correct for this temporal issue in my electoral participation and vote choice models by giving a score of zero on the *RI* to respondents who reported receiving remittances for a year and a half or less and treating respondents who received remittances until 2006 (and thus had no data on the *RI*) as missing values. Despite my best efforts to mitigate problems with the timing of my fieldwork, there are additional issues that may cause statistical biases. One problem, for example, is that some people who voted in 2006 may have emigrated by the time we conducted the survey, therefore making them ineligible for selection in the study despite the fact that they participated in the election. Another problem is that a year and a half after the election, respondents may have misreported who they voted for, either because they had forgotten or because they believed a certain response was more socially desirable.

One consolation is that my analyses of the effects of remittances on income stability, economic optimism, and economic grievances do not suffer from such temporal issues. In all cases, the results were robust and consistent with the idea that citizens enjoy more stable incomes, make more positive and optimistic economic assessments, and have fewer economic grievances as remittances become a more significant form of social insurance to the respondent. If we accept the idea that, in general, incumbents suffer less punishment when citizens have more stable incomes, more optimistic outlooks on economic matters, and fewer economic grievances to politicize, then my analyses of the effects of remittances on voting behavior appear logical and consistent with expectations. Of course this point does not make the temporal issue that I have discussed disappear; however, I hope it leaves readers more confident in the results of my voting behavior models.

Next, there are questions about generalizability. Do my analyses of the effects of remittances on voting behavior generalize to other elections, not only in Mexico, but throughout the developing world? If so, to what extent, under what conditions, and in which types of elections can remittances actually tip elections in the favor of incumbents?

Frankly, I have doubts that remittances are always a significant factor in elections, just as I have doubts that any other form of social insurance always plays a significant role in elections. My intuition, rather, is that remittances and other forms of social insurance become a more significant factor when elections are sufficiently contentious, economic issues are central to the debate, and candidates provide citizens a stark choice between maintaining status quo economic approaches or departing from them. The 2006 Mexican presidential election was this type of election. In statistical tests that were not reported, I found that the *RI* had no statistical effect on turnout or vote choice in the 2007 gubernatorial election in Michoacán. While these tests may seem to falsify my hypothesis, I believe that the 2007 gubernatorial election is a fundamentally different case in the sense that the outcome was not particularly close and because as a state level election, its outcome did not carry nearly the same weight in most voters' minds.

For remittances to have some effect in elections, the size of the RR population must be sufficiently large. We may find, for instance, that remittances do not seem to have as large an effect upon analyzing national samples where the share of RRs relative to the size of the total population is smaller than in the rural communities where I collected data. But even if remittances do not have a noticeable statistical effect in every election or type of sample, this does not mean that this money is not having more subtle political impacts. If remittances consistently make citizens less vulnerable to economic crisis, make them more optimistic on economic matters, and reduce their economic grievances, we can imagine that remittances reduce political pressures on a more day-to-day basis at all levels of government. Support for this idea was provided in Table 6.8, where my results demonstrated that respondents were less inclined to lobby local officials for aid as remittances became a more significant form of social insurance to the household.

Summary

This chapter used analyses of EPS data to explore various propositions that were developed in Chapter 3 about the effects of remittances on Mexicans' economic assessments and voting behavior. I began by proposing a new way of measuring what it means to be a remittance recipient (RR) for the purpose of analyzing the effects of remittances on voting behavior by developing what I call the Remittances Index (*RI*). I argued that the *RI* is a more theoretically and empirically sound measure than municipal level indicators on emigration rates, dichotomous variables that distinguish citizens who receive remittances from those who do not, and continuous variables that measure annual income from remittances. The advantage of the *RI* is that it captures remittances' significance as a safety net by measuring the extent to which this money is a substantial, reliable, and enduring source of income to the respondent's household.

