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Old Habits Die Hard: Political Patronage and Remittance-led Development in Guanajuato, Mexico

Abstract: The present study analyzes the role of collective remittances in promoting democratic consolidation amidst 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 46 municipalities for the period 2002-2011. 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, indicating that local authorities may use the 3x1 program to garner political support. In this respect, my analysis calls into the question the depth of democratic consolidation at the municipal level in the state of Guanajuato.

Keywords: Remittance-led Development (RLD), Migrants, Democracy and Decentralization.

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

Mexico presents a particular opportune case study for exploring the relationship between emigration and politics. A nascent literature addresses this experience (Aparecio and Meseguer 2011; Burgess 2005; Pérez-Armendáriz and David Crow 2010; Pfutze 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 amidst 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 government as a means of directly involving state and municipal governments and local communities in the redistribution and investment of public resources. Given this, the 3x1 program presents a unique opportunity to explore the intersection between emigration and local politics during a key period of political transition in Mexico.

In this study I focus my analysis on 3x1 investment patterns as they relate to election cycles for the period 2002-2011. In addition, I evaluate the effect of 3x1 investments on voter turnout rates across Guanajuato's 46 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

[1] Hereinafter I refer to the 3x1 para migrantes program as "the 3x1 program" and "3x1".

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 towards 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 where 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 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, Avritzer (2002) revealed how the decentralization of political decision making allowed new partisan voices to institutionalize participatory practices within emerging democracies. Goldfrank (2007) and Baiocchi (2011) built on Avritzer's theoretical work by documenting the experiences of participatory budgeting in the South American countries of 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 (Yashar 1999; Romero 2002; Sabitini 2003).

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; 2008) 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 U.S. 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: remain faithful to the status quo (loyalty), stay and take action in an effort to improve social conditions (voice without exit), permanently withdraw (exit without voice) or 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.

[Table 1 about here]

Extant research supports the tenants 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; Staurt and Kearney 1981; Wiest 1979). 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; Adelman and Taylor 1992; Durand, Parrado and Massey 1996; Calderón 2008). This line of research illustrates the potential for a migrant "voice" in communal development. This notion is supported by recent findings that demonstrate that migrants have the potential to leverage local politics (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). Pérez-Armendáriz and David Crow (2010), for example, find that connections with migrants improve one's inclination toward democratic participation. Their findings indicate that individuals living in areas with high levels of migration are more likely to participate in politics beyond the electoral booth such as civil associations and protests. Pfutze (2012), in turn, documents a link between household remittances and political change, indicating, "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" (2012: 173, 174). Pfutze's findings suggest that migrants, via cash transfers and social networks, play a role in promoting electoral competition and "the improvement of democratic institutions at the local level" (174). Pfutze work is supported by Chauvet and Mercier's 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 (2011: 29). On a similar note, Batista and 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 (3). Related to this, 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 the conclusion 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" (2009: 274).

Together, the aforementioned research illustrates the emerging potential for a migrant "voice" in communal development in Mexico and refutes notions suggesting that "exit" necessarily mean that migrants irretrievably lose positive influence within their hometown communities. Given this, it is perhaps not surprising that since the late 1990s the Mexican state has sought to rein in its diaspora community via a series of policies ranging from migrant insurance to remittance-led development (RLD) 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 towards 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 U.S. 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 RLD was officially incorporated into the government's economic platform. The program was spearheaded by then-President (PAN, 2000-2006) and ex-Governor of Guanajuato, Vicente Fox. The 3x1 program channels remittances towards a variety of projects, including:

bridges, roads, electricity grids, drainage systems, community centers, schools, healthcare centers and occasionally, businesses. As previously mentioned, the program is structured such that each respective branch of government matches migrant contributions towards 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 SEDESOL to approved 3x1 projects across the country. State and municipal governments, on the other hand, match migrant contributions with funds from their respective budgets.[2]

The relative freedom that state and municipal governments have in approving, funding and implementing 3x1 projects is a direct result of Mexico's effort 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, 1988-1994) created *el 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: healthcare, education, social services, public infrastructure and small businesses. Funding for PRONASOL projects came from *Ramo 26*, which was implemented in 1983 as a means of consolidating government funding for programs directed towards combating poverty and promoting social development. Still, throughout its existence PRONASOL remained

[2]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. Depending on the type of project, municipalities may decide to use money from Fondo II, III, or IV (subsections of Ramo 33). Thus, the municipal funds allocated to 3X1 are not new per se but rather are allocations coming from the federal Ramo 33 that are directly transferred to municipalities for social spending (See *Reglas de Operación* 2012: http://www.3x1.sedesol.gob.mx/documentacion/2012/ROP_3x1.pdf).

highly centralized within the executive branch and suffered from issues of transparency and accountability (Weldon and Molinar 1994).

