Effects of Anti-Poverty Programs on Electoral Behavior, Evidence from the Mexican Education, Health, and Nutrition Program

by

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B.A. Political Science

Instituto Tecnológico Autónomo de México, 2001

SUBMITTED TO THE DEPARTMENT OF POLITICAL SCIENCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY IN POLITICAL SCIENCE AT THE MASSACHUSETTS INSTITUTE OF TECHNOLOGY

September 2007

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Submitted to the Department of Political Science on August 24, 2007
in Partial Fulfillment of the Requirements
for the Degree of Doctor of Philosophy in Political Science

Abstract

Ever since Latin American economies collapsed in the 1980s and early 1990s, traditional redistributive programs began to coexist with new anti-poverty programs that usually took the form of conditional cash transfers (CCT). I examine the effects of the Mexican Education, Health, and Nutrition program (Progresa), the first and largest CCT implemented in the region, on electoral behavior. I argue that Progresa not only was substantially different from traditional clientelism, but that it challenged local monopolies on political power by increasing voter's income and giving recipients implicit and explicit information about its non-political nature. This weakening of monopolies, in turn, gave political parties incentives to compete for the votes of Progresa recipients. As a consequence, recipients increased their electoral participation, at least in the short term, and clientelism was irrevocably eroded. Despite the increased competition, however, recipients rewarded parties that proposed and retained Progresa. My understanding of Progresa's electoral effects is based on theory, field research on four villages, interviews with Progresa's designers and personnel, and analysis of media sources from 1996 until 2003. To test this argument, I use the Mexico 2000 Panel Study; aggregate data at the municipality level from 1997-2003; and to explicitly deal with the historic correlation between poverty, rural residence, and support for the seventy-year incumbent party, Institutional Revolutionary Party, I take advantage of the fact that early assignment of program benefits included a randomized component originally designed to evaluate the program effects on schooling and health.

Thesis Supervisor: Chappell Lawson
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Acknowledgements

My debt to my family, advisors, friends, and colleges is great. I would like to express my sincere gratitude to Chappell Lawson, my closest reader, for believing in me and in this research from the beginning. His moral support and valuable comments about Mexican politics and qualitative research methods were essential to balance this project. I owe a debt of gratitude to Jim Snyder for his continuous support, availability, and comments, but most of all for kindly teaching me how to conduct quantitative research. In addition, I am indebted to Jonathan Rodden for his inspiring reflections. His insights helped me frame this dissertation in a way that I could have never envisioned. I am also very grateful to Michael Piore for helping me to transform my view of politics. His comments made me rethink and sharpen my argument. Under the influence of my four advisors, I found how passionate research can be. For this, I will be forever grateful.

I would also like to extend my gratitude to: Abhijit Banerjee, for his extremely constructive advice for Chapter 5; Kanchan Chandra, Richard Locke, Adam Berinsky, and Roger Peterson, for asking me well-time questions; and Alejandro Poiré, for encouraging me to come to MIT in the first place. In addition, I would like to thank my friends Michiko Ueda and Neil Ruiz for making MIT such a warm place for me. My gratitude also extends to Adam Ziegfeld for his generous help in the edition of Chapters 2 and 3, and Jon Berlin for kindly proofreading the empirical chapters. I also thank participants of the Work in Progress seminar at the Political Science department in MIT, the Political Economy Breakfast, the Seminario de Mexicanos, and my practice job talk. Many thanks, also, to the staff at the MIT political science department for all their help these last six years. The Harris School of Public Policy at the University of Chicago kindly provided me with a space to work during the spring of 2007.

In Mexico, I would like to thank the Center of Research for Development (CIDAC). In particular, Edna Jaime for inviting me the summers of 2002 and 2003 to join them. And Luis Rubio for his help to get crucial interviews for Chapter 2. I owe thanks to Santiago Levy for exposing me to the fascinating political economy of Progresa. Also, I want to thank Daniel Hernández for sharing with me details about the design and implementation of Progresa that I could not have found elsewhere. Many thanks to Luis Ruvalcaba, from the Mexican Federal Electoral Institute, for helping me to get crucial
data for Chapter 5. I am also grateful to all the kind souls who spoke with me and helped me understand the dynamics generated by Progresa beyond the first impressions. Specially, I would like to thank Mónica and Rosalva Miguel for their guidance in Santa María Citendejé, where this project began, and the program personnel in Tlaxcala for their openness.

Writing this dissertation was possible only because my parents, José Luis and Julieta, and my sister, Paty, made me feel close to my dear Mexico at all times, thank you. My most heartfelt thanks is to my husband, Oliver Azuara, for the innumerable ways he helped me in this project, but most of all for his loving engagement. From beginning to end, this dissertation is his as much as it is mine. For the unconditional love of my family and their help, I am grateful beyond words. This dissertation is dedicated to them.
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Chapter 1

Introduction

Anti-poverty programs are becoming the center of a profound but unexplained transition. Ever since Latin American economies collapsed in the 1980s and early 1990s, governments in the region adopted Conditional Cash Transfers (CCT) programs to mitigate the social costs of macroeconomic adjustment. Thus, traditional redistributive programs, such as subsidies and discretionary in-kind distribution of goods, began to coexist with new anti-poverty programs which focus on human capital, use technical criteria to target the poor, make emphasis on accountability, and create monitoring systems.

In a region where the manipulation of government spending for electoral purposes has been the rule rather than the exception,¹ what are the political effects of distributing resources to the poor through CCT? Will approaching the poor in such a way affect their relationship with politicians? If so, are CCT capable of mobilizing or alienating the poor? Are CCT bound to

reproduce existing patron-client relationships?

The literature about this phenomenon is at this point in its infancy. The preferred view in some policy and academic circles is that regardless of the specific characteristics of a program, targeting the poor must be part of a political strategy to win votes. Often, programs are indiscriminately classified as clientelism, understood as an exchange between a politician and a voter whereby material favors are offered in return for political support (Wantchekon 2003). Along with this classification comes the notion that such funds hurt, or will eventually hurt, democracy. Yet, the literature has given more attention to politicians' decision-making process to allocate government spending than voters' reactions to such transfers. Thus, much of what we know about the electoral effects of CCT is based on assumptions.

I examine the effects of the Education, Health, and Nutrition program (Progresa), the first and largest CCT implemented in Latin America, on electoral behavior. Progresa was internally designed and financed in Mexico during the administration of President Ernesto Zedillo from 1997 until 2000. Although the program was renamed, it survived the 2000 presidential election, when for the first time in seven decades the Institutional Revolutionary Party (Partido Revolucionario Institucional, PRI) lost the election. The program consisted of three complementary components which are stan-

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3 After 2003, the program was extended to urban areas. The period analyzed in this dissertation runs from the presidential election of 1994 until the 2003 congressional election.
standardized for all beneficiaries: a cash transfer, thought to be primarily for food consumption; a scholarship, thought to cover the opportunity cost of a children’s labor so that they can stay at school; and nutritional supplements. The program applied strict guidelines for selecting beneficiaries, included evaluations of program operations and impacts as part of program design, and delivered benefits directly to beneficiaries.

My understanding of the political effects of Progresa is based on political theory and the following types of qualitative research: (1) studies of four Mexican villages: Santa María Citendejé (State of Mexico), Unión Ejidal and La Pedregosa (Tlaxcala) and El Chico (Hidalgo); (2) interviews with members of local governments at the National Conference of Local Development organized by the Ministry of Social Development; (3) interviews with Santiago Levy, Progresa’s architect, and Daniel Hernández, a member of the original group that designed and implemented the program; (4) interviews with Progresa personnel from various levels, ranging from the national coordinator to local staff members; and (5) analysis of media sources from 1996 until 2003.

Out of this research emerged the hypothesis that Progresa differed substantially from an exchange that “oblige[s] the poor to sacrifice their political rights” (Fox 1994: 152). First of all, the traditional sectors of the ruling elite—for decades responsible for the management of the patronage and clientelist networks—were not responsible for the creation of Progresa. Rather, the program was created by a political class with new set of tools and priorities. Chief among these priorities was the need to correct the inefficiency of

---

4 See 1.1 at the end of the chapter for details about these villages.
the welfare system in place. Thus, unlike the majority of previous welfare policies which had the double objective of investing in the rural areas and fostering support for the regime, Progresa was explicitly design to break with this practice. Second, the designers of the program successfully circumvented traditional mechanisms of redistribution such as governors, local bosses, and machine politics. Third, Progresa’s bureaucracy responded to a different set of motivations, because, unlike other state representatives whose careers were tied to their ability to get votes for the PRI while managing welfare institutions, a congressional decision made the use of Progresa to proselytize a federal offense. Finally, Progresa not only informed its recipients about its non-political nature but it also successfully informed them about the program’s benefits, its requirements, and the origin of its resources.

Thus, Progresa challenged local monopolies on political power that still existed in the rural areas by increasing voter’s income and giving recipients implicit and explicit information about its non-political nature. This weakening of monopolies, in turn, gave political parties incentives to compete for the votes of Progresa recipients. As a consequence, beneficiaries of the program increased their electoral participation, at least in the short term, and clientelism was irrevocably eroded. Despite the increased competition, however, recipients reward parties that propose and retain Progresa, even when those administering the program do not explicitly ask for their vote. Thus making such non-clientelistic approaches appealing for politicians. In other words, poverty alleviation programs like Progresa can be politically sustainable in a democratic system.

Testing this argument is challenging precisely because of the historic cor-
relation between poverty, rural residence, and support for the seventy-year incumbent party, PRI. The possibility that electoral and technical criteria coexist represents a problem, because it implies that the electoral choices of beneficiaries after the intervention of the program might reflect systematic differences in their choices before the program even existed. In other words, if the program’s resources followed electoral criteria, partisan voters would receive more funds and so their electoral behavior would then have driven both the resources they received and their future political decisions.

To address the methodological challenge, I use three types of data: survey data; aggregate data at the municipality level from 1997-2003; and I take advantage of the fact that early assignment of program benefits included a randomized component originally designed to evaluate the program effects on schooling and health. Families in three hundred villages were randomly selected to receive benefits in September 1998 and two hundred villages were excluded from the program until January 2000. By the 2000 presidential election, villages had been enrolled in the program twenty-one and six months, respectively. I matched the villages in the experiment with the smallest possible unit of electoral data— the electoral sección (precinct).

The implications of my argument for the long run are still unclear. The permanent erosion of clientelism will force parties to innovate in their campaign strategies and platforms. Yet, the revitalized competition due to the program does not imply that in the future the rural areas will gain meaningful representation. Progresa’s investments in human capital, however, should at the very minimum, preclude local bosses and parties from indulging in the most pervasive form of clientelism.
1.1 Plan of the dissertation

In the first part of Chapter 2, I describe two historical trends that have transformed policy-making in Mexico: the evolution of the Mexican welfare system as a privileged network of clientelistic relations managed by the president and the gradual replacement of the traditional ruling elite, the Revolutionary Family, by a new generation of politicians with more education but with no ties to peasants, workers, or any other mass sector. Progresa is the result of these developments. The second part of Chapter 2 deals with the origins of Progresa. How was the program born? How was Progresa institutionalized? How was Progresa insulated from politics? To answer these questions, I explore the negotiations that took place in the cabinet, in Congress and among governors and local authorities. I show that Progresa was far from being a policy adopted to benefit politically the incumbent party or the president. Rather, I show that the design of the program was deliberately crafted to reach the rural poor while circumventing traditional (and inefficient) mechanisms for distributing resources.

In Chapter 3, I develop the argument and testable hypothesis about the effect of Progresa on the development of electoral competition in the countryside. Through interviews with recipients of the program and participatory observation of assemblies held by Progresa’s personnel, I show that recipients were well informed of the non-political nature of the program. Yet, recipients were satisfied and clearly positioned in favor of it. In turn, local authorities and political brokers resented the influx of Progresa’s resources, and were forced to change their strategies to approach beneficiaries.
An analysis of the development of the 2000 presidential campaign confirms that both the incumbent and opposition parties invested substantially more time, attention and even resources on Progresa’s recipients than on other rural voters. Early in the 2000 presidential campaign, the PRI candidate promised to continue and expand Progresa in the rural areas. Opposition candidates, on the contrary, started their campaign repudiating Progresa because they perceived the program as a sophisticated vote-buying machine. A month before the presidential election, however, opposition candidates had switched their positions regarding the program. All parties ended their campaigns promising the expansion of Progresa in the rural areas.

If opposition parties were mainly concerned about the manipulation of voters in favor of the PRI, why did they switch their position in favor of the program? Why did they not continue to deplore Progresa until the very end of the campaign? To answer these questions, it is necessary to consider the possibility that opposition parties realized that Progresa recipients cared about the program and that rural poor people that had been left out did not want the program to disappear but wanted to be enrolled in it. In Chapter 4, I use the Mexico 2000 Panel Study to present indirect evidence of the electoral effect of Progresa on voters and parties. In the first section of this chapter, I present evidence that suggests that not only recipients of Progresa had a similar exposure to parties’ advertising on television in the last month of the campaign as other respondents in the rural areas but

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5Participants in the Mexico 2000 Panel Study included (in alphabetical order): Miguel Basañez, Roderic Camp, Wayne Cornelius, Jorge Domínguez, Federico Estévez, Joseph Klesner, Chappell Lawson (Principal Investigator), Beatriz Magaloni, James McCann, Alejandro Moreno, Pablo Parás, and Alejandro Poiré. Funding for the study was provided by the National Science Foundation (SES-9905703) and Reforma newspaper.
that parties intensified the delivery of advertising and letters at Progresa recipients’ homes in the last month of the campaign. In addition, even if the PRI started with great advantage in the rural areas in terms of respondents watching its advertisements more frequently, opposition parties managed to narrow the difference.

The evidence that I present in the second section of this chapter suggests that throughout the campaign, Progresa recipients liked the PRI more than other parties and approved of Zedillo’s work as president more than other respondents. These two trends suggest that recipients of the program indeed cared for the program and approved of the federal government that implemented it. Finally, I show that the positive opinions of the PRI and the president are accompanied by an increase in the probability that a Progresa recipient voted for the PRI.

In the latter analysis, I placed special attention on the possibility that the differences that I observe in presidential approval rates and voting behavior between Progresa recipients and non-recipients could be caused by systematic differences in the socio-demographic characteristics of respondents or in political variables across these two groups. In order to disentangle this relationship, I calculated three alternative models: logit, weighted least squares, and average treatment effect matching on a set of socio-economic and political variables. While the estimates of these models do not prove causation on their own, they constitute robust evidence that the difference in attitudes between Progresa recipients and non-recipients is not driven exclusively by factors other than the program.

In Chapter 5, I present the results of the analysis of the randomized
experiment. The estimates suggest that an electoral section fully treated twenty one months before election time increased its turnout in 2000 by five percentage points and its incumbent vote share by four percentage points. For an average precinct with 578 potential voters the estimations imply a change in the probability of turnout from sixty percent in 1994 to sixty-five percent in 2000. And a change in the probability of voting for the incumbent from thirty-eight percent to forty-two percent. The last section of this chapter shows that the conditional effect of Progresa on the strength of the PRI in 1994 is smallest among those precinct where the PRI had more than eighty-five percent of the votes in 1994 compared to precincts were the PRI strength was moderate and low. Finally, I show that the conditional effect of Progresa is lower than the effect of the PRI strength in 1994 when the PRI was dominant. On the contrary, the conditional effect of Progresa is larger than the effect of the PRI strength in precincts where competition already took place in 1994. This suggests that the mechanism behind these results is in fact what is suggested throughout this dissertation: recipients of Progresa chose to vote for the PRI in 2000 not because they felt coerced but because they were pleased with the program.

Finally, in Chapter 6, I show that the program had similar electoral effects on the congressional elections of 2000 and 2003. I find a positive and significant effect on the incumbent’s vote share, regardless of the actual party in office. Yet the effect for the PRI is larger than that for the National Action Party (PAN). I also find that among municipalities incorporated by the PRI, some voters decided to switch alliances once the PAN became the incumbent party implementing the program.
Table 1.1: Field Research

<table>
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<tr>
<th>State</th>
<th>Mexico State</th>
<th>Tlaxcala</th>
<th>Hidalgo</th>
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<td>Tlaxco</td>
<td>Mineral del Chico</td>
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<td>Village</td>
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<td>Unión Ejidal</td>
<td>La Pedregoza</td>
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<td>Population</td>
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</tr>
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<td>Partisan distribution of the vote (percentages)</td>
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</tr>
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<td>66</td>
<td>57</td>
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PRD: Party of the Democratic Revolution
Chapter 2

Background and Origin of Progresa

Progresa is the last in a series of developments that have transformed economic and redistributive policy-making in the post-revolutionary Mexico. On the one hand, the industrialization process gave labor priority over the peasantry. As the country industrialized, however, organized groups monopolized resources meant to achieve social equality. Thus, the welfare system became a privileged network of clientelistic relations managed by the president. In this process scarce resources were channeled to the rural areas with the double objective of improving the living conditions of peasants and fostering support for the regime among them. Continuous economic crisis, however, depleted these resources, disproportionately impoverished traditional rural areas, and exhausted the stability of the political system.

On the other hand, the elite in power experienced a dramatic transformation. The “Revolutionary Family”, for decades responsible for the preservation of the political system through the management of the patronage and
clientelistic networks, has been gradually replaced by a new generation of politicians with more education but with no ties to peasants, workers, or any other mass sector. The arrival of this political class not only brought a new set of tools to the policy-making process but a new set of priorities. Chief among these priorities was the need to correct the inefficiency of the welfare system in place. Before the 1994 peso crisis, however, welfare policies were still designed to accomplish the traditional double objective.

I review these two processes before getting into the details of the origins and development of Progresa. The first part of this chapter explores the economic and redistributive policies implemented by the post-revolutionary governments until the creation of Progresa. Then, I trace the transformation in the governing elite by exploring who managed redistributive policies over time.

The second part of the chapter deals with the origins of Progresa. I show that, unlike previous programs, Progresa was designed with the unique objective of redistributing resources to the poorest families in the rural areas. To achieve this objective, Progresa circumvented traditional distribution channels such as the ministries, governors, and the PRI electoral machine by creating an autonomous bureaucracy staffed not by politicians but by technically-oriented bureaucrats. Naturally, the members of Zedillo’s cabinet that operated the then existing programs opposed Progresa.

Congress received Progresa with skepticism and antagonism. On the one hand, non-PRI legislators perceived Progresa as a sophisticated vote buying machine. On the other hand, the PRI opposed the program because the destitution of the existing welfare policies directly hurt the party’s corpo-
ratist apparatus, mainly in the rural areas where it was increasingly loosing support.

With so many political enemies how did Progresa survived? The power of the president and the supremacy of the Ministry of the Treasury in the control of the budget were perhaps the two most important factors. In addition the president had to explicitly, concretely, and publicly commit to not politically manipulating Progresa. In order to make this commitment credible, Progresa had, for the first time, clear and fixed criteria for determining eligibility that relied on poverty indicators. The operational rules, formulas, and budget were submitted for approval to the Chamber of Deputies (the lower house of Congress). In addition, all documents, materials, and forms were required to include a message specifying that the use of Progresa to proselytize was not only forbidden but constituted a federal offense. Finally, Progresa was insulated from the temptation to disproportionately increase the list of beneficiaries close to election time by prohibiting the inclusion of new beneficiaries in the program six months prior to election time.

The chapter ends by asking: Why did a PRI president promote a policy like Progresa? I explain that Progresa is only a part of Zedillo's reformist agenda. While Zedillo was not the first president to promise to reform the political system, he was the first that once in office called for sweeping reform of the judiciary and the Supreme Court; relinquished extra-constitutional roles that had been adopted by all former presidents, such as the leadership of the PRI; and he distance himself from the PRI up to the point that he refrained from naming his successor following the PRI traditional process. Ideology, personal reasons, and the decline of the PRI played a major role in
shaping this agenda.

2.1 Mexican economic and redistributive policies during the twentieth century

In theory, the 1917 Constitution marked the beginning of a progressive state. Among the priorities of the constitutive assembly were the revolutionary demands for worker welfare rights, land reform, and the national control of natural resources, in that order. Nowhere was this hierarchy of priorities clearer than in a deputy’s petition to create a special article in the constitution devoted to workers’ rights: “we should present a special article which will be the most beautiful of all our work; Just as France, after its revolution, had the honor to consecrate human rights in its Carta Magna, in the same way the Mexican Revolution will have the legitimate honor of showing to the rest of the world that it is the first to record workers’ rights” (Alfonso Cravioto quoted in Bojorquez 1938, and in Zorilla 1988).¹

The Constitution of 1917 gave birth to a welfare system founded primarily on social service provision, rather than income transfers, and developed on an occupational, rather than universal, basis. “The welfare system envisioned in the constitution [1917] was devised to satisfy labor’s social rights, whereas peasants needs would be met with piecemeal land reforms and state-guaranteed prices for basic crops” (Trejo and Jones 1998: 73).

Plutarco Elías Calles (1924-1928) the founder of the National Revolutionary Party (PRN), which became the Party of the Mexican Revolution (PRM) and eventually transformed into the PRI, was influenced by European leftist

¹I am responsible for all translations except when other sources are specified.
parties, particularly the Social Democrats in Germany. In fact, initially he sympathized with the Mexican Labor Party and one of its influential leaders, Luis Morones. The Labor Party, however, excluded the peasants and the military from its ranks (Ortiz Mena 1998). Thus, Calles decided to create a more inclusive party. With the PNR, Calles managed to institutionalize the problematic process of succession of power by bringing together all relevant political groups—parties, militias, unions, and peasants—into a political system that benefited them all. The system worked in such a way that all politicians had incentives to be loyal to the system in the expectation that the system would be loyal in return. Adhering to party loyalty was the most successful way to acquire to power and wealth. The presidency was endowed with legal powers written in the Constitution, together with extralegal powers which were the source of the presidential hegemony. Chief among these powers was the extraordinary influence of the incumbent president on the nomination of his successor. This presidential power was enhanced by the fact that “nobody knew who the candidate would be and thus anyone could be chosen, so everybody had to behave, just in case” (Rubio 1998: 15).

During Calles’ presidency the first social security program was implemented, and legislation to place credits, both short term and mortgage, was approved. Inspired by the German experience, Calles created a bank to finance the development of the countryside, and established an income tax. Still under the influence of Calles, during the term of Pascual Ortiz Rubio (1930-1932) the Federal Law of Labor was expedited; and during Abelardo Rodríguez’s term (1932-1934), a minimum wage was established, and two additional development banks were created: National Mortgage Bank (Banco
Nacional Hipotecario) and Nacional Financiera (Nafinsa).  

The economy took a turn for the worse after the Great Depression in 1929. Given an incipient deflationary crisis, in 1931 the Bank of Mexico demonetized gold and restricted monetary circulation. While the crisis was not catastrophic because a large share of the population was still in the agricultural sector -which was not linked to the world market- workers in the industries and in the state were affected. On one hand, government income decreased in such a way that wages for the bureaucracy could not be met for couple of months. On the other hand, the lack of public resources also constrained the government in dealing with unemployment. The value of Mexican mining production fell by fifty percent, and oil production by almost twenty percent. In addition, the crisis in the U.S. prompted the deportation of one million Mexicans (Aguilar Camín and Meyer 1993: 106). The crisis led the new Minister of Treasury, Alberto J. Pani, to stimulate demand by injecting money into the economy in 1932.  

Strikes began to multiply early in Lázaro Cárdenas’ term (1934-1940). “By the beginning of 1935 there were problems with railroad workers, electricians, telephone workers, oil workers and pipe fitters, among others” (Aguilar Camín and Meyer 1993: 130). Although the PNR’s intention had been to be

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2 Nafinsa’s first objective was to promote the consolidation of the Mexican stock market and the mobilization of financial resources toward productive activities.

3 Interestingly, this measure was taken four years before the publication of Keynes’ General Theory
inclusive, in reality only a closed Callista circle had access to power. Cárdenas decided to transform the PNR into the PRM, a mass organization with four sectors: peasants, workers’ federations, mass organizations, and the military. Cárdenas envisioned a growth model that would go “beyond Keynesianism without falling into the Soviet model”. His goal was to create “a Mexico of ejidos (communal landholdings) and small industrial communities where industry would be at the service of the needs of an agrarian society and not the opposite” (Aguilar Camín and Meyer 1993: 138). During his term he gave impulse to his revolutionary commitments by accelerating agrarian reform, supporting communal landholding, nationalizing the foreign-owned oil industry, creating a bank to promote the development of industries administered by workers (Banco Obrero de Fomento Industrial), and increasing expenditures on education and health (Aspe and Sigmund 1984).

Cárdenas’ educational project was socialist; it explicitly banned Church involvement in education and had as one of its objectives the creation of creating solidarity between the young and the working class. His concern for solidarity among workers led him to promote the state provision of technical education. In Cárdenas’ words: “Every worker that joins the University ranks is not, in general, the leader that will bring culture and orientation to the proletariat. Rather, he is the man who turns his back to working class and surrenders to the bourgeoisie” (Cárdenas quoted in Zorrilla 1988: 83). That is why in 1937 the National Polytechnic Institute (Instituto Politecnico Nacional) was created.

Cárdenas’ ambitious project was frustrated. Despite the anti-capitalist atmosphere, industry grew not to serve agriculture but the other way around.
While Cárdenas’ main concern was to achieve an improvement of the popular sectors that had sided with him, his land reform resulted in the stagnation of commercial agriculture and cattle production, and his expansionist policies worsened inflationary pressures, causing real wages to decrease dramatically. For instance, between 1934 and 1946 the minimum wage fell thirty-two percent in real terms, and workers’ average real wages felt forty-seven percent (Ortíz Mena 1998). As a result, employer-employee relations grew increasingly tense.

To deal with this tension, in 1943 the Mexican Institute of Social Security (Instituto Mexicano del Seguro Social, IMSS) was created under the administration of Manuel Ávila Camacho (1940-1946). The institute was meant to insure workers and their families in cases of illness, maternity, disability, old age, dismissal, and death (Lozoya 1984). From its origin, however, the institute faced financial problems. Perhaps the worst consequence of the lack of resources was that, after a tough negotiation, doctors were offered very low salaries. Ever since, the quality of the institute’s operation has been adversely affected (Ortíz Mena 1998: 250).

Ávila Camacho disagreed with the socialist orientation of Cárdenas’ project. In terms of socialist education, he set back the advances of the previous administration through the incorporation of ideological moderation in the educational programs and the purge of radical teachers and bureaucrats in the education sector. Education has grown since then but has not satisfied the needs of the working class as Cárdenas envisioned. Rather, the expansion of this sector has benefited the urban middle classes (Zorrilla 1988).