Analyzing original survey data from Mexico, this chapter showed that citizens who enjoy higher levels of income stability also tend to make more positive and optimistic pocketbook and sociotropic assessments. In turn, citizens with more stable incomes tend to have fewer economic grievances. I proceeded by demonstrating a positive and statistically significant correlation between a respondent's level of income stability and the *RI*. I showed that as a result of being less sensitive to economic adversity, citizens with higher *RI* scores tend to make more positive and optimistic pocketbook and sociotropic assessments and have fewer economic grievances to politicize. As a result, my analyses indicate that RRs not only turn out to vote less often, but that these lower rates of turnout tend to benefit the incumbent indirectly by suppressing mobilization that might otherwise occur to punish the incumbent. Moreover, if they do vote, I find that RRs are significantly more likely to vote for the incumbent at the expense of primary opposition parties.

My electoral participation and vote choice models cast doubt on at least three rival hypotheses: the null hypothesis, the hypothesis that remittances work to stimulate turnout, and the hypothesis that remittances aid opposition parties. Additionally, the data does not favor the notion that remittances cause their recipients to hold more conservative positions on economic issues. By working to reduce economic grievances, however, remittances may cause citizens' attention to shift to other non-economic issues like crime, thus making RRs more inclined to support candidates whose positions they agree with on such issues. I furthermore find no evidence that remittances cause certain political parties to target or neglect RRs by virtue of having more income or that the *RI* is a proxy measure for the strength of transnational communication about politics between Mexicans in the US and Mexico.

The theory advanced in Chapter 3 and evidence put forth in this chapter suggest that by reducing voters' propensity to mobilize against and punish the incumbent, remittances may have contributed to the PAN's victory over the PRD in the 2006 Mexican presidential election. As a result, I argued that the transnational safety net provided by Mexicans abroad has helped to ensure the survival of market-oriented approaches in Mexico despite the Mexican state's retrenchment and a wave of backlash against pro-market politicians throughout Latin America. This transnational safety net, in other words, has contributed to political stability through Mexico's market transition in a way that appears very similar to the stabilizing role played by the welfare state in postwar North America and Western Europe. The remaining chapter draws out some further implications of these findings and concludes.

Chapter 7: Conclusion

Emigration is not always just an end in itself. For many migrants, it is also a means for supporting those who are unable or unwilling to emigrate. This support generally comes in the form of remittances—money that international migrants earn abroad and send home to non-emigrating relatives. Although remittances have generally been studied for their economic and social causes and impacts, this dissertation has demonstrated that politics play an important role in determining when and why migrants send money home, and also that this money flows with important political repercussions.

One of my main contentions has been that understanding the political economy of remittances is important for understanding both how citizens and politicians cope with economic risk in the absence of a robust welfare state. When developing states withdraw from their economies or maintain low social expenditures in general—either because of efficiency concerns, ideological predispositions, or pressure from international organizations and creditors—a welfare gap emerges and families are left to manage risk on their own. For some families, remittances systematically fill the social insurance vacuum left in the state's absence. With access to this transnational safety net, those who receive remittances will enjoy more income stability, have a more optimistic outlook on economic matters, and have fewer economic grievances to politicize. As a result, politicians will face less pressure or punishment when poor economic conditions go uncompensated by the state.

In this final chapter, I begin by providing a more in-depth summary of my argument and findings. I then proceed to discuss the larger significance of these findings in terms of the comparative politics, political economy, and economic development literatures. Finally, I shall end with a brief discussion of this study's policy implications and questions for future research.

Summary of the Argument and Evidence

This study began by advancing a "political economy theory of remittances"—a set of hypotheses about the political determinants and political implications of migrants' remittances. In Chapter 2, I argued that the recent surge in remittances to many developing countries is not merely the outcome of economic changes, as a number of previous inquires have concluded, but also political changes. Specifically, I argued that the withdrawal of government subsidies (and weak welfare states in general) create a welfare gap that the poor will aim to fill by securing other forms of social insurance. Remittances are a relatively reliable way for households to self-insure in light of the curtailment or elimination of government programs that may have once cushioned the blow of economic instability. Mass dependence on remittances, in other words, is very much caused by political decisions and not simply by market failure. That international migrants have become a more significant source of social insurance in light of state retrenchment signals a deviation from a more common modernizing trend in which states assume welfare burdens once reserved for the family, community, or tribe. I pointed out, however, that this shift is also very much a byproduct of modernization, as advances in communications and wire transfer technologies allow families to more effectively self-insure via transnational channels.