Early in his presidency Ernesto Zedillo (PRI, 1994-2000) replaced PRONASOL with *Ramo 33* and *el 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 Vicente 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 towards Mexico's most marginalized municipalities.

In all, the increased decentralization of federal resources in recent decades has allowed local governments to expand the number of social programs that they support, and in theory, increase the role of local citizens in the distribution of public resources. The 3x1 program is one example of this shift. In theory, 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. In practice, however, officials 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 assure that the migrant group in question is registered as a 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. These representatives are elected or appointed every three years ensuing municipal elections. Concerning the 3x1 program, delegates play a particularly crucial role due to the fact that HTA leaders reside in the exterior and therefore are often not well versed in the burdensome bureaucratic requirements of programs like 3x1.[3] 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 Committee of Validation and Attention to Migrants (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 a 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 re-submits the project the following year (SEDESOL, *Reglas de Operacion 2012*). Government officials therefore have a clear advantage over migrants in determining which projects are funded (Aparicio and Meseguer 2011:7). Theoretically 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

[3] In Guanajuato delegates are appointed by municipal presidents (http://www.e-local.gob.mx/).

degree to which the 3x1 framework changes the nature of local political. Two brief accounts from the field inform this suspicion.[4]

On July 1st, 2012 the former director of the Ministry for Social and Human Development (SEDESHU), Miguel Marquez Marquez, won Guanajuato's governorship as a candidate for PAN. There is nothing particularly peculiar about this except for the fact that Marquez Marquez 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 Marquez Marquez 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 Mr. Marquez 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 46 municipalities. Related to the research at hand, as director of SEDESHU, Mr. Marquez 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, Juan Manuel Oliva and Miguel Marquez Marquez arrived by helicopter to a frenzied crowd. In addition to inaugurating a road funded by the 3x1 program, Mr. Oliva and Mr. Marquez participated in a series of speeches that lasted for well over an hour. Although the pair focused on the 3x1

[4]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.

program, they also made a point of emphasizing the current administration's commitment to social development around the state.

The next account concerns an interview I did back in 2009 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 such 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 importantly, 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 investments 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 towards competitive elections much later, some as recently as 2009. During this same time 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 remittance flowing into the state over the last three decades make Guanajuato a particularly fruitful location for 3x1 projects.[5] Third, since 2002 municipalities across Guanajuato have consistently participated in the 3x1 program.[6] Finally, prototypes of the 3x1 program were run in Guanajuato during Vicente Fox's time as Governor (1995-1999) and thus the state has a history of supporting RLD even before 2002. With these factors in mind, the 3 x 1 program in Guanajuato presents a unique opportunity to analyze the political impact of RLD 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 was 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 sum of government contributions made towards 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 was gathered from the National Institute of Statistics and Geography (INEGI). This information is used to create the variable 3x1 per capita, which is the total amount

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[5] From 2002-2011 Guanajuato was second only to Michoacán in terms of total remittances flows (Banco de Mexico).

[6] From 2002-2011 3x1 investments were highest in Zacatecas, Jalisco, Michoacán and Guanajuato (SEDESOL).

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. Finally, the dependent variable *Electoral Participation* is generated in order to evaluate the relationship between 3x1 investments and election trends. Data for this variable comes from the organization Proposals to Change Mexico (CIDAC) and the Federal Electoral Institute (IFE). Electoral participation is simply a measure of the percentage of eligible voters that turn out to vote in elections. During the period 2002 to 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 *% of Homes Return Migrants* measures the percentage of homes that had a migrant that returned to Mexico during the last census and stayed. The variable *% Homes Migrants* measures the percentage of homes with migrants for each respective municipality. Data for these variables was collected from the National Population Council (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 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 2006-2009, 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 = non-election 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 0 to 1, such that the least developed municipalities fall closer to 0 and the most developed municipalities fall closer to 1.[7] Data for this variable comes from the National System of Municipal Information (SNIM) and INEGI. Finally, in order to control for municipal spending on public works projects, the variable *Public Work Spending per Capita* is included. This variable measures the amount of money municipalities spend per capita on public works projects. Data for this variable comes from SNIM and INEGI.

