### OLD HABITS DIE HARD

# Political Patronage and Remittance-Led Development in Guanajuato, Mexico

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Abstract: The present study analyzes the role of collective remittances in promoting democratic consolidation amid the decentralization of political decision making in Mexico. Specifically, I analyze how the remittance-matching program 3x1 para Migrantes conditions municipal politics in the state of Guanajuato, Mexico. To this end, I evaluate 3x1 para Migrantes investment patterns across Guanajuato's forty-six municipalities for the period 2001–2011. The results of my study indicate that, under the right conditions, remittances channeled through the 3x1 program stimulate higher levels of voter participation and in this manner have the potential to contribute to democratic growth. However, data patterns also indicate that 3x1 investments share a positive correlation with election cycles, demonstrating that local authorities may use the 3x1 program to garner political support. In this respect, my analysis calls into question the depth of democratic consolidation at the municipal level in the state of Guanajuato.

In the early 1980s Mexico began a tentative transition toward democratic governance. Since then, although the nation is far from a full-fledged democracy, local and national elections have become increasingly competitive, and everyday politics are arguably more transparent. This process culminated in the 2000 presidential elections in which Vicente Fox broke the Institutional Revolutionary Party's (PRI) seventy-one-year hold on the executive office. During this same period increased migration to the United States stimulated the flow of migrant remittances to households across Mexico. By 2007 remittances flowing into Mexico surpassed \$26 billion dollars or roughly 2.5 percent of the nation's gross domestic product, or GDP (Banco de México 2007). The intersection of political transition toward democracy with mass emigration to the United States presents an intriguing question: To what degree do migrants—and the money they send home—influence local politics in Mexico?

Mexico presents a particularly opportune case study for exploring the relationship between emigration and politics. A nascent literature addresses this experience (Aparecio and Meseguer 2012; Burgess 2005; Duquette-Rury 2011, 2014; Duquette-Rury and Bada 2013; Pérez-Armendáriz and Crow 2010; Pfutze 2012;

I would like to acknowledge the García-Robles Fulbright program for providing initial funding for this project. In addition, I am grateful to Robert Fiala, Manuel García y Griego, Mark Finney, Manuel Burgos, and Grant Burrier for their invaluable input on earlier drafts of this paper and project. Special thanks go to Richard L. Wood and Matías Fontenla for being exceptional mentors and even better friends. Finally, I would like to thank my wife, Beatriz Amanda García Waddell, for challenging me to be a better person day in and day out. She is, without a doubt, my better half.

 $\textit{Latin American Research Review}, \ Vol.\ 50, \ No.\ 1.\ \textcircled{0}\ 2015\ by\ the\ Latin\ American\ Studies\ Association}.$ 

Smith and Bakker 2008; Tyburski 2012); still, researchers have yet to empirically analyze the relationship between emigration and politics within the context of decentralization. In this article, I address this gap by evaluating the depth of democratic consolidation amid the decentralization of political decision making in Guanajuato, Mexico. I focus my study on the state-sponsored program 3x1 para Migrantes, which matches migrant remittances three times over and allows migrants and their communities to partake in the planning and implementation of development projects across Mexico.¹ Globally, the 3x1 program is the largest of its kind. Moreover, the program embodies the federal government's effort to decentralize decision making to local governments as a means of directly involving state and municipal governments and local communities in the redistribution and investment of public resources.

In this study I focus my analysis on 3x1 investment patterns as they relate to election cycles for the period 2001–2011. In addition, I evaluate the effect of 3x1 investments on voter turnout rates across Guanajuato's forty-six municipalities during the election years 2003, 2006, and 2009. Multiple regression analysis reveals that under the right conditions remittances channeled through the 3x1 program stimulate higher levels of voter participation and in this manner have the potential to contribute to democratic growth. However, data patterns also indicate that 3x1 investments share a positive correlation with election cycles. While by no means conclusive, this linkage suggests that authorities may be systematically using the 3x1 program for patronage and/or implicit vote-buying purposes. In this respect, my results draw into question the depth of democratic consolidation at the local level in post-PRI Mexico.

#### DECENTRALIZATION, EMIGRATION, AND DEMOCRACY IN MEXICO

Nearly three decades ago, countries across Latin America began transitioning from highly centralized, authoritarian regimes toward relatively decentralized, democratic governments. Initially, given the region's history of strong-handed caudillos and closed-door politics, researchers strongly questioned the potential longevity of democracy in the region. However, once it became apparent that the nascent democracies were not going to relapse, observers began to focus on the degree to which democratic practices in Latin America were taking root at the local level.

Early research (O'Donnell 1994, 1998; Avritzer 2002) revealed that the quality of democratic governance is contingent on the establishment of stronger links between elite democratic norms (elections, transparency laws, checks and balances, etc.) and emerging democratic practices in the public space (participatory budgeting, communal decision making, etc.). Specifically, Leonardo Avritzer (2002) revealed how the decentralization of political decision making allowed new partisan voices to institutionalize participatory practices within emerging democracies. Benjamin Goldfrank (2007) and Gianpaolo Baiocchi, Patrick Heller, and

<sup>1.</sup> Hereinafter I refer to the Programa 3x1 para Migrantes as "the 3x1 program" or "3x1."

Marcelo K. Silva (2011) built on Avritzer's theoretical work by documenting the experiences of participatory budgeting in Uruguay, Brazil, and Venezuela. They found that the decentralization of resource distribution to the local level has the potential to incite greater political participation and, in some cases, more efficient governance. However, as additional research from Latin America reveals, local factors often play an important role in determining the ultimate success or failure of decentralization (Barraca 2005; Yashar 1999; Rowland 2001; Romero 2003; Sabatini 2003; Moreno-Jaimes 2007).

In Mexico, few factors affect local communities more than emigration. Jonathan Fox, borrowing from Albert Hirschman's classic analysis (1970), describes the potential influence of migrants on their communities as a distinct process of exit and voice. Specifically, Fox (2007) argues that Mexican citizens faced with entrenched poverty and lack of access to political voice frequently opt to migrate, or exit, due to an inability to influence the conditions that structure their lives. However, as Fox points out, in recent decades Mexican migrants living in the United States have begun to exercise their voice in their communities of origin in the form of remittances and communal development initiatives. Fox's work implies that unsatisfied citizens have four basic options: to remain faithful to the status quo (loyalty), to stay and take action in an effort to improve social conditions (voice without exit), to permanently withdraw (exit without voice) or to withdraw with the intention of improving social conditions through migration (exit with voice). Given this, migration appears to have a potential dual effect on Mexican society, such that it first reduces social pressure on politicians and then fosters the potential for social and political change as migrants begin to remit money and ideas back to hometown communities. This relationship is depicted in table 1.