In Chapter 3, I advanced an argument about remittances' political effets. Specifically, I argued that by having access to this transnational safety net, remittance recipients (RRs) should enjoy a higher level of income stability than neighbors who do not receive this money. As a result, RRs will make more positive and optimistic pocketbook and sociotropic assessments and have fewer economic grievances to politicize. RRs should therefore have less reason to mobilize against and punish incumbents on election day, tending to abstain from voting at the opposition's expense or to cast a ballot for the incumbent over major opposition parties. I argued that the advantage remittances bring to incumbents could play a role in helping to ensure the survival of pro-market politicians in light of calls by the opposition to abandon market-oriented policies for more statist approaches.

In sum, the two-part *political economy theory of remittances* advanced in Chapter 2 and Chapter 3 of this dissertation conceptualizes remittances not only as a family-level coping strategy, but also as a way the governments of poor countries cope with the market transition when public spending on safety nets is low or in decline. Similarly to spending on social welfare programs and subsidies, which proponents of the compensation hypothesis argue was used by politicians in Western democracies to appease market losers and prevent backlash against open-economy policies after World War II, remittances act as a form of social insurance that can foster political stability through what may be difficult periods of economic change.

Subsequent chapters drew on my fieldwork in rural Mexico. Chapter 4 provided readers a brief primer on the state of data on remittances. Here I also discussed the limits to comparative data on remittances as the primary reason I endeavored to conduct an original household survey, the Emigration and Politics Study (EPS). The remainder of Chapter 4 provided details about the EPS sample and questionnaire designs.

In Chapter 5, I explored the hypothesis that state retrenchment causes remittance flows to increase. I began by drawing on in-depth interviews to trace dependence on remittances in a coffee-producing community in San Luis Potosí and in a pork-producing community in Michoacán to the elimination of agricultural subsidies in the late 1980s and 1990s. This qualitative analysis was helpful in illustrating that the causal story that I have advanced—i.e., that cuts to public spending *cause* dependence on remittances, not the other way around—is the more likely one. More scientific tests came from analyses of EPS data and time-series data published by the Bank of Mexico. In these statistical analyses, I found negative and statistically significant relationships between the amount remitted by Mexicans living in the US and the amount of money their non-emigrating family members in Mexico receive in the form of welfare benefits and public health insurance. On the individual level, I found that Mexicans tend to remit about $150 more for every $1000 their family members back home do not receive from government programs like PROCAMPO and Oportunidades. They also tend to remit substantially more—about $600 per year—when their non-emigrating family members do not have access to health insurance provided by the Mexican Social Security Institute (IMSS). On the aggregate level, I found that Mexicans abroad tend to remit about $2.5 million for every $10 million decrease in spending by the Mexican government on subsidies and social benefits. These results show that Mexicans in the US have indeed made up for some shortfalls in the Mexican welfare state, if only partially.

In Chapter 6, I proceeded with a discussion about how to conceptualize and measure what it means to be a remittance recipient (RR) for the purpose of analyzing the effects of remittances on political behavior. I argued that it is insufficient to distinguish RRs simply on the basis of a dichotomous variable or a continuous or categorical variable that measures households' annual remittance income. Rather, I proposed a more nuanced variable called the *Remittances Index* (*RI*)*,* which, without sacrificing parsimony, measures remittances' social insurance qualities by taking into account the extent to which this money is a substantial, reliable, and enduring source of income to households.

Using EPS data and the *RI*, I then tested a number of hypotheses about the effects of remittances on voting behavior. My analyses indicated that citizens who enjoy higher levels of income stability tend to make more positive and optimistic assessments of their personal economic circumstances and of the state of the national economy. Second, I found that citizens with higher *RI* scores—i.e., respondents whose remittance incomes are more substantial, reliable, and enduring—tend to report more stable incomes and, in turn, have fewer economic grievances and make more positive and optimistic pocketbook and sociotropic assessments. As a result, I found that citizens with higher *RI* scores are less inclined to approach government officials for aid in times of economic crisis. Citizens with higher *RI* scores were furthermore less likely to vote in the 2006 Mexican presidential election. Finally, citizens with higher *RI* scores were more likely to vote for the incumbent party in the 2006 presidential election over either of the main opposition parties and tended to abstain from voting at the expense of the primary opposition party. These results suggest that the social insurance effect of remittances may have been an important (and to this point, overlooked) factor in the PAN's electoral victory at a time of great dissatisfaction with the market model in Mexico and backlash against center-right governments throughout Latin America.