[Table 2 about here]

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[7]The HDI measures progress in three basic areas of welfare, including: (1) Health (measured by Infant Mortality Rates), (2) Human Capital (measured by literacy rates and school attendance rates) and (3) Income (measured by GDP per capita).

Descriptive Statistics of 3x1 Investment Patterns

3x1 transfers in Guanajuato—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. Graph 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 five percent to over twenty 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.

[Graph 1 about here]

Table 3 compares remittances at the national and state level with 3x1 investments in Guanajuato over the period 2002-2011. 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), respectively.

[Table 3 about here]

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 Graph 2 illustrates, 3x1 contributions vary a great deal from year to year. The unequal investment trends illustrated in Graph 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 2011; 2012).

[Graph 2 about here]

To be sure, multiple factors likely influence the fluctuation of 3x1 investments from year to year. However, two aspects appear to stand out: (1) return migrants and (2) political incentives. Return migrants do not necessarily imply organization amongst 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 U.S. and former migrants currently 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 U.S. 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 towards the particular needs of their communities. Graph 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. This trend is apparent in urban and rural municipalities alike but it is particular evident in the latter. 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.

[Graph 3 about here]

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

[Graph 4 about here]

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.[8]

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

[8]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.

the process. In their analysis, Aparicio and Meseguer conclude that from 2002 through 2006 "municipalities ruled by the PAN are indeed more likely to participate in the program" (2009:17). 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 parenthesis the table reports 3x1 per capita for each fiscal year. For the period 2002-2011 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 (2,082,219 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.

[Table 4 about here]

Another way of looking at program investments is by tabulating the percentage of 3x1 projects controlled by each respective party during the period 2002-2011. Table 5 displays the percentage of municipalities headed by each respective party. In addition, in parenthesis, 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-to-year 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.

[Table 5 about here]

The descriptive statistics presented here suggest a number of patterns worth submitting to further scrutiny. With that in mind, in the section that follows I empirically analyze 3x1 patterns for the period 2002-2011.

Regression Analysis on Select Dependent Variables

Table 6 presents the results of regression analysis on select dependent variables.[9] $\chi 2$ tests show that the regressions are significant across all models. As is evident in model I, 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 more favorable 3x1 per capita levels. In fact, for every ten percent increase in the rate of return migrants, 3x1 per capita

[9] In order to evaluate model-data compatibility, I ran a Hausman test for each individual model. 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).

increases by roughly 354 Mexican pesos or roughly 28 U.S. dollars. This finding implies that 3x1 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 ten percent increase in migrants there is a corresponding decrease in 3x1 per capita of about 1748 pesos or 137 U.S. 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 nations most marginalized communities. Finally, the variable *Municipal Population* is significant, revealing that 3x1 per capita is roughly 80 pesos or 6 U.S. 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 U.S. and in turn the possibility of supporting 3x1 projects back in Mexico.

Model II analyzes the relationship between select independent variables and the ratio of 3x1 investment contributions across municipalities. Both *% Homes with 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 casual 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 remittance-strapped 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.

[Table 6 about here]

Models III and IV address the relationship between political factors and 3x1 investments. Model III 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 100 pesos, public works per capita falls 218 pesos in the ensuing year. This finding implies that government officials may use 3x1 investments 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 one year. Still, as the reader can see, as public works spending increases 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 towards projects they want. The percentage of homes receiving remittances is found to have a positive impact on public works per capita such that a 10 percent increase in homes receiving remittances results in a $722 peso increase in public works 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. Finally, there appears to be a strong parabolic relationship between public works per capita and human development levels, such that spending increases with development until a threshold is reached at which point public works per capita begins to fall.