During World War II, Mexico experienced a new period of development
driven by the industrial sector. The government financed both private industries and government-owned firms in various sectors, from electricity to fertilizer, through financial instruments that included credit and different series of bonds. By the end of the war the economic momentum deteriorated considerably because the demand for products made in Mexico decreased, foreign capital returned to its home countries, and international prices returned to normal (Ortíz Mena 1998).

Unlike Cárdenas’ pro-agrarian socialist project, Miguel Alemán, the first civilian president after the revolution (1946-1952), successfully restructured the PRI “with the labor group gaining at the expense of the peasants and the popular sector asserting its supremacy” (Smith 1979: 228). Yet Alemán curtailed the autonomy of the labor unions by replacing independent leaders like Vicente Lombardo Toledano with pro-state leaders like Fidel Velázquez and established the federal bureaucracy’s control over the traditional members of the Revolutionary Family. With these tactics, unions sacrificed labor’s autonomy in exchange for “the monopoly on labor representation, a quota of gubernatorial and legislative seats, and the piecemeal satisfaction of the social rights contained in the constitution. Unionized bureaucracies affiliated with the PRI emerged and rapidly developed the muscle to demand social rights similar to those enjoyed by labor” (Trejo and Jones 1998: 73).

The network of clientelistic organizations that controlled the implementation of welfare became increasingly powerful. “The Confederation of Mexican Workers (CTM), the National Union of Educational Workers (SNTE) and various unions of bureaucrats affiliated with the Federation of State Workers (FSTSE) eventually colonized the state’s administrative apparatus in edu-
cation, health, and social security. As PRI unions expanded their control over welfare agencies, the autonomy traditionally enjoyed by presidents in managing that system was curtailed", though presidents retained the upper hand in bargaining over social services (Trejo and Jones 1998: 74). Furthermore, with rare exceptions, dissident labor movements survived. With this settlement the regime aimed to guarantee that neither the working nor the peasant class would challenge the regime. Given the economic problems that the country faced, the cooption of these groups was fundamental for maintaining political stability.

The presidency of Adolfo Ruiz Cortinez (1952-1958) began for the first time with an explicit and quantified economic policy goal, though it was not a redistributive one. Paradoxically, this government achieved the largest deconcentration of income in decades due mainly to the dynamic behavior of private sector investment in various industries. Yet, agriculture was again the least benefited sector: “Agricultural development grew more slowly than planned, beginning a decline in its relative importance that culminated at the end of the 1960s and the beginning of the 1970s” (Aspe and Beristain 1984).

In 1954, confronted with continued recession, Ruiz Cortines and his Ministry of the Treasury decided for the first time in Mexican history to voluntarily devaluate the peso from 8.65 pesos per dollar to 12.50. Discontent and confusion were exacerbated by the fact that a couple of months before the devaluation the government declared that the economy was in good shape (Ortíz Mena 1998). Following the devaluation, the economy grew, but so too did inflation. The last year of Ruiz Cortines’ presidency witnessed higher
inflation than in the previous year and a decrease in GDP of 5.3 percent. Even though the IMSS had dramatically increased its coverage, economic discontent led to the mobilization of telegraphers, teachers, and electricity, oil, and railroad workers right before the 1958 presidential election.

Nowhere was the increased need to control unions more apparent than in Ruíz Cortines’ decision to name his Minister of Labor, Adolfo López Mateos (1958-1964), as his successor. López Mateos in turn chose Antonio Ortiz Mena, head of the IMSS, to be Minister of the Treasury. Ortiz Mena was the architect of Mexico’s “stabilizing development” (1958-1970), a period when the Mexican economy grew at between six and eight percent a year, inflation rates —lowest since the Great Depression— averaged less than five percent, the exchange rate remained stable, and income per capita increased forty-five percent in real terms between 1963 and 1977 (Aspe and Sigmund 1984). During this period the government privileged macroeconomic stability and the development of national industries. Yet even during this period there was an appeal to social equality. In the words of Ortiz Mena, the goal was to make “government expenditures progressive by focusing on industries that benefited the popular sectors and increasing the productivity of all production factors, not just labor” (1998: 42).

During López Mateos’ tenure land reform accelerated. In fact, with the exception of Cárdenas, López Mateos redistributed more hectares of land than any of the previous administrations. To further promote development in the countryside the government established controlled prices for products such as corn, wheat, and beans and created the National Farming and Stockbreeding Bank (Banco Nacional Agropecuario) to allocate credit in the
countryside. The development plan also included some perks for state workers such as the creation of the Social Service and Security Institute for State Workers (Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado, ISSSTE). In terms of education, López Mateos started the distribution of free textbooks for elementary school.

During the tenure of Gustavo Díaz Ordaz (1964-1970), more land was redistributed than in any other post-revolutionary government. Most of this land, however, was previously used for raising cattle. Thus, taking into account the quality of land, the productive land per ejidatario decreased (Ortiz Mena 1998). “Public spending in the agricultural sector reached its lowest point proportionally in this period, and even when investment occurred, it was channeled to the modern, export-oriented agricultural sector” (Aspe and Beristain 1984: 23).

Scholarship still debates how much the “stabilizing development” generated its own erosion. In the words of its architect:

A common comment with respect to the stabilizing development has been that even if it achieved positive outcomes, by the beginning of the 1970s the model was exhausted. This is an incorrect understanding. The model was not a book of economic recipes. “Stabilizing development” is a concept that makes growth and stability compatible certainly some specific policies had to be changed, however, the overall plan and strategies remain effective. Access to growth with macroeconomic stability (Ortiz Mena 1998: 293).

Scholars who argue the contrary see the increase of foreign debt as the
main reason for the model's exhaustion. Ortiz Mena argues that the deficit was constrained to levels that could be financed with voluntary savings from different sectors (1998). In hindsight, it now seems that the erosion of the model indeed started after 1970. For instance, the foreign debt a year after Ortiz Mena left office was 4,543 million dollars, five years later the foreign debt had multiplied by four to 19,600 million dollars (Aguilar Camín and Meyer 1993).

An additional critique of the model was that it was bound to fail in terms of promoting equality because “government subsidies for capital investments distorted the relative prices of the factors of production. The result was a decrease in the relative price of capital relative to labor. As time passed, even though production and wages of those already employed grew rapidly, employment increased more slowly than output. The system did not seem to be capable of employing those in the bottom deciles” (Reyes Heroles 1984: 7). The economy grew but income distribution did not change in favor of the poor. Rather the participation of the lowest and highest deciles declined while the participation of the upper middle class advanced. The lowest quintile lost almost two percentage points in its contribution to national income, from 5.2 in 1950 to 3.4 percent in 1968; the following quintile remained practically unchanged, falling from 7.5 to 7.2 percent. In contrast the third and fourth quartiles gained (Martinez 1974, Aspe and Beristain 1984). In terms of the rural and urban disparities, cities consolidated their supremacy. For instance, in 1977 one out of every three residents of Mexico City was a migrant (Goldani quoted in Moore 1984).

The 1968 student movement disrupted the legitimacy of the regime. An
important component of the students' dissatisfaction was that the welfare system left out large segments of growing middle class, the urban working class and the underemployed because they did not fall into one of the PRI's traditional sectors. Another component of the dissatisfaction, perhaps of greater importance, was political. “Large groups demonstrated in the streets, openly attacked the president and his close officials, and the system itself, accusing them of being undemocratic” (Aguilar Camín and Meyer 1993). The conflict escalated and resulted in the indiscriminate massacre of demonstrators in Tlatelolco. The system entered into a crisis of legitimacy.

In reaction to this crisis, Luis Echeverría (1970-1976) changed the direction of economic policy to the so-called “Shared Development” (Desarrollo Compartido). As the name suggests, the new plan aimed to promote equity more aggressively. During Echeverria’s presidency, the state expanded spectacularly. “While GNP increased fifty-one percent from 1970 to 1976, the entire public sector budget (including state-owned enterprises) increased over 116 percent. Between 1970 and 1976 the number of state-owned enterprises increased from 84 to 845. This expansion of the state naturally meant an explosion in the number of positions available. There were 616,000 public servants in 1970, 2.1 million in 1976 and 3.3 million in 1983” (Cen-teno 1994: 82). Expenditures for social services also increased, and an effort was made to improve health services in the rural areas. In 1974, the IMSS started the social solidarity program to create field hospitals and rural medial units. Taxes, however, remain constant. The public deficit led to inflation, devaluation and a finally a crisis in 1976 (Aspe and Sigmund 1984).

The discovery of oil reserves magically resolved the crisis during the presi-
dency of José López Portillo (1976-1982). The new oil resources decreased the incentives for rationalizing welfare expenditures and the bureaucracy. López Portillo returned complete control over social welfare to the presidency. He opted for a two-track strategy, expanding employment by 4 million jobs and extending health coverage to the rural and urban poor through the traditionally PRI-dominated social agencies and the funneling of resources to poverty alleviation projects controlled by the president (Aspe and Sigmund 1984, Trejo and Jones 1998).

In 1977, the General Unit for Coordination of the National Plan for Depressed Zones and Impoverished Groups (COPLAMAR) was created to attend to the housing, education, health, nutrition and environmental protection needs of the countryside. In 1979, COPLAMAR and IMSS allied to increase the solidarity program’s coverage. At that moment, IMSS-solidarity had 30 field hospital clinics and 310 rural medical units that served approximately 3.8 million people. In 1979, 1,796 rural medical units and 11 field hospitals were built. By the end of 1981, the program had 3,024 rural medical units and 71 field hospitals (Lozoya 1984: 433). In addition, López Portillo launched the Mexican Food System (Sistema Alimentario Mexicano) with two objectives: to achieve self-sufficiency in staples (corn and beans) and to improve the income and nutritional conditions of the rural and urban poor.

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4The oil boom not only increased resources but had an indirect perverse effect in the rest of the economy. I cannot explain it better than Rizzo (1984): “cheap oil promoted the substitution of capital for labor because inexpensive energy goes hand in hand with the use of machinery and increases the relative cost of manpower. Another indirect effect is the overvaluation of the currency caused by the excess foreign exchange earned from oil exports. As a result, labor-intensive exports become uncompetitive, and as hydrocarbon exports increase their participation in foreign markets, Leontief’s paradox comes into play: the exports of Mexico, a country with relative abundance of labor force, will be highly capital intensive” (101)
The consumption strategy focused on increasing the State Food Distribution Network for rural areas (DICONSA) and, in urban areas, using the stores of the National Company for People’s Subsistence (CONASUPO), created in 1965.

But, the abundance of oil resources proved to be limited. The López Portillo administration ended, yet again, with inflation and the devaluation of the peso. In 1982, when Miguel de la Madrid took charge, the country was in the middle of the worst economic crisis since the Great Depression.

Because of the abrupt decrease of public resources due to the debt crisis, Miguel de la Madrid (1982-1988), and later on Carlos Salinas (1988-1994), cut back the welfare system during the harsh years of economic stabilization and liberalization, while systematically strengthening the role of the president in the distribution of social welfare. De la Madrid reduced social sector budgets dramatically and eliminated a host of food subsidies that had proliferated in the years of the oil boom. In addition, De la Madrid affected the provision of health, education and housing services in particular by launching an ambitious program of administrative decentralization (Constantino and Loyola 1996). Finally, “in response to growing political pressure from the urban movements that had blossomed after the 1985 earthquake in Mexico City, de la Madrid increased the share of resources for urban development managed by the presidential cabinet and introduced constitutional amendments to provide all Mexicans with the universal right to health and housing”. In order to implement the structural adjustment plan, however, de la Madrid had no other choice than to rely heavily on unions to control wages and social unrest. Thus, unions maintained veto power over social sector reforms (Trejo
The consequences of the “lost decade” were harsh. By 1989, per capita meat consumption had declined by fifty percent from 1980 levels and was below that for 1975, while milk consumption had declined by more than forty percent to levels below even those of 1970. Average caloric intake continued to decline and, by 1990, was approaching half that recommended by the World Health Organization. After declining steadily for decades, infant mortality rates increased during this period (Cordera Campos and González Tiburcio in Centeno 1994).

Early in his administration Salinas went beyond his predecessors in attempting to dilute the power of union bosses by imprisoning the once mighty boss of the national petroleum union, Joaquín Hernández Galicia, and forcing the resignation of the boss of the teachers’ union, Carlos Jonjitud Barrios. However, “their successors indicated that the labor sector could not yet claim its independence from the government” (Centeno 1994: 64). In practical terms the relationship between the government and unions remained the same. The latter were still a key ingredient in the continuing success of the economic stabilization program.

Yet, social expenditure was turned on its head with the implementation of Pronasol during Salinas’ term in office. The program was “an umbrella organization aimed at developing health, education, nutrition, housing, employment, infrastructure, and other productive projects to benefit 17 million Mexicans living in extreme poverty” (Dresser 1991: 1). Pronasol used citizen participation as a central element in project selection funding and implementation. With this program Salinas intended to increase the efficiency
of investments in the rural areas and to do so in a way that would generate loyalty towards the regime among the recipients of these resources. In Salinas words:

Public spending has been used as an appropriate instrument in developing countries for fulfilling a double objective: creating infrastructure necessary for increasing the productivity of the rural sector and achieving, at the same time, political support from the sectors benefited by such an action. However, the effect of public spending on the distribution of income does not depend only on the level of expenditures, but also on the efficiency with which the spending policies are implemented. –In the context of overall austerity in public spending that the economic crisis has brought on– emphasis must be placed on organization and peasant participation in programs for rural development. This most be done not only to improve efficiency with which resources are used but also with regard to the fairness with which their benefits are distributed (Salinas de Gortari 1984: 525).

Pronasol was not the first program to make recipients participate in the selection and implementation of the projects. IMSS solidarity and CONASUPO through the Field Coordination Program were predecessors of this strategy (Grindle 1977, Cornelius et al. 1994). Nor was Pronasol the first program with two objectives, fighting poverty and fostering political support for the regime in rural areas. Probably all other programs had the same dual intention. What was unique about Pronasol was its aim to achieve effi-
ciency in a clearly redistributive policy. Yet, “social expenditures declined by thirty-five percent during the sexenio and by 1988 were below those for 1974 (per capita)” (Centeno 1994: 207). Furthermore, Fox and Moguel (1995) write that “according to one top policymaker, of Pronasol’s 1991 budget of 5.2 billion pesos, no more than 2 billion should really be counted as targeted antipoverty spending. The rest consisted of untargeted public works” (191).

2.2 Who is who in the control of welfare?

Up until the beginning of 1970s, economic and redistributive policies did not reflect party platforms nor were they the result of legislative action (Grindle 1977). Rather, economic and redistributive policy-making reflected the preferences and priorities of two ministries. One was the Ministry of the Interior (Gobernación), responsible for the preservation of the political system through the management of the patronage system. The other was the Ministry of the Treasury (Hacienda), responsible for legitimating the system through macroeconomic and fiscal policy; the promotion of growth and investment; and the budget.

During this period, two types of politicians staffed Gobernación: the political politicians (also known as the old guard, “dinosaurs” of the regime or, “people’s politicians”) who had close relationships with the peasants and workers sectors of the party, and the bureaucrat politicians who, without such ties, had made a career in the party’s headquarters. Professionals with technical degrees, some of them from foreign universities, staffed Hacienda (Cornelius and Craig 1991, Centeno 1994).

These two groups were in constant tension because Gobernación needed
resources to accomplish its tasks, and Hacienda needed to balance government expenditures and income. The conflict was clear early in López Mateos’ administration. A couple of political politicians convinced the president to pass a law that would split economic policy-making into three ministries as opposed to being solely the responsibility of Hacienda. The new ministries were: the Ministry of Industry and Commerce, the Ministry of National Patrimony, and the Ministry of the President (Secretaría de Industria y Comercio, Secretaría de Patrimonio Nacional, and Secretaría de la Presidencia).

At the time the Law of Ministries was approved, the new Hacienda Minister, Ortíz Mena, had been working for almost a year, at the behest of López Mateos, on the administration’s economic plan. The enforcement of Ortíz Mena’s plan required that all economic policy was cohesively instrumented. After explaining this to the president and asking him to eliminate his name from the pool of potential presidential candidates, Ortíz Mena managed to reclaim de facto control over economic policy (Ortíz Mena 1998: 46). During the twelve years of “stabilizing development” Hacienda amassed a significant amount of power.

Gustavo Díaz Ordaz not only continued the predominance of Hacienda but he also continued the institutionalization of the bureaucratic control of the PRI by the bureaucratic apparatus. The then-president of the party, Carlos Madrazo, unsuccessfully tried to resist this change by fostering grassroots participation and limiting the power of the central organs. Despite Madrazo’s efforts, the PRI became a specialized arm of the bureaucracy (as opposed to a mass party) with no autonomous ideology—a “vote sucking machine” responsible for coordinating elections, mobilizing and disciplining
the members of its organization and defending government policy in whose formulation it had no effective influence (Cosío Villegas 1995).

Prior to his presidential candidacy, Echeverría had worked seven years in the party and eleven in Gobernación. “He was the first constitutional president since the end of the Mexican Revolution who had never held a single elective position” (Smith 1979: 279). Yet his connections to the traditional sector of the PRI were tight. In his own words: “My contacts in politics were not the people in economics, or the Bank of Mexico, or Hacienda. My contacts were politicians, governors, the CTM, CROC (Revolutionary Confederation of Workers and Peasants), the Campesina (CNC), the popular sector. That was my scope” (Echeverría in Castañeda 1999: 76).

Perhaps to the surprise of Díaz Ordaz, Echeverría distanced himself from the previous government and the violent repression of the student movement in 1968 early in the campaign. Once in office, he purged the government of all those loyal to the previous president. Not only did he replace old guard politicians in Gobernación but he also dismissed Antonio Ortíz Mena. All bureaucrats down to director general were replaced by a younger generation of men who had no links to any organization but the president. This new generation, the “youthocracy” (Smith 1979), had “little institutionalized loyalty to a particular ministry or subgroup within the bureaucracy and close political and personal relationship with the president” (Centeno 1994: 153). The oil boom and the expansion of the state role in the economy allowed Echeverría to bring in more allies. In turn, this gave him much greater political power and control over the bureaucracy (Smith 1979, Centeno 1994).

In the middle of his term, Echeverría named López Portillo, the then-
director of Electrical Federal Commission (CFE), Hacienda Minister. This
decision came as a surprise to many because López Portillo was a lawyer.
Even more surprising was Echeverría’s decision to name López Portillo as
his successor because López Portillo, having entered politics when he was
forty years old, had no political support network of his own. Naturally, the
PRI disapproved of this decision. The president of the party at the time said:
“The tax collector cannot be candidate” (Reyes Heroles in Castañeda 1999:
81). Echeverría’s strategic replacement of the political class opened the door
to a new generation.

Echeverría and his successor shared the goal of consolidating presidential
power over economic and redistributive decision making. They disagreed,
however, on who should exercise this power. Presumably López Portillo’s
lack of a political group was determinant in Echeverría’s decision because
with no clique, who could be better to set the new president on course than
Echeverría himself? (Smith 1979) Yet López Portillo recruited his team not
from Echeverría’s group but from among his long time friends and former
co-workers. Furthermore, with a couple of exceptions, López Portillo did
not recruit political politicians or the “youthocracy”. Rather, López Por-
tillo resorted to the more technical ranks of the PRI such as the Institute
for Political, Economic and Social Studies (Instituto de Estudios Políticos,
Económicos y Sociales, IEPES), a think tank. At this point, the political
politicians saw their hopes of returning to influential positions fade away.

Using the increased complexity of the state as an excuse, in 1976 López
Portillo created the Ministry of Planning and Budget (Secretaría de Progra-
mación y Presupuesto, SPP). The SPP was meant to be a “superagency” free
of old institutional ties, in other words, free of Hacienda constraints. López Portillo’s restructuring had important consequences for the balance among ministries. He successfully reallocated expenditure control from Treasury to the SPP (Centeno 1994, Torres Espinosa 1999). The SPP came to completely control resources for poverty alleviation and regional development, in addition to “the design and supervision of economic development plans, the budgeting and authorization of federal and parastatal expenditures, oversight of plan implementation including the establishment of norms for all purchases by the government, training and development of public personnel and the coordination and development of all information services including statistical offices as well as providing guidelines for the elaboration of government reports” (Centeno 1994: 89). SPP became the most powerful ministry in the country including the two historical adversaries, Gobernación and Treasury.

López Portillo’s restructuring of the bureaucracy in order to circumvent Hacienda backfired. Miguel de la Madrid, as head of the SPP, staffed the ministry with men and women with ties to Hacienda. “By 1979, the agency was dominated by a new generation of younger men and women with more training in quantitative techniques and more willing to accept a powerful public role in economic development” (Centeno 1994: 91). De La Madrid was conscious of “the need for a generational change in the style and procedures of the political personnel of the country. De la Madrid was willing to pay the price of inexperience in order to guarantee, at least partially, the development of a new political class that would be in agreement with the objectives of economic modernization that he wanted to initiate” (Aguilar Camín and Meyer 1993: 227). Still, López Portillo chose de la Madrid as
his successor. Two months afterwards, López Portillo decided, almost exclusively by himself, to nationalize the banks. De la Madrid’s reaction was not positive; thus, the president realized that “the candidate that emerged from the nationalization of the banks was not going to be a financier tied to the traditional forces. But it was too late; he was already “lanzado” (launched as candidate) and there was nothing left but to support him” (López Portillo in Castañeda 1999: 136).

The debt crisis was only one of the burdens that Miguel de la Madrid shouldered when his term began (1982-1988). Together with the financial chaos came the “notorious corruption of the top level political circles in the six-year period that ended in December of 1982” (Aguilar Camín and Meyer 1993: 218). As a response, De La Madrid focused on managing the economy and establishing distance from politics. The structural adjustment plan made “political technocrats” the champions of the new administration. Unlike the old generation of Hacienda, however, “these men and women never forgot that they were functioning in an organization where the approval of the chief was always more important than the orthodoxy of the analysis” (Centeno 1994: 159). By the end of de la Madrid term, “careers in the electoral and corporatist arms of the party had become irrelevant (if not counterproductive) for achieving power in Mexico” (Centeno 1994: 58).

During de la Madrid tenure’s an additional actor acquired relevance: the opposition. The nationalization of the banks and the possibility of the government again taking a socialist bent inspired discontent and distrust among private groups, chambers of commerce and industry, the private media, the
Church and the National Action Party (Partido Acción Nacional, PAN). PAN was not new to the business of being an opposition party. It was born in 1939 as a reactionary party associated with the “enemies of the people”, namely, the bourgeoisie and the Catholic Church (Loaeza 2003) and in opposition to the revolutionary achievements of the administration of Lázaro Cárdenas (García Ugarte 1996). For decades, the PAN functioned as a “loyal opposition” by participating in elections and injecting a minimum of legitimacy into the system. The party was able to survive the authoritarian regime and adapt “thanks to PAN acquiring a double identity: on one hand, it was an ideological organization that was built around a doctrine; on the other hand, it became a catch-all party that received votes of protest” (Loaeza 1999: 198).

In terms of doctrine, the PAN is not a confessional party; has no direct link to the hierarchy of the Catholic Church (Loaeza 1999); and does not represent Church interests (Mabry in Camp 1995). Yet “PAN’s leaders have attended private [education] institutions, specifically religious-affiliated institutions in numbers greater than their establishment peers” (Camp 1995: 75), and the party’s doctrine is influenced by the Catholic Church social doctrine.

PAN’s doctrine was centered on antiliberalism; it emphasized the relevance of the municipality, thus arguing for the decentralization of political power and defended the existence of a small state. However, with respect to

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5 Paradoxically, the most affected by the nationalization were not the ones that openly showed their discontent, mainly because they were caught in negotiations over the compensations they would receive. Rather, it was the small and medium size entrepreneurs who joined the PAN in protest (Mizrahi 1995: 83).

6 The demands for decentralization responded in great part to the fact that the PAN’s “strength was not evenly distributed throughout the regions of the country. [By the 1980s] it was stronger in Yucatán, in Guanajuato, and in the northern states of Durango,
welfare policies the party has, at various times, been closer to the PRI than what it would have liked (Constantino and Loyola 1996). For instance, influenced by Pope Leo XIII’s encyclical Rerum Novarum, the party was socially conservative but believed that the state was responsible for the protection of the working class; thus, it was in favor of unions (Loaeza 1999: 109).

Following the Second Vatican Council when the Catholic Church adopted a commitment to look after the needs of the poor, the PAN responded with the platform Democratic Reform of Structures (Reforma Democrática de Estructuras) in which “the party advocated the introduction of legislation and juridical mechanisms that would give access to property rights over production to workers, peasants, employees and other legal measures that would promote a spirit of decision making, responsibility and initiative among workers in firms and establish practicable forms of socioeconomic teaching and co-management” (PAN 1969 in Loaeza 2000: 207).

Finally, in 1987 the PAN became a member of the Christian Democratic Organization of Latin America and adopted the Christian humanist model that emphasizes the principles of equality of opportunity and the role of education in the alleviation of poverty. Since this social model did not require an alternative economic model, the party remained committed to a small state (Loaeza 2000: 208, Constantino and Loyola 1996).

Unlike the student movement in 1968, discontent after the debt crisis and the expropriation of the banks was expressed through the ballots. In 1983 the PAN won in eleven municipalities in Chihuahua and five of the eleven local Coahuila, Baja California, Chihuahua, Nuevo León, Sonora, and Sinaloa (Mizrahi 1995: 81).
deputies. Afraid that this was the beginning of the end of PRI dominance, the president decided to obstruct the progress of the opposition.

Yet the weakening of the regime was unstoppable. In 1986, the hegemonic party suffered an unprecedented fracture. As a direct response to the increasing influence of the technocrats, Cuauhtémoc Cárdenas and the Democratic Current (Corriente Democrática) demanded the internal democratization of the party (although it not clear whether this group actually opposed PRI hegemony). Cárdenas quit the party after he was denied the presidential nomination in 1988 and ran as the candidate for the National Democratic Front (NDF), which transformed into the PRD in 1989. While the party was a collection of leftist factions (ranging from the Mexican Communist Party and the Trotskyites to state sponsored left-wing parties), its members understood “left” in different ways. While they all agreed that their first priority was to gain access to power, the radicals wanted to “push the Revolution to the left” (Vivero Ávila 2006: 45) while the moderates wanted to gradually change the system. While, to the detriment of an aggressive redistributive agenda, all factions agreed to take the pragmatic route and participate in elections (Prud'homme 1996), the diversity among the party’s factions is in part responsible for some “apparently irrational electoral strategies, such as its [the PRD's] prolonged refusal to negotiate with the government, it adoption of any and all social movements –including Chiapas rebels– even when association with these movements scared off potential middle-class support, and the insistence of a number of top leaders on mobilizational campaigns rather than professionalized media campaigns” (Bruhn 1997: 25).7

7Legislative initiatives presented by the PRD in Congress confirm the impulse towards
The lack of a redistributive policy-oriented agenda is also a symptom of the party's low level of institutionalization and cohesiveness. In part, this is the result of the vast array of factions that were kept together mainly by their "caudillo" (strongman) Cárdenas (Sánchez 1999 2001, Tamayo 1994).