Extant research supports the tenets of Fox's theoretical framework. Early research, for example, found that emigration drained local communities of their most productive citizens and workers, thus having an overall detrimental effect on local development. This body of literature depicts migration as an irrevocable form of exit that traps communities in a vicious cycle of dependency in which migrants and their families waste away precious savings on superfluous consumption (Reichert 1981; Stuart and Kearney 1981; Wiest 1973). Subsequent research, however, found that remittances have multiplier effects within local economies, thus directly and indirectly stimulating employment, investment, and income (Adelman, Taylor, and Vogel 1988; Durand et al. 1996; Calderón, Fajnzylber, and López 2008). This line of research illustrates the potential for a migrant voice in

Table 1 Exit, voice, and loyalty in Mexican migrant communities

	Silence	Voice
Stay	Loyalty (compliance, clientelism)	Voice without exit (mass protest, electoral opposition)
Migrate	Exit without voice (migration only)	Exit with voice (remittances, human capital, political capital)

Source: Adapted from Jonathan Fox (2007, 297).

communal development. This notion is supported by recent findings that demonstrate that migrants have the potential to leverage local politics (Bada 2011; Batista and Vicente 2010; Burgess 2005; Chauvet and Mercier 2011; Fitzgerald 2000; Fox and Bada 2008; Goldring 2002; Goodman and Hiskey 2008; Itzigsohn and Villacres 2008; Kapur 2004; Marcelli and Cornelius 2005; Rivera Salgado 1999; M. P. Smith 2003; R. Smith 2006; Rother 2009). Clarisa Pérez-Armendáriz and David Crow (2010), for example, find that individuals living in areas with high levels of migration are more likely to participate in forms of politics beyond the electoral booth such as civil associations and protests. Tobias Pfutze (2012, 173, 174) documents a link between household remittances and political change: "As remittances increase voters' disposable income, the necessary clientelistic transfers paid in exchange for political support would need to increase as well. To the extent that the government faces budget constraints, this patronage system will become unsustainable." Pfutze's findings suggest that migrants, via cash transfers and social networks, play a role in promoting electoral competition and in "the improvement of democratic institutions at the local level" (174). Pfutze's work is supported by Lisa Chauvet and Marion Mercier's (2011, 29) research in the West African nation of Mali, which demonstrates that migrants frequently trigger "transfers of political norms" and in this manner contribute to higher participation rates in local elections. On a similar note, Catia Batista and Pedro C. Vicente (2010) document evidence in Cape Verde that suggests that return migrants have a positive effect on the demand for political accountability. Like Chauvet and Mercier, they note that this effect is particularly evident among migrants who have lived in countries with relatively better governance. Related to this, Stefan Rother's work in the Philippines demonstrates that the effect of return migrants on local politics is often dependent on the country to which individuals have migrated. This finding leads the author to conclude that "it [is] clear that migrants are a worthwhile factor to include in the research on external factors of democratisation, diffusion, democratic consolidation and diffuse support for democracies" (Rother 2009, 274).

Together, the aforementioned research illustrates the emerging potential for a migrant voice in communal development in Mexico and refutes the suggestion that exit necessarily means that migrants lose positive influence within their hometown communities. Given this, it is perhaps not surprising that since the late 1990s the Mexican government has sought to rein in its diaspora via a series of policies ranging from migrant insurance to remittance-led-development programs. As a result, the government now portrays migrants, who were once depicted as national turncoats, as important actors in the nation's effort to stimulate economic growth and expand the country's transition to democracy into the realm of everyday politics. Mexican officials have placed specific emphasis on capturing migrant remittances and channeling them toward local development projects. In particular, over the course of the last decade different levels of government federal, state, and municipal—have supported community-wide investments made by organized groups of migrants residing in the United States. Officials began courting migrant civil associations or hometown associations (HTAs) as early as the late 1980s in the state of Zacatecas, but it was not until 2002, through the 3x1 program, that remittance-led development was officially incorporated into the government's economic platform. The program was spearheaded by then president (Partido Acción Nacional, or PAN, 2001-2006) and ex-governor of Guanajuato, Vicente Fox. The 3x1 program channels remittances toward a variety of projects, including bridges, roads, electricity grids, drainage systems, community centers, schools, health care centers, and occasionally businesses. As previously mentioned, the program is structured such that each respective branch of government matches migrant contributions toward community development initiatives peso for peso. For their part, migrants contribute to projects by remitting money communally through HTAs. In turn, the federal government diverts funds from the Secretaría de Desarrollo Social (SEDESOL) to approved 3x1 projects across the country. State and municipal governments match migrant contributions with funds from their respective budgets.<sup>2</sup>

The relative freedom that state and municipal governments have in approving, funding, and implementing 3x1 projects is a direct result of Mexico's efforts over the last two decades to decentralize economic and political decision making to local governments. This process began in the late 1980s when ex-president Carlos Salinas de Gortari (PRI, 1981-1994) created the Programa Nacional de Solidaridad (PRONASOL), which aimed to channel funding for public works projects to the country's most marginalized communities. The program targeted several basic areas, including health care, education, social services, public infrastructure, and small businesses. Funding for PRONASOL projects came from Ramo 26, Desarrollo Social y Productivo en Regiones de Pobreza, which was implemented in 1983 as a means of consolidating government funding for programs directed toward combating poverty and promoting social development. Still, throughout its existence PRONASOL remained highly centralized within the executive branch and suffered from issues of transparency and accountability (Molinar and Weldon 1994).

Early in his presidency Ernesto Zedillo (PRI, 1991–2000) replaced PRONASOL with Ramo 33 and the Programa de Educación, Salud y Alimentación (Progresa). Ramo 33 absorbed the majority of the funds previously channeled through Ramo 26 and for the first time in Mexican history created a decentralized funding source for local governments. Progresa was later renamed Oportunidades by President Fox, but it remained very similar to its predecessor from a policy standpoint. Together, Oportunidades and Ramo 33 continue to facilitate fiscal decentralization and fund social welfare programs aimed at combating poverty across Mexico. In turn, Ramo 26 now operates as a flexible fund through which the federal government directs limited resources toward Mexico's most marginalized municipalities.