Concerning Model IV, 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, since 1982 voter turnout in Mexico has fall from 72.56 percent of registered voters to 44.61 percent in 2009 (IFE: Data accessed on 07/07/2012). 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 per capita* is significant, indicating that as public works per capita increases 100 pesos voter turnout increases by .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 transitions to 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 IV 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 increases. 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 demonstrates what developed countries know all to 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 implications for democratic theorists working both inside and outside of Mexico in so much that it demonstrates that participatory programs like the 3x1 program may have the potential to civic participation.

Conclusions

This study provides insight into the role of collective remittances in promoting democratic consolidation amidst 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 the realm of micro and macro 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 David 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, 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 they 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 U.S. continues to drop.

Taken together, 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 conclude that the 3x1 program “is used partly as an instrument for exchanging public infrastructure for political support” (pp. 173). In turn, regarding decentralization in Mexico, Moreno-Jaimes (2007) 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…” (2007, 432). 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 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. Still, as Mexico drags through the aftermath of yet another less than stellar electoral cycle, a lingering question remains: How long must the demos wait before they begin to question the process?

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Table 1 Exit, Voice and Loyalty In Mexican Migrant Communities

	Silence	Voice
Stay	*Loyalty* -Compliance, Clientelism	*Voice* Mass Protest, Electoral Opposition
Migrate	*Exit without voice* -Migraiton only	*Exit with voice* -Remittances, Human Capital, Political Capital

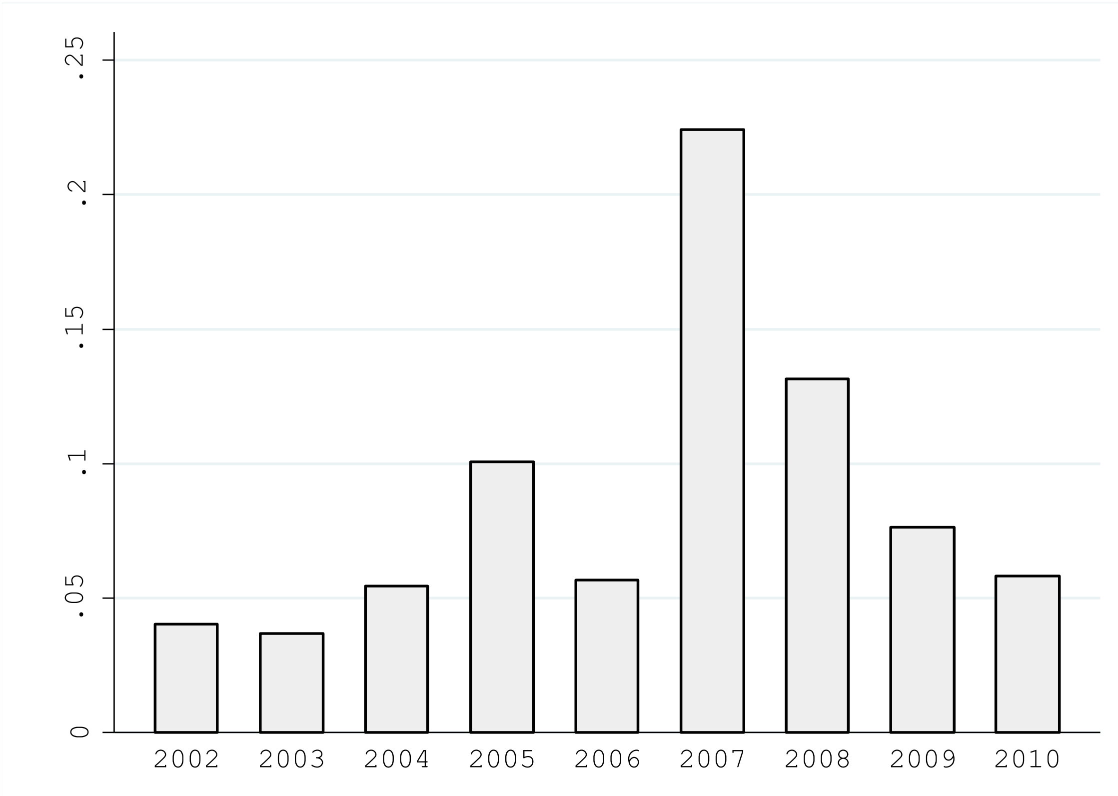
Source: Adopted from Jonathan Fox (2007: 297).