Implications of Remittances for Market Transitions, Political Behavior, and Economic Development

The political economy theory of remittances advanced in this dissertation provides a new perspective to debates about how market policies have survived in Mexico despite their destabilizing effects in the Mexican countryside and the rise of charismatic populists who have challenged the model. Previous explanations for the survival of market policies have focused on the extent to which reforms have made citizens better off, how well politicians are able to justify them, or how willing some citizens are to accept their painful effects. I argued, however, that as an increasingly significant form of social insurance, remittances have reduced the full pain of the market transition for millions of Mexican households, thus making remittance-receiving citizens (who tend to still be very poor) more optimistic about their economic situation and less likely to have and politicize economic grievances. With reference to the 2006 Mexican presidential election, I proposed that remittances' social insurance effect reduced the poor's propensity to punish the PAN with a vote for the PRD, thus helping to guarantee Mexico's market-led trajectory for at least another six years. The notion that international migrants have assumed social insurance burdens that were once the domain of the Mexican state provides a new material explanation for the survival of market-oriented policies.

These dynamics tell us at least two important things about the role of non-state actors. First, non-state actors—particularly the family, or the transnational family in this case—can be an important source of social insurance through periods of state retrenchment. When the state withdraws, citizens are not simply forced to endure the full pain of reform. Rather, other actors and institutions may rise to the occasion and guarantee welfare in the state's absence. Second, the social insurance provided by non-state actors may impact political stability in a way that is similar to the impact exerted by social insurance provided by the state. For this reason, it is critical that political scientists look beyond the state to explore the political implications of other forms of social insurance that are provided by non-state actors.

My theory also contributes a new perspective to debates about the political advantages of emigration. Scholars have long believed that emigration provides a safety valve to the governments of poor countries, reducing labor market pressures and relieving politicians of punishment they might otherwise face from unemployed or underemployed citizens (Hirschman 1978; Asch 1994). This study has shown that the political advantages of emigration are not confined to the labor market safety valve. Additionally, I have argued that remittances provide a safety net to families in the absence of a robust welfare state. Like public safety nets, this transnational safety net reduces citizens' sensitivity to adverse economic conditions and leaves them more optimistic about their economic situation. By conceptualizing remittances as a substitute for public social spending, this study has provided a new way of thinking about the political advantages of these monetary flows.

With reference to remittances' implications for both economic and political stability, I have proposed that the developmental benefits of this money may extend beyond any direct impacts on poverty and job creation. In addition, my findings suggest that remittances may encourage economic development indirectly by fostering the necessary political conditions for establishing markets through periods when any number of exogenous pressures, domestic constraints, and ideological predispositions limit social spending. Remittances, in other words, may temper backlash against politicians who implement policies that are both good for aggregate growth and result in concentrated and uncompensated losses for certain groups in society.

Using Policy to Capitalize on the Social Insurance Effect of Remittances

If remittances compensate for shortfalls in social spending as I have argued, politicians who are unable or unwilling to expand the size of their welfare states have a real interest in maintaining a steady flow of remittances into their economies, both as a matter of short-term political calculations and long-term development goals. There is never any guarantee, however, that the citizens of developing countries will be able to emigrate or that expatriates will remit or continue remitting. For this reason, the governments of developing countries should pursue a combination of policy approaches to ensure a steady flow of remittances through the market transition. Specifically, developing states can capitalize on the social insurance effect of remittances by lobbying key destination states for guest worker programs, by encouraging competition in the wire transfer market, and by establishing programs that match remittance-related spending on healthcare, education, and housing with government funds.