In all, the increased decentralization of federal resources in recent decades has

<sup>2.</sup> It is important to note that for public works projects allocated via the 3x1 program, as per program rules, municipalities are allowed to invest up to 25 percent of the costs using funds from Ramo 33, Aportaciones Federales para Entidades Federativas y Municipios. Depending on the type of project, municipalities may decide to use money from subsections of Ramo 33 (Fondo 2, 3, or 4). Thus, the municipal funds allocated to 3x1 are not new but rather are allocations coming from the federal Ramo 33 that are directly transferred to municipalities for social spending (see Reglas de Operación del Programa 3x1 para Migrantes, para el ejercicio fiscal 2012, Tercera Sección, December 28, 2011, http://www.3x1 .sedesol.gob.mx/documentacion/2012/ROP\_3x1.pdf).

allowed local governments to expand the number of social programs that they support and, in theory, to increase the role of local citizens in the distribution of public resources. The 3x1 program is one example of this shift. A typical 3x1 project begins when a group of migrants takes a trip home and reaches out to local officials about the potential of working together on a development project in a specific hometown. Officials, however, also actively recruit participants by suggesting to migrants that they consider developing a project through the 3x1 program. Once migrants and government officials decide to begin a project, the first step authorities take is to ensure that the migrant group in question is registered as an HTA with the Mexican consulate. Subsequently, the HTA must establish a connection with municipal authorities in order to propose a particular project. At this point, local representatives or delegates take on a crucial role. Delegates serve as a liaison between communities and municipal governments. Incoming municipal presidents generally appoint local delegates every three years following municipal elections.<sup>3</sup> Concerning the 3x1 program, delegates play a particularly crucial role due to the fact that HTA leaders reside in the exterior and therefore are generally not well versed in the onerous bureaucratic tasks required to participate in programs like 3x1. Moreover, delegates generally live in small communities and thus are more likely to garner the trust of HTA leaders than municipal officials residing in the capital.

Once a project is proposed and accepted by municipal officials, the municipal government submits it for state approval. All project applications include a technical evaluation, which outlines the project's viability and includes copies of any necessary permits and budget estimates. If a project is deemed viable and is in accordance with the rules of operation stipulated by the 3x1 program, the file is submitted for final evaluation to the Comité de Validación y Atención a Migrantes (COVAM). Each state has its own COVAM, which consists of twelve representatives: three migrants, three municipal officials, three state officials, and three federal officials. Each year, the COVAM votes on which projects to approve for funding. If a project is approved, funds are allocated for the following fiscal year and all parties involved are given the green light to move forward with the project. If a project does not receive a majority vote, it is returned to the municipality, and in most cases the municipal government resubmits the project the following year (SEDESOL 2012). Government officials therefore have a clear advantage over migrants in determining which projects are funded (Aparicio and Meseguer 2012, 7). In theory, officials could form coalitions and vote only for those projects that most behoove them or their respective parties. Thus, there may be reason to question the degree to which the 3x1 framework changes the nature of local politics. Two brief accounts from the field inform this suspicion.4

<sup>3.</sup> In some states delegates are elected by local citizens. In Guanajuato, however, delegates are appointed by municipal presidents every three years (http://www.e-local.gob.mx/).

<sup>4.</sup> These accounts were selected from fieldwork carried out between 2009 and 2012 across the state of Guanajuato. In all, I conducted more than forty ethnographic interviews with migrants, community members, and local officials. It is important to point out that meaningful interpretation of the statistics outlined in this article would not have been possible without the interviews I carried out on the ground.

On July 1, 2012, the former director of the Secretaría de Desarrollo Social y Humano (SEDESHU), Miguel Márquez Márquez, won Guanajuato's governorship as a candidate for PAN. There is nothing particularly peculiar about this except for the fact that Márquez was director of SEDESHU for less than a year. Ironically, prior to moving over to SEDESHU he directed Guanajuato's office for accountability and transparency. After declaring his candidacy for governor, members of the press immediately began accusing the governor at the time, Juan Manuel Oliva, of moving Márquez into the SEDESHU position as a means of getting him "face time" with local communities. If in fact this was PAN's intention, SEDESHU represented the perfect platform for Márquez due to the fact that the ministry carries out development projects across the state and thus requires the director to make frequent visits to communities in each of the state's forty-six municipalities. Related to the research at hand, as director of SEDESHU, Márquez oversaw the 3x1 program and made multiple high-profile visits to migrant communities in order to commemorate 3x1 projects. I had the opportunity to witness one of these visits in the town of Ojo de Agua (Abasolo). For this particular event, Oliva and Márquez arrived by helicopter, greeted by a frenzied crowd. In addition to inaugurating a road funded by the 3x1 program, Oliva and Márquez participated in a series of speeches that lasted for well over an hour. Although the pair focused on the 3x1 program, they also made a point of emphasizing the current administration's commitment to social development around the state.

The next account concerns my 2009 interview with the director of migrant affairs in the municipality of San Iturbide. The main purpose of the interview was to inquire about San Iturbide's growing level of participation in the 3x1 program. In particular, I was interested in knowing why the municipality had invested a great deal in the expansion of electricity grids but had only made minor investments in other projects. The director's response was surprisingly honest: "Our municipal president prefers to invest in projects that are visible. Other projects may be meaningful but the people do not see them." By "visible," of course, the official was drawing an association between public works projects and party interests. Put simply, San Iturbide's president was most interested in supporting projects that would reflect favorably upon his government and party.

These two accounts reveal the potential political importance of 3x1 projects and remittances in general-from the standpoint of state representatives and municipal officials. More important, these brief accounts draw into question the degree to which 3x1 investments are driven by migrants and their communities alone. In the empirical analysis that follows I look further into the relationship between 3x1 investment patterns and political factors in the state of Guanajuato. Specifically, I evaluate the degree to which political factors, such as local election cycles and parties, influence 3x1 investment trends.