Table 2 Definitions and Description of Variables Included in Regression Analysis

Variable	Mean	S.D.	Data Source
3x1 Ratio[1]	3.02	.91	SEDESHU
3x1 per Capita	42.68	74.	SEDESHU; INEGI
Electoral Part.[2]	51.34	7.21	CIDAC; IFE
% Homes Remittances[3]	13.29	6.69	CONAPO
% Homes Return Migrants	4.67	2.33	CONAPO
% Homes Migrants	10.63	5.34	CONAPO
Municipal Party	.39	.48	CIDAC
Municipal Population (rural = 1; urban = 0)	.45	.49	INEGI
Election Year (2003, 2006, 2009)	--	--	IFE
Human Development Index (HDI)	.77	.05	INEGI; SNIM
Public Work Spending per Capita	923.96	1031.09	SNIM; INEGI

Source: Data from CIDAC, CONAPO, IFE, INEGI, SEDESHU and SNIM.
[1]Figures in Mexican Pesos.
[2]*Total 3x1*, *3x1 Ratio*, *3x1 per Capita*, *Municipal Party*, *Rural-Urban* and *Public Work Spending per Capita* reported for years 2000-2011.
[3]*Electoral participation* and *Electoral Competition* reported for year 2003, 2006 and 2009.
[4]*% Home Remittances*, *% Homes Return Migrants* and *Social Marginalization* reported for years 2000, 2005 and 2010. Statistical estimation used to fill in missing variables.

Graph 1 Ratio of 3x1 per Capita and Public Works Spending per Capita



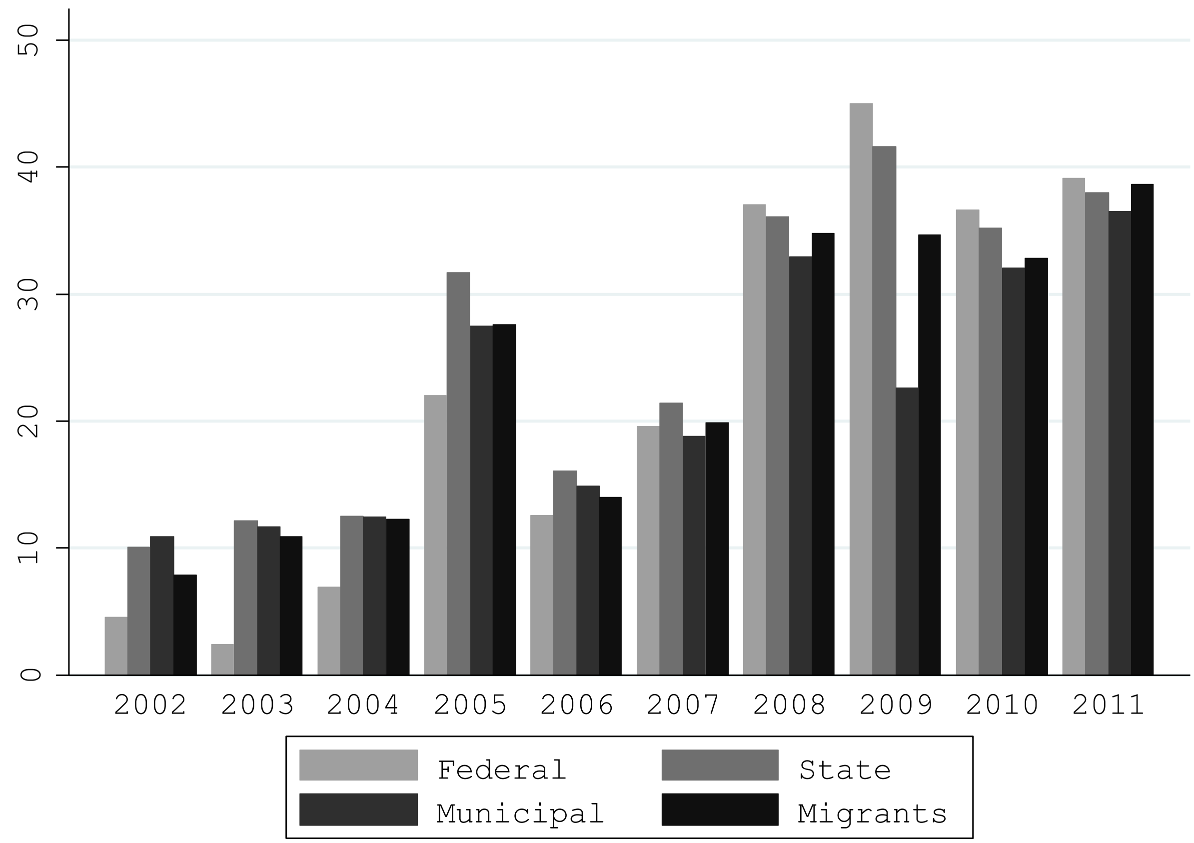
Source: Data provied by SEDESOL; SNIM.