Guest worker programs permit citizens of one country to work on a temporary basis in another country. Such programs help to maintain a steady flow of remittances in at least two respects. First, they eliminate the challenges of migrating without documentation and allow migrants to avoid the exorbitant fees charged by human smuggling rings. As a result, such programs increase the likelihood that one's immigration attempt will be successful (i.e., that money will not be expended making multiple clandestine immigration attempts) and that more money that is earned abroad can be saved and remitted to the home country rather than lost to human smugglers (Hugo 2003).[27] Second, guest worker programs keep migrants tethered to their homelands, making them more attentive to the economic needs of

[27] Mexicans commonly pay human smugglers between $2000-$5000 to guide them across the US border. In interviews, many Mexican immigrants have told me that they spend their first months of work in the US simply working to repay or recover what they paid to enter the US in the first place.

their home communities than migrants who go abroad on a more permanent basis (Faini 2007; Massey et al. 1998). Of course, the primary challenge in establishing guest worker programs is that they require the full cooperation of destination states.

Governments may also use policy to encourage competition in the money transfer market, thus reducing the fees associated with wiring money home and ensuring that more of what is remitted goes to poor families rather than banks and wire transfer companies (Orozco 2002b, 2002a). Moreover, matching programs—schemes where a state pledges to match remittances with public funds—provide migrants incentives to send money home while also giving home governments some say in how remittances are used. The most advanced program of this nature is Mexico's "Three for One Program for Migrants." Every dollar remitted by Mexicans abroad through this program for use on qualified community development projects is matched with a dollar from each level of the Mexican government—one dollar from the federal government, one dollar from the state government, and one dollar from the municipal government (Goldring 2002; Iskander 2005).

At least from the Mexican government's perspective, Three for One is guided by the principle that migrants should spend their money "productively" on business and community investments rather than on basic goods and services (Iskander 2005). This dissertation has shown, however, that consumption spending also has important benefits—both economic and political. By expanding matching programs to cover more basic expenditures like healthcare, education, and housing, governments would not only encourage remitting, but also bolster their welfare states by essentially soliciting contributions from migrants.

Using Social Insurance to Stem Unwanted Immigration

The theory and findings of this dissertation also have interesting implications for the US in its struggle to manage and minimize unwanted immigration from Mexico and Central America. American policymakers, it seems, have generally resigned themselves to the notion that poverty and underdevelopment are the principal causes of emigration and that little can be done to stop this process at its source, at least in the short or medium term. In recent decades, US immigration policies have thus been focused primarily on restricting entry at the Mexican border (Massey et al. 2002). Despite more restrictive laws and a growing enforcement budget, however, undocumented immigration to the US has been on the rise (Cornelius et al. 2004).

Leading research on both historical and contemporary migrations show, however, that dislocations that occur in the early and middle stages of the development process—not poverty and underdevelopment alone—are key triggers of mass migrations (Hatton and Williamson 1998; Massey et al. 2002; Massey 1988). This study furthermore demonstrated that economic instability and the absence of a robust public safety net fuel demand for remittances as an alternative form of social insurance. Because sending remittances to support one's non-emigrating relatives is a leading reason many Mexicans go abroad, it may therefore be in the interest of the US to work with the Mexican government to boost the provision of social insurance in the Mexican countryside, thus leaving more would-be emigrants with fewer reasons to leave their home communities.

Final Thoughts

In many respects, remittances appear to be manna from heaven—cash injections that stimulate economies, smooth consumption, and cushion the blow of poverty and economic risk for poor people all over the world. Because remittances make life a little better for the poor families that receive them, I have argued that their politicians face less resistance than they otherwise would in the absence of this transnational safety net. This could be a good thing if, by fostering political stability, remittances allow politicians to make difficult choices that are economically beneficial in the long run when any number of pressures and constraints limit welfare expenditures. The risk, however, is that remittances also reinforce and perpetuate poverty to some degree by allowing politicians to neglect the development needs of poor communities that have high rates of emigration. An important theoretical challenge, then, one that has been beyond the scope of this study, is to untangle and specify the implications of remittances for democratic accountability and civic engagement in Mexico and other developing countries.

Appendix A: Descriptions of Variables

Descriptions of all variables used in this study listed in alphabetical order.