Equally important is the development of an intricate clientelistic network within the party:

The formation of the party has been driven by the ambition of leaders and the betrayal of the original principles. The process has been characterized by conflicts, polarization and fragmentation directed to the recruitment of clients. In the decision making what counts is the leader's approval more than the experience, social networks and the organizational capacity of the left (author's translation, Vite Bernal 2004: 284)

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8 Even when compared to other left-wing parties in Latin America the PRD has a lower cohesiveness (Vivero Ávila 2006).

9 When asked to define his position - neoliberal, reformist or social democrat - with respect to economic and social policy Cárdenas responded: "It is very difficult. I believe there is a little of everything. In politics I am close to the positions of the Mexican Revolution, therefore, I am also close to its social objectives. In the economic realm I believe in a mixed economy" (Torreblanca 2004: 57). While Cárdenas' answer may sound ambiguous, it corresponds to two of the most important founding principles of the PRD. First, society's participation in the policy-making is the first step in solving inequality (and any other disequilibrium for that matter). Second, an interventionist state is the perfect complement to democracy (Constantino and Loyola 1996).
It was not until their political agenda lost momentum that the PRD felt the need to define its ideological orientation. In the 1998 party assembly, one of the main conclusions was that the PRD needed to promote “a more active and sustained redistributive effort”. The policies proposed, however, sounded anachronistic: “promote the generation of employment, achieve the appreciation of real wages and improve the income of rural producers using public investment as the turning point” (Reveles Vázquez 2004: 48).

Despite the schism in the PRI and the electoral fiasco in the northern states, de la Madrid chose as his successor Carlos Salinas de Gortari, the ideal “political technocrat”. Although Salinas made an effort to reach out to the traditional political class, choosing for his cabinet a substantial number of men who were “highly skilled political brokers” (Cornelius and Craig 1991: 51), Salinas’ inner circle were technocrats interested in “getting things done, in resolving Mexico’s problems as quickly and thoroughly as possible. What counted was accomplishing the task at hand while retaining control, and this, rather than a commitment to a specific set of strategies, dictated the policies of the new elite” (my emphasis, Centeno 1994: 41).

Salinas’ poverty relief program, Pronasol, was the perfect example of this ethos. Salinas argued that political support in the rural areas collapsed because time after time the government had promised much and done little. Thus, his solution was to circumvent the red-tape, waste, inefficiency and corruption of the traditional mechanisms of redistribution and make investments more efficient. Also key to achieving efficiency was including recipients in the selection and implementation of the projects because no one knew their needs better than they did (Salinas de Gortari 1984).
Pronasol was designed drawing on the bureaucratic infrastructure and networks constructed earlier under SPP (Trejo and Jones 1998). It began to be called the “fourth sector” of the PRI because of its ability to control peasant, worker and middle-class groups (Bailey 1990). Studies of Pronasol show that, indeed, resource allocation followed a sophisticated strategy that successfully diversified social expenditure in order to collect maximum electoral rewards. The side product, however, was the strengthening of clientelistic ties, the co-option of independent civil organizations, and the marginalization of the opposition.10

In the middle of his term Salinas shifted the balance between SPP and Hacienda to the benefit of the latter. In 1991 he announced that Hacienda and SPP would merge. Echeverría said of this bold move: “The SPP miraculously surrendered; after delivering two presidential candidates, it lost again the prerogatives it had taken from Hacienda. The reconquest was shivering” (López Portillo in Castañeda 1999: 103).

Why did Salinas obliterate the powerful “superagency” that had empowered him? There are both economic and political answers to this question. During Salinas’ administration, radical pro-market reforms were enhanced. Given that SPP had political, economic and redistributive policies under its control, it seemed natural that Salinas decided to give back to Hacienda the power over the economy to advance economic reforms without pressure from those affected by them. Politically, however, the story is far more interesting. The economic and political agenda of the SPP ironically replicated the

division between Hacienda and Gobernación within the ministry. Part of the SPP was staffed with politicians in charge of regional development (i.e. negotiations with governors, mayors, PRI officials and local interest groups), while the other part was staffed by technocrats in charge of planning, statistics, and the budget. Salinas, as minister of the SPP, managed to control the two bureaucracies and use the regional development network—the fourth sector of the PRI—to consolidate his candidacy (Torres Espinosa 1999). Aware of the tremendous political potential of the ministry, once in office, Salinas decided to create a new coordination office which depended directly on the president but operated above all ministries. This way he could prevent a new minister from amassing political power without his approval. During Zedillo’s years as Minister of SPP, he could not bring in his political clique. Rather, the ministry was limited to the formulation and supervision of the annual budget expenditure. At the same time, the Deputy Minister of Regional Development, Carlos Rojas controlled the distributive projects of the ministry. So, the half-defunct SPP disappeared entirely, Hacienda got back all economic policy-making power, and the Regional Development office, together with Pronasol, was transformed into the Ministry of Social Development (Secretaría de Desarrollo Social, SEDESOL) in 1992. Salinas appointed his future presidential candidate Luis Donaldo Colosio, the then leader of the PRI, as minister. Thus, after two decades of bureaucratic reordering, economic and redistributive policy making returned to the two ministries scheme: Hacienda on the one hand and SEDESOL on the other. Only this time the elites in

11As head of this new office Salinas named Córdoba Montoya, who had made his career in SPP and IEPES and, equally important, is son of foreign parents and can not be president.
the two ministries were different, and the government had to get used to the idea of opposition parties being involved in policy making.

2.3 Origin, design, and implementation of Progresa

2.3.1 Negotiating in the cabinet

Five months before the 1994 presidential election, Mexico again entered a political crisis. The official PRI candidate was murdered during a campaign rally in Lomas Taurinas, forcing Salinas to choose another candidate. In a twist of fate, he chose Zedillo, who had been reallocated to the Ministry of Education when the SPP was abolished. Despite the opposition’s increased strength, the PRI won again with fifty percent of the vote (the PAN and the PRD got twenty-six and seventeen percent, respectively). After the inauguration day on December 1, Zedillo and his Hacienda Minister, Jaime Serra, decided to adjust the current account imbalance. On December 20, the new government announced an increase in the parity of the exchange rate and the devaluation of the peso. This announcement accelerated the reaction of the markets and generated a fall of fifty percent of the market’s value in one week. During the following months, runs on the banks weakened the peso further.

The consequences of the crisis were shocking. In 1995, Mexico’s GDP shrank by seven percent and private consumption by twelve percent (Gil Díaz and Carstens 1996), and more than sixteen million people fell into poverty. Figure 2.1 shows the evolution of poverty from 1992 until 2004.
Figure 2.1

People living under poverty
(Official poverty lines, millions)

Source: Comisión Nacional para la Evaluación de la Política Social (CONEVAL)
http://www.coneval.gob.mx/coneval/medicion.html
Figure 2.2
Percent of people living under food poverty 1992 - 2004

Source: Comisión Nacional para la Evaluación de la Política Social (CONEVAL)
http://www.coneval.gob.mx/coneval/medicion.html
The peso crisis increased the population living under poverty conditions from fifty-two percent of the total population in 1994 to almost sixty-nine percent in 1996. The most dramatic increase in poverty was among the population living under food poverty, which almost doubled. As Figure 2.2 shows, food poverty in the rural areas increased from thirty-seven to fifty-two percent, while in urban areas it increased from ten to twenty-six percent. At the national level there was an increase of sixteen percent points.\footnote{The official poverty lines were estimated by the Mexican Ministry of Social Development in 2002. The official methodology is based on an estimate of welfare using personal income levels reported in the income-expenditure surveys (ENIGH). Those levels are compared with three thresholds or poverty lines. The first is called Food Poverty, and it indicates the minimum income required to satisfy daily food requirements (2.09 and 1.54 USD of year 2000 per day per person for rural and urban localities). The second poverty line, Capacities Poverty indicates the required income to satisfy food, health, education, shelter, clothing and transportation (2.47 and 1.89 USD of year 2000 per day per person for rural and urban localities). Finally, the third point, Patrimony Poverty indicates the income required to satisfy additional needs (4.18 and 2.81 USD of year 2000 per day per person for rural and urban localities). Currency rate=10 pesos per dollar.}

After the economic collapse, there was a consensus that something had to be done in order to deal with the consequences of a crisis of this magnitude. Regardless of ideological or personal point of view, welfare programs at the time were indisputably inappropriate to deal with the crisis. Together with Pronasol, in the mid-1990s Mexico's federal government ran fifteen food subsidy programs: four were generalized and eleven were targeted at different urban and rural populations. These programs were operated by ten distinct ministries or agencies, and varied in coverage and size (Levy 2006). Despite the fact that poverty was especially prevalent in rural areas, seventy-five percent of the total budget for existing poverty relief programs at that time was channeled to urban areas. “In fact, over half of the total budget was
absorbed by the generalized bread and tortilla subsidies in the urban areas, where most of the income transfer was captured by non-poor households” (Levy 2006: 5). Furthermore, in 1995 “close to sixty percent of all poor rural families received no food support at all from government” (Levy 2006: 6). While Pronasol successfully reached a large segment of the patrimonial poor, it was hard to deny that such a program that required community organization “did not reach the extreme poor simple because a community’s capacity to organize tends to be inversely related to its poverty level” (Trejo and Jones 1998: 88).

Hacienda personnel proposed Progresa. Santiago Levy, deputy minister of finance, proposed creating a unified effort to fight poverty through investments in human capital. But the proposal was not to inject resources to the human capital projects of the welfare apparatus (IMSS solidarity, COPLAMAR, Pronasol, Conasupo, or any other existing program). Rather, the proposal was to create a program that would circumvent all of the existing programs and stimulate demand in the health, nutrition, and schooling sectors. Progresa was built on the idea that it is better to transfer income directly to the poor, not through subsidies, but in monetary terms. Plus, to avoid recipients seeing the program as paternalistic, the proposal was to make receipt of transfers contingent on poor people’s investments in their own nutrition, health, and education (Levy 2006).

Beyond financial and technical issues, concerns about Progresa were close to the cabinet members’ hearts, particularly the ministers who operated the existing poverty relief funds, namely the Minister of Development, Carlos Rojas. Opposition was intense when it became clear that there was no inten-
tion to implement Progresa in addition to all other policies, but in fact, that the aim was to implement Progresa instead of all other policies, including Pronasol and subsidies that had been in place for decades. Phasing out food subsidies, such as the subsidy for tortillas, to finance Progresa was taken as an affront not only to those directly affected (who were mainly urban settlers), but as an affront to the nation itself. In addition, the argument to take apart existing programs because they were inefficient was taken as a personal critique by many who were involved in the operation of previous programs.

As resources drifted away from programs that they had previously controlled, high ranking bureaucrats saw their opportunities to shine diminished. And since losing resources also meant losing the attention of the president, governors, Congress, the media, and powerful interest groups, their opportunities to advance in their political careers were substantially reduced (Levy 2006). Certainly, the feelings of loss were more than justified. Remember from the previous section in this chapter that every president since the formation of the PRI had previously been a member of the cabinet.

Along with the threat to their political careers, ministers were also under pressure from leaders of the community councils that administered Diconsa, which was by that point the largest network for the distribution of subsidized food. Not only did these leaders openly criticize Progresa and Levy, calling him a cynic and a technocrat, but they also threatened to resist change using any necessary means (Reforma, October 2 and 28, 1999).

The former Regional Development network of SPP, including the state delegates, were powerful managers of the patronage system and intermedi-
aries between the federal and the state governments. Because of the budget reallocations caused by Progresa, delegates became almost irrelevant. Thus, Rojas faced additional pressure from within his ministry.

How did Progresa survive the cabinet’s antagonism? The power of the president and the supremacy of Hacienda in the control of the budget were perhaps the two most important factors that explain Progresa’s survival. Having Zedillo on board was crucial for the program’s future. Levy explains: “Without that leadership and support, it would have been impossible to phase out generalized food subsidies –particularly for tortillas, which had been in place for more than thirty years– and close down agencies that had formed part of the federal government for a long time” (2006: 17). Hacienda completely controlled the budget. Thus, resources for Progresa were budgeted in the Ministries of Social Development, Health, Education and IMSS without those ministries’ participation.

The magnitude of the crisis gave technocrats in Zedillo’s cabinet an opportunity to go against the clientelistic and corporatist traditions prevalent in the system in a way that de la Madrid and Salinas could not. Furthermore, in the 1990s, the government had significantly more tools at its disposal with which to efficiently execute public policy. Advances in statistical computation and in the survey industry allowed for the collection census data reliable at the village level. In addition, the Geographic Information System allowed for the calculation of a poverty index in a small geographical unit; thus, the poor could be successfully located (interview with Daniel Hernández, August 2005).

Unlike the majority of previous programs that were both designed and
implemented by the same ministry or institution, Progresa was designed first and then assigned a place in the federal bureaucracy. Progresa’s predecessor was a pilot project that Levy himself implemented in the state of Campeche in 1995. The location of the pilot program was not random. Campeche is a southern state far from Mexico City and, most importantly, far from critics and skeptics. The distance allowed the low profile pilot program to generate sufficient evidence to support the expansion of the program (interview with Levy, August 2005).13

On December 29, 1994 the late José Gómez de León and his group at the Consejo Nacional de Población (National Population Council, Conapo) received their first order to create a program that would deliver cash transfers to the female heads of poor households in the countryside. Levy supervised the design of the large scale program step by step in weekly meetings. The final program consisted of three complementary components: a cash transfer, intended primarily for food consumption; a scholarship, intended to cover the opportunity cost of children’s labor so that they could stay in school; and

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13 Lessons from the pilot project became handy when, for instance, critics argued that Progresa was bound to create a fracture in the communities between those who were enrolled in the program and those who were not. The evaluation of the pilot project proved that this concern was unfounded (interview with Levy, August 2005).
nutritional supplements.\textsuperscript{14, 15}

The design of the program was simple compared to the negotiations regarding Progresa’s place in the bureaucracy. The four ministries that involuntarily gave up resources to fund Progresa, naturally had high stakes in overseeing it. A member of the design team explained: “they all wanted to be the owner of the new toy” (interview August 2005). Given that control over redistributive policies had gone back and forth among ministries over the years, it was unclear which one should keep the “new toy”. This decision was made in a closed door meeting. Not even Gómez de León was allowed in the meeting, and there is no documentation as to what was said. Yet it was known to be very conflictual (interview with Daniel Hernández, August 2005).

The result of this meeting was the creation of an autonomous agency that would be a satellite of the Ministry of Social Development but that could not be the owner of the new toy.

\begin{footnotesize}
\textsuperscript{14}All the components added up to an average transfer of 35 US dollars per month, which represented approximately twenty-five percent of the average poor rural household income in the absence of the program. Of this amount, cash transfers from the education component represented fifty percent; cash transfers from the nutritional component thirty-six percent; in-kind food supplements, approximately four percent; and medicines and other services provided at the health clinics, ten percent. Thus, more than eighty-five percent of the benefits of the program are in cash. Transfers are paid every two months (Levy 2006: 23). The amount of benefits received depended on the number of members in the household as well as the gender and age of each household member. The transfers are conditional upon children’s school attendance and regular medical check-ups and consultations at health care centers.

\textsuperscript{15}Making the transferences in cash was not the first and only alternative that the team took into consideration. Actually, they considered using checks. They even hired Jonathan Davis, a specialist in fraud, to test how easy was to falsify the type of check that designers had in mind. They gave Davis a check with twenty-four marks and he returned them one exactly like that but false. On the other hand, there was the question of accessibility to banks in the rural areas. Another option under consideration was to use a card with a chip, however the high costs of this particular technology made it unattractive. Ultimately, they decided to use an identification card and a cash transfer in the first years of operations (interview with Daniel Hernández, August 2005).
\end{footnotesize}
would have substantial and financial independence from it. The new agency would be in charge of the implementation of the program all the way down to delivering benefits directly to beneficiaries. Just as Salinas intended with Pronasol, there would be no intermediaries. This time, however, the exclusion of “intermediaries” meant that all traditional and powerful mechanisms of distribution such as governors and the Pronasol bureaucracy (or the PRI fourth sector) would be aggressively excluded.

Despite strong pressures from the ministers who wanted to control the operation of the program, the coordinator of the new agency would be designated directly by the president. A committee made up of representatives from each of the ministries involved was appointed; however, this committee had no capacity to compensate these ministries, either politically or financially.

Unlike Salinas, Zedillo, Colossio, and Rojas—all politicians in charge of the largest rural poverty relief programs at their respective times—Gómez de León, the first coordinator of Progresa, was not even a technocrat, he was a scientist. He had training as a demographer from the Catholic University of Leuven and from Harvard and Princeton Universities. Prior to Progresa, he had been the director of Conapo. And before that, he had coordinated the Department of Demography of the Center for Economic and Demographic Studies at a Mexican university (El Colegio de Mexico). Perhaps the Gómez de León group’s most important field experience was a birth control campaign that did not have the double objective of delivering resources and fostering political support. It was complicated enough to talk about sex and birth control methods to people in the rural areas, they did not wish to ask them
for their vote on top of that (interview with Daniel Hernández, August 2005).

2.3.2 Negotiating in the Congress

Congress received Progresa with skepticism and antagonism. Each of the parties had a complex relation to Progresa. As in the cabinet, first, opposition towards the program centered on the intention to phase out food subsidies. The first reaction of the PAN, the Labor Party (Partido del Trabajo, PT) and PRI was to propose, unsuccessfully, an increase in resources for tortilla and milk subsidies, Conasupo, and Diconsa (Reforma October 20, 1999). Clearly the PRI had the greatest stake in this request because the elimination of Conasupo and Diconsa directly hurt the party's corporatist apparatus, mainly in the rural areas where it was increasingly loosing support. The friction between PRI politicians in Congress and the federal government was nowhere clearer than in the meeting in which PRI legislators furiously demanded Rojas to publicly reaffirm his affiliation to the PRI (Reforma, August 22, 1997).

The elimination of food subsidies and Progresa's explicit intention to target only rural areas caused discontent in the urban areas, particularly in Mexico City. The PRD took advantage of the discontent by positioning itself in favor of the preservation of food subsidies, and demanding their increase. The president of the Commission for Social Development in the lower house of Congress declared: "The PRD has a very clear posture in this matter and not only will we fight for the preservation of subsidies, but we will seek the cooperation of the PRI and PAN in increasing the responsibility of the state in the administering of food programs in the rural areas, promoting the basic
products so that they are directed to poor households at an accessible price” (Reforma, October 5, 1999).

Antagonism toward the program, however, was just another symptom of a deeper gulf between the PRD’s understanding of poverty and that of the federal government. Julio Boltvinik, an influential researcher in the PRD, argued that targeting was a mistake because measurements of poverty are not exact. Since different institutions’ calculations of the number of poor diverged dramatically, from 13.6 million people to 56.6 million, Progresa would be excluding anywhere between fifty-five and eighty-nine percent of the poor (Boltvinik and Cortes 2000). With these numbers as reference, the PRD concluded that targeting was inappropriate and pressed for universal subsidies.

The PAN in Congress was slightly more receptive because it shared with Progresa the idea that investing in education was a priority in fighting poverty. The PAN had been committed to this principle ever since its adherence to the Christian Democratic Organization of Latin America. The centralization of resources implied by Progresa, however, went against the empowerment of the municipalities and states, another key element of the party’s doctrine. Carlos Medina Plasencia, then coordinator of the PAN delegation, argued that the PAN agreed with the necessity of having a national strategy to fight poverty; however, they disagreed with the centralized operation of social programs. Their proposal was that, at the maximum, the federal government should create general norms to be followed by each state (Reforma, November 4, 1999).

Tension in Congress was growing. On one hand the PRD proposed that
the program’s continuity should be conditioned upon an evaluation carried out by Boltvinik himself. Not surprisingly, Levy rejected this proposal (interview with Daniel Hernández, August 2005). On the other hand, a more radical wing of the PAN took the opportunity to demand the dissolution of SEDESOL and the reallocation of all its funds to state governments (Reforma, November 4, 1999).

Fortunately for Progresa, the most important obstacle in Congress was not ideological but political. Non-PRI legislators perceived Progresa as an even more sophisticated vote buying machine for the PRI. Thus, the solution was to convince them of the contrary. To do so, the president had to explicitly, concretely, and publicly commit to not politically manipulating Progresa. Zedillo declared: “Progresa is not a strategy that will payoff politically to anyone, not even the government. The profitability of this program from the political point of view will be low if not nil, but that is irrelevant for the Republic” (Reforma, April 24, 1998).

In order to make this commitment credible, Progresa had, for the first time, clear, and fixed criteria for determining eligibility that relied on poverty indicators. These criteria are based on geographical census data and household income surveys; plus, transfers were standardized. Certainly, by adopting Progresa, the president abdicated a substantial degree of discretion.

In addition, the operational rules, formulas, and budget were submitted for approval to the Chamber of Deputies. The resources of the program and the formulas to allocate them are described in detail in the federal budget, which is proposed by the executive but approved in the Chamber of Deputies. Operational rules are detailed regulations that govern the most relevant as-
pects of the program: “amount of cash and in kind transfers, criteria for selecting beneficiaries, including the household data that must be collected and processed and the confidentiality rules applied to the means-testing procedures, the rights and obligations of the beneficiaries and conditions under which they can continue to participate in the program, criteria for choosing localities and criteria for making information public” (Levy 2006: 103). These rules substantially reduced the discretion of program operators in the process of beneficiary selection.

Three additional measures were taken. First, provisions in the federal budget decree explicitly prohibited the use of the program to proselytize by any political party. Since 1998, all documents, materials, and forms have been required to include the following text when participating households receive any benefits:

We remind you that your participation in Progresa and receipt of benefits are in no way subject to affiliation with any specific political party or to voting for any specific candidate running for public office. No candidate is authorized to grant or withhold benefits under the program. Eligible beneficiary families will receive support if they show up for their doctor’s visits and health education talks and if their children attend school regularly. Any person, organization, or public servant that makes undue use of program resources will be reported to the competent authority and prosecuted under applicable legislation (Levy’s translation 2006: 107).\footnote{Original legend in Spanish: Le recordamos que su incorporación al Progresa y la}
It is worth mentioning that the identification card given to the households with security holograms includes a simpler legend that explicitly states that the benefits of the program are not given in exchange for the beneficiaries’ votes. Furthermore, the budget decree established that using Progresa or any other social program for political reasons is a federal offense:

Subjecting social programs to electoral or political requirements is a federal offense punishable by law. No public servant may use his or her position or resources to influence votes for or against any specific party or candidate. Progresa is a public initiative and the granting or continuation of program benefits does not depend on political parties or candidates (Annual federal budget decree; Levy’s translation)

Finally, Progresa was insulated from the temptation to disproportionately increase the list of beneficiaries close to election time. Although the program was ready to be launched in January 1997, it was delayed until August, one month after the midterm elections of that year. This practice was continued by including in the budget decrees of 2000 and 2003 a prohibition to include new beneficiaries in the program six months prior to election time.

By the 2000 election, parties in Congress had a different attitude with respect to the program. Ironically, when the time came to stop the growth of the program in January 2000, both the PRI and PRD in Congress objected
to the temporary halt and argued for the contrary. A PRI senator argued: “I think that Santiago Levy’s announcement that the list of beneficiaries will be frozen is regrettable. First of all, there is a continuous demand to increase the coverage of the program. In the second place, there are areas with emergencies caused by storms and the earthquake that have to be incorporated into the program. We [the PRI in the Senate] will insist that the list of beneficiaries should not be frozen, on the contrary, the coverage must increase” (Reforma, October 29, 1999). Similarly the PRD’s leader at the time declared: “you can not play with poverty in such a silly way. The problem is not to freeze the social budget but to find a mechanism to monitor and ensure that resources are not used buy the government to buy votes for the PRI” (Reforma, October 29, 1999).

Despite the obstacles that the program overcame, opposition to it never escalated into a generalized social movement, not even when it became clear that food subsidies were bound to disappear: “With numbers as allies, serious commitments and tying the hands of the executive government, the dissidents were convinced” (interview with Levy, August 2005).

Ex-post it seems that if it were not for the explicit commitment to tying the president’s hands to avoid the manipulation of social funds, a divided lower house of Congress would have never allowed the program to operate. However, a unique space for negotiation was opened with the electoral victory of the leftist candidate, Cárdenas, in Mexico City in 1997, because the corporatist groups in the city affiliated with the PRI were weakened by the displacement of the PRI cadres in the bureaucracy (interview with Levy, August 2005).

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2.3.3 Negotiating among governors and local authorities

Once Progresa survived the cabinet and Congress, two additional obstacles remained: Governors, who had amassed substantial power due to the process of decentralization, and local authorities. Progresa marginalized both. The centralized design of the program was intentionally meant to circumvent them. In Levy’s words: “one of the objectives is to insulate the day-to-day running of the program from political pressures by state or municipal governments to change eligibility criteria, operations, or the size of benefits because conditions on their state are ‘special’ ” (Levy 2006: 101). Whereas technically Progresa did not need governors, either financially or operationally, it needed their recognition and cooperation so as not to obstruct its operations. Following the structure of the federal government, the ideal place to search for support would have been SEDESOL state delegates. Yet the elimination of Pronasol had stripped state delegates of their source of power, making them very unlikely allies of the program. “The Progresa team was alone in doing business” (interview with Daniel Hernández, August 2005).

Two decisions helped in convincing the governors. First and foremost among the various changes to the federal budget, two-thirds of Pronasol’s budget was reallocated to state and municipal governors. Certainly, putting this money in hands of the governors, particularly PRI governors, was not intended to fight poverty. Rather, these transfers “distracted” governors and municipal presidents from the dramatic transformation that was about to take place. Levy said: “They were happy with bread crumps” (interview with Santiago Levy, August 2005). Secondly, Progresa started as a low profile
program covering a small share of poor families in its first year of operation, so it makes sense to believe that governors underestimated the potential growth of the program.