#### DATA AND METHODOLOGY

In this analysis I focus specifically on the state of Guanajuato due to four factors. First, PAN, the party that eventually supported Vicente Fox's historic presidential campaign, has deep roots in a number of municipalities across the state. Still, many other municipalities transitioned toward competitive elections much later, some as recently as 2009. During this period migration has remained high. Given this, election patterns in Guanajuato allow for meaningful evaluation of the relationship between migration and politics. Second, high levels of household remittances flowing into the state over the last three decades make Guanajuato a particularly fruitful location for 3x1 projects.<sup>5</sup> Third, since 2002, municipalities across Guanajuato have consistently participated in the 3x1 program.<sup>6</sup> Finally, prototypes of the 3x1 program were run in Guanajuato during Vicente Fox's time as governor (1991–1999) and thus the state has a history of supporting remittance-led development even before 2002. With these factors in mind, the 3x1 program in Guanajuato presents a unique opportunity to analyze the political impact of remittance-led development within the context of Mexico's transition to democracy.

Table 2 illustrates the panel data used in this analysis. As the far-right column indicates, data were collected from a variety of sources. The principal variable of interest, 3x1 investments, is based on program investment patterns logged by SEDESOL. Investments are recorded for each contributing party, including migrants and the federal, state, and municipal levels of government. Based on this information I create the dependent variables 3x1 ratio and 3x1 per capita. The variable 3x1 ratio is simply the total government contributions for projects within a given municipality divided by migrant contributions. In theory this ratio should always be three, but as I demonstrate below, in practice the ratio varies a great deal from year to year and municipality to municipality. In addition, to account for population differences across municipalities, census data were gathered from the Instituto Nacional de Estadística y Geografía (INEGI). This information is used to create the variable 3x1 per capita, which is the total amount of 3x1 investments made in each respective municipality divided by the municipality's population. Similar to GDP per capita, 3x1 per capita provides a more accurate means of comparing 3x1 investments across municipalities. It is worth noting that to my knowledge this is the first study of 3x1 investments that uses 3x1 per capita instead of total 3x1 investments. Finally, the dependent variable electoral participation is generated in order to evaluate the relationship between 3x1 investments and election trends. Data for this variable come from the organization Centro de Investigación para el Desarrollo (CIDAC) and the Instituto Federal Electoral, (IFE). Electoral participation is simply a measure of the percentage of eligible voters that turn out to vote in elections. During the period 2002–2011 elections were held in the years 2003, 2006, and 2009.

Concerning independent variables, the variable % homes remittances represents the percentage of homes in a given municipality that receive migrant remittances. In turn, the variable % homes return migrants measures the percentage of homes that had a migrant that returned to Mexico during the last census and stayed.

<sup>5.</sup> From 2001 to 2011 Guanajuato was second only to Michoacán in terms of total remittance flows (Banco de México).

<sup>6.</sup> From 2001 to 2011 3x1 investments were highest in Zacatecas, Jalisco, Michoacán, and Guanajuato (SEDESOL).

The variable % homes migrants measures the percentage of homes with migrants for each respective municipality. Data for these variables were collected from the Consejo Nacional de Población (CONAPO). In addition, the independent variable municipal party is created to account for political party differences across municipalities and as a means of analyzing potential relationships between political parties and 3x1 investment patterns. The variable is constructed as a dummy variable, such that PAN = 0 and other parties = 1. During the period under analysis PAN controlled over 60 percent of the state's municipal presidencies, whereas PRI controlled nearly 30 percent. My main interest in this particular variable is in measuring the degree to which PAN has controlled 3x1 projects over the program's first ten years. With this purpose in mind, a dummy variable will lend itself to easier interpretation of the regression coefficients. The coding of this variable is such that each municipality is assigned the party that corresponds to its municipal president during the year in question. Thus, for example, if PAN controlled a given municipal presidency from 2001 to 2009, the municipality would be coded for PAN for the years 2007, 2008, and 2009. Here it is important to note that in election years I code municipal parties for the outgoing party due to the fact that their administration is responsible for public resource distributions made during the election year. This variable is coded based on information provided by CIDAC. The variable *rural-urban* is generated in order to control for population differences across municipalities. A municipality was marked as rural if the total population is less than 50,000 inhabitants, and urban if the population is greater than 50,000. The variable election year is a dummy variable (1 = election year; 0 = nonelection year) that allows for the evaluation of any potential relationship between 3x1 investment patterns and election cycles. The variable Human Development Index (HDI) is included in order to examine the degree to which 3x1 investments are allocated based on levels of municipal development. The variable ranges from zero

Table 2 Definitions and descriptions of variables included in regression analysis

Variable	Mean	SD	Data source
3x1 ratio	3.02	0.91	SEDESHU
3x1 per capita	42.68	74.00	SEDESHU
Electoral participation	51.34	7.21	CIDAC; IFE
% homes remittances	13.29	6.69	· CONAPO
% homes return migrants	4.67	2.33	CONAPO
% homes migrants	10.63	5.34	CONAPO
Municipal party	0.39	0.48	CIDAC
Rural-urban	0.45	0.49	INEGI
Election year (2003, 2006, 2009)	_		IFE
Human Development Index (HDI)	0.77	0.05	INEGI; SNIM
Public works spending per capita	923.96	1031.09	SNIM; INEGI

Note: Figures for 3x1 per capita and public works spending per capita reported in Mexican pesos. The variables 3x1 ratio, 3x1 per capita, municipal party, rural-urban, and public works spending per capita reported for years 2001-2011; electoral participation reported for 2003, 2006, and 2009; % home remittances, % homes return migrants and HDI are reported for years 2000, 2005 and 2010. Statistical estimation used to fill in missing variables.

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to one, such that the least developed municipalities fall closer to zero and the most developed municipalities fall closer to one.<sup>7</sup> Data for this variable come from the Sistema Nacional de Información Municipal (SNIM) and INEGI. Finally, in order to control for municipal spending on public works projects, the variable *public works spending per capita* is included. This variable measures the amount of money municipalities spend per capita on public works projects. Data for this variable come from SNIM and INEGI.

#### DESCRIPTIVE STATISTICS OF 3X1 INVESTMENT PATTERNS

In Guanajuato, 3x1 transfers, including government contributions, capture less than 1 percent of total remittances flowing into the state. However, if one considers 3x1 investments in relation to municipal budgets, the program's overall impact becomes more tangible. Figure 1 displays the ratio between 3x1 per capita and public works spending per capita for the period 2002 to 2010 in the state of Guanajuato. The ratio changes from year to year, ranging from less than 5 percent to over 20 percent. With this in mind, for a political leader in Guanajuato 3x1 funds may represent the margin of flexibility to be able to show impact and initiative to their constituents.