Age (Table 5.1): Migrant *i*'s age in 2007. Source: The Emigration and Politics Study.

Age (Chapter 6): The respondent's age. Source: The Emigration and Politics Study.

Agriculture: Dummy variable that identifies households that depend on income from agriculture. Source: The Emigration and Politics Study.

Approval of Fox: Ordinal variable that measures how much the respondent approved of the job of outgoing President Vicente Fox. 0 = strongly disapprove; 1 = disapprove somewhat; 2 = neither approve nor disapprove; 3 = approve somewhat; 4 = strongly approve. Source: The Emigration and Politics Study.

Benefits: Spending by the Mexican government on "welfare benefits, subsidies, and income transfers," in US dollars. Source: Bank of Mexico.

Business Owner: Number of small businesses (if any) owned by members of the respondent's household. Source: The Emigration and Politics Study.

Cash Benefits: The amount that household *j* received from its participation in programs like PROCAMPO, Oportunidades, 70+, LICONSA, and DIF in 2007, in US dollars. Source: The Emigration and Politics Study.

Children: The number of children migrant *i* has living with him/her in the United States. Source: The Emigration and Politics Study.

Crime: Dummy variable that identifies respondents who reported an issue like organized crime, violence, drug trafficking, or kidnappings as the most important problem facing Mexico. Source: The Emigration and Politics Study.

Dependents: The share of household *j*'s members who were children under the age of fourteen in 2007. Source: The Emigration and Politics Study.

Economy: Dummy variable that identifies respondents who reported an economic issue as the most important problem facing Mexico. Source: The Emigration and Politics Study.

Education: The respondent's number of years of formal education. Source: The Emigration and Politics Study.

Farmer: Dummy variable that identifies respondents from households that depend on income from agriculture. Source: The Emigration and Politics Study.

Female: Dummy variable that distinguishes females (=1) from males (=0). Source: The Emigration and Politics Study.

Have Asked for Government Aid: Dummy variable that identifies respondents who have ever attempted to solve an economic problem by asking for "aid, funds, or cooperation from the Mexican government." Source: The Emigration and Politics Study.

IMSS: The share of household members who were eligible for healthcare, disability insurance, and pensions from IMSS. Source: The Emigration and Politics Study.

Income: Household income from domestically-earned labor in 2007, in US dollars. Source: The Emigration and Politics Study.

Income Stability: To measure respondents' level of *Income Stability*, the EPS asked the following question: "Income is considered stable if you can trust that it will be the same or nearly the same month-to-month or year-to-year. Income is considered unstable if it changes frequently and is difficult to predict month-to-month or year-to-year. Would you consider this household's income to be very unstable (=0), somewhat unstable (=1), somewhat stable (=3), or very stable (=4)?" Respondents who said "don't know" or "neither stable nor unstable" received a score of 2. Source: The Emigration and Politics Study.

Inflation: Mexico's consumer price index. Source: Bank of Mexico.

ISSSTE: The share of members of a respondent's household who were eligible for healthcare, disability insurance, and pensions from ISSSTE. Source: The Emigration and Politics Study.

No. of Animals: Number of farm animals owned by respondent's household. Source: The Emigration and Politics Study.

No. of Migrants: Count of the number of members of a respondent's household who were living in the US at the time of the survey. Source: The Emigration and Politics Study.

No Party ID: Dummy variable that identifies respondents who claimed no loyalties to any political party. Source: The Emigration and Politics Study.

Other Migrants: The number of household *j*'s members who were living in the US in 2007, minus migrant *i*. Source: The Emigration and Politics Study.

PAN Party ID: Dummy variable that identifies respondents who claimed to identify with the National Action Party (PAN). Source: The Emigration and Politics Study.

Pocketbook (prospective): The extent to which respondents expected their personal economic situation to greatly worsen (=0), worsen somewhat (=1), stay the same (=2), improve somewhat (=3), or improve greatly (=4) over the five years to come. Source: The Emigration and Politics Study.