Yet again, Zedillo had an active role in convincing the governors. In 1998, each governor signed an agreement to cooperate in the instrumentation of the program (Firmas del Acuerdo de Coordinación para la Instrumentación del Progresa) and an agreement to use the new fund (item 33) for social development. In most cases these agreements were signed simultaneously. Thus, it is not at all surprising that governors were willing to cooperate with Progresa. Certainly, some governors were more receptive than others, but in the end all states agreed to cooperate. Once again, the publication of the operational rules in the budget decree was useful in convincing governors that the program was not a unilateral effort by the president to politically manipulate people in their states (interview with Levy, August, 2005).

Just as the program had to convince governors, it also needed the local governments on its side. Notably, as the program started to grow, it became clearer that the municipalities were needed to police the places where transfers were delivered, to provide public restrooms at events related to the program, etc. In the poorest areas of the country the program found no opposition, whereas the less poor areas were remarkably more reticent. Throughout the campaign organized to inform municipal authorities about the program, emphasis was made on the redistributive nature of the program and its clear rules (interview with Daniel Hernández, August 2005).
2.3.4 Why did a PRI president promote Progresa?

Before finishing this chapter it is worthwhile to say something about Zedillo’s personal motivation. Why did a PRI president promote a policy like Progresa? It is impossible to answer this question with certainty. However, two factors are useful for understanding Zedillo’s behavior. First, Zedillo was far from being the first president to go against the Revolutionary Family. Ever since Lázaro Cárdenas—who replaced the territorial organization of the party still loyal to Calles with a corporatist structure controlled from the center—the party has been continuously challenged. Nor is Zedillo the first president who has argued for reform of the political system.

However, Zedillo is the first president who, once in office, succeeded in delivering on his promises. The restructuring of social expenditures was only one of the priorities on Zedillo’s agenda. At least three additional points reinforce the idea that he sympathized with the reform of the system. First, “he relinquished extra-constitutional roles that had been adopted by all former presidents, such as the leadership of the party and the head of the nation’s political class. Second, he called for sweeping reform of the judiciary and the Supreme Court. And third, he announced that he would maintain what he called a “healthy distance” from the PRI and would refrain from intervening in the selection of his successor” (Rubio 1988: 14).

Ideology and personal reasons played a major role in shaping this agenda. On one hand, Zedillo was a close friend of Levy and he listened carefully to him (interview with Levy, August 2005). On the other hand, Zedillo was simply not that much of a PRI partisan. Furthermore he was directly opposed to Salinas’ political project. Ever since Zedillo’s campaign, the antagonism
between the two was clear. Afterwards, the imprisonment of Salinas’ brother, Raul, in 1995 confirmed the rupture between them (Castañeda 1999). However, the PRI’s decline could also be a determinant in explaining Zedillo’s choices. Perhaps Zedillo saw a point of no return and decided that it was better to jump ship before it sank.

In any case, Zedillo’s initial decision to distance himself from the party reinforced three important trends that had longer term roots as explained in this chapter: growing electoral competition was making it ever more difficult for PRI members to have guaranteed access to power through elected offices; technical competence had become a formidable credential for political promotion, above party loyalty or active party membership; and economic reforms had reduced access to wealth through corruption (Rubio 1998).
Chapter 3

The Electoral Effects of Progresa

Progresa, later called Oportunidades, is among one of the few Mexican federal poverty relief programs that has survived two contested presidential elections in a row. After both elections, the dominant view in some academic and policy circles was that the only explanation for a poor voter’s decision to cast her vote in favor of the party distributing resources was that she must have felt coerced or threatened by that party. On the eve of the 2000 presidential election, Felipe Calderón, current president of Mexico, wrote the following editorial regarding Progresa and other welfare policies:

The same staff in charge of the distribution of social benefits is in charge of operating the electoral support for the PRI candidate. The low-ranking bureaucrat of the Ministry of Development or the Ministry of Agriculture is at the same time a PRI broker. In one hand they have the list of beneficiaries and in the other
hand they have a list of votes promised to the party. He can also lie without difficulty to the beneficiaries, saying that if the PAN wins, the programs will disappear, or if they don’t vote for the PRI, they will be suspended from the program. In a rural community, far away from academia, who will tell them that it is not true? The country has changed and some institutions have changed, but the dinosaurs are ironically the same, and they will act the same way. Certainly, the effect of their tactics will never be the same as before. Some will argue that they will affect the electoral process [only] marginally. I agree. It is just that, if they affect two or three percent of the votes in a tight election, with this strategy they will be practically deciding who is going to be the next president of the republic (*Reforma* June 1, 2000)¹

Following this same logic, Cornelius concludes that the positive correlation he finds between voting for the incumbent and being a recipient of Progresa in 2000 must be a sign of clientelism enforced through the “strategically timed distribution of checks to beneficiaries of federal government social programs (especially Progresa), another tactic used by PRI governors in the impoverished southern states” (52). Yet governors had no decision power over the distribution of Progresa (see Chapter 2). Regarding the magnitude of the effect, Cornelius says: “The failure of these programs [Progresa, Liconsa and Procampo] to deliver many votes to the PRI in 2000 may be explained by the beneficiaries’ perception that the programs were ‘official’ government

¹Ironically, Felipe Calderón won the next presidential election in 2006 by less than half a percentage point after the administration of Fox doubled the list of beneficiaries of the program.
programs for which the PRI should not be credited, or that they were enti-
tlements rather than special gifts to the poor” (58). Cornelius admits that not everyone sees the program as clientelistic, but he assumes that whoever saw it as non-clientelistic did not vote for the PRI, while the only ones who voted for PRI were the ones who saw it as clientelistic.

In this chapter, I argue that people knew Progresa was non-clientelistic. First, because the program circumvented traditional mechanisms of distribution that were subject to pressures from local bosses or politically important leaders. Second, Progresa’s bureaucracy responded to a different set of motivations because, unlike other state representatives whose careers were tied to their ability to get votes while managing welfare institutions, a congressional decision made it a federal offense to use Progresa to persuade voters. Third, Progresa not only informed its recipients about its non-political nature but it also successfully informed them about the program’s benefits, its requirements, and the origin of its resources. Thus Progresa challenged local monopolies on political power that had persisted in the rural areas.

At election time, Progresa recipients knew exactly how much help they were getting and who was responsible for this help. In addition, the weakening of political monopolies gave political parties incentives to compete for the votes of program beneficiaries. As a consequence, electoral participation increased in the rural areas covered by Progresa, at least in the short term, and clientelism was irrevocably eroded. This argument thus calls into question the presumptions of earlier literature on the effects of poverty relief funds on electoral behavior by emphasizing the idea that programmatic spending is different from clientelism (Kitschelt 2000, Stokes 2007, Wantchenon 2003).
The implications of my argument for the long run are still unclear. Perhaps the permanent erosion of clientelism will force parties to innovate in their campaign strategies and platforms. Yet it is unclear whether the democratic deficit will be corrected. Regardless, Progresa’s investments in human capital should, at the very minimum, preclude local bosses and parties from indulging in the most pervasive form of clientelism which relies largely on poverty and lack of knowledge about the functioning of government.

The first part of this chapter lays out the argument in detail and the research that generated it. My understanding of these developments is based on several types of qualitative research: (1) studies of four Mexican villages: Santa María Citendejé (State of Mexico), Unión Ejidal and La Pedregosa (Tlaxcala) and El Chico (Hidalgo); (2) interviews with members of local governments at the National Conference of Local Development organized by the Ministry of Social Development, and (3) interviews with Progresa staff from various levels, ranging from the national coordinator to local staff members. In the second part of the chapter, I turn to the experience of the 2000 presidential election and argue that both the incumbent and opposition parties adjusted their strategies because of Progesa. As a consequence of the intensification of parties’ interest in recipients of the program, electoral competition increased in the poorest areas of the country. This section is based on a detailed search of newspaper articles regarding the positions of all parties with respect to the program and the development of their campaigns from August 1997 to May 2000.
3.1 The direct effect of Progresa on electoral politics

By the time Progresa was first implemented, old-style caciques (local bosses) were no longer feudal chiefs with absolute economic and political control over a region (including the personal lives of its inhabitants) like the legendary Gonzalo N. Santos in San Luis Potosi\(^2\), Leobardo Reynoso in Zacatecas or Ruben Figueroa in Guerrero. The modernization of the country, electoral reforms, and the expansion of the government welfare bureaucracies on one hand and the continuous economic crisis and the pro-market economic reforms on the other hand sharply diminished the resources available to local bosses (Cornelius and Craig 1991). As a consequence, the ability of patronage machines to mobilize voters in favor of the government decreased. This is reflected in a steady drop in turnout from the 1960s, which bottomed out in the closely-contested elections of 1988 (Lawson and Klesner 2004).

The evolution of welfare agencies and the bureaucracy, however, did not dilute machine politics as it did in the U.S. after the New Deal (see Scott 1969). Rather, in Mexico welfare agencies and the bureaucracy reproduced clientelistic relations (see Chapter 2). Thus, old style caciques were replaced by (or transformed into) new patrons “positioned around occupants of the management offices of large parastatal companies, managers of agricultural banks, and federal delegations” (Aguilar Camin and Meyer 1993). In parts of the country, mainly in large urban centers, the power of these new patrons

\(^2\)Bezdek (1995) wrote about Santos: “Virtually all sources report that he applied the law of the three ierros to his opponents: el encierro, el destierro and el entierro (imprisonment, banishment, and burial) (35).
was constrained. For instance, in Mexico City the inefficient response from the government after the 1985 earthquake caused grass-root organizations to replace old style PRI patronage machines as the political centers of poor neighborhoods (Aguilar Zinzer et al. 1986, Centeno 1999).

In places where patrons remained powerful, mainly rural areas, local politics has been characterized by three features. First, rewards are distributed in exchange for explicit political support. Often times “goodies” as diverse as lunch, construction materials, clothes, and—when the machine is generous—washing machines are distributed close to election time contingent upon a vote for the party. Second, state representatives of welfare agencies condition the distribution of goods and services on support for the ruling party (Williams 2001). Common practices in Mexico are that local governments buy chemicals needed in the fields, construction material or corn flour (the main ingredient for the preparation of tortillas) with public monies and then sell them at half price, but only to partisans. Or, state representatives deny access to subsidized food stores to people of a certain partisan affiliation. For instance, a manager of an Integral Family Development establishment (Desarrollo Integral de la Familia, DIF) in the state of Guerrero shouted to 150 women dressed in the traditional indigenous clothes (hupiles) who were in line waiting to buy corn flour: “You are not PRIistas, go away, there will be no Minsa for you”. Yet another popular practice is the distribution of t-shirts with the party logo, which people happily wear, in part because of their loyalty to the party, but mostly because for many people that t-shirt is among the few opportunities they have to wear new clothes.\(^3\) Third, state repre-\(^3\) Reforma June, 20 and 28 2000.
sentatives are more interested in "turning out" people to the polls, parades, and rallies than in the functioning of the state agencies because their careers are determined mostly by their ability to respond to political needs of the incumbent party. Many years ago an official of National Staple Products Company (Compañía Nacional de Subsistencias Populares, CONASUPO) explained this clearly:

The state representative is often sandwiched between his responsibilities as direct representative of CONASUPO or the general director in the state and the political pressures which are exerted upon him by the governor and local political forces. Many times he might be in a position of wishing to ignore or "not hear about" the malfunctioning or nonfunctioning of CONASUPO programs because of other pressures upon him (in Grindle 1977: 143).

From the voters' perspective it is in their long run interest to punish such practices. Yet not all voters do so. Some of them abstain from voting, and some of them comply with the demands of the machine. Scholarship argues that voters make this "irrational" choice because they cannot coordinate to

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4Clientelism is a loose concept in the discipline. Other definitions of clientelism place more attention in the fact that particular interests are promoted at the expense of general interest (Putnam 1993, Sobrado 2000). For others, clientelism is defined by the cost imposed on the client: "political clientelism means the relations that are established between a patron who offers certain services and a client who in exchange for those services (or goods) permits the patron to govern and resolve collective issues without the client's participation" (Sobrado Chaves and Stoller 2002). Along the same lines, other scholars define clientelism as the ceding of political rights on the part of the client in exchange for public favors, goods or services (Fox 2004). Many define clientelism in terms of the consequences of the exchange; thus, a weak democracy or a polity with little "social" capital implies that clientelism permeates the exchanges in the political system. Finally, other scholars define clientelism with respect to the "procedural nature of the exchange" (Kitschelt 2000); in these terms, exchanges that involve corrupt practices are bound to be clientelistic.
do otherwise. The temptation is high to take whatever the patron is offering and leave others to the task of punishing the incumbent. Nevertheless, not even grass-roots movements (Sobrado Chavez and Stroller 2002) and state interventions designed explicitly to organize the poor (Fox 1994, Abers 1997) have been able to eradicate clientelistic practices.5

Incumbents get away with this not only because voters are incapable of solving their collective action problems but also because rationality is bounded (Mullainathan and Thaler 2001)-limited human ability individually constrains problem solving. Individual constraints explain why even when electoral markets present all the incentives for voters to defect from a party that has failed them, they do not switch their vote choice. Under the influence of poverty, individual constraints are even more binding. Scarcity of resources fosters risk aversion and impatience in the short run (Duflo 2003). This leads to a deadlock simply because the cost of siding with the wrong partisan group and being left out of redistribution, even if it is limited, is high. Moreover, voters know that machine politics can successfully monitor defections and punish them (Stokes 2005). Thus, local bosses and patrons not only limit redistribution but obscure the true preferences of the poor. They deter opposition parties from investing in their areas because opposition parties will pay a high price to establish a presence where the local bosses are strong.

5Scholarship shows that clientelism persists even after institutional changes. For instance, clientelism did not disappear with the introduction of electoral democracy, or even with the introduction of the secret ballot (Escobar 2002). Remarkably, clientelism has resisted structural changes such as industrialization or even globalization (Lemarchand and Legg 1972, Hytrek 2002). Furthermore, clientelism has proved to be compatible with class politics (Zuckerman 1983).
How did Progresa affect this environment? Lessons from the American context show that public policies affect a wide range of social outcomes, from group identification to individual mobilization. Specifically, “individuals affected by a program may become active on related political issues, presumably to protect or expand benefits” (Mettler and Soss 2004: 62). Campbell (2003) argues that social groups develop organizational capacity in response to the creation of a relevant public policy. For instance, she finds mobilization to be strongest among low-income beneficiaries of old-age insurance – the group most likely to be dependent on social security income.

Research on the effect of means tested programs on political participation has found evidence of negative or no mobilization. Soss (1999) presents evidence that Aid to Families with Dependent Children (AFDC) has a negative effect on the likelihood that an individual will vote. In addition, Social Security Disability Insurance (SSDI) is not correlated with a voter’s intention to vote. This divergent effect is related to differences in the information each program conveys about governmental performance. SSDI’s complexity and responsiveness produces a sense of internal efficacy of political action. In contrast, AFDC bureaucracy fosters low levels of political participation (364). Soss highlights the importance of welfare participation itself as an educative process. Recipients of welfare programs learn about the public life and their role in it through their experiences with welfare agencies (376). In some cases this experience is empowering, and in others it is not. Beyond the design of particular means tested programs, scholars that study American programs have emphasized that targeting poor minorities is harmful for political engagement because dependents on government aid are stigmatized.
(Rogers-Dillon 2006).

The relevance of studies based on American programs is not the specific direction of the effect of programs on political behavior. Rather, the key lesson is that there is an important "policy feedback loop" that should be taken into account when explaining the political behavior of the poor (Skocpol 1989, Mettler 2002).

When thinking about the effect of programs targeted at the poor in developing countries, in contrast to the US, there is a radical difference in the number of people living in poverty. Means tested programs in the developing world are not tailored to the needs of minorities; on the contrary, they are tailored to majorities. In a way, targeting the poor in a developing country is an example of Skocpol's (1991) classification of a semi-targeted or semi-universal approach. Thus, it makes sense to think that the arguments about stigma or a low internal sense of efficacy caused by being part of an underprivileged minority simply are not as relevant when being underprivileged is not the exception, but the rule.

Progresa had a large impact on the overall stability and well-being of participant families. The improvements in human capital decreased not only the incidence of destabilizing shocks, such as illness, but also the vulnerability of households to these shocks. In terms of efficiency Progresa represented a dramatic departure from previous programs based on general subsidy schemes. For instance, in 1994 the highest and lowest income deciles benefited from the main food subsidy at practically the same rate, six and seven percent, respectively. In contrast, the food component of Progresa received by the highest income deciles is zero compared to thirty-five percent for the lowest
deciles (Scott 2001). By 2000, in terms of education Progresa increased enrollment rates of boys in primary school by 0.74 to 1.07 and girls by 0.96 to 1.45 percentage point. At the secondary level, when enrollment rates often fall dramatically especially for girls, Progresa had also a positive effect. For girls this ranged from 7.2 to 9.3 percentage point and 3.5 to 5.8 percentage points for boys. This additional education means that children, when becoming adults, will expect to have higher permanent income by approximately 8 percent (Schultz 2001). Furthermore, the increase in enrollment due to Progresa is higher than the increase that would have been produced by the construction of additional secondary schools which is estimated to be 0.46 for girls and 0.34 for boys (Coady 2000). With respect to health, children in Progresa from birth to five years old have a 12 percent lower incidence of illness than children of that same age in households without the program. Furthermore, adults in Progresa households were healthier too (Gertler 2000). Finally Progresa was shown not only to increase overall acquisition of food, but to improve dietary quality over caloric intake (Hoddinott et al. 2000).

In terms of targeting, studies shows that the eligibility criteria described in the rules of operation do predict actual enrollment in the program (Skoufias et al. 2001). In the same way, the geographical expansion of the program corresponds to the geographical distribution of poverty. Chiapas, Mexico State, Puebla, Veracruz Oaxaca and Guerrero account for the 48.2 percent of poverty and are home to 53.6 percent of program households. On the contrary, the six states with 2.9 percent of the poverty (Baja California, Baja California Sur, Aguascalientes, Colima, Quintana Roo and Nayarit), are home to 3.5 percent of program households (Skoufias 2005).
In addition, these effects are irreversible in the sense that an extra year of schooling or a year without illness simply cannot be taken away. As poverty decreases, households can be more tolerant of risk and more patient. Thus, Progresa's first "policy feedback loop" is that families not only are pleased with the program but can afford to distance themselves from local bosses.

Besides this direct effect, Progresa's transfers further weakened the relationship between patrons and the rural poor by circumventing traditional distribution mechanisms susceptible to pressures by governors and locally important political figures. Unlike previous state representatives, whose careers were tied to their ability to get votes, Progresa personnel had a different set of incentives because of the congressional decision that made using Progresa to get votes a federal offense punishable by law. The margin to manipulate the program was also diminished by the decision to incorporate in all program materials (including the identification card) a legend that explicitly said that the participation in the program was not subject to affiliation with any party or voting for any specific candidate. In addition, it clearly states that with no exception people that tried to use the program for electoral purposes would be be prosecuted (see Chapter 2 for the exact

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6Prior to Progresa, Pronasol was seen by some as an effort to bypass both local authorities and traditional political bosses. While the extent to which Pronasol challenged local bosses remains unclear, Fox and Moguel (1995) argue that many, but not all, opposition mayors were bypassed. The discretion with which Pronasol funds were allocated gave the state and municipal agents room for bargaining. Thus, the degree to which municipalities were bypassed was a function of the state electoral context and local bargaining strategies (199).

7It is perhaps worth mentioning that the Progresa personnel in the three states that I visited were far from conforming to stereotype of a broker: a chubby male in his late forties with mustache who is an expert in "persuasion". Instead I found the state offices staffed by young men and women who, with a few exceptions, were new to the bureaucratic life.
This information successfully reached recipients of the program. In summer 2002, I spoke with a group of people in Santa María Citendejé who might be expected to have little access to information sources because their hometown is far from the municipality. Most of the people in this group were program beneficiaries. When I asked them about the requirements to get Progresa’s benefits, I immediately got the right answer. I then asked: what does Progresa do? A person spoke about the three components of the program, after which I asked: Where does the money come from? Surprisingly, I again got the right answer. For every question I asked, the answers were correct (interview, Santa María Citendejé, State of Mexico, 2002).

This trend is not at all exclusive to Santa María Citendejé. In La Pedregosa, a significantly smaller village in the state of Tlaxcala, a recipient of the program explained to me: “We are not afraid, if kids stay at school, we stay in the program” (interview, La Pedregosa, Tlaxcala, July 2005). Program personnel in that state also acknowledged that their work is facilitated by the fact that recipients know the conditions that they have to meet in order to stay in the program: “Women know that missing the health talks or kids missing school results in the loss of the program” (interview with personnel, Tlaxcala, July 2005).

The knowledge that recipients have of the program is not superficial. The structure of the transfers varies depending on the size of the family, the gender and age of children. This information is not straightforward, and it makes sense to think that recipients might be confused by differences in the amount of the transfer that each family receives. Nevertheless, recipients
were aware of these differences and knew the logic behind them. When asked why some families received more money than others, they answered correctly that “payment” for girls is higher than for boys because parents tend to take girls out of school sooner. They also knew that being dropped out of the program was directly related to their attendance at the health talks and the attendance of children at school (informational meeting at Unión Ejidal, July 2005). It is very likely that the requirement that the female head of the household attended talks at the local health center has contributed to a proper understanding of the program because it artificially created an opportunity for women to meet on systematic basis, interact and discuss matters related to the program and also, in many cases, more general issues about their community.  

It is even more surprising that women are not only well informed about the program but actively protest against brokers that try to intimidate them. In Santa María Citendejé a group of women complained to me that a broker in their village intended to use the program to advance her own political career by threatening people or promising to incorporate families into the program. One of them said: “but we know she does not have the last word on this. That is why we don’t like her” (interview, Santa María Citendejé 2002).

The national coordinator of the program during Fox administration, Rogelio Gómez Hermosillo, explained to me that in the headquarter offices of the program they have received complaints from recipients denouncing bro-

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8Studies in other areas have shown that participation in these talks induced a behavioral change. See Hoddinott and Skoufias 2004, Davis et al. 2002.
kers that try to use the program for dubious or unethical purposes. He gave me the following example: “Some time ago the state representative of Hidalgo brought me a video from a community that had a problem with the doctor at the local health center. The problem was that the doctor proposed to the recipients that instead of a usual informational talk she was going to send them to an official event with the Minister of Health, Julio Frenk, because it was international AIDS day. The recipients of the program were upset because they felt that the doctor was trying to manipulate them into attending a political event, so they called the corresponding office in Pachuca (state capital) asking them to send someone to intervene in the issue. When the state staff got there, the doctor explained that the event she was proposing was not political but an official event at which the Minister of Health was going to talk about AIDS” (interview, August 2005). Two points are interesting about this anecdote. First, the doctor’s proposal, which exceeded the program requirements, annoyed the recipients even though it was not a case of political proselytism. Second, the recipients knew whom they had to call to file their complaint.⁹

For the majority of households in the traditional rural areas, Progresa was their first face-to-face interaction with a branch of government other than the local one (remember that government resources tended not reach the extremely poor in rural areas). The fact that recipients learned that resources could flow independent of the local boss or state governments made

⁹Interestingly enough, Gómez Hermosillo received more complaints about the PAN on the basis of dubious practices. His hypothesis is that PANistas are less experienced manipulators; thus they get caught more often than PRIistas. However, there is no data on the number and nature of complaints.
brokers’ jobs more difficult, if not impossible. A PRI broker from the state of Tabasco explained to me his discontent with the program:

What the staff doesn’t get is that they have to let us decide who enters and exits the program; otherwise, we can’t punish people that didn’t vote for us. And we know who didn’t, we know because we know the people, where they work and what party they are loyal to; with the inflexibility of the program we can’t include our people and take out the ones that are not with us (interview with PRI broker, Mexico City, August 2005).10

This broker was not the first to complain about the federal government intervening in the political life of municipalities. Previously, however, this complaint came not from PRI brokers but from the opposition.11 A notorious example was the opposition’s antagonism to Pronasol (see Fox and Moguel 1995, Acedo Angulo 1995). The fact that Progresa made both the PRI and opposition brokers’ jobs harder strongly suggests that Scott’s argument finally obtained leverage in poorest rural areas: “the precinct captain’s hod of coal was a joke; the protective and defensive function of the machine had simply ceased to be important political incentives” (Scott 1969: 1156-7).

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10The exact words in Spanish were: lo que los de oportunidades no entienden es que nos tienen que dejar intervenir en la decisión de quién entra y quién no en el programa, si no nosotros (en el municipio) no tenemos manera de castigar a la gente que no estuvo con nosotros en la elección. Y nosotros sabemos quién no voto con nosotros, sabemos porque conocemos a la gente y donde trabajan y con qué partido se afilian de toda la vida, así que con lo estricto del programa no podemos meter a nuestra gente y sacar a la gente que no estuvo con nosotros.

11Fox and Moguel (1995) suggest that some PRI municipal authorities complained about the centralized nature of Pronasol. Yet, there is no systematic comparison between opposition and progovernment municipalities reactions to that program.
The brokers' feelings of displacement are shared by municipal presidents of all political affiliations throughout the country. At the National Convention for Local Development (2005), municipal presidents met with Progresa personnel to discuss the advantages and disadvantages of the program. After several academics presented their views on the program, the municipal presidents were broken into working groups to discuss in detail the functioning of the program in their municipalities. While all the working groups recognized the advantages of the program in terms of fighting poverty, all of them came up with the same central demand: the decentralization of resources, including full access to the list of beneficiaries. They also demanded to have an active role in the selection of recipients and the power to purge this list to their discretion. The most common argument was that the municipality had better information about their villages and could therefore minimize errors of inclusion of non-poor households into the program and the exclusion of poor ones.