Table 3 compares remittances at the national and state levels with 3x1 investments in Guanajuato over the period 2001–2011. As the reader will note, 3x1 investments have increased rapidly over the program's first ten years of operation. As of 2011, program investments in Guanajuato were up 422 percent from the program's inaugural year in 2002. In fact, 3x1 investments in Guanajuato have increased at a faster rate over the last decade than both overall household remittances flowing into Mexico (131 percent) and Guanajuato (157 percent).

A deeper understanding of the rapid expansion of the 3x1 program requires one to analyze the factors that have underpinned the program's growth. A natural starting point for this analysis is to take a closer look at the individual entities contributing to 3x1 projects. In theory, the 3x1 program implies that the federal, state, and municipal branches of government each contribute equal amounts to development projects initiated by migrants. Therefore, by default, one would expect that 3x1 investments across municipalities reflect a consistent investment ratio between the government and migrants of three to one. However, as figure 2 illustrates, 3x1 contributions vary a great deal from year to year. The unequal investment trends illustrated in figure 2 suggest that project funding may be defined by factors other than the stipulations outlined in the 3x1 program's bylaws. This pattern coincides with previous research on the 3x1 program that concludes that program investments are driven by local factors such as political ambitions (Aparicio and Meseguer 2012; Meseguer and Aparicio 2012).

To be sure, multiple factors likely influence the fluctuation of 3x1 investments from year to year. However, two aspects appear to stand out: return migrants

<sup>7.</sup> The HDI measures progress in three basic areas of welfare, including: health (measured by infant mortality rates), human capital (measured by literacy rates and school attendance rates), and income (measured by GDP per capita).

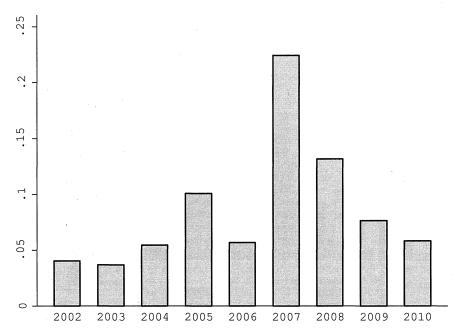


Figure 1 Ratio of 3x1 per capita and public works spending per capita. Data provided by SEDESOL, SNIM.

*Table 3 Total remittances compared with 3x1 investments (US dollars)* 

	Remittan	ces	3x1 investments Guanajuato	
Year	National (millions)	Guanajuato		
2002	9,814	834,190,000	2,651,464	
2003	13,396	1,152,056,000	2,839,425	
2004	16,730	1,542,506,000	3,458,140	
2005	20,284	1,736,310,400	8,360,074	
2006	25,567	2,278,019,700	4,967,822	
2007	26,069	2,393,134,200	6,462,719	
2008	25,137	2,317,631,400	11,721,445	
2009	21,181	1,933,825,300	11,894,187	
2010	21,271	1,978,203,000	11,735,866	
2011	22,730	2,147,985,000	13,853,577	
Total	202,179	18,313,861,000	77,944,719	

Source: Banco de México; SEDESOL.

and political incentives. Return migrants do not necessarily imply organization among migrants; however, my fieldwork indicates that they are a strong proxy for the strength of transnational migrant networks. In each of the migrant hometowns I visited in Guanajuato I found that 3x1 projects hinged in part on the synergy between migrants in the United States and former migrants currently

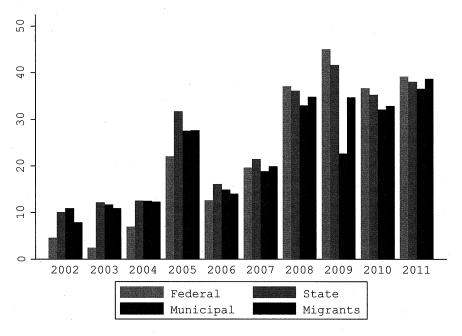


Figure 2 3x1 per capita investment pattern, 2001–2011 (in millions of pesos). Data provided by SEDESOL. Amounts in Mexican pesos. US\$1 = 12.76 pesos.

residing in Mexico. Moreover, state officials that I interviewed also brought up the importance of return migrants, suggesting that former migrants brought back ideas from the United States about what would help their town develop. Related to this, in the cases I was able to observe it was evident that return migrants frequently participated in the 3x1 project planning committees and in this respect assisted a great deal in targeting projects toward the particular needs of their communities. Figure 3 provides a visual depiction of this transnational link. As is evident, 3x1 per capita levels are highest in municipalities with relatively more return migrants (r = 0.25). This trend is apparent in urban and rural municipalities alike but it is particularly evident in the latter (r = 0.51). This finding suggests that return migrants may in fact play an important role in the 3x1 program. It also implies that the program has the potential to bring migrants back into the political fold by involving them in local development projects.

As mentioned above, in addition to return migrants, it is apparent that political incentives may also play a key role in the timing of 3x1 investments. Related to this, figure 4 illustrates the growth of total 3x1 investments during the program's first ten years in the state of Guanajuato. The percentage increase or decrease in program investments relative to the previous year is also reported. As the reader will note, program investments tended to increase the most in the pre-electoral

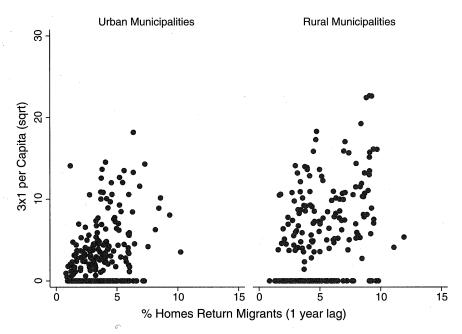
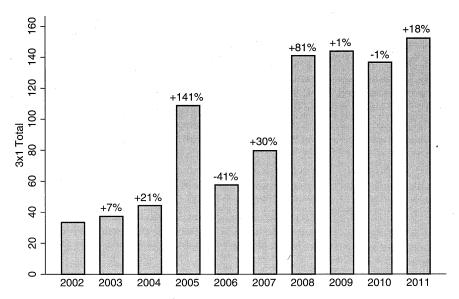


Figure 3 Percentage of homes with return migrants by 3x1 investments. Data provided by SEDESOL, CONAPO.