Pocketbook (retrospective): The extent to which respondents reported that their personal economic situation had greatly worsened (=0), worsened somewhat (=1), stayed the same

(=2), improved somewhat (=3), or greatly improved (=4) over the previous five years. Source: The Emigration and Politics Study

Political Interest: The survey interviewer's assessment of the respondent's interest in politics. The variable measures whether the respondent seemed to have no interest in politics (=0), very little interest (=1), some interest (=2), or a lot of interest (=3). Source: The Emigration and Politics Study.

PRD Party ID: Dummy variable that identifies respondents who claimed to identify with the Party of the Democratic Revolution (PRD). Source: The Emigration and Politics Study.

PRI Party ID: Dummy variable that identifies respondents who claimed to identify with the Institutional Revolutionary Party (PRI). Source: The Emigration and Politics Study.

Registered: Dummy variable that identifies respondents who had a valid voting credential at the time of the survey. Source: The Emigration and Politics Study.

Relation: An ordinal variable that assigns values to the relationship between migrant *i* and the head of household *j*. *Relation* = 0 if migrant *i* is the spouse of the head of household *j*; *Relation* = 1 if the child, parent, or sibling; *Relation* = 2 if the nephew/niece, brother/sister-in-law, mother/father-in-law, son/daughter-in-law, cousin or grandparent; Relation = 3 if some distant familial relationship or non-familial relationship. Source: The Emigration and Politics Study.

Remittances (Table 5.1): A continuous measure of the total amount in US dollars that household *j* (a Mexican household) received from migrant *i* (a member of household *j* living in the US) in 2007, as reported by the head of household *j*. Source: The Emigration and Politics Study.

Remittances (Tables 5.2-5.3): Remittances sent to the Mexican economy, quarterly averages of monthly data in US dollars. Source: Bank of Mexico.

Remittance Index (RI): Continuous index ranging from zero to one that measures the extent to which remittances are a *substantial, reliable,* and *enduring* source of income to the household—i.e., remittances' significance as a form of social insurance. The *RI* was constructed in the following manner: (1) Respondents were asked to think about and compare remittances to total household income (i.e., income from domestic labor activities and remittances). If respondents reported that remittance income was "small" compared to normal income, they received a score of "1." If remittances were reported to be an "intermediate" or "substantial" share of normal income, scores of "2" or "3" respectively were assigned. (2) Respondents were asked to report the degree to which they could count on migrants to send money home in times of need. A score of "1" was assigned when respondents reported that remittances were "only sometimes sent" in times of need, a score of "2" if remittances were "almost always sent when needed," and a score of "3" if remittances were "always sent when needed." (3) Respondents were asked to report the number of years their household has consistently received remittances. The actual number of years was recorded. A "0" was assigned on each of the three component variables to respondents who did not receive remittances at the time of the survey (n=505). Then, for those who reported receiving remittances (n=262), scores on the three component variables were combined in the following manner: (1) the number of years a household reported receiving remittances was divided by a constant to adapt the series to a three-point scale; (2) the three components were then summed and divided by nine to create a continuous index that ranges from 0 to 1. For analyses related the 2006 Mexican presidential election, the component of the *RI* that measures how long one has received remittances was re-scaled to reflect the fact that the 2006 election took place one year and six months prior to data collection. Any respondent who reported receiving remittances for a year and a half or less received a score of zero on the *RI*. Moreover, due to the fact that the EPS only collected data on the three components of the *RI* for families that received remittances at the time of the survey, twenty-one respondents who received remittances in 2006 unfortunately do not have an *RI* score. These twenty-one respondents were thus treated as missing values in analyses of the 2006 Mexican presidential election (i.e., Table 6.9 and Table 6.11) since no *RI* data is available. Source: The Emigration and Politics Study.

Sociotropic (prospective): The extent to which respondents expected the national economy to greatly worsen (=0), worsen somewhat (=1), stay the same (=2), improve somewhat (=3), or improve greatly (=4) over the five years to come. Source: The Emigration and Politics Study.

Sociotropic (retrospective): The extent to which respondents reported that the national economy had greatly worsened (=0), worsened somewhat (=1), stayed the same (=2), improved somewhat (=3), or greatly improved (=4) over the previous five years. Source: The Emigration and Politics Study.