It is impossible to distinguish the true motivation behind local authorities' demands. It is safe to conclude, however, that some of them were more frustrated by their exclusion from Progresa's resources than by the errors in the targeting method. Would Progresa be more efficient if the demands of local authorities were met? Kistchelt (2000) has a pessimistic argument on this respect: "Going beyond institutional contingencies, where socioeconomic development and state formation strongly pull a democratic polity toward clientelist linkage mechanism, at the margin of a new democracy, the power of the presidency may be the only available institutional antidote to the reign of special interest in clientelist networks" (861).
At first glance, it makes sense to think that the electoral effects of Progresa are comparable to other policies that put cash in the pockets of the poor. Yet information plays a major role in differentiating Progresa. Unlike food subsidies, whose source is often unknown, as is the fact that the price being paid is below the market price, Progresa’s monetary transfer and its source are clear. On my second visit to Santa María Citendeje Citendeje, I was again surprised with respect to this latter point. My first interviewee was Doña Rosa. I encountered her on the main road of Santa María pulling a small, battered ice cart from which she sells ice cream for a living. At that time, Doña Rosa was part of the committee that serves as a bridge between the program and the recipients in the village. She had been enrolled in the program since 1998. After we talked about her every day activities, her relationship to the program and her opinion about how it worked, I asked her: “Doña Rosa, do you know where the funds for the program come from?” She answered: “from President Fox”. Then I asked her: “When the program was called Progresa, do you remember where the funds came from?” Doña Rosa said: “from president Zedillo”. And then she explained to me: “You see, this a federal program” (interview Santa María Citendeje August 31, 2005). Without exception, every time I asked this to recipients of the program they answered just as Doña Rosa did. Although the strictly correct answer to this question is that the funds come from an autonomous institution which depends financially from three ministries of the federal government, for practical purposes the answers that I got in the villages was correct: the program is federal; it falls under the responsibility of the executive, who is also known in Mexico as the president.
Did this information affect electoral behavior? Without exception, all the recipients I encountered in Mexico State, Tlaxcala and Hidalgo were hesitant to talk about politics and the program. In many cases when I asked people about their party preference or who they voted for in the last election I got evasive answers. Sometimes I got shy responses and other times I got hostile ones. A woman in El Chico, Hidalgo clearly said: “My vote is secret. I am not telling you who my gallo (rooster or preferred candidate) is” (interview, El Chico, Hidalgo January, 2006). This trend was partly a response to the aggressive IFE campaigns since 1997 that emphasized the secrecy of the vote. The reluctance to talk about voting behavior, however, is also reflection of the efforts to insulate the program from politics. Nevertheless, the recipients that did talk to me about the program and how it affected their electoral choices suggested that the program does make a difference when election time comes. The following conversation between a beneficiary and a young woman who is part of Progresa’s state personnel is suggestive of this last point.

Señora Mary: I really liked President Fox’s new spot where he talks about the program.

Nuri: But remember Mary that this program has nothing to do with politics. In fact, it is like water and oil. Or better yet, like throwing water into a burning pan (The first analogy simply meant that the program cannot be mixed with politics. The second is meant to emphasize in a dramatic way the same message).

Señora Mary: Yes I know, but we still have the right to like the
spot, and to vote for whom we think is better for us.

(Unión Ejidal, Tlaxcala, August 25, 2006)

3.2 The indirect effect of Progresa on electoral competition

Even though the PRI political machine was no longer as efficient, the party has all incentives to capitalize on the fact that recipients of Progresa are satisfied with a policy implemented by a federal government controlled by its own party. It is logical that Progresa gives incentives to the PRI to fight fiercely to retain the support of the territory where it is still strong and invest in areas where its support is in decay. At the same time, however, Progresa also changed the incentives of opposition parties. On the one hand the opposition celebrated the weakening of local bosses. They had much to gain from the retrenchment of clientelism because the expected returns of campaigning in areas where local bosses were strong had greatly increased. On the other hand, the fact that Progresa was pleasing poor voters gave the opposition incentives to defend the areas where electoral competition already took place or areas that they already controlled. A common ground among local authorities expressed at the National Convention for Local Development (2005) was that recipients of Progresa had become an important network in their municipalities and an attractive target for politicians of all parties. In the next section, I follow the 2000 presidential campaigns to shed some light on this point.
3.2.1 Candidates, campaigns, and Progresa in the 2000 presidential election

Although Progresa circumvented the PRI political machine, a small window of hope remained open for the PRI. Previous tactics for persuasion became difficult, if not impossible, to implement successfully; however, it was still a PRI government that implemented the program. PRI partisans were well aware of what this meant in terms of campaigning. A member of the staff of Progresa in the state of Sonora (a PRI-dominated state) explained to me that “municipal authorities noticed early the political potential of the program and tried to take advantage of it” (interview, August 2005). The PRI’s attempts to use Progresa to their benefit became evident in the elections for governor in the states of Guerrero, Mexico State, Puebla, and Oaxaca. During these elections two lessons were learnt by the PRI old guard and the opposition. First, old style tactics of coercion had become increasingly inefficient. Second, areas that received Progresa proved to be crucial for the PRI.

From the beginning of Progresa’s operation, the opposition accused the PRI of employing illegal tactics like, in the state of Guerrero, candidates for local elected positions arriving in the villages minutes after Progresa personnel delivered the transfers (Reforma, September 5, 1999). In other cases, PRI’s propaganda was exhibited in the public square days before an event related to Progresa would take place (Servicio Universal de Noticias, March 6, 2000). Finally, the PRI was accused of threatening to suspend benefits if the PRI candidate lost and of reminding the electorate that Progresa was a PRI policy and that its continuity was not assured if an opposition party
stepped into office.

The PRI old guard was not ashamed of such tactics. The governor of Puebla, Manuel Bartlett, declared: “Of course we will use Progresa to win elections” (*Reforma*, June 1, 2000). Other PRI leaders exhorted the opposition to stop complaining. For instance, Enrique Jackson declared: “the opposition speech is always the same, you can review their speeches through the years. They talk, talk, talk, denigrate, slander, defame, threaten, and lie. A sad role followed by their leaders and a poor vision they have of a party. Elections are not won that way. Elections are won with votes and votes can be counted” (*Servicio Universal de Noticias*, February 11, 1999).

The quarrel caused the president to publicly distance himself from the PRI old guard by announcing that: “Any accusation that anyone is attempting to exploit Progresa or any other social policy program for purposes of political manipulation should be listened to and the claims investigated at once. And if the claims are shown to be true, those guilty should be punished with the full force of the law. Those who claim they don’t know what Progresa is all about, this is a program that belongs to all of us; [it’s a program] that’s applied with great determination and firmness in order to confront and defeat extreme poverty. Today, nobody in Mexico wants deceit and corruption in the fields, because the peasants, the producers, the cattlemen, everybody’s fed up with the deceit and corruption that, most regrettably, afflicted Mexico’s farming sector for too many years” (*The News*, August 18, 1999).

The national coordinator of the Program at that time, José Gómez de León, also responded to the opposition’s accusations saying that the pro-
gram “did not favor any politicians in the electoral process of Guerrero and that Progresa’s activities were scheduled simultaneously in practically all of the country. I regret that the allegations against the program confused the public opinion and that some politicians with partiality insist on diffusing the idea that Progresa deviates from its main goal, fighting extreme poverty, by serving electoral purposes. This suggestion is far from reality” (Servicio Universal de Noticias, February 3, 1999). The opposition became aware of Progresa’s potential impact after the gubernatorial elections. At the same time, the PRI experienced the first signs of erosion of its dominion over the countryside.

Although the gubernatorial elections proved that clientelism was more costly, at that point Progresa had only just started to be an uncomfortable constraint for the PRI practices. The conflict was magnified after Zedillo decided that, for the first time in seven decades, he would not to choose his successor in the traditional fashion. Instead of “dedazo” (the president’s hand picking his successor) the party held a primary election in November 1999. Thus four PRI candidates were forced to compete against each other. Unlike elections for governor, the primary election made evident that Progresa’s operational rules constrained the PRI. The following statement by one of the PRI presidential candidates illustrates the magnitude of the frustration caused by Progresa: “It is all right that we say that Progresa is from the PRI, I have always defended that, but is illegitimate to use it against the PRI, against ourselves as PRI primary contenders: it is treason” (Manuel Barlett in Reforma, November 1, 1999 and Servicio Universal de Noticias March 10, 1999).
The PRI primary election reinforced the lesson of the gubernatorial elections: benefits did not stop coming even after a specific candidate lost the election. By following the same intimidation tactics the PRI old guard shot itself in the foot because the continuation of Progresa's operations, both after the local and the primary elections, demonstrated to voters that, regardless of the winner, punishments for disobedience were unenforceable and to the opposition that the system had weakened.

Despite the attacks on the program by PRI candidates, Labastida, the winner of the primary, positioned himself in favor of Progresa early in his campaign. In January 2000, Labastida rejected the possibility that the program would be dismantled. Rather, he announced that other funds would complement it (Servicio Universal de Noticias, January 19, 2000). By this time, Carlos Rojas, former Minister of Social Development and advocate of Pronasol, was in charge of turning out people to attend rallies. Attendance, however, was not as high as it had been in previous presidential campaigns. Soon, the candidate announced his intention to double Progresa's list of beneficiaries and to eradicate the power of the caciques (local bosses) (Servicio Universal de Noticias, January 21, 2000). By March, of the electoral year, income inequality had become the center of Labastida's campaign, Progresa his main policy proposal, and the countryside his electoral battlefield. He made the following statement at a public event:

I want to become President, not to let poverty persist, but to fight decisively and firmly against poverty. I don't want to see any more economic crises in the country; I want instead to banish the word 'crisis' from our vocabulary, and to banish all of its
negative impacts on Mexico. I seek the presidency, not to keep inflation levels sky high, but to defeat inflation, to break its back, to push it down to levels similar to those of our major trade partners. I seek the Presidency, not to maintain an economic policy using the same tools as before, but to implement one that will result in rapid economic growth, on the order of 5 percent. This has to be paired with a proactive employment policy, because, under current conditions, our economic growth is not being distributed equally throughout the country or among the various social groups. And my vision for this nation seeks to close the gap between those that have the least and those that have it all, between the countryside and the cities, between our backward regions and those that are making headway in this country (The News, March 20, 2000).

Later that month at a meeting with the National Peasant Confederation (CNC) in Ixtlahuaca, State of Mexico, Labastida committed himself to alleviating the extreme poverty in rural areas. While it was not at all surprising that he firmly opposed “concentrated economic growth to the benefit of the few” because all previous candidates had the same agenda, his plan did raise some eyebrows: it proposed extending Progresa to another 10 million Mexicans. In an attempt to further demonstrate his commitment to the rural areas Labastida highlighted that “this is the first time ever in the history of the PRI that a former Minister of agriculture, such as myself, is running for the presidency of the Republic. Never had the peasants of Mexico had a candidate that knows our fields so well, and that has you peasants in his heart,
as candidate Labastida does ... and with the force of you, the peasants, we’re going to win!” (The News, March 20, 2000)

Yet by May, opinion polls showed a tie between Labastida and the PAN candidate, Vicente Fox. The newspaper Reforma gave Labastida a narrow advantage over Fox, forty-two against thirty-eight percent. However, an Al-ducin and Associates poll published in El Universal gave an advantage to Fox (forty-two percent) over Labastida (thirty-six percent).

The PRI realized that they needed an even more intensive campaign, particularly among the rural poor. As a consequence, in June, Labastida brought his rivals in the primary election, Manuel Bartlett and ex-party president Humberto Roque Villanueva, into his campaign. Both of them publicly defended the PRI’s right to use government programs to win the election. Roque said: “In mentioning these programs, we must consider their positive effect on people’s lives. Logically, the opposition parties are the ones that want us to stop using them during the electoral season” (SourceMex Economic News and Analysis on Mexico, June 7, 2000).

In the last month of the campaign, the PRI redoubled their efforts to make sure that voters recognized that Progresa was without a doubt a PRI policy. For instance, the PRI candidate sent out massive letters that read:

I write to you to let you know of my commitments: I want to be president of all Mexicans to support low income families. I intend that the programs of food and scholarships continue and reach all families in need. I offer you and your honorable family new projects to support the family income. Let’s change course without risking what we already have. I invite you to vote the
next July 2nd for the PRIistas in order to win the presidency, the senate, and the lower house of Congress. Sincerely, Francisco Labastida Ochoa, PRI candidate to the presidency (Reforma June 28, 2000).

Furthermore, one month away from the presidential election, Labastida redirected his campaign toward women, particularly in the countryside. The day before elections, Labastida spoke at the National Auditorium to an audience composed of 9,000 women. His message was: “You have the power, you will decide the next president of Mexico!” Among the last statements of Labastida as candidate, he declared: “I will be the women’s president” (Deseret News, July 1, 2000).

Where the PRI patron-client networks had earlier worked at full capacity the cost of winning votes for the opposition was great and the probability of getting them was low. The incentives changed after the implementation of Progresa. The left-wing party, PRD, had a dual conflict with the program because regardless of how uncomfortable it was with the program, the PRD could not afford to be positioned against it because recipients represented an important share of its constituency. Yet the PRD, being an anti-system party, could not embrace Progresa. Thus throughout the campaign the PRD candidate Cuauhtémoc Cárdenas remained as ambiguous about Progresa as he could. In the last month, however, Cuauhtémoc Cárdenas changed its position dramatically and offered not only to continue the program but to enlarge it.

In August 1997, the then-leader of the PRD and future presidential candidate in 2006, Andrés Manuel López Obrador declared that Progresa was “a
disguised twin of Pronasol that has as its main goal the perpetuation of electoral clientelism among the poorest.” When asked what aspects of Progresa should be modified, he answered: “Everything that has as objective delivering crumbs with electoral purposes” (Servicio Universal de Noticias, August 8, 1997). The local elections in 1998, particularly in the state of Guerrero, reinforced the PRD’s negative stance towards Progresa; it gave the PRD an argument with which to contest the results of the elections and to launch a campaign to discredit the PRI, claiming the use of social programs to buy votes, among other reasons. López Obrador declared: “It is clear that Progresa is used to buy votes for the PRI and trading with the needs of the poor. We can prove that to Zedillo. In Guerrero they have people on the payroll like in the time of Porfirio Díaz” (Novedades, February 10, 1999).

The PRD efforts were directed to establish regulations in order to prevent the incumbent party from using resources to its advantage in the presidential election. The then national president of the party, Amalia García Medina, declared: “it is perfectly possible to design a mechanism that guarantees that not one cent from Progresa or any other public work is used in the electoral process” (Servicio Universal de Noticias, October 25, 1999).

In October 1999, Cuauhtémoc Cárdenas, in his inaugural speech as candidate, emphasized the highly unequal distribution of income and the need for a regime change:

It is necessary that we win legitimately and democratically, that we become the government and accelerate the transition of our country to democracy because the administrations of neoliberal-

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12Porfirio Díaz ruled Mexico from 1876 to 1880 and from 1884 to 1911.
ism have devastated the country. The unmeasured concentration of wealth in a few hands, aggravated by corruption, loss of jobs, and popular discontent, are the result of technocratic policies and careless governments. The presidential regime, centralized and authoritarian, does not correspond to the reality and needs of our country, nor to the aspirations and demands of its inhabitants. That regime has become corrupt and cynical and cannot stop its process of decomposition, which is manifested in the struggles between factions and the bonds that are everyday more evident between government circles and drugs and criminal organizations (Servicio Universal de Noticias, October 25, 1999).

Following the PRI primary elections, the PRD’s allegations regarding the electoral use of Progresa and the illegal actions of local bosses intensified. By the end of November 1999, Cárdenas’ attitude toward Progresa was completely negative. He categorized Progresa as: “inefficient and insufficient palliative” (Servicio Universal de Noticias, November 30, 1999) By the end of December 1999, Cárdenas’ team announced that the candidate planned to start the electoral year with a new image but with the same political, social, and economic objectives. The new strategy was to organize and mobilize its base in order to fight the PRI. Progresa was at the center of this new strategy. The PRD, in alliance with the Labor Party Social Alliance (Partido Alianza Social, PAS), Nationalist Society (Partido de la Sociedad Nacionalista, PSN) and Convergence for Democracy (Convergencia por la Democracia) announced that they would scrutinized the use of federal funds, in particular in the 48,000 localities in the country where the PRD had de-
ected a preponderance of Progresa recipients. Martha Dalia Gastélum, PRD electoral action secretary, declared:

We calculate that if we prevent the PRI from manipulating public resources to buy and coerce votes, we will take half of their current votes and we will leave them at 25 percent at the national level. IFE has accepted the presence of international observers. We hope that delegates from the UN, political parties and NGOs supervise, particularly the 48,000 Progresa localities. We have special programs that will reach these areas through the media. We are transmitting a spot in those areas to promote the free vote and to prevent voters from feeling obliged to vote for the PRI because of social programs (Servicio Universal de Noticias, December 30, 1999).

Surprisingly, in April, Cardenas replaced his opposition to the program on the basis of clientelism with a critique about the insufficiency of its resources (Servicio Universal de Noticias, April 2, 2000) By April, when the public debates among the candidates took place, Cárdenas had completely stopped calling for a transformation of Progresa. Rather, he was the only candidate that committed in that debate to the continuation of the program. “To the surprise of many, he announced that under his administration Progresa would continue, but resources of the program would reach everyone” (Julio Boltvinik, La Jornada, April 28, 2000).

As the day of the election neared, the PRD and the PRI intensified their campaigning efforts and its resources in the rural areas. In May, the PRD
began the so-called "anti-Progresa vaccination" strategy which consisted of thousands of women working in the poorest precincts of the country to inform poor voters about Progresa and to distribute a handout with basic information about the program. This strategy was not intended to denigrate the program. Rather, the objective was to make sure that beneficiaries knew the official objectives of the program, the conditions that the families had to meet to stay in it, and the circumstances under which the families could be removed from it. The "Progresa squads" had the explicit objective of countermining the actions of the PRI and teaching rural voters that Progresa should not be used for electoral purposes by any political party (Servicio Universal de Noticias April 30, 2000).

In June, the PRD suggested to the international organizations to focus heavily on the regions where Progresa covered a large share of the population. Finally, by the end of the campaign, imitating the PRI candidate, Cárdenas’ team organized events tailored to women, like the massive event in Toreo de Cuatro Caminos in Mexico State, where he exhorted his rivals to contest the result of the elections if anomalies took place (Servicio Universal de Noticias, June 14, 2000).

Like the PRD, the right-wing party PAN had also a tough decision when it came to Progresa and taking advantage of the retrenchment of PRI’s hold on the federal government. First, voters benefited by Progresa were not part of the PAN’s traditional strongholds. In fact, the PAN was the third electoral force in the majority of the municipalities located in the poorest states of the country. In some cases, local authorities from the PAN were not even interested in knowing about Progresa or any of the federal government’s
other poverty-related funds (Servicio Universal de Noticias, September 3, 1998). Secondly, the PAN won votes from among those who were unsatisfied with the new redistributive policy. Defeating the seventy-year ruler, however, required more than a middle and upper class alliance. The PAN had a unique candidate, Vicente Fox, who was far from a typical right-wing politician. Fox portrayed himself not as a politician from the city but as an agriculture man wearing cowboy boots – a regular hard-working citizen. In principle, Fox’s strategy was to campaign on a dimension related to changing of the status quo – in other words, getting rid of the PRI. Regardless of the voters’ positions on the income spectrum, Fox delivered the message that he was “the change that you need” (Fox’s slogan).

After the local elections of 1998, the PAN joined the PRD in their accusations of illegal uses of public resources to coerce voters in the rural areas. Just as for the PRD, for the PAN, Progresa provided another reason to oppose the incumbent party and to convince people to vote for the opposition. In March Fox declared: “they [the PRI] are using the same tricks, through their state delegates; great proselytism with Progresa, Diconsa and la mama del muerto (scaring people with any excuse, some as completely illogical as the “mother of the dead guy”) to win voters” (Servicio Universal de Noticias, March 13, 1999).

By April, Fox realized that opposing Progresa was risky. At the beginning of that month he delivered a speech to the peasant organizations CNC and other organizations previously affiliated with the PRI in which he announced his project “Towards a new rural society” which included the promotion of growth opportunities in the countryside and the explicit promise to continue
Progresa. In Fox’s words: “we are not going to dismantle Progresa, as the CNC is trying deceptively to make peasants believe” (Servicio Universal de Noticias, April 10, 2000).

Like the PRI and PRD, the PAN intensified its campaign upon learning about the dead-heat in polls in May, but it did so not in the cities, where Fox already had the majority of support, but in the countryside. At the same time of the PRD’s “Anti-Progresa vaccination” strategy, the PAN implemented “Operation Tractor” aimed at attracting the rural vote. Fox also intensified the exploitation of his rugged “Marlboro Man” image, wearing cowboy boots, huge belt buckles and cowboy hats, and frequently reminding his audience in a man-of-the-people way that he owned a ranch and knew how to milk a cow (Reuters News, May 25, 2000).

In June, Fox changed the message of his campaign from the need for change to the problem of poverty. He clearly stated: “The 40 million jodidos (screwed) sunk in poverty will get an answer. We will keep and improve Progresa” (Servicio Universal de Noticias, June 5, 2000). In addition, he said it was necessary, “to abolish the dictatorship of misery and ignorance. The most humiliating and cruel dictatorship, the one that decides what to give, who to give, how to give, and foremost how to get its pay on election day” (Novedades, June 21, 2000).

During the last moth of campaigning, Fox echoed Labastida’s intensified interest in women, only he did so in a less serious way: “I can iron. I can wash clothes. I make fried eggs better than almost anyone. I break very few yolks” (Deseret News, July 1st, 2000). Finally, the party announced that they were going to be attentive to the development of the electoral process.
particularly in the Progresa ballot boxes (Servicio Universal de Noticias, July 2nd, 2000).

Summing up, the direct effect of the program on recipients’ income and information turned the way of doing politics on its head and resulted in the weakening of local monopolies on political power. Although a counter-hegemonic ideology has not been crystallized, as in other examples where clientelism broke down, a real alteration of the relations of power did take place. Recipients of the program became attractive for politicians, and, as result, they increased their electoral participation and rewarded the party implementing Progresa.
Chapter 4

Does Progresa Affect Electoral Behavior? Evidence from the Mexico 2000 Panel Study

Early in the 2000 presidential campaign, Labastida promised to continue and expand Progresa in the rural areas. Opposition candidates, on the contrary, started their campaign by repudiating Progresa. By April, however, both Fox and Cárdenas had switched their positions regarding the program. A month before the presidential election, all parties promised, as Labsatida, Progresa for everyone in the rural areas. The opposition, furthermore, declared that the rural areas covered by Progresa were their electoral battlefield. Beyond rhetoric, opposition parties indeed created campaign enterprises with the explicit objective to make sure that Progresa recipients were not coerced into voting for the PRI (see Chapter 3).

If the PAN and PRD were mainly concern about the manipulation of voters in favor of the incumbent party, why did they switch their position
in favor of the program? Why did they not continue to disqualify Progresa until the very end of the campaign? To answer these questions it is necessary to consider the possibility that the PAN and PRD realized that Progresa recipients cared about the program and that rural poor people that had been left out it did not want the program to disappear but rather they wanted to be enrolled in it.

Disaggregated campaign finance data, on one hand, and the attitude toward Progresa among recipients and non-recipients, on the other hand, is difficult if not impossible to access. As an alternative in this chapter, I use the Mexico 2000 Panel Study to present indirect evidence of the electoral effect of Progresa on voters and parties.

In the first section of this chapter, I present evidence that suggests that not only recipients of Progresa had a similar exposure to parties’ advertising on television in the last month of the campaign as other respondents in the rural areas but that parties intensified the delivery of advertising and letters at Progresa recipients’ homes in the last month of the campaign. In addition, even if the PRI started with great advantage in the rural areas in terms of respondents watching its advertising more frequently, opposition parties managed to narrow the difference, particularly the PAN.

If Progresa recipients were like the average voter in the 2000 presidential election, then the increase in information about the parties due to the increased intensity of campaigns should increase the probability that a respondent cast a ballot (Poiré 2001: 2) and moved away from the PRI (Sekhon 2004). The evidence that I present in the second section of this chapter, however, suggests that throughout the campaign, Progresa recipients liked the
PRI more than other parties and approved of Zedillo's work as a president more than other respondents. These two trends suggest that recipients of the program indeed cared for the program and approved of the federal government that implemented it. Finally, I show that positive opinions of about the PRI and president are accompanied by an increase in the probability that a Progresa recipient voted for the PRI.

In the latter analysis, I placed special attention on the possibility that the differences that I observe in presidential approval rates and voting behavior between Progresa recipients and non-recipients could be caused by systematic differences in the socio-demographic characteristics of respondents or in political variables across these two groups. For instance, Progresa recipients could be younger, poorer, or more likely to be PRIistas, if so then the differences in approval rates and vote choices will not be caused by Progresa but by these differences. In order to disentangle this problem, I calculate three alternative estimation models: logit, weighted least squares, and average treatment effect matching on a set of socio-economic and political variables. While the estimates of these models do not prove causation in a definitive way by their own, and there is room for improvement in the specification of the models, they constitute robust evidence that the difference in attitudes between Progresa recipients and non-recipients is not driven exclusively by factors other than the program. I will deal with this point in a more rigorous way in Chapter 5.

Before getting into the analysis, it is worthwhile to notice that this chapter

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1 Remember from the previous chapter that recipients of the program perceived that if anyone should be rewarded for the program, it should be the president.
presents no direct evidence about the non-clientelistic nature of the program. Yet, the fact that Progresa has a positive effect both on presidential approval rates and voting for the PRI suggests that the program did not force voters to cast a ballot for a party or an incumbent government that they did not like. This strongly suggest that the mechanism behind Progresa’s electoral effects is not driven by fear or coercion, as it is so often argued.

The panel was explicitly designed to measure campaign effects and voting behavior and had four rounds. The first survey was conducted just after the beginning of the campaign between February 19 and 27 and consisted of a national sample of 2,400 adults. A random half of the first survey was re-interviewed in the second wave which was in the field from April 28 to May 7. The second wave has 950 respondents. In the third wave, conducted from June 3 to 18, the second randomly selected subset of the first round was re-interviewed plus 400 new respondents. In the fourth wave, July 7-16, as many respondents of previous waves as possible were re-interviewed. This included almost 1,200 respondents who had been interviewed in the second and third rounds, as well as just over 100 respondents who had only been previously interviewed in first. The main limitation of the panel to the study of Progresa’s effects is the small number of respondents that are enrolled in the program. In the overall panel, 165 respondents said they received benefits from Progresa. Thus, the results presented in this chapter should be understood in the context of this limitation.
4.1 Progresa and parties’ campaign strategies

Part of the argument from Chapter 3 is that parties adjusted their campaign strategies to target Progresa recipients. Parties can strategically choose the contents and timing of their advertising on television to reach broad constituencies. However, this type of advertising cannot be perfectly targeted, thus I do not expect that respondents with Progresa watched more of this type of propaganda compared to their rural counterparts. Yet, I do expect to see some effort on the part of parties to reach the rural audience.