*Figure 4 Total 3x1 investments 2001–2011 (in millions of pesos).* Data provided by SEDESOL.

years 2005, 2008, and 2011. These trends suggest that the timing of 3x1 investments may in part be determined by electoral cycles.

The suggestion that 3x1 investments are strategically planned to coincide with pre-election years implies that government officials may intentionally delay 3x1 investments during their first two years of office in order to stack as many projects as possible in their third and final year in office. In principle, this would bode particularly well for the municipal president's party, which could use recently christened 3x1 projects as evidence of their commitment to constituents.<sup>8</sup>

If political objectives play a role in determining 3x1 investment patterns across municipalities in Guanajuato one might wonder whether or not any particular party is favored in the process. Javier Aparicio and Covadonga Meseguer (2009, 17) conclude that from 2002 through 2006 "municipalities ruled by the PAN are indeed more likely to participate in the program." However, the evidence outlined in table 4 refutes this notion. The table depicts mean 3x1 investments across municipalities by ruling political party. In addition, in parentheses the table reports 3x1 per capita for each fiscal year. For the period 2001–2011 average 3x1 investments and 3x1 per capita were substantially higher in the pre-election years 2005, 2008, and 2011. This pattern is evident for all parties. Still, there is little evidence to support the hypothesis that PAN was favored in the disbursement of 3x1 funds. For example, relative to Guanajuato's second principal party, PRI, during this period the PAN logged lower average 3x1 investments (2,050,260 pesos) and lower 3x1 per capita levels (39). On the other hand, parvenu parties averaged relatively higher 3x1 investments and 3x1 per capita levels. Taken together, Table 6 demonstrates that while there is initial evidence that the 3x1 program may be employed as a means of rounding up electoral support leading into election years, it does not appear that any one party has a monopoly over such practices.

Another way of looking at program investments is by tabulating the percentage of 3x1 projects controlled by each respective party during the period 2001-2011. Table 5 displays the percentage of municipalities headed by each respective party. In addition, in parentheses, each municipality's respective percentage of 3x1 projects is listed. In all, from 2002 to 2011, on average PAN governed 61 percent of the state's municipalities and received 64 percent of all 3x1 projects. In turn, PRI held an average of 27 percent of municipal presidencies, and those municipalities received an average of 26 percent of all 3x1 projects. Although year-toyear patterns fluctuate considerably, if we aggregate data over the first ten years of the 3x1 program there is a clear pattern between the percentage of municipal presidencies held by each party and the number of 3x1 projects carried out in each party's respective municipalities. Put simply, overall there appears to be little association between any one particular party and 3x1 investment patterns. These results demonstrate that over the first ten years of the program, all municipalities, regardless of partisanship, were able to channel remittances through the 3x1 program.

<sup>8.</sup> Here it is important to note that in Mexico a politician's ultimate allegiance pertains to his/her party. This is particularly true in the case of municipal presidents who cannot be elected to consecutive terms and thus rely on the structure of the party to secure the future of their career.

Table 4 Average 3x1 investments 2001–2011 by political party of municipal president

Party	PAN	PAN		PRI		PRD		PVEM		Other	
	Mean 3x1 investment	3x1 per capita									
2002	1,077,387	18	430,590	22	100,000	4.4.14.4	0.0	0	596,155	28	
2003	1,095,676	21	1,573,945	12	0	0	1,356,790	29	1,137,372	23	
2004	1,223,173	24	938,180	40	70,996	1	1,729,239	27	588,601	8	
2005	2,649,191	45	2,660,877	97	687,313	11	4,706,546	80	1,244,384	18	
2006	1,227,148	27	333,477	5	3,365,105	513	6,557,872	105	0	0	
2007	1,776,201	28	1,653,568	27	1,192,000	181	4,254,391	63	0	0	
2008	3,739,155	78	2,551,057	44	1,514,489	229	286,032	5	0	0	
2009	2,979,497	58	3,706,097	56	5,998,463	47	10,200,000	144	560,656	28	
2010	2,560,921	48	3,694,474	79	12,200,000	88	0	0	1,407,169	28	
2011	2,174,252	40	6,427,314	86	703,155	6	12,600,000	176	2,479,394	122	
Avg.	2,050,260	39	2,396,958	47	2,583,152	108	4,169,087	63	801,373	26	

Source: Data provided by SEDESOL and CIDAC.

Note: Pre-election years highlighted in gray. PAN (National Action Party); PRI (Institutional Revolutionary Party); PRD (Democratic Revolutionary Party); PVEM (Ecologist Green Party of Mexico). "Other" includes the parties PCD (Democratic Center Party of Mexico), PT (Labor Party), CONV (Convergence Party).

Table 5 Party's percentages of municipal presidencies and 3x1 projects

	PA	N	PRI		PRD		PVEM	
	% Municipal presidencies	% 3x1 projects						
2002	58	79	30	18	7	2	0	0
2003	52	61	30	28	7	2	4	0
2004	52	50	30	33	7	2	4	15
2005	52	52	30	33	7	2	4	7
2006	74	48	20	37	2	2	4	9
2007	74	76	20	11	2	5	4	. 9
2008	74	86	20	13	2	1	4	0.5
2009	61	87	28	1	4	0.5	2	3
2010	61	52	28	38	4	6	2	0
2011	61	44	28	50	4	1	2	2
Total	61	64	27	26	5	2	3	5

Source: Data provided by SEDESOL and CIDAC.

Note: Pre-election years highlighted in gray. PAN (National Action Party); PRI (Institutional Revolutionary Party); PRD (Democratic Revolutionary Party); PVEM (Ecologist Green Party of Mexico).

The descriptive statistics presented here suggest a number of patterns worth further scrutiny. With that in mind, in the section that follows I empirically analyze 3x1 patterns for the period 2001–2011.