Talk Politics: Dummy variable that identifies respondents who reported that they talk about politics with a family member or friend who is living in the US. Source: The Emigration and Politics Study.

Time Abroad: Number of years migrant *i* has lived in the United States without re-establishing himself in Mexico. Source: The Emigration and Politics Study

Wages (Table 5.1): The amount migrant *i* earns per hour working in the US, in US dollars. This variable was constructed by matching reports about migrant *i*'s occupation in the US to data published by the US Bureau of Labor Statistics on the average hourly wage of various professions in the United States. Source: The Emigration and Politics Study; US Bureau of Labor Statistics.

Wages (Tables 5.2-5.3): Weekly salary of the average blue-collar worker in the United States, in US dollars. Source: US Bureau of Labor Statistics.

Workforce: Number of Hispanic and Latino workers in the US workforce; proxy for the size of the Mexican immigrant workforce in the US. Source: US Bureau of Labor Statistics.

Appendix B: Summary Statistics

Summary Statistics for Variables in Table 5.1

Variable	*N*	Mean	Standard Deviation	Min	Max
Remittances	870	901.75	1870.5	0	15600
Relation	870	1.05	0.37	0	3
Time Abroad	870	10.18	9.12	0	51
Wages	870	9.89	5.51	0	28.91
Children	870	1.51	1.74	0	10
Age	870	34.75	34.75	12	86
Cash Benefits	870	240.16	645.97	0	10800
Income	870	4266.58	4895.11	0	36000
IMSS	870	0.07	0.23	0	1
Other Migrants	870	2.66	2.24	0	9
Agriculture	870	0.5	0.5	0	1
Dependents	870	0.18	0.22	0	0.833

Summary Statistics for Variables in Table 5.2-5.3 (quarterly averages of monthly data)

Variable	*N*	Mean	Standard Deviation	Min	Max
Remittances	54	985,000,000	631,000,000	263,000,000	2,140,000,000
Benefits	54	1,090,000,000	624,000,000	141,000,000	2,880,000,000
Inflation	54	90.3031	26.9284	31.1288	127.6590
Wages	54	693.36	77.01	560.22	838.74
Workforce	54	9,417,023	1,757,007	6,503,334	12,300,000

Summary Statistics for Variables in Chapter 6

Variable	*N*	Mean	Standard Deviation	Min	Max
Age	767	43	17.609	18	95
Approval of Fox	764	1.78	1.269	0	4
Business Owner	767	0.25	0.488	0	3
Crime	767	0.18	0.387	0	1
Economy	767	0.63	0.483	0	1
Education	766	5.53	4.259	0	18
Farmer	767	0.458	0.499	0	1
Female	767	0.6949	0.461	0	1
Have Asked for Government Aid	765	0.19	0.393	0	1
IMSS	767	0.073	0.239	0	1
Income	726	4689.28	5403.042	0	62600
Income Stability	757	1.13	1.306	0	4
ISSSTE	767	0.032	0.168	0	1
No Party ID	767	0.58	0.494	0	1
No. of Migrants	767	1.26	1.822	0	10
No. of Animals	767	1.54	5.913	0	70

Summary Statistics for Variables in Chapter 6 (continued)

Variable	*N*	Mean	Standard Deviation	Min	Max
PAN Asked for Votes	758	0.423	0.494	0	1
PAN Party ID	767	0.116	0.32	0	1
Pocketbook (prospective)	688	1.99	0.938	0	4
Pocketbook (retrospective)	761	1.82	0.964	0	4
Political Interest	767	1.34	0.983	0	3
PRD Asked for Votes	758	0.405	0.491	0	1
PRD Party ID	767	0.158	0.365	0	1
PRI Asked for Votes	758	0.409	0.492	0	1
PRI Party ID	767	0.061	0.239	0	1
Registered	767	0.928	0.258	0	1
RI	759	0.16	0.247	0	1
RI (for 2006 analyes)	738	0.15	0.241	0	1
Sociotropic (prospective)	676	1.84	1.039	0	4
Sociotropic (retrospective)	728	1.65	1.064	0	4
Talk Politics	711	0.087	0.282	0	1
Voted in 2006 Election	766	0.667	0.472	0	1

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