Table 4.1 presents the row percentages of the question regarding respondents’ exposure to political advertisements on television. The first row includes rural poor respondents with Progresa, the second row includes rural poor respondents without Progresa and the third row has all other respondents without the Program. I left out of this table the column that corresponds to respondents that have not watched any political advertisement.

The first thing to notice on the Table 4.1 is that respondents with Progresa always reported watching advisements less frequently than other rural poor respondents.\(^2\) Note that regardless of being enrolled in Progresa, respondents in the countryside watched significantly more PRI advertisements in the first, second and third waves compared to other parties’ advertisements. This trend changed in the fourth wave. Progresa respondents watched adv-

\(^2\)Perhaps the way of measuring income in the panel is not sensible enough to distinguish differences in poverty among the poor, if this is the case, Progressa’s recipients could be poorer than non-recipients even after controlling for income level and type of residence, thus, they would have less access to television. I will leave this possible omission on the side for now and come back to it in the regression analysis.
vertisements from the opposition more, particularly PAN’s. Also note that the difference in exposure to television advertisements between respondents enrolled and not enrolled in the program narrowed in the last moth of the campaign. Whereas forty-one percent of respondents with Progresa watched PRI advertisement and forty-four percent watched PAN’s, forty-nine percent of rural poor respondents not enrolled in the program watched PRI advertisements and fifty percent of poor and rural respondents watched PAN’s.

Furthermore, note that the percentage change in respondents that watched advertisements from the three parties from the first to the last wave was larger for Progresa recipients than for rural poor non-recipients. In the case of PRI advertisement, the change for respondents with Progresa and without it was eight versus five percent respectively. For PAN’s advertisements the change is twenty-two percentage points for recipients of the program and eighteen percentage points for poor and rural people without the program. Finally, for PRD’s advertisements, change for recipients was twenty percentage points and the change for non-recipients was seventeen percentage points.

Even if the PRI started with a great advantage in the rural areas in terms of respondents watching its advertisements more often, opposition parties managed to narrow the difference, particularly the PAN. Although respondents with Progresa watched advertisements less frequently than other poor respondents living in the countryside, the difference narrowed in the last month of the campaign mainly because Progresa recipients caught up with non-recipients. Thus by election time, recipients of Progresa were not dramatically different than other people living in the countryside in terms of their exposure to advertisements on television.
Table 4.1: Exposure to advertising on television

<table>
<thead>
<tr>
<th>Wave</th>
<th>Poor with Progresa</th>
<th>%</th>
<th>Poor without Progresa</th>
<th>%</th>
<th>Population without Progresa</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>PRI 21 PAN 14 PRD 10</td>
<td>32.81</td>
<td>PRI 40 PAN 29 PRD 23</td>
<td>43.48</td>
<td>PRI 619 PAN 603 PRD 414</td>
<td>55.62</td>
</tr>
<tr>
<td>Second</td>
<td>PRI 6 PAN 4 PRD 4</td>
<td>21.43</td>
<td>PRI 30 PAN 28 PRD 23</td>
<td>44.12</td>
<td>PRI 415 PAN 416 PRD 348</td>
<td>68.82</td>
</tr>
<tr>
<td>Third</td>
<td>PRI 19 PAN 15 PRD 15</td>
<td>37.25</td>
<td>PRI 20 PAN 18 PRD 18</td>
<td>51.28</td>
<td>PRI 489 PAN 486 PRD 440</td>
<td>77.37</td>
</tr>
<tr>
<td>Fourth</td>
<td>PRI 26 PAN 28 PRD 23</td>
<td>40.63</td>
<td>PRI 45 PAN 46 PRD 39</td>
<td>48.91</td>
<td>PRI 710 PAN 725 PRD 600</td>
<td>63.79</td>
</tr>
</tbody>
</table>

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Campaign expenditure data that would allow for the estimation of the reallocation of resources in order to target Progresa recipients is hard, if not impossible to get. Yet the Mexico 2000 Panel data has a question that can be used to get partial evidence of this. The question asks whether respondents received advertising materials or letters from political parties at home. Assuming that respondents are honest, or that they remember the political advertisements they were exposed to, I expect to see parties intensifying the distribution of this type of advertising among respondents with Progresa; however, given that parties did not have access to the official list of beneficiaries, they could not target perfectly Progresa recipients. Thus, there should be spillovers in the rural areas. These spillovers are reinforced by the promises of the candidates to expand the program in the rural areas.\(^3\)

Table 4.2 presents the row percentages of the question concerning advertising material or letters from political parties in the four waves of the panel. In the first row are rural poor respondents with Progresa. The second row includes rural poor respondents without Progresa. The third row includes urban poor respondents without Progresa. Finally, the fourth row includes all respondents without Progresa. To facilitate the reading of the table, I have excluded the cells of each row that correspond to people that said they were not contacted by a party.

Note that advertisement material delivered to the urban poor and the

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\(^3\) The Mexico 2000 Panel Study includes two additional questions that would have been ideal to test the argument that parties intensified their campaign activities to reach Progresa recipients. First, the panel asks whether a party representative had visited the respondent’s home and the second concerns the receipt of a gift from any party or candidate. Unfortunately, the small number of observations that fall in intersections of having Progresa and contact with party workers makes the analysis impossible.
middle class homes grew steadily throughout the campaign. This is expected given that the cost of campaigning in the urban areas is significantly cheaper than campaigning in the rural areas. A less intuitive result though, is that while recipients and non-recipients of Progresa received practically the same amount of advertising material from parties until late April and early May, rural poor respondents with Progresa received twice as much advertising material at home than non-recipients in the last month of the campaign.

It is worth mentioning that the advertising material that reached the rural poor was not all from the PRI. Given the low number of observations the following percentages must be taken with caution; however, a couple of things are worth mentioning. First, as expected, the PRI is the party that delivered more advertising material and letters in the countryside, regardless of enrollment in the program. Second, a less obvious result is that although respondents without Progresa get contacted more by the PRI in the first three waves of the panel study, this trend changed in the last wave when
respondents with Progresa received more advertising material and letters from the PRI. Third, unlike the PRI, the first two waves show that the PAN made no attempt to deliver advertising materials or letters in the countryside. It is not until the third round that the right-wing party delivered advertising; however, up until that point respondents without Progresa received it more than respondents enrolled in the program. Yet again, the last wave shows that the PAN redirected its efforts towards recipients of the program. The panel shows that the PRD followed a similar strategy: the first two waves show no effort to deliver advertising among rural and poor voters; however, in the third and fourth waves, the left-wing party concentrated its efforts on recipients of the program. Thus, both the incumbent and opposition parties intensified the delivery of advertising and letters to recipients of Progresa in the last month of the campaign.

4.2 Progresa, presidential approval rates, and voting behavior

The results that I presented in the previous section suggest that parties campaigned more intensively in the rural areas, particularly among Progresa’s recipients, in the last month of the campaign. Therefore, it is natural to expect that these efforts translated into changes in respondent’s opinions about the party. Table presents the row percentages of a question concerning the opinion about parties. I included the columns that correspond to respondents that have a high and low opinion of each party and the difference between these two. Again, the rows are first for rural poor respondents with the Program; second, rural poor respondents without the program; and the third
row are all other respondents without the program.

First note that the PRI is the most well liked party amongst recipients of the program in all waves. Also, the opinion that respondents with Progresa had about the PRI is always higher than the opinion they had about the opposition parties. Then, note that the PRI’s advantage with respect to the other two parties decreased over time for all respondents regardless of Progresa. The decrease, however, was larger for non-recipients (eleven percent) than for recipients (nine percent).

Next, consider the changes in very bad opinions about the PRI. For respondents with Progresa bad opinions decreased almost 2 percentage points. For respondents without the program bad opinions remained practically equal. Thus, when taking into account the changes in high and low opinions, the balance for respondents with Progresa was a decrease in seven percentage points, while for respondents without Progresa the balance was a decrease in eleven percentage points.

With respect to the two opposition parties, respondents changed their minds about the PAN in larger numbers. From the first to the fourth wave, the respondents with Progresa who had a high opinion of the PAN increased thirty-five percent. Respondents without the program who had a high opinion of the party increased twenty-two percent. Taking into account changes in the percentage of low opinions respondents without Progresa remained practically the same. But the opinion of respondents with Progresa increased forty-four percent from the first to the fourth wave.

Although the difference between the PRI and PAN narrowed substantially comparing the beginning with the end of the campaign, the improvement in
the opinion about the PAN was not enough to overcome the positive opinion that respondents in rural areas had since the first wave of the PRI, especially among Progresa recipients.

Good opinions about the PRD changed the least amongst respondents, three positive percentage points for respondents with Progresa and five percent for respondents without it. Finally, taking into account changes in bad opinions about the PRD the balance for the party was almost ten percent more than in the first wave among recipients of the program and 5 percent more among non recipients.

A crucial element of the argument presented in Chapter 3 is that beyond associating Progresa with the PRI, recipients correctly identify that Progresa is federal program; thus it makes sense to expect that recipients had a higher approval ratings of the incumbent president than other voters.

Figure 4.1 shows presidential approval rates at four different points of the campaign. The first thing to note is that throughout the campaign the percentage of respondents with Progresa that highly approved Zedillo was higher than the percentage of rural poor respondents and urban poor respondent without the program. Next note that the presidential approval rate of respondents with Progresa slightly decreased from the beginning of the campaign to late April; however, in June, the approval among Progresa recipients had increased eight percentage points with respect to the beginning of the campaign. Following a similar trend, the presidential approval rates of rural poor without the program increased from fifteen percent at the beginning of the campaign to twenty-two percent at the end. Thus, the last wave of the panel shows that not only approval rates of Progresa recipients
Table 4.3: Opinion about parties in the rural areas (percentages)

<table>
<thead>
<tr>
<th>PRI</th>
<th>Wave</th>
<th>First</th>
<th>Second</th>
<th>Third</th>
<th>Fourth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Poor with Progresa</td>
<td>First</td>
<td>56.41</td>
<td>12.82</td>
<td>44.44</td>
<td>22.23</td>
</tr>
<tr>
<td>Poor without Progresa</td>
<td>First</td>
<td>47.69</td>
<td>7.69</td>
<td>34.69</td>
<td>10.20</td>
</tr>
<tr>
<td>PAN</td>
<td></td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Poor with Progresa</td>
<td>First</td>
<td>8.82</td>
<td>32.35</td>
<td>21.43</td>
<td>28.58</td>
</tr>
<tr>
<td>Poor without Progresa</td>
<td>First</td>
<td>12.72</td>
<td>16.37</td>
<td>25.53</td>
<td>6.39</td>
</tr>
<tr>
<td>Total population without Progresa</td>
<td>First</td>
<td>16.66</td>
<td>11.22</td>
<td>23.74</td>
<td>16.54</td>
</tr>
<tr>
<td>PRD</td>
<td></td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Poor with Progresa</td>
<td>First</td>
<td>26.47</td>
<td>26.47</td>
<td>37.50</td>
<td>25.00</td>
</tr>
<tr>
<td>Poor without Progresa</td>
<td>First</td>
<td>11.12</td>
<td>18.52</td>
<td>12.76</td>
<td>10.64</td>
</tr>
<tr>
<td>Total population without Progresa</td>
<td>First</td>
<td>6.67</td>
<td>22.69</td>
<td>11.72</td>
<td>18.01</td>
</tr>
</tbody>
</table>
remained higher but that the distance between rural respondents with and without Progresa remained constant. This trend in approval rates suggests that the PRI campaign in the countryside was successful. Finally, it is worth comparing the evolution of the presidential approval rate in the rural areas with that among the urban poor. Whereas the PRI campaign intensified in the rural areas and the candidate promised an increase in resources for Progresa in the countryside, the urban poor were neglected. This clearly shows in the dramatic fall in Zedillo's approval rates from sixteen percent at the beginning of the campaign to eight percent at the end.
Figure 4.1
Presidential approval rates in 2000
The twelve percent differences in Zedillo approval rates between respondents with and without the program in the first wave, however, could be caused by systematic differences in the socio-demographic characteristics of respondents or in political variables. This point is relevant because if respondents enrolled in Progresa are, for example, younger, or poorer, then the differences in approval rates will not be caused by Progresa but by the fact that recipients of the program are younger or poorer than non-recipients. Even more worrisome for the specific case of Progresa, if respondents enrolled in the program are actually more likely to support the PRI than people that are not enrolled in the program, then the correlation between Zedillo approval rates and Progresa will only be a reflection of the fact that among Progresa recipients there are more PRIistas who, we might suspect, are more prone to like a PRI president.

In order to disentangling this, I calculate the effect of Progresa on Zedillo’s approval rates at the beginning of the campaign using three alternative estimation models. Whereas neither of these models will prove causation between Progresa and presidential approval rates in a definitive way, at the very minimum they suggest that the difference between Progresa recipients and non-recipients’ attitudes are not driven exclusively by systematic differences. I will deal with this point in a more rigorous way in Chapter 5.

The dependent variable in this analysis is binary. It takes the value of one when the respondent said to approve highly the work of Zedillo as president and zero otherwise. The independent variable of interest is Progresa which takes the value of one when respondents say their family is enrolled in the program and zero otherwise. I include in the analysis variables that control
for the income of the household, the education, religion, church attendance, marital status, and gender of the respondent. I also include two variables that specify if the respondent is a manual worker and whether the respondent belongs to a union. Additionally I include a variable that quantifies the respondent’s interest in politics and how much she is following the campaigns. Finally, I include three dummy variables that take the value of one when the respondent voted for the PRI, PAN or PRD respectively and zero otherwise in the presidential election of 1994 and three dummy variables following the same coding for the Congressional election of 1997.

The second column in Table 4.4 presents the unstandardized parameter estimates of a logit model. Recovering the odds ratio, the estimation suggests that the odds of highly approving Zedillo’s work as president are 1.7 better if the respondent were enrolled in Progresa compared to when the respondent is not enrolled in it, holding constant all socio-demographics and political variables.

The third column in Table 4.4 presents the parameter estimates of a weighted least square model. In this specification, Progresa has a more conservative effect on a respondent’s approval rate of Zedillo; however, the estimates suggest that having Progresa significantly increase the probability of highly approving of Zedillo by ten percent.

The last column in Table 4.4 presents the estimation of the average treatment effect of Progresa on Zedillo’s approval rate. I estimated this average

\[ \text{odds ratio} = \exp(0.553) \]

\[ \text{This model is asymptotically more efficient than a linear probability model for binary response. I calculated the estimated standard deviations as } \hat{\sigma}_i = \left[ \hat{\gamma}_i (1 - \hat{\gamma}_i) \right]^{1/2}, \text{ where } \hat{\gamma}_i \text{ denotes the OLS fitted values.} \]
treatment effect by comparing the probability that a respondent approves of Zedillo's work as president between respondents enrolled in Progresa and those not enrolled using the nearest neighbor matching across all the socio-demographic and political variables as defined before.\textsuperscript{6,7} The results of this model show a similar effect of Progresa to the WLS estimates, being a recipient of the program increase a respondent's probability of highly approving of Zedillo by eleven percent.

The three models in Table 4.4 suggest that the differences in Zedillo's approval rates between the rural poor enrolled in Progresa and not enrolled are in fact caused by the program and not other systematic differences. While the estimations of the logit model are larger, the estimations of both the WLS and the average treatment effect suggest that the magnitude of the effect of Progresa was large enough to be relevant in the explanation of Zedillo's approval rate in the countryside.

Did these two trends translate into a vote for the PRI in 2000? Figure 4.2 shows the percentage of Progresa recipients that intended to vote for the PRI in the four waves of the panel and the corresponding percentage for rural poor and urban poor recipients.

\begin{equation*}
\bar{E}(y/x, w = 1) - \bar{E}(y/x, w = 0) = \bar{E}(y_1/x) - \bar{E}(y_0/x) = ATE(x)
\end{equation*}

\textsuperscript{6} Note that, while there is room for improvement, the observed covariates I included in the model are useful to determine treatment in Progresa. Thus, even though the approval rates of Zedillo and Progresa might be correlated, they are uncorrelated once I partial all other characteristics out. This means that the model identifies the treatment effect. In addition, to take into account the possibility that the matching is not exact and that the estimate could be biased, I adjusted the estimation using the political variables.
Table 4.4: Progresa and presidential approval rates

<table>
<thead>
<tr>
<th></th>
<th>LOGIT</th>
<th>WLS</th>
<th>Matching (ATE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progresa</td>
<td>0.553</td>
<td>0.096</td>
<td>0.110</td>
</tr>
<tr>
<td>(0.329)†</td>
<td>(0.045)*</td>
<td>(0.064)*</td>
<td></td>
</tr>
<tr>
<td>Young</td>
<td>0.778</td>
<td>0.111</td>
<td></td>
</tr>
<tr>
<td>(0.561)</td>
<td>(0.069)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult</td>
<td>0.228</td>
<td>0.018</td>
<td></td>
</tr>
<tr>
<td>(0.499)</td>
<td>(0.063)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary education</td>
<td>1.016</td>
<td>0.124</td>
<td></td>
</tr>
<tr>
<td>(0.441)*</td>
<td>(0.063)*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highschool education</td>
<td>0.659</td>
<td>0.063</td>
<td></td>
</tr>
<tr>
<td>(0.418)</td>
<td>(0.062)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwellings lowlevel</td>
<td>-0.103</td>
<td>-0.002</td>
<td></td>
</tr>
<tr>
<td>(0.257)</td>
<td>(0.039)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dwellings upperlevel</td>
<td>-0.255</td>
<td>-0.071</td>
<td></td>
</tr>
<tr>
<td>(0.834)</td>
<td>(0.130)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Catholic</td>
<td>-0.103</td>
<td>-0.027</td>
<td></td>
</tr>
<tr>
<td>(0.380)</td>
<td>(0.056)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Church attendance</td>
<td>-0.254</td>
<td>-0.040</td>
<td></td>
</tr>
<tr>
<td>(0.104)*</td>
<td>(0.015)**</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>0.132</td>
<td>0.030</td>
<td></td>
</tr>
<tr>
<td>(0.096)</td>
<td>(0.014)*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>0.277</td>
<td>0.023</td>
<td></td>
</tr>
<tr>
<td>(0.266)</td>
<td>(0.040)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>children under 18</td>
<td>-0.349</td>
<td>-0.040</td>
<td></td>
</tr>
<tr>
<td>(0.251)</td>
<td>(0.038)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Continues on next page
Table 4.5: Progresa and presidential approval rates...continued

<table>
<thead>
<tr>
<th></th>
<th>LOGIT</th>
<th>WLS</th>
<th>Matching (ATE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worker</td>
<td>0.002</td>
<td>0.011</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.439)</td>
<td>(0.070)</td>
<td></td>
</tr>
<tr>
<td>Union member</td>
<td>0.895</td>
<td>0.154</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.354)*</td>
<td>(0.049)**</td>
<td></td>
</tr>
<tr>
<td>Interest politics</td>
<td>-0.082</td>
<td>-0.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.159)</td>
<td>(0.023)</td>
<td></td>
</tr>
<tr>
<td>Follow campaigns</td>
<td>-0.012</td>
<td>0.016</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.156)</td>
<td>(0.022)</td>
<td></td>
</tr>
<tr>
<td>Vote 1994 PRI</td>
<td>0.810</td>
<td>0.122</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.501)</td>
<td>(0.068)†</td>
<td></td>
</tr>
<tr>
<td>Vote 1994 PAN</td>
<td>-0.599</td>
<td>-0.120</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.705)</td>
<td>(0.114)</td>
<td></td>
</tr>
<tr>
<td>Vote 1994 PRD</td>
<td>-0.904</td>
<td>-0.091</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.769)</td>
<td>(0.149)</td>
<td></td>
</tr>
<tr>
<td>Vote 1997 PRI</td>
<td>0.994</td>
<td>0.112</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.485)*</td>
<td>(0.068)</td>
<td></td>
</tr>
<tr>
<td>Vote 1997 PAN</td>
<td>1.046</td>
<td>0.191</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.634)†</td>
<td>(0.109)†</td>
<td></td>
</tr>
<tr>
<td>Vote PRD 1997</td>
<td>0.362</td>
<td>0.031</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.779)</td>
<td>(0.144)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-0.004</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.009)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>662</td>
<td>662</td>
<td></td>
</tr>
<tr>
<td>R-squared</td>
<td>0.21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of matches</td>
<td>(m)=1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All controls included in the matching
Robust standard errors in parentheses in the logit model
†significant at 10% level; * at 5%; ** at 1%
Figure 4.2

Vote intention for Labastida

- Rural poor w/ Progresa
- Rural poor w/o Progresa
- Urban poor w/o Progresa
First note that, as suggested by many in the literature, the PRI lost votes when comparing the beginning with the end of the campaign. In fact, the drop seems to be larger for Progresa recipients than for the other two groups. Nevertheless, the last wave of the panel still shows that the percentage of Progresa recipients that voted for Labastida is nine percent larger than the percentage of rural poor and twenty five percent larger than the urban poor. While in the fourth wave thirty-one percent of Progresa recipients said to highly approve Zedillo, sixty-eight percent of Progresa recipients said to approve or highly approved the president. Thus, it is very likely that behind the decision of fifty-two percent of Progresa recipients to vote for the PRI lays not a fear or coercion but a vote of approval. This Figure, however, presents only descriptive statistics. In the following analysis I calculate the effect of Progresa in a more rigorous way.

As in the case of Zedillo’s approval rates, Table 4.6 presents three estimation models. The dependent variable this time is binary and takes the value of one when the respondent voted for the PRI and zero if the respondent voted for another party, abstained, or nullified her vote. Like the previous analysis, the independent variable of interest is Progresa which takes the value of one when respondents say their family is enrolled in the program and zero otherwise. I include in the analysis the same socio-economic and political variables as before. The second column in Table 4.6 presents the unstandardized parameter estimates of a logit model. Recovering the odds ratio, the estimation suggests that the odds of voting for the PRI if the respondent was enrolled in Progresa compared to when the respondent is not

\[ \text{odds ratio} = \exp(.731) \]
enrolled in the program holding all socio-demographics and political variables constant were 2 to 1.

The third column in Table 4.6 presents the parameter estimates of a weighted least square model. In this specification, Progresa has again a more conservative effect on a respondent’s probability of voting for the PRI; however, the estimates suggest that having Progresa significantly increased the probability of voting for the PRI by thirteen percent.

The last column in Table 4.6 presents the estimation of the average treatment effect of Progresa on the probability of voting for the PRI. Unlike comparing two groups randomly incorporated into the program, the models used in this chapter are sensible to the set of characteristics that are being included as controls and the specification of the model. The results of Table 4.6, however, present a consistent result. The probability of voting for the PRI increased because of Progresa, even after comparing respondents that were virtually identical in every other characteristic including their previous voting choices.

What was the effect of Progresa for a typical recipient of the program? Since the estimates of the average treatment effect and the weighted least squares are identical in magnitude, then, in Table 4.8 I present the predicted probability of voting for the PRI that result from the logit and the weighted

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9see footnote 5 for details on the calculation of standard errors
10see footnote 6 for details on the calculation of the average treatment effect
11The results of this section point in the same direction as Cornelius (2000). The leverage of this chapter is first the inclusion of new control variables that get directly to the point about Progresa benefiting a specific constituency because of the their voting behavior prior to the program and the estimation of the average treatment effect conditioned on the set of socio-demographic and political variables, which in principle is consistent and unbiased.
Table 4.6: Progresa and PRI vote share

<table>
<thead>
<tr>
<th></th>
<th>LOGIT</th>
<th>WLS</th>
<th>Matching (ATE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progresa</td>
<td>0.731</td>
<td>0.134</td>
<td>0.139</td>
</tr>
<tr>
<td></td>
<td>(0.295)*</td>
<td>(0.049)**</td>
<td>(0.066)*</td>
</tr>
<tr>
<td>Young</td>
<td>0.282</td>
<td>0.097</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.511)</td>
<td>(0.075)</td>
<td></td>
</tr>
<tr>
<td>Adult</td>
<td>0.290</td>
<td>0.067</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.461)</td>
<td>(0.068)</td>
<td></td>
</tr>
<tr>
<td>Primary education</td>
<td>0.035</td>
<td>0.039</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.345)</td>
<td>(0.058)</td>
<td></td>
</tr>
<tr>
<td>Highschool education</td>
<td>-0.649</td>
<td>-0.143</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.338)†</td>
<td>(0.059)*</td>
<td></td>
</tr>
<tr>
<td>Dwellings lowlevel</td>
<td>0.221</td>
<td>0.055</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.230)</td>
<td>(0.042)</td>
<td></td>
</tr>
<tr>
<td>Dwellings upperlevel</td>
<td>-0.040</td>
<td>0.036</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.553)</td>
<td>(0.111)</td>
<td></td>
</tr>
<tr>
<td>Catholic</td>
<td>-0.301</td>
<td>-0.074</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.345)</td>
<td>(0.060)</td>
<td></td>
</tr>
<tr>
<td>Church attendance</td>
<td>0.066</td>
<td>0.014</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.094)</td>
<td>(0.016)</td>
<td></td>
</tr>
<tr>
<td>Married</td>
<td>0.054</td>
<td>0.024</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.090)</td>
<td>(0.015)</td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>0.427</td>
<td>0.092</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.234)†</td>
<td>(0.041)*</td>
<td></td>
</tr>
<tr>
<td>Children under18</td>
<td>-0.277</td>
<td>-0.048</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.226)</td>
<td>(0.040)</td>
<td></td>
</tr>
</tbody>
</table>

Continues on next page
<table>
<thead>
<tr>
<th></th>
<th>LOGIT</th>
<th>WLS</th>
<th>Matching (ATE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worker</td>
<td>0.365</td>
<td>0.086</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.376)</td>
<td>(0.073)</td>
<td></td>
</tr>
<tr>
<td>Union member</td>
<td>0.561</td>
<td>0.140</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.329)†</td>
<td>(0.056)*</td>
<td></td>
</tr>
<tr>
<td>Interest politics</td>
<td>-0.039</td>
<td>-0.015</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.144)</td>
<td>(0.025)</td>
<td></td>
</tr>
<tr>
<td>Follow campaigns</td>
<td>0.010</td>
<td>0.014</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.130)</td>
<td>(0.024)</td>
<td></td>
</tr>
<tr>
<td>Vote PRI 1994</td>
<td>0.854</td>
<td>0.152</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.422)*</td>
<td>(0.075)*</td>
<td></td>
</tr>
<tr>
<td>Vote PAN 1994</td>
<td>-0.583</td>
<td>-0.102</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.513)</td>
<td>(0.115)</td>
<td></td>
</tr>
<tr>
<td>Vote PRD 1994</td>
<td>-1.034</td>
<td>-0.232</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.744)</td>
<td>(0.150)</td>
<td></td>
</tr>
<tr>
<td>Vote PRI 1997</td>
<td>0.822</td>
<td>0.179</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.412)*</td>
<td>(0.073)*</td>
<td></td>
</tr>
<tr>
<td>Vote PAN 1997</td>
<td>-0.067</td>
<td>0.048</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.524)</td>
<td>(0.115)</td>
<td></td>
</tr>
<tr>
<td>Vote PRD 1997</td>
<td>-0.325</td>
<td>0.075</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.692)</td>
<td>(0.148)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-2.213</td>
<td>-0.004</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.783)**</td>
<td>(0.012)</td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>661</td>
<td>661</td>
<td>661</td>
</tr>
<tr>
<td>R-squared</td>
<td></td>
<td></td>
<td>0.32</td>
</tr>
<tr>
<td>Number of matches</td>
<td></td>
<td></td>
<td>(m)=1</td>
</tr>
</tbody>
</table>

All controls included in the matching
Robust standard errors in parentheses in the logit model
†significant at 10% level; * at 5%; ** at 1%
least squares models. The table is divided in two panels. The upper one presents the probabilities of voting for the PRI for women and the lower panel presents the probabilities of voting for the PRI for men. In both panels, I calculate probabilities for a respondent that was likely to be a recipient of the program (with less than 65 years old, with children under 18 years old, with no high school education, residents of a poor dwelling, non-manual workers, and non-members of a union. I left religion, interest in politics and the follow of the campaigns at their mean values) conditioned on receiving and not receiving Progresa benefits.