#### REGRESSION ANALYSIS ON SELECT DEPENDENT VARIABLES

Table 6 presents the results of regression analysis on select dependent variables. Standard  $\chi^2$  tests show that the regressions are significant across all models. As is evident in model 1, the percentage of households receiving remittances has a positive effect on 3x1 per capita, implying that as the percentage of homes receiving remittances in a given municipality increases, 3x1 per capita in the ensuing year also increases. This finding suggests that regions already receiving household remittances are more likely to participate in 3x1 projects. Moreover, municipalities with relatively more return migrants in the previous year report

<sup>9.</sup> I ran a Hausman test for each individual model in order to evaluate model-data compatibility. The Hausman test weights the preferred model, random effects (RE), against the alternative model, fixed effects (FE). The test analyzes the degree to which unique errors (UI) correlate with the individual regressors (Greene 2000, 576).

more favorable 3x1 per capita levels. In fact, for every 10 percent increase in the rate of return migrants,  $3x^1$  per capita increases by roughly 354 Mexican pesos or 28 US dollars. This finding implies that  $3x^1$  projects are largest where more migrants return, indicating that return migrants may play a particularly important role in brokering 3x1 investments and maintaining the transnational ties necessary to carry out development projects. Still, one of the most powerful explainers of 3x1 investments is the percentage of migrants reported at the household level in each respective municipality. Specifically, for every 10 percent increase in migrants there is a corresponding decrease in 3x1 per capita of about 1,748 pesos or 137 US dollars. This finding indicates that areas currently experiencing high levels of migration are less likely to participate in the 3x1 program. Concerning election cycles, 3x1 per capita increases just over 18 pesos in pre-election years. In turn, the coefficients for the variables HDI and HDI squared fail to report significance, indicating that levels of development may not be the best explainers of 3x1 investments. It is important to note that this outcome directly contradicts the program's stated goal of targeting the most marginalized communities. Finally, the variable *municipal population* is significant, revealing that 3x1 per capita is roughly 80 pesos or 6 US dollars higher in rural municipalities relative to urban municipalities. This is to be expected given the fact that rural communities tend to maintain a stronger sense of place, thus facilitating the formation of migration clubs in the United States and in turn the possibility of supporting 3x1 projects back in Mexico.

Model 2 analyzes the relationship between select independent variables and the ratio of 3x1 investment contributions across municipalities. Both % homes remittances and % homes migrants report significance. Specifically, as the percentage of household remittances increases, the 3x1 ratio also increases. In contrast, as the percentage of homes with migrants increases at the municipal level the 3x1 ratio decreases. This finding reaffirms the notion that high migration levels do not necessarily guarantee high 3x1 investment levels. Rather, it appears that remittances begin to flow into communities well after initial emigration has begun. Although the causal mechanism driving this outcome is not entirely clear, it appears that state officials may consciously contribute more to projects located in municipalities with large remittance flows, thus demonstrating that remittancestrapped migrants represent a unique constituency. Finally, the variable election year indicates that the 3x1 ratio is more favorable for migrants in pre-election years. This finding indicates that while state officials do indeed stack 3x1 projects in pre-election years, it is at least in part to the benefit of migrants and their communities. Together, these findings point back to the importance of the state in brokering 3x1 projects. No other independent variables in this model report statistical significance.

Models 3 and 4 address the relationship between political factors and 3x1 investments. Model 3 addresses the relationship between select independent variables and public works spending per capita. A negative relationship is noted between public works spending and 3x1 per capita levels. Specifically, as 3x1 per capita. increases by 100 pesos, public works spending per capita falls by 218 pesos in the ensuing year. This finding implies that government officials may use 3x1 invest-

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Table 6 Regression analysis of 3x1 investments

	Model 1	Model 2	Model 3	Model 4
	3x1 per capita	3x1 ratio	Public works spending per capita	Electoral partici- pation
	Coef.	Coef.	Coef.	Coef.
3x1 per capita (1-year lag)	— (—)	— (—)	-2.18*** (0.68)	0.021**
Public works spending per capita (1-year lag) % homes remittances	— (—)	(—) 2.56444	0.49*** (0.05)	0.002*** (0.0006)
(1-year lag) % homes return migrants	17.54***	2.56***	77.28**	-0.74***
	(2.52)	(0.74)	(36.12)	(0.24)
	35.46***	0.53	130.42**	0.52*
(1-year lag)	(5.45)	(1.18)	(76.39)	(0.57)
% homes migrants	-174.89***	-12.92**	-620.73*	0.80
(1-year lag) Municipal party	(24.06)	(5.87)	(346.56)	(2.28)
	-0.61	-1.33	-94.90	2.14**
(1-year lag) Election year (1-year lead)	(6.92) 18.25*** (6.02)	(1.63) 1.61 <sup>+</sup> (1.32)	(82.39) 86.27+ (77.21)	. (1.05) — (—)
HDI	-1535.40	-456.21	69755.6**	7.95***
	(2157.29)	(603.18)	(29532.1)	(2.73)
HDI squared	888.72	301.09	-39565.5**	-5.05***
	(1409.25)	(383.38)	(19144.5)	(1.76)
Rural-urban (rural = 1;	80.31**	1.44	230.19	6.15***
urban = 0)	(40.15)	(8.30)	(463.96)	(1.70)
Constant	475.71**	-153.67*	-30573.4**	-2.60**
	(825.16)	(236.05)	(11369.8)	(1.05)
Number of observations	387	387	344	129
Prob. $> \chi^2$	(0.000)	(0.000)	(0.000)	(0.000)
R-squared	0.23	0.06	0.41	0.36

*Note:* Unstandardized coefficients reported. Standard errors in parentheses. p < .1; \*p < .05; \*\*p < .01; \*\*p < .001.

ments as a means of offsetting the costs of public works projects. It is quite possible, nonetheless, that public works spending follows a cyclical trend, such that when investment is high one year, it tends to fall in the subsequent year. For this reason I control for public works spending in the previous year by including an independent variable *public works spending per capita*, which is lagged by one year. Still, as the reader can see, as public works spending increases by 100 pesos, public works spending in the subsequent fiscal period increases by roughly 50 pesos. This finding supports the notion that through the 3x1 framework migrants and their communities are able to influence local development patterns by convincing municipal presidents to allocate funds toward projects they want. The percentage of homes receiving remittances is found to have a positive impact on public works spending per capita such that a 10 percent increase in homes receiving remittances

results in a 722-peso increase in public works spending per capita. Similarly, the percentage of return migrants in a given municipality has a significant effect on public-works spending. In turn, the relationship between public-works spending and election years is positive; indicating that, like 3x1 investments, public works per capita increase in pre-election years. This result is particularly important because it reveals the fact that election cycles play an important role in determining not only the timing of 3x1 investments but also the timing of all public infrastructure projects in Guanajuato. This finding corroborates forthcoming research regarding the political economy of the 3x1 program at the national level (Simpser et al. forthcoming). Finally, there appears to be a strong parabolic relationship between public works spending per capita and human development levels, such that spending increases with development until a threshold is reached at which point public works spending per capita begins to fall.