Table 3 Total Remittances Compared with 3x1 Investments (U.S. dollars)

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

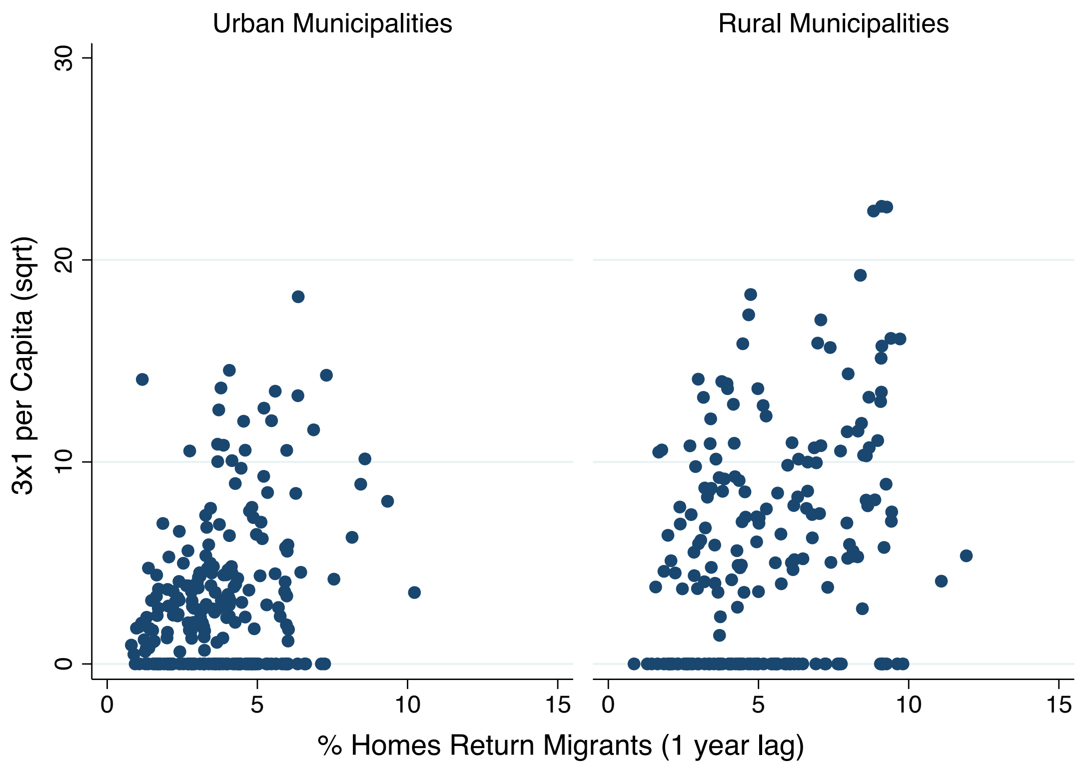
Source: Banco de Mexico; SEDESOL.

Graph 2 3x1 per Capita Investment Pattern 2002-2011 (in millions of pesos)