Leaving all the variables about voting behavior at their mean, the probability that a poor women voted for the PRI is twenty four percent (thirty-four in the WLS model) if she was not enrolled in Progresa, this probability increases to forty percent (forty-eight in the WLS) if she was. The probability that a poor man voted for the PRI is seventeen percent (twenty-five in the WLS model) if he was not enrolled in Progresa, this probability increases to thirty percent (thirty-nine in the WLS model) if he was.

Next, consider the case of a woman that voted for the PRI both in the 1994 presidential election and in the 1997 midterm election. For her, the probability of voting for the PRI in the 2000 election was fifty-two (fifty-six in WLS); however, if this women was in receipt of Progresa benefits, this probability increases to sixty-nine percent (seventy in the WLS model). For

\footnote{The probabilities are calculated for respondents with children under 18 years old, with no highschool education, residents of a poor dwelling, non-manual workers, and non-members of a union. Religion, interest in politics, and attention to the campaigns were left at their mean values. PRIista are respondents who voted for the PRI in the 1994 and 1997 elections. PANista are respondents who voted for the PAN in the 1994 and 1997 elections. "Switched PRI to PAN" are respondents who voted for the PRI in 1994 and for the PAN in 1997.}
a man that made the same voting choices, the probability of voting again for the PRI in 2000 is forty-one percent (fifty-two in the WLS model) and with Progresa fifty-nine percent (sixty in the WLS model).

Unlike the latter example, the probability of voting for the PRI remains small among women and men that voted for the PAN since 1994. Nevertheless, the probability of voting for the PRI was dramatically different between a recipient and a non-recipient. For the former the probability was eighteen percent (thirty-one in the WLS model) for women and twelve percent (twenty-two in the WLS model) for men. For the latter, the probability was nine percent (seventeen in the WLS model) for women and six percent (eight in the WLS model) for men.

Finally, consider the case of a woman that decided to vote for the PRI in 1994 but changed her mind in the 1997 midterm elections and voted for the PAN. Her probability of voting for the PRI in 2000 is lower than the probability of a women that voted PRI both times regardless of Progresa; however, it is larger than the probability of a women who voted only for the opposition. If this women was not in receipt of Progresa her probability of voting for the PRI is thirty one (forty three in WLS) percent. Yet if this woman was a Progresa recipient, her probability of voting PRI increases to forty-eight percent (fifty seven in the WLS model). In the case of a man who switched his vote from the PRI to the PAN, his probability goes from twenty-two percent (thirty-four in the WLS model) without the program to thirty-four percent (forty-seven in the WLS model) with the program.

Summarizing the main results of this chapter, I presented indirect evidence using the Mexico 2000 Panel Study regarding the electoral effect of
Table 4.8: Probability of voting for the PRI

<table>
<thead>
<tr>
<th>Women</th>
<th>LOGIT</th>
<th>WLS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progresa</td>
<td>0.40</td>
<td>0.24</td>
</tr>
<tr>
<td>PRInsta</td>
<td>0.69</td>
<td>0.52</td>
</tr>
<tr>
<td>PANista</td>
<td>0.18</td>
<td>0.09</td>
</tr>
<tr>
<td>Switched PRI to PAN</td>
<td>0.48</td>
<td>0.31</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Men</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Progresa</td>
<td>0.30</td>
<td>0.17</td>
<td>0.39</td>
<td>0.25</td>
</tr>
<tr>
<td>PRInsta</td>
<td>0.59</td>
<td>0.41</td>
<td>0.60</td>
<td>0.52</td>
</tr>
<tr>
<td>PANista</td>
<td>0.12</td>
<td>0.06</td>
<td>0.22</td>
<td>0.08</td>
</tr>
<tr>
<td>Switched PRI to PAN</td>
<td>0.38</td>
<td>0.22</td>
<td>0.47</td>
<td>0.34</td>
</tr>
</tbody>
</table>

Progresa on both parties and voters—with the warning that the small number of respondents that were enrolled in the program may limit the precision of the analysis. The first section of the chapter includes descriptive statistics that suggest that Progresa recipients were similar to their counterparts in the countryside regarding their exposure to political advertisements on television. The parties, furthermore, intensified their campaign efforts in the rural areas and in particular among Progresa recipients as suggested in Chapter 3. In the second part of this chapter, I showed that, despite the increased efforts of the opposition, Progresa recipients had a higher probability of liking the PRI, approving of Zedillo, and finally of voting for the PRI. The three models that I used to analyze the effect of Progresa on the presidential approval rate and vote for the PRI suggest that it is not the case that the results are spurious or driven by systematic differences between recipients and non-recipients. Yet, the most relevant contribution of this chapter is to
show that the positive effect of Progresa on voting behavior is accompanied by a positive effect on presidential approval rates. This finding strongly suggests that voters' attitudes and voting choices went on the same direction; thus, the probability that this result can be explained by fear or coercion is remote.
Chapter 5

Does Progresa Affect Electoral Behavior? Evidence from a Randomized Experiment

The challenge to find the correct effect of Progresa on electoral behavior to is that for decades welfare programs in Mexico have had, at best, the double objective of improving the living conditions of the poor and fostering loyalty to the government. At worst, however, programs had only the latter objective. In addition, estimating the electoral effects of Progresa is challenging precisely because of the historic correlation between poverty, rural residence, and support for the PRI.¹

¹For many observers, the decision of the PRI to target the rural areas was not against “the optimal strategy of a risk-averse candidate”. First and foremost, that entails redistribution to the constituencies where the PRI has had more support (Cox and McCubbins 383). Yet, as I explained in Chapter 2, the PRI old guard did not design or implement the program. Rather, a technical oriented group with no attachment to the traditional sectors of the party controlled the program. Furthermore, not only did this group submit the operational rules and eligibility criteria to a multi-party Congress, but Progresa bureaucracy responded to different motivations than other state agents in control of welfare programs because, by congressional decision trading Progresa for votes was a federal
The possibility that an electoral and a technical criteria coexist represents a problem because it implies that the electoral choices of beneficiaries after the intervention of the program might reflect systematic differences in their choices before the program even existed.2 If the program followed electoral criteria, partisan voters would receive more funds and so their political behavior would drive both the resources they receive and their future political decisions. Without an identification strategy, an empirical analysis could at best only establish a correlation between policies and electoral participation.

This chapter exploits a unique experiment done in the early stages of Progresa. The identification strategy I employ takes advantage of the fact that early assignment of program benefits included a randomized component originally designed to evaluate the program effects on schooling and health. Families in 300 localities were randomly selected to receive benefits in September 1998 and 200 localities were excluded from the program until January 2000 (Schultz 2001). By the 2000 presidential election, localities had been under treatment twenty-one and six months, respectively. This experiment presents a unique opportunity to explore whether recipients changed their electoral behavior even though strict technical criteria were used to select beneficiaries. Finally, as I explained in Chapter 3, Progresa recipients were well aware of the non-political nature of the program.

2Note that this challenge is not specific to the PRI and Progresa but applies to all parties that have constituencies defined by general or abstract criteria. For instance, Stokes questions about the Labor party and workers, Social Democrat party and minority groups, or a Christian party and a religious community. If any of these parties were to design a public policy to favor its constituency, does this amount to vote buying, clientelism, or simply ideological commitment to help an abstractly defined group? (Stokes 2007) Whether the party is doing it to perpetuate its support or because it has a redistributive agenda, investigating the effects that these policies have on political behavior presents a methodological challenge.
lect beneficiaries and there was little room for manipulation. In addition, the early and late treatments allow the analysis not only of the program’s effect but of the length of time spent in the program on turnout and the partisan distribution of the vote.

The estimates suggest that an electoral section fully treated twenty one months before election time increased its turnout in 2000 by five percentage points and its incumbent vote share by four percentage points. For an average precinct with 578 potential voters the estimations imply a change in the probability of turnout from 0.60 in 1994 to 0.65 in 2000. And a change in the probability of voting for the incumbent from 0.38 to 0.42. The last section of this chapter shows that the conditional effect of Progresa on the strength of the PRI in 1994 is smallest among those precinct were the PRI had more than 0.85 share of the votes in 1994 compared to precincts were the PRI strength was moderate and low. Finally, I show that the conditional effect of Progresa is lower than the effect of the PRI strength in 1994 when the PRI was dominant. On the contrary the conditional effect of Progresa is larger than the effect of the PRI strength in precincts where competition already took place in 1994. This suggests that the mechanism behind these results is in fact as suggested throughout this dissertation: recipients of Progresa chose to vote for the PRI in 2000 because they were pleased with the program.

The experimental set-up is often used in the development economics and public finance literature to evaluate programs. In political science, this set-up is a less common practice due to limited data. Electoral data is usually aggregated into a unit that obscures individual level dynamics. The variation I exploit in this paper was originally done at the locality level, roughly
equivalent to the American census track level, but the smallest unit for which I can use electoral data is the sección (precinct) each with an average of a thousand inhabitants.

In the remainder of this chapter, I first describe the randomization process and the data. Then I show that the unit aggregation does not violate the identification assumption. Thus, being part of the early treatment group does not depend on past turnout or party vote shares. Then I present a difference-in-difference model with a continuous treatment variable to estimate the effect of the program. Then I present the results of the model first for turnout and then for vote shares. Robustness checks are also included in the last section.

5.1 Data and Methods

5.1.1 Randomization

Randomization was implemented at the locality rather than the household level because some of Progresa’s benefits were conditioned by specific characteristics of the localities as having a health center and a school close by. Also, it was difficult to have treatment and control households within a small geographical unit. The first step in selecting the random localities was to create a poverty measure at the locality level based on census data. This poverty measure takes into account educational levels, life expectancy, and income. A threshold for eligibility was established, allowing it to vary by broad geographical regions. The next step was to select randomly 505 localities using a stratified sample by size of the locality. There was a sixty percent proba-
bility of being assigned to the treatment group and forty percent probability of being assigned to the control group. The final sample was located in six states: Guerrero, Hidalgo, Michoacán, Querétaro, Puebla, San Luis Potosí, and Veracruz. In localities assigned to the treatment, all eligible households within each locality were offered enrollment in Progresa and normally accepted. In localities assigned to the control group, none of the households received the program benefits or services.

Since randomization happened at the locality level in this chapter, I used the smallest unit of analysis for which I could match electoral and program data: the electoral sección (precinct). 3

5.1.2 Data

The evaluation survey, ENCASEH 1997, ran by the program’s implementers, included the names of the 505 localities randomly assigned, the municipality and the state they belong to. To match these localities with their precinct, I collected from the Federal Electoral Institute (IFE) a data set that lists the electoral precincts and their geographical boundaries. 4 I identified the precincts where each of the 500 localities belonged to. Neither localities nor precincts have a fix population size and generally they do not correspond one-to-one. When localities are large in terms of population size they can

3 Notice that randomization did not take place at the individual level where survey data could shed more light on the mechanism that drives beneficiaries to turnout more but would not solve the problem of endogeneity. An additional advantage of using precincts as oppose to districts or municipalities is that its small size lessens the ecological inference problem.

4 The Electoral Institute and the National Statistics Agency (INEGI) use different identification numbers for states, municipalities, and localities so that all merges were carefully done by name.
Table 5.1: Electoral sections in experiment

<table>
<thead>
<tr>
<th>Electoral sections</th>
<th>% People randomized</th>
</tr>
</thead>
<tbody>
<tr>
<td>42</td>
<td>100</td>
</tr>
<tr>
<td>20</td>
<td>75-99</td>
</tr>
<tr>
<td>41</td>
<td>51-75</td>
</tr>
<tr>
<td>109</td>
<td>26-50</td>
</tr>
<tr>
<td>253</td>
<td>0-25</td>
</tr>
<tr>
<td>465</td>
<td>Total</td>
</tr>
</tbody>
</table>

be divided into two or more precincts. When localities are small they are aggregated into one precinct. Thus, the localities that participated in the experiment are located in 465 precincts, which include 3500 extra localities. In Table 5.1, I present a summary of the precincts and the percentage of randomized people 18 or older.\(^5\)

In order to calculate the population and poverty levels at the section level, I identified the 3500 localities that correspond to the precincts and merged them with the Census of Population and Housing (2000) and the Partial Census (1995) produced by INEGI. Out of the 505 localities in the experiment, eight of them disappeared by the time of the 2000 Census and 440 out of the 3500 original localities identified by the IFE did not exist in any of the INEGI's records. To avoid measurement error, I excluded from the analysis eighteen precincts without enough information to calculate its population.

The average population size of the localities in the experiment is 265 people. By definition of the experiment, the 505 localities are eligible to be

\(^5\)The percentage of people randomized is calculated as the total number of people above 17 years old in the randomized localities with respect to total number of people above 17 in the section, times 100.
in the program due to their impoverishment status. After I aggregated these localities into their corresponding precincts the poverty index averaged 4.5 with a standard deviation of .045 (see Table 5.2), regardless of the percentage of people randomized into treatment. Thus regardless of treatment, precincts are comparable with respect to their poverty levels.

Yet, I find that some of the extra 3500 localities that fall in the precincts of interest are urban ‒therefore do not meet the eligibility criteria. Thus, in the analysis, I kept 355 precincts with an average population of 1158 and with at least 80 percent of people living in eligible localities. This restriction eliminates precincts with localities that are clearly outliers in terms of population size. Summary statistics of localities and precincts are presented in Table 5.3.

I collected the electoral results from the Atlas of Federal Elections 1991-

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6To replicate the eligibility criteria, I used the Poverty Index (1995) used by the Ministry of Development. As described in the technical notes of the randomization process, I defined a locality as eligible if it scored a four or higher in the measure of poverty.

7The intention of excluding these precincts is to minimize the possibility of measurement error; however, I replicated the results, including the complete sample and the corresponding controls for population and poverty.
Table 5.3: Descriptive statistics –unweighted means

Panel A: Localities in the random assignment
N=501
Average population 260 254
Standard deviation population 192 197
Median population 209 203
Average population above or 18 years old 132 131
Standard deviation of population above or 18 years old 95 96
Median population of population above or 18 years old 107 104

Panel B: All electoral sections
N=447
Average population 3163 3337
Standard deviation population 25040 26859
Median population 1178 1209
Average population above or 18 years old 1787 1884
Standard deviation of population above or 18 years old 15490 16616
Median population of population above or 18 years old 598 614

Panel C: Electoral sections with at least 80 % of eligible people
N=355
Average population 1158 1198
Standard deviation population 737 793
Median 1082 1094
Average population above or 18 years old 578 595
Standard deviation of population above or 18 years old 359 384
Median population of population above or 18 years old 537 546
Average eligibility 0.87

2000 and Statistics of the 2003 Federal Election, both published by the IFE. Thus, all data is measured at the precinct level.

5.1.3 Testing the identification assumption

Early treatment of localities was distributed across precincts with mean of 0.34 and a standard deviation of 0.29. By 2000, treated localities had twenty-one months in the program and localities treated later on were incorporated six months before the election. The experiment is “contaminated” but presents a good opportunity to investigate not only if the program affects turnout but also if length in the program matters. In other disciplines “contaminated” experiments had been continuously used because still a lot can be learned form the randomization despite the disadvantages of have a second “contaminating” distribution (Horowitz and Manski 1995). If the group incorporated into the program in 1997 behaves differently than the group incorporated afterwards that would suggest an effect related to the time being a beneficiary of the program.

Let $i$ index the locality and $j$ the precinct. Let $Y_{0j}$ represent the turnout for the section in the absence of the treatment and $Y_{1j}$ the turnout with treatment. Let $e_{ij}$ be the eligible people to the program above seventeen years old living at a given locality. Let $r_{ij}$ be the people above seventeen years old living in a locality that was part of the early randomized treatment. Then $r_{ij} = 0$ for localities that are in the later treatment and for localities that are not part of the randomization but belong to an electoral section.

---

8In 1996, there was a redistricting process; only five of the electoral sections disappeared in 2000.

9Being older than 17 years old is the requirement to vote in Mexico
Finally, let \( n \) be the total number of people above seventeen years old in a given section. Thus, \( E_j = \frac{1}{n} \sum_{k=1}^{n} e_{ij} \) and \( R_j = \frac{1}{n} \sum_{k=1}^{n} r_{ij} \)

If randomization holds at the precinct then:

\[
E(Y_{0j} | R_j > 0, E_j \geq 0.8) = E(Y_{0j} | R_j = 0, E_j \geq 0.8) \tag{5.1}
\]

To provide an initial look at the impact of the program on turnout, Table 5.4 shows the average turnout in the presidential elections of 1994 and 2000 in precincts with different intensities of early treatment. The first and last row show that the average turnout in 1994 for precincts that were completely treated is identical to the same year average turnout in sections with no treatment at all. What is noteworthy is that average turnout is eight points higher in 2000 for the precincts completely treated compared to the two points change in sections with no treatment. The middle rows show that the change in average turnout is higher the greater the intensity of the program, except for a three points change for sections with more than a quarter of people treated but less than a half. Yet, the jump in average turnout is highest for precincts completely treated. Also, note that while the highest difference in average turnout in 1994 is three points separating the precincts in the highest quarter of treatment with the lowest quartile, the difference between these quartiles in 2000 is seven points. Clearly, there is no systematic relation between average turnout in 1994 and treatment, so it is correct to think of treatment as exogenous to turnout in 1994.

Progresa distributed the same particularized goods to all its beneficiaries. If Progresa were part of a strategy to maximize votes in the rural area, the distribution of its resources should reveal either a preference for PRI sup-
Table 5.4: Average turnout by % people above 17 years old randomized to treatment

<table>
<thead>
<tr>
<th>% treated</th>
<th>turnout 1994</th>
<th>turnout 2000</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>0.62</td>
<td>0.70</td>
<td>0.08</td>
</tr>
<tr>
<td>76-99</td>
<td>0.64</td>
<td>0.69</td>
<td>0.05</td>
</tr>
<tr>
<td>51-75</td>
<td>0.64</td>
<td>0.65</td>
<td>0.01</td>
</tr>
<tr>
<td>26-50</td>
<td>0.63</td>
<td>0.66</td>
<td>0.03</td>
</tr>
<tr>
<td>0-25</td>
<td>0.61</td>
<td>0.62</td>
<td>0.01</td>
</tr>
<tr>
<td>0</td>
<td>0.62</td>
<td>0.64</td>
<td>0.02</td>
</tr>
</tbody>
</table>

Porters or opposition supporters, assuming a risk-averse PRI for the former strategy (Cox and McCubbins 1986) or a risk-taker PRI for the latter (Dixit and Londregan 1995). Figure 5.1 presents an initial look at the distribution of the intensity of early treatment versus PRI vote share in 1994. The large circles represent precincts with less than a thousand inhabitants and the smaller circles represent precincts with more than a thousand inhabitants. The figure shows that the dispersion of PRI vote share is similar for precincts that were either fully or not treated at all. For the middle values of the PRI vote share, the figure suggests that there is no evidence of a positive relation between these two variables, especially when taking into account the size of the precincts.
Figure 5.1
PRI vote share in 1994 and the intensity of early treatment

Note: Small and large circles represent sections with more, and less or equal, than 1000 potential voters respectively.
To corroborate this result, I specified a model where the dependent variable is the share of people treated early and the independent variables are turnout in 1994 and vote shares for the PRI, PAN, and PRD in the same year. Table 5.5 presents the results of this specification. Note that the share of people treated is not explained either by turnout or any of the party vote shares. As expected, however, the larger the precinct’s population, the lower the share of people treated early.

Although the descriptive statistics presented in Table 5.4 suggest that the program positively affects turnout, this analysis does not take into account the effect of other factors, especially that of precinct-specific characteristics. In order to control for these confounding effects, I next turn to the regression analysis. First, in order to check if the distinct pattern observed above
holds even after controlling for these confounding factors, I estimate a first-differencing regression model.

5.1.4 Model

The dependent variable is turnout, calculated as the total number of votes with respect to the total number of persons with at least eighteen years old living in the electoral section.$^{10, 11}$

turnout in a precinct can be written as:

$$y_{it} = c_i + \beta(\text{Share of people treated early}) + u_{it}$$ (5.2)

where $y_{it}$ is turnout. The $\text{share of people treated early}$ is constructed by multiplying two variables: $\text{prog}_{it}$ which is a vector that contains ones when the precinct has localities that were part of the early treatment and zeros elsewhere, and the share of people living in localities that were randomized with respect to the precinct population. $c_{it}$ captures unobserved characteristics of the precincts that are constant over time. I eliminate the unobserved effect $c_{it}$ by doing a first-differencing transformation.

$$\Delta y = \beta(\text{Share of people treated early}) + \Delta u_{it}$$ (5.3)

$^{10}$An alternative way to calculate turnout would have been to use the actual number of registered voters in each section. In Mexico, the IFE is in charge of the registration of voters. This identity card is used not only for electoral purposes but as an official identity card. Therefore, it is reasonable to think that the program could affect both the number of votes and the number of registered voters. To avoid this problem, I calculated the population by section using Census data.

$^{11}$To calculate the population eligible to vote in 1994, I assumed that the population growth is constant between 1994 and 2000.
where $\Delta y = y_{it} - y_{it-1}$ and the share of people treated early is not differentiated because in 1994 no precinct was incorporated in the program and so the change in this share is simply the share in 2000. The estimate of $\beta$ from equation (3) is the difference in difference estimator. If people incorporated early to the program turnout more than people incorporated in the second round then I expect $\beta$ to be positive. Remember that I conditioned this estimation on eligibility being higher than eighty percent. This condition is required to make the assumption of $E(X'u) = 0$ hold. Otherwise, the errors will systematically correlate with the probability of getting localities treated in the program.

5.2 Effect of Progresa on turnout

5.2.1 Basic Results

In Table 5.6, I present the estimates of equation (3). The coefficient of the variable $\text{Shareofpeopletreatedearly}$ in column (1) is positive and significantly different from zero. This effect suggests that a precinct fully treated increased its turnout in 2000 by five points. For example, an average precinct with 578 voters had a turnout of 0.60 in 1994. If this precinct was a hundred percent treated the turnout in 2000 would be 0.65. This means that this precinct would have forty new voters in 2000, twenty three more voters in addition to the seventeen voters explained by the pure increase in population. Assuming that this precinct had been treated not a hundred but seventy percent, the probability of turnout would increase to 0.63, so the program would bring fourteen new voters, with a fifty percent treatment, eight new voters
and finally a small treatment of a quarter will bring only one new voter. The estimate remains the same even after controlling for population levels and changes. These results are summarized in Table 5.7.\textsuperscript{12}

Assuming that the program has a positive effect on turnout among the localities treated later on, the positive coefficient on the share of people treated early implies that the magnitude of the effect is related to the length of time in the program. Also, note that if this is true, the estimates are probably downward-biased. In other words, if the second group of localities had not been incorporated before the election, the difference between early and non-treatment would be even higher.

\textsuperscript{12}Green (2005) finds no effect of Progresa on voter participation in the 2000 presidential election or on the partisan distribution of the vote in the congressional elections between 1997 and 2000. Her regression discontinuity design, however, can only identify the effect of Progresa near the point where it is possible to identify a discontinuity in the allocation of Progresa resources. Thus the localities included in her analysis do not represent the poorest population. Rather her sample includes localities with almost no indigenous population and medium poverty (20).
Table 5.7: Interpretation of the turnout results

<table>
<thead>
<tr>
<th>Treatment 100 percent</th>
<th>1994</th>
<th>2000</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population eligible to vote</td>
<td>578</td>
<td>595</td>
<td>17</td>
</tr>
<tr>
<td>Total votes</td>
<td>345</td>
<td>385</td>
<td>40</td>
</tr>
<tr>
<td>Probability of turnout</td>
<td>0.60</td>
<td>0.65</td>
<td>0.05</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Treatment 70 percent</th>
<th>1994</th>
<th>2000</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population eligible to vote</td>
<td>578</td>
<td>595</td>
<td>17</td>
</tr>
<tr>
<td>Total votes</td>
<td>345</td>
<td>376</td>
<td>31</td>
</tr>
<tr>
<td>Probability of turnout</td>
<td>0.60</td>
<td>0.63</td>
<td>0.03</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Treatment 50 percent</th>
<th>1994</th>
<th>2000</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population eligible to vote</td>
<td>578</td>
<td>595</td>
<td>17</td>
</tr>
<tr>
<td>Total votes</td>
<td>345</td>
<td>370</td>
<td>25</td>
</tr>
<tr>
<td>Probability of turnout</td>
<td>0.60</td>
<td>0.62</td>
<td>0.02</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Treatment 25 percent</th>
<th>1994</th>
<th>2000</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population eligible to vote</td>
<td>578</td>
<td>595</td>
<td>17</td>
</tr>
<tr>
<td>Total votes</td>
<td>345</td>
<td>363</td>
<td>18</td>
</tr>
<tr>
<td>Probability of turnout</td>
<td>0.60</td>
<td>0.61</td>
<td>0.01</td>
</tr>
</tbody>
</table>
5.2.2 Robustness

The previous result relies on the identification assumption that there is no omitted time-varying and precinct specific effect correlated to the program. This condition would be violated if other political variables such as the political party controlling the local government would have different effects on turnout. In order to take this into account I estimated equation (3) adding as a control variable the party affiliation of the municipal authority at the time of the 2000 and 1994 presidential election. Again the estimates suggest an effect of the same direction and magnitude even after controlling for local political variables (Table 5.8).