Concerning Model 4, the coefficient for 3x1 per capita reveals a positive relationship between 3x1 investments and electoral participation in the ensuing year. Specifically, a 100-peso increase in 3x1 per capita results in a 2.1 percent increase in voter participation. The actual increase in participation levels is clearly minimal. Still, voter turnout in Mexico fell from 72.56 percent of registered voters in 1982 to 44.61 percent in 2009 (IFE). Thus, while the measured effect of 3x1 investments on voter participation is small, the significance of the effect is nonetheless noteworthy. Similarly, the coefficient for public works spending per capita is significant, indicating that as public works spending per capita increases 100 pesos voter turnout increases by 0.2 percent. In turn, for every 10 percent increase in return migrants, voter turnout increases by more than 5 percent. There are three potential mechanisms that could be driving these trends. On the one hand, it is quite possible that voter participation increases in municipalities with relatively larger 3x1 per capita levels precisely due to the fact that citizens sense that the government responds to their demands, and as a result, they reward their representatives by turning out at the polls. On the other hand, it is possible that municipalities with relatively higher 3x1 per capita levels vote more often due to the fact that they have stronger social networks. That is, one would expect that municipalities with a relatively active citizenry would be more likely to turn out at the election polls. This scenario is consistent with previous research that demonstrates the role of social capital in underpinning successful democratic governance (Putnam 1994). Still, there is a potential third scenario as well. That is, it is just as possible that politicians drive higher turnout rates by patronizing potential voters with public works projects. As the reader will note, these scenarios are not necessarily mutually exclusive. Rather, it is quite possible that all three scenarios play out in practice to varying degrees. In this sense, progress should be measured by the degree to which the first two scenarios occur in relation to the latter.

Model 4 also demonstrates that as household remittances increase, electoral participation decreases. This finding suggests that communities that receive large cash transfers from abroad may have less incentive to pressure the state for resources. In addition, regarding the variable Municipal Party, regression analysis documents that as party type moves away from PAN, electoral participation in-

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creases. Intuitively, this finding makes sense given the fact that PRI is the second largest party in the state and tends to be more successful in rural municipalities, which traditionally have higher participation rates due to the fact that political patronage systems of years past still have relatively more political traction. Finally, the variables HDI and HDI squared illustrate a parabolic relationship between electoral participation and human development levels, such that participation first increases with development but eventually falls off as development continues to improve. This finding is supported by the variable municipal population, which demonstrates that electoral participation is higher in rural municipalities relative to urban municipalities. Together, these three variables demonstrate what developed countries know all too well-highly consolidated democracies do not necessarily have highly participatory publics. With that in mind, it is worth noting that even when controlling for municipal population size and development levels, 3x1 investments continue to have a positive effect on electoral participation. This finding has important implications for democratic theorists working both inside and outside of Mexico insofar as it demonstrates that participatory programs like the 3x1 program may have the potential to incite civic participation.

#### CONCLUSIONS

This study provides insight into the role of collective remittances in promoting democratic consolidation amid the decentralization of political decision making in Guanajuato, Mexico. My findings demonstrate that migrant remittances have the potential to underpin a unique form of development in which migrants gain agency within local political economies. Specifically, via a multiple regression analysis of the remittance-matching program 3x1 para Migrantes, I identify two mechanisms that are central to understanding 3x1 investment trends: (1) return migrants and (2) electoral politics. Concerning the former, it is clear that migrants must supply remittances, time, and energy in order for 3x1 projects to materialize. Related to this, I find that the presence of return migrants within municipalities is paramount to the 3x1 process and contributes to local participation in elections. This finding confirms previous research that reveals the potential for return migrants to stimulate political participation in migrant-sending countries (Batista and Vicente 2010; Chauvet and Mercier 2011; Pérez-Armendáriz and Crow 2010; Rother 2009). Moreover, my results demonstrate that migrants appear to transfer much more than mere financial resources back to their home countries. Rather, they transfer important social remittances (Levitt 1998; Levitt and Lamba-Nieves 2011), including democratic practices and norms (Pérez-Armendáriz and Crow 2010). Taken together, these findings demonstrate that state-migrant cooperation has the potential to create important synergistic circles of virtuous cooperation between citizens and representatives. In a country stained by a less-then-democratic past, these results provide initial evidence for meaningful political change at the local level in Mexico. Still, this possibility is tempered by the political overtones that accompany 3x1 projects. The degree to which election cycles dictate development projects in the state of Guanajuato is troubling, if nothing else, due to the fact that citizens should not have to wait for pre-election years in order to see their demands met. Rather, in a democratic society, politicians should work throughout their tenure to improve the lives of their constituents. Moreover, politicians should work hard to improve the lot of all citizens and not merely those who have the capital to purchase political influence. Migrants represent a unique social group in the sense that unlike most rural citizens in Mexico, they have the potential to pool large quantities of cash and as a result are able to garner the attention of politicians. Given this, one cannot help but wonder whether or not the Mexican state will continue to support migrant-sending regions as migration rates to the United States continue to drop.

This study illustrates the potential unintended consequences of political decentralization in Mexico. In particular, regression analysis reveals that local officials manipulate decentralized funds as a means of garnering support among migrants and their hometown communities. These findings resonate with other studies on the 3x1 program as well as with studies concerning the political economy of decentralization in Mexico. For example, in a 2012 study Meseguer and Aparicio (2012, 173) conclude that the 3x1 program "is used partly as an instrument for exchanging public infrastructure for political support." In turn, regarding decentralization in Mexico, Carlos Moreno-Jaimes (2007, 432) finds that "spending on public works projects is highly political: not only does it increase significantly in election years, but it is also a useful means through which municipal governments are able to make their actions more visible to the population." For many, these findings will not come as a surprise. After all, old habits die hard. In a region historically tarnished by sinecures and clientelistic political practices, one might expect local politicians to use remittances to their benefit. There are also those who may argue that these findings merely reflect the growing pains of progress and that as long as human development indices are improving (and they are in Mexico) there is no reason to fret too much about less-than-democratic political practices. As the Lipsetian adage goes: development, then democracy (Lipset 1959). Still, as Mexico drags through the aftermath of yet another less than stellar election cycle, a lingering question remains: how long must the demos wait before they begin to question the process?

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