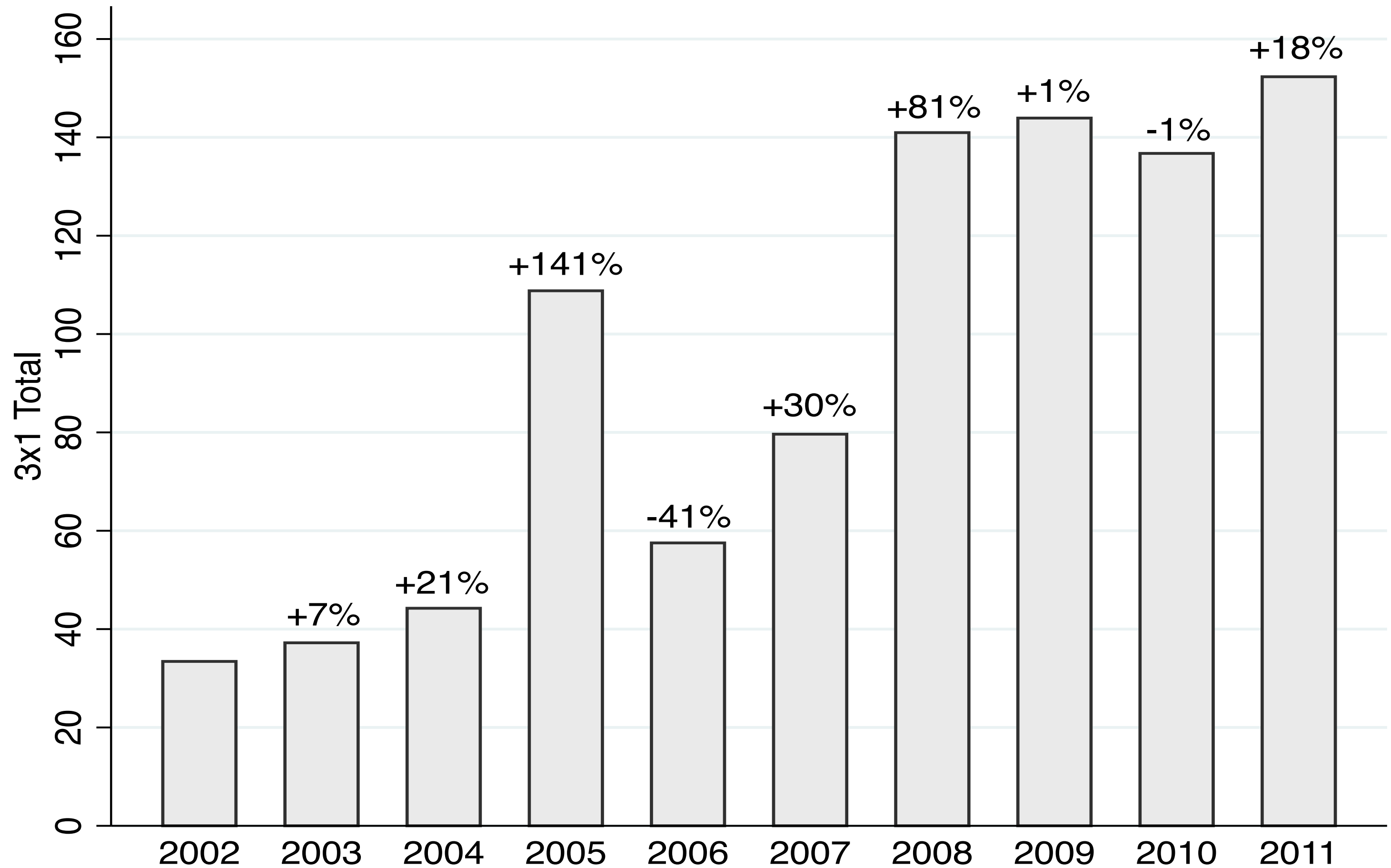
Source: Data provided by SEDESOL.
Note: Amounts in Mexican pesos. Totals are reported in Mexican pesos. US$1=12.76 Pesos.

Graph 3 % of Homes with Return Migrants by 3x1 Investments



Source: Author; data from SEDESOL, CONAPO.

Graph 4 Total 3x1 Investments 2002-2011 (in millions of pesos)



Source: Data provided by SEDESOL.
Note: Totals are reported in Mexican pesos. US$1=12.76 Pesos.

Table 4 Average 3x1 Investments 2002-2011 by Political Party of Municipal President

	Average 3x1 Investment by Year (Average 3x1 per Capita in Parenthesis)										
Party	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Avg
PAN	1,077,387 (18)	1,095,676 (21)	1,223,173 (24)	2,649,191 (45)	1,227,148 (27)	1,776,201 (28)	3,739,155 (78)	2,979,497 (58)	2,560,921 (48)	2,174,252 (40)	2,082,219 (39)
PRI	430,590 (22)	1,573,945 (12)	938,180 (40)	2,660,877 (97)	333,477 (5)	1,653,568 (27)	2,551,057 (44)	3,706,097 (56)	3,694,474 (79)	6,427,314 (86)	2,318,407 (48)
PRD	100,000 (1)		70,996 (.53)	687,313 (11)	3,365,105 (513)	1,192,000 (181)	1,514,489 (229)	5,998,463 (47)	12,200,000 (88)	703,155 (6)	2,408,992 (65)
PVEM		1,356,790 (29)	1,729,239 (27)	4,706,546 (80)	6,557,872 (105)	4,254,391 (63)	286,032 (5)	10,200,000 (144)		12,600,000 (176)	4,035,994 (63)
PCD	596,155 (28)	695,754 (10)	588,601 (8)	1,244,384 (18)							807,662 (16)
PT		441,618 (13)						560,656 (28)	1,233,036 (61)	2,479,394 (122)	673,529 (32)
CONV									174,133 (7)		58,044 (2)
Avg	777,407 (18)	865,315 (17)	1,028,833 (25)	2,530,216 (59)	1,337,761 (37)	1,852,212 (33)	3,278,136 (68)	3347030 (57)	3,179,841 (57)	3,461,936 (55)	2,168,876 (45)

Source: Data provided by SEDESOL and CIDAC.

Note: Pre-election years highlighted in gray; figures in parenthesis represent the total number of projects for each party for that particular year.

Table 5 Comparison of Respective Party's % of 3x1 Projects With % of Municipal Presidencies

Party's Percentage of Municipal Presidencies (total % of 3x1 projects in parentheses)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
PAN	58% (79%)	52% (61%)	52% (50%)	52% (52%)	74% (48%)	74% (76%)	74% (86%)	61% (87%)	61% (52%)	61% (44%)	61% (64%)
PRI	30% (18%)	30% (28%)	30% (33%)	30% (33%)	20% (37%)	20% (11%)	20% (13%)	28% (1%)	28% (38%)	28% (50%)	27% (26%)
PRD	7% (2%)	7% (2%)	7% (2%)	7% (2%)	2% (2%)	2% (5%)	2% (1%)	4% (.5%)	4% (6%)	4% (1%)	5% (2%)
PVEM		4%	4% (15%)	4% (7%)	4% (9.3%)	4% (9%)	4% (.4%)	2% (3%)	2%	2% (2%)	3% (5%)
Total Projects	99	87	102	240	139	168	221	179	144	175	1554

Source: Data provided by SEDESOL and CIDAC.
Note: Pre-election years highlighted in gray; figures in parenthesis represent the total percentage of projects for each party for that particular year.

Table 6 Regression Analysis of 3x1 Investments

	Model I	Model II	Model III	Model IV
	3x1 Per Capita	3x1 Ratio	Public Works Per Capita	Electoral Participation
	Coef.	Coef.	Coef.	Coef.
3x1 per capita (1 year lag)	--	--	-2.18***	.021**
	(--)	(--)	(.68)	(.009)
Public Works per Capita (1 year lag)	--	--	.49***	.002***
	(--)	(--)	(.05)	(.0006)
% Homes with remittances (1 year lag)	17.54***	2.56***	77.28**	-.74***
	(2.52)	(.74)	(36.12)	(.24)
% Homes with return migrants (1 year lag)	35.46***	.53	130.42**	.52^{+}
	(5.45)	(1.18)	(76.39)	(.57)
% Homes migrants (1 year lag)	-174.89***	-12.92**	-620.73*	.80
	(24.06)	(5.87)	(346.56)	(2.28)
Municipal Party (1 year lag)	-.61	-1.33	-94.90	2.14**
	(6.92)	(1.63)	(82.39)	(1.05)
Election Year (1 year lead)	18.25***	1.61^{+}	86.27^{+}	--
	(6.02)	(1.32)	(77.21)	(--)
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)
Municipal Population (rural = 1; urban = 0)	80.31**	1.44	230.19	6.15***
	(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 obs	387	387	344	129
Prob. > $\chi 2$	(0.000)	(0.000)	(0.000)	(0.000)
R-squared	.23	.06	.41	.36

Note: Unstandardized coefficients reported. Standard Errors in parentheses. $^{+}$p<.1 *p<.05 **p<.01 ***p<.001