A second check is to see whether the estimated positive effect of the program depends on choosing a specific eligibility threshold. One source of concern could be that a specific threshold captures other unobservable characteristics that have an effect on turnout and so the estimated effect is not reflecting the effect of the program but these other characteristics. To rule out this possibility, I estimate equation (3) using different eligibility thresholds. Table 5.9 presents the estimations. The positive and significant coefficients on shareofpeopletreatedearly suggest that the effect of the program is not compromised by moving the threshold between ninety and fifty percent. However, the effect of the program vanishes when the percentage of people eligible to be enrolled into the program in the precinct is small.
Table 5.8: Estimations controlling for the party in control of the municipality

<table>
<thead>
<tr>
<th>Share of people treated early</th>
<th>0.052</th>
</tr>
</thead>
<tbody>
<tr>
<td>(0.022)*</td>
<td></td>
</tr>
<tr>
<td>PAN 2000</td>
<td>-0.048</td>
</tr>
<tr>
<td>(0.024)</td>
<td></td>
</tr>
<tr>
<td>PRD 2000</td>
<td>-0.053</td>
</tr>
<tr>
<td>(0.027)</td>
<td></td>
</tr>
<tr>
<td>OTHER 2000</td>
<td>-0.023</td>
</tr>
<tr>
<td>(0.026)</td>
<td></td>
</tr>
<tr>
<td>PAN 1994</td>
<td>0.052</td>
</tr>
<tr>
<td>(0.026)*</td>
<td></td>
</tr>
<tr>
<td>PRD 1994</td>
<td>-0.010</td>
</tr>
<tr>
<td>(0.027)</td>
<td></td>
</tr>
<tr>
<td>OTHER 1994</td>
<td>0.127</td>
</tr>
<tr>
<td>(0.071)</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>0.017</td>
</tr>
<tr>
<td>(0.010)</td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>350</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.06</td>
</tr>
</tbody>
</table>

Standard errors in parentheses

†significant at 10% level; * at 5%; ** at 1%

Table 5.9: Estimation using different eligibility thresholds

<table>
<thead>
<tr>
<th>Progresa</th>
<th>.9</th>
<th>.8</th>
<th>.7</th>
<th>.6</th>
<th>.5</th>
<th>&lt; .5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progresa</td>
<td>0.054</td>
<td>0.054</td>
<td>0.055</td>
<td>0.059</td>
<td>0.057</td>
<td>-0.058</td>
</tr>
<tr>
<td></td>
<td>(0.022)*</td>
<td>(0.022)*</td>
<td>(0.021)*</td>
<td>(0.022)**</td>
<td>(0.021)**</td>
<td>(0.088)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.011</td>
<td>0.011</td>
<td>0.010</td>
<td>0.005</td>
<td>0.007</td>
<td>0.010</td>
</tr>
<tr>
<td></td>
<td>(0.009)</td>
<td>(0.009)</td>
<td>(0.008)</td>
<td>(0.008)</td>
<td>(0.008)</td>
<td>(0.015)</td>
</tr>
<tr>
<td>Observations</td>
<td>349</td>
<td>355</td>
<td>365</td>
<td>377</td>
<td>388</td>
<td>59</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
<td>0.01</td>
</tr>
</tbody>
</table>

Progresa is the share of people treated early

Standard errors in parentheses

†significant at 10%; * at 5%; ** at 1%
5.3 Effect of Progresa on vote shares

5.3.1 Basic Results

A natural question that follows from the previous section is which political party benefits from the increase in participation. Remember from chapter 4, that using survey data I calculated that the average treatment effect of Progresa on the probability that a respondent voted for the PRI in 2000 was thirteen percent using a matching estimator and a weighted least square model. Yet, these non-experimental estimates are sensitive to the specification of the model. If an important variable is left out, or measured with error, the results could be biased and the estimates could thus be misleading.

Consistently with the analysis on the effect of Progresa on turnout, I start by estimating a specification equivalent to equation (3) but now define $\Delta y = y_{it} - y_{it-1}$ as the difference in vote share from 2000 minus 1994, the right hand side of the equation remains the same. I estimate one equation for the PRI, one for the PAN and one for the PRD. Table 5.10 presents the results.

First of all, note that the share of people treated early has a positive effect on the vote share of the PRI. In terms of the magnitude of the effect, the estimates suggest that a precinct fully treated increased its PRI vote share in four points from 1994 to 2000. For instance, a voter living in a precinct with a population eligible to vote of 578 people and 221 votes for the PRI in 1994 had a probability of 0.38 of voting for this party. If the precinct where this voter lives was fully treated, her probability of choosing the incumbent increases to 0.42. If this precinct was seventy percent treated this probability
Table 5.10: Estimations of the effect of intensity of treatment on party vote shares

<table>
<thead>
<tr>
<th></th>
<th>PRI</th>
<th>PAN</th>
<th>PRD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progresa</td>
<td>0.047</td>
<td>-0.006</td>
<td>-0.025</td>
</tr>
<tr>
<td>(0.026)†</td>
<td>(0.016)</td>
<td>(0.017)</td>
<td></td>
</tr>
<tr>
<td>logpop1994</td>
<td>0.022</td>
<td>0.003</td>
<td>-0.000</td>
</tr>
<tr>
<td>(0.012)†</td>
<td>(0.007)</td>
<td>(0.008)</td>
<td></td>
</tr>
<tr>
<td>popchange</td>
<td>-0.309</td>
<td>-0.062</td>
<td>-0.065</td>
</tr>
<tr>
<td>(0.049)**</td>
<td>(0.030)*</td>
<td>(0.033)†</td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>-0.192</td>
<td>0.055</td>
<td>0.036</td>
</tr>
<tr>
<td>(0.075)*</td>
<td>(0.046)</td>
<td>(0.051)</td>
<td></td>
</tr>
<tr>
<td>Observations</td>
<td>355</td>
<td>355</td>
<td>355</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.11</td>
<td>0.01</td>
<td>0.02</td>
</tr>
</tbody>
</table>

Progresa is the share of people treated early
Standard errors in parentheses
†significant at 10%; * at 5%; ** at 1%

will change to 0.41. Finally, with fifty percent of treatment the probability of voting for the incumbent party remains the same as in 1994. These results are summarizes in Table 5.11.13

5.3.2 Effect of Progresa conditioned on the PRI strength in 1994

The evidence presented so far suggests that the PRI was able to capitalize on the fact that recipients of Progresa were satisfied with a policy implemented by a federal government of its own party. The magnitude, however, suggests that the program was not as efficient as previous PRI tactics. As I described in Chapter 3, the PRI fiercely fought to retain the support of the territory where it was still strong and invested in areas where its strength

13The estimates do not change when I include population controls.
Table 5.11: Interpretation of the PRI vote share results

<table>
<thead>
<tr>
<th>Treatment 100 percent</th>
<th>1994</th>
<th>2000</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population eligible to vote</td>
<td>578</td>
<td>595</td>
<td>17</td>
</tr>
<tr>
<td>Total votes</td>
<td>221</td>
<td>251.3</td>
<td>30.3</td>
</tr>
<tr>
<td>Probability of turnout</td>
<td>0.38</td>
<td>0.42</td>
<td>0.04</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Treatment 70 percent</th>
<th>1994</th>
<th>2000</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population eligible to vote</td>
<td>578</td>
<td>595</td>
<td>17</td>
</tr>
<tr>
<td>Total votes</td>
<td>221</td>
<td>244</td>
<td>23</td>
</tr>
<tr>
<td>Probability of turnout</td>
<td>0.38</td>
<td>0.41</td>
<td>0.03</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Treatment 50 percent</th>
<th>1994</th>
<th>2000</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population eligible to vote</td>
<td>578</td>
<td>595</td>
<td>17</td>
</tr>
<tr>
<td>Total votes</td>
<td>221</td>
<td>239</td>
<td>18</td>
</tr>
<tr>
<td>Probability of turnout</td>
<td>0.38</td>
<td>0.40</td>
<td>0.02</td>
</tr>
</tbody>
</table>

was endangered. At the same time, however, opposition parties reacted to the program. On the one hand the opposition had much to gain from the retrenchment of clientelism because the expected returns of campaigning in areas where local bosses were strong had turned positive. On the other hand, the fact that Progresa pleased poor voters gave the opposition incentives to defend the areas were electoral competition was already taking place, particularly areas that they already governed. Was the effect of Progresa the same in areas where the PRI was hegemonic compared to areas where the PRI had to compete for votes in 1994? In order to answer this question, I estimate the effect of Progresa conditioned on the strength of the PRI in 1994.

PRI vote share in 2000 is then written as:

\[
PRI_{2000i} = \beta_0 + \gamma_1(P_i \ast S_{1,i}) + \gamma_2(P_i \ast S_{2,i}) + \beta_1S_{1,i} + \beta_2S_{2,i} + \beta_3P_i + u_i \quad (5.4)
\]
where $P$ is the share of people enrolled early in Progresa at the precinct $i$. $S_{1,i}$ is a dummy variable that takes the value of one when the PRI had eighty-five percent of the vote or more in 1994 and zero otherwise. $S_{2,i}$ is a dummy variable that takes the value of one when the PRI vote share in 1994 was between fifty-six and eighty-five percent and zero otherwise. I left the variable which took the value of one for the precincts where the PRI got less than fifty-six percent of the vote in 1994, $S_{3,i}$, out of the equation, thus this is the base category. $P_i \times S_{1,i}$ and $P_i \times S_{2,i}$ represent the interaction between Progresa, $P$, and the corresponding strength of the PRI in 1994.  \(^{14}\)

If it was the case that the effect of Progresa were positive and significant only in areas that were previously dominated by the PRI local bosses, then the mechanism that I describe in previous chapters would be remotely possible. On the contrary, if the effect of Progresa were positive even in areas where the opposition had presence then it is likely that recipients cast a ballot in favor of the incumbent because they were pleased by the program. The estimates of equation (5.4) are reported in Table 5.12.

First, note that the effect of Progresa is significantly moderated by the strength of the PRI in 1994. Although $\beta_3 + \gamma_1$ is significantly different from zero at a ten percent level, $\beta_3 + \gamma_2$ is significantly different from zero at a level slightly above one percent level. Therefore, Progresa had a different effect on precincts were the PRI was dominant compared to precincts where the PRI competed with other parties.

Yet the effect of Progresa is not the largest among precincts where the

\(^{14}\)I also included in the specification variables that control for the share of the population eligible in terms of poverty and population change.
PRI was hegemonic in 1994; among these precincts an increase of one share point in the number of families enrolled early in Progresa had an effect of .064 ($\gamma_1 + \beta_3$) in the PRI vote share in 2000. Rather, the largest effect of Progresa took place in precincts where the PRI had less than eighty-five percent but more than fifty-six percent of the vote in 1994. Among these precincts the program had an effect of .081 ($\gamma_2 + \beta_3$). Finally, among the precincts where the PRI had less than fifty-three percent of the vote in 1994, which represent only a quarter of the total sample of precincts in this analysis, Progresa had an effect of .046 ($\beta_3$).

These results confirm that Progresa had a positive and significant effect on the PRI vote share in the 2000 presidential election. In addition, they show that the program not only convinced voters in places where the PRI was previously dominant but also in places where competition took place.

**CONCLUSION.**

Estimating the effects of welfare represent a methodological challenge. The problem is that the possibility that the electoral choices of voters were driving both the program’s resources and their future electoral choices. If so, a simple correlation could be confused with causation. In this chapter, I approached this question using data of a Mexican entitlement program called Progresa and the most basic features of electoral politics- turnout and vote shares. I exploited an experimental set-up to estimate the effects of the program on electoral outcomes. I show that average turnout and vote shares in the 1994 election do not predict enrollment in the randomized early treatment but the latter does influence future electoral outcomes. The estimates suggest that a section fully treated twenty-one months before election time
Table 5.12: Effects of Progresa on different type of constituencies

<table>
<thead>
<tr>
<th>Type of Constituencies</th>
<th>Share of Eligible People</th>
<th>Population Change</th>
<th>Constant</th>
<th>Observations</th>
<th>R-squared</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pri1994 &gt;.85 X Progresa</td>
<td>0.018</td>
<td></td>
<td></td>
<td></td>
<td>447</td>
</tr>
<tr>
<td></td>
<td>(0.072)</td>
<td></td>
<td></td>
<td></td>
<td>0.38</td>
</tr>
<tr>
<td>Pri1994 &gt;.56 and &lt;.85 X Progresa</td>
<td>0.035</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.068)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pri1994 &gt;.85</td>
<td>0.264</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.026)**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pri1994 &gt;.56 and &lt;.85</td>
<td>0.131</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.020)**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Progresa</td>
<td>0.046</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.060)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of Eligible People</td>
<td>0.112</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.025)**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Population change</td>
<td>-0.102</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.048)*</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constant</td>
<td>0.334</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.025)**</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Standard errors in parentheses
†significant at 10%; * at 5% level; ** at 1% level

Test for the interactions:
- Pri1994 >.85 X Progresa + Progresa = 0  F(1,439) = 2.63  Prob > F = 0.105
- Pri1994 >.56 and <.85 X Progresa + Progresa = 0  F(1,439) = 5.74  Prob > F = 0.017
increased its turnout in 2000 by five points and its incumbent vote share by four points. For an average section with 578 potential voters the estimations imply a change in the probability of turnout from 0.60 in 1994 to 0.65 in 2000; and a change in the probability of voting for the incumbent from 0.38 to 0.42. I also show that the conditional effect of Progresa on the strength of the PRI in 1994 is smallest among those precincts where the PRI had more than eighty-five percent of the votes in 1994 compared to precincts were the PRI strength was moderate or low. Finally, I show that the conditional effect of Progresa is lower than the effect of the PRI strength in 1994 when the PRI was dominant. On the contrary, the conditional effect of Progresa is larger than the effect of PRI strength in precincts where competition already took place in 1994. This suggest that the mechanism behind this result is, as suggested throughout this dissertation, that recipients of Progresa chose to vote for the PRI in 2000 because they were pleased with the program.

This analysis is designed to study the short term effects of the program. Future research can also address the stability of this effect over time. The intuition behind this chapter is that the relation between voters and their government is dynamic. Voters respond to state action (or inaction) and vice versa. Thus, the short term effect of the program may disappear once the program is institutionalized or the effect could be displaced by other factors such as the local government’s performance.
Table 5.13: Descriptive statistics. turnout and vote shares

<table>
<thead>
<tr>
<th></th>
<th>1994</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean total votes</td>
<td>345</td>
<td>366</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>203</td>
<td>217</td>
</tr>
<tr>
<td>Mean turnout</td>
<td>0.62</td>
<td>0.64</td>
</tr>
<tr>
<td>Mean votes for PRI</td>
<td>220</td>
<td>200</td>
</tr>
<tr>
<td>Standard deviation (PRI)</td>
<td>141</td>
<td>127</td>
</tr>
<tr>
<td>Mean vote share PRI</td>
<td>0.41</td>
<td>0.35</td>
</tr>
<tr>
<td>Mean votes for PAN</td>
<td>26</td>
<td>69</td>
</tr>
<tr>
<td>Standard deviation (PAN)</td>
<td>35</td>
<td>75</td>
</tr>
<tr>
<td>Mean vote share PAN</td>
<td>0.04</td>
<td>0.11</td>
</tr>
<tr>
<td>Mean votes for PRD</td>
<td>53</td>
<td>72</td>
</tr>
<tr>
<td>Standard deviation (PRD)</td>
<td>65</td>
<td>76</td>
</tr>
<tr>
<td>Mean vote share PRD</td>
<td>0.09</td>
<td>0.12</td>
</tr>
</tbody>
</table>
Chapter 6

Progresa and Congressional Elections 1997-2003

By the time Zedillo left office, 2,476,430 families were enrolled in Progresa. Three years later, Progresa had doubled the number of beneficiaries. Why did Fox keep his campaign promise to continue Progresa?

Part of the answer goes back to the architect of Progresa. Regardless of the winner party, Levy anticipated that the incoming administration would have the temptation to dismantle Progresa. Levy's concern was more than founded because each president until then had taken measures to differentiate his term with that of his predecessor. Nowhere was this clearer than in Zedillo's decision to dismantle Salinas's beloved Pronasol. To prevent Progresa from following the same fortune of Pronasol, Levy came up with a "small mischief", as he enjoys calling it. In late 1999, he asked the World Bank for a loan, the biggest loan given to a Latin American country to fight poverty, conditioned upon the survival of the program with the exact same operational rules. Clearly this loan influenced Fox's decision. Addi-
tionally, Fox had to take into consideration the social and political costs of dismantling a 2,500,000 household program. Finally, while the centralized operations of Progresa were against the PAN’s doctrine, investments on education were compatible. After the electoral victory of 2000, the claims for decentralization seemed a second-order priority.

Luckily for Fox, by the time a decision had to be made, Progresa had been academically evaluated and the results were promising. Thus, the decision to keep Progresa was less controversial than Zedillo’s decision to first implement it. Ultimately the program survived even if its name changed. Understandably, the new administration renamed the program Oportunidades. To make the reading more fluent, I will name the program throughout this chapter, Progresa.

In this chapter, I return to the basic argument of Chapter 3 to discuss its implications for three types of issues. First, the continuation of the program under Fox’s term begs to ask whether the pro-incumbent effect I found in previous chapters is exclusive to the PRI. Did Progresa convince rural voters to cast a ballot for the right-wing incumbent? Did recipients stop rewarding the PRI once a different party implemented the program? Second, Progresa influence its recipients’ choices in the presidential election, did Progresa had a similar effect on congressional elections? The study of the congressional elections allows me to address a third point. Was the effect of Progresa driven by the respondents’ uncertainty about the future of the program? Perhaps the most popular complaint of opposition parties throughout the 2000 campaign was that the PRI campaign among Progresa recipients was centered on the message that the victory the opposition would mean the end
of the program (see Chapter 3). If this was the main reason why Progresa affects electoral behavior, then after Fox continued the program the electoral effects should disappear.

For the purpose of this chapter, the experimental data I use in Chapter 5 is not appropriate because by 2003 both treatment and control groups had been enrolled in the program for a substantial length of time. Assuming that the program had a uniform effect on the two groups, then the differences between them would decrease over time until no differences would be observed. Instead, I analyze changes in the turnout levels and the partisan distribution of the vote in the congressional elections of 1997, 2000, and 2003 at the municipal level (roughly equivalent to U.S. counties). At the time of the 1997 midterm election, the program had not been implemented, thus, this election is the baseline comparison. In order to minimize the possibility that differences in the political outcomes are driven by systematic differences between municipalities with high and low presence of Progresa other than the program, I specified a fixed effects and difference-in-difference model.

In accordance with previous results, I find that Progresa significantly influenced turnout levels in the congressional elections of 2000 and 2003 in a positive direction. The magnitude of the effect is the same for municipalities with less than 2,500 inhabitants and less than 15,000 inhabitants. Then I show that the program’s pro-incumbent effect also benefited the PAN, particularly among the municipalities incorporated after 2000. Finally, I show that the positive effect for the PRI did not banish, though it decreased dramatically. These results shed new light on the mechanism that links the program with electoral behavior.
In the first part of the chapter, I give a brief background of the Mexican Congress and describe the reasons why should we expect that Progresa had an effect on congressional elections. In the second section, I present the model and the basic results. In the third section, I present the effect of the program conditioned on Progresa's benefits starting before 2000 and after 2000.

6.1 Background on Mexican Congress

The lower house of congress in Mexico is renewed every three years and members cannot succeed themselves. For decades, opposition parties had minimum access to legislative seats. For instance, between 1946 and 1964, no opposition party achieved more than six seats in the Chamber (Mabry 1974).

In the 1963 Mexican constitutional Article 54 was amended to create a party deputy system that combined traditional single-member majority electoral districts and proportional representation seats.¹

While the number of seats occupied by the opposition increased, the PRI remained unchallenged. The electoral reform of 1963 proved to be insufficient to channel the discontent of growing sectors that were left out from the political and welfare systems. The tension reached its highest point in the student protest of 1968. After the Massacre of Tlatelolco, President Echeverría put

¹Any opposition party which won twenty federal deputy seats by majority vote was ineligible to receive party deputy seats. Under this system, any party which won 2.5 percent of the total national vote was awarded five party deputy seats. For every half percent more, the party was awarded another party deputy seat. The total party deputy seats that any party could have was twenty. Seats won by majority were subtracted from this total.
the minimum voting age at eighteen and additional concessions were made to young dissidents in 1969-1970. Yet, in 1971, students were again violently repressed in Mexico City. As a consequence, further concessions were given to the opposition in 1972.²

This reform was successful in incorporating various antagonistic groups to the electoral arena; however, with a firm congressional majority the president could and did effectively continue to legislate, approve the budget and suppress any congressional incentives that were adverse to the interest of the executive's interest.

Finally, in November of 1996, a new electoral reform was agreed upon. This reform continued the division of the five hundred seats in the lower house of Congress into three hundred chosen by simple plurality in single member districts and two hundred chosen by proportional representation in five national circumscriptions. However, the 1996 reform established that all parties were eligible for these plurality seats but none could receive so many that its total representation in Congress (counting both single-member district seats and plurinominal seats) would exceed its national vote by more than eight percent. “This ceiling meant that the PRI had to get 42.2 percent of the vote and 166 districts in the 1997 midterm election to retain its majority” (Klesner 1997: 704).³ In 1997, for the first time the PRI lost its majority in the lower house of Congress.

²Among these, the minimum membership was reduced from 75,000 to 65,000 with the objective of encouraging dissident groups to organize and challenge the government through elections. Other changes guaranteed franking privileges and free access to the communication media and reduced the minimum age for senators and federal deputies. The constitution was again amended to grant five party deputies with 1.5 percent of the vote, plus one more for each additional half percent, up to a maximum of 25.

³As a result of the reforms the Federal Electoral Institute (IFE) was created in 1997.
Why should we expect that Progresa had any influence on congressional elections? One reason is that national platforms in congressional elections are the norm rather than the exception. For decades, congressional elections were a mechanism useful “in mustering large audiences, propagating the ‘gospel’ of the regime and stirring a sense of participation in the masses” (Padgett 1966: 85-6). Congressional candidates campaigned on issues of style, general themes and party ideological differences. Chief among the general themes were the accomplishments of the government, including educational and social welfare projects and promises of future rewards (Schmitt 1969: 107). Even when there was no counterbalance to the PRI, Schmitt concluded that “many, without doubt, clearly believe it is to their interest to vote for the PRI and few perhaps support the party out of fear” (Schmitt 1969: 100-7).\footnote{The reason why congressional candidates did not campaign on local issues or any policy is straightforward. By the time a candidate started his campaign the differences in interests among groups was already settled; thus, elections were symbolic. In addition, policies were not decided in congress but in the presidential office. In this context, candidates were not motivated by a desire to influence policy. Rather, they were motivated by the perquisites of office, which were not small. Given that the legislative work was carried by the presidential offices, being a legislator was an easy source of income and personal prestige (Scott 1959, Mabry 1974).}

From the voters perspective, congressional elections could be an opportunity to express agreement with the incumbent government. Thus, Progresa could motivate voters to reward an incumbent party for a policy and encourage continuance (Arcelus and Meltzer 1975). Additionally, Progresa may indirectly influence congressional elections through its effect on the president’s approval rates (remember the results of Chapter 4) (Tufte 1975).\footnote{Note that the literature on congressional elections in the U.S. finds that retrospective voting is likely to take place in presidential and on-year congressional elections (Fiorina 1978). But these evaluations do not significantly affect House votes at midterm (Mebane and Sekhon 2002, Alesina and Rosenthal 1989). Alesina and Rosenthal (1993) argues that...}
Beyond a pragmatic reward, Progresa may have an effect on the 2003 midterm election because, by continuing the program, voters in the rural areas perceived that the PAN was closer to them than it was at the time that the party campaigned in the 2000 presidential election. If this is the case, then not only Progresa will have an effect on the elections but in particular recipients of Progresa will now regard the PAN.6

On the contrary, it could be that Progresa only affects on-year congressional elections because of the presidential coattails effect. In other words, voters turn out in the presidential election and vote for congressional candidates of the party that wins the presidency (Campbell 1991). If this were the case, Progresa should have no effect on the midterm election of 2003. Finally, the effect of Progresa in the 2000 presidential election could be driven by uncertainty about which party will control the presidency (Mebane and Sekhon 2002) and whether the incoming administration will continue the program. If this is the case, uncertainty disappears after the presidential election once it is clear that Fox will not dismantle Progresa; thus the electoral effect should disappear too.

6.2 Data and methods

Ideally, the experiment used in Chapter 5 would have been ideal to explore the effect of Progresa on congressional elections just as it was in the case of

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6Distinguishing a pragmatic voter from an ideological one is impossible with aggregate data. Survey data can shed more light on this question.

that there is no evidence that "rational" retrospective voting exists (voters evaluating competence as oppose to pure luck). Rather "nave" retrospective voting has more support from the data. Retrospective voting in much of the literature, however, applies to results more than policies.
Table 6.1: Descriptive Statistics: Municipalities

<table>
<thead>
<tr>
<th>Year</th>
<th>Variable</th>
<th>Obs</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>Turnout</td>
<td>2197</td>
<td>0.53</td>
<td>0.12</td>
</tr>
<tr>
<td></td>
<td>Number of households beneficiaries</td>
<td>2197</td>
<td>99</td>
<td>427</td>
</tr>
<tr>
<td></td>
<td>PRI vote share</td>
<td>2195</td>
<td>0.28</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td>PAN vote share</td>
<td>2195</td>
<td>0.09</td>
<td>0.09</td>
</tr>
<tr>
<td>2000</td>
<td>Turnout</td>
<td>2199</td>
<td>0.59</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td>Number of households beneficiaries</td>
<td>2223</td>
<td>980</td>
<td>1397</td>
</tr>
<tr>
<td></td>
<td>PRI vote share</td>
<td>2199</td>
<td>0.30</td>
<td>0.09</td>
</tr>
<tr>
<td></td>
<td>PAN vote share</td>
<td>2199</td>
<td>0.15</td>
<td>0.10</td>
</tr>
<tr>
<td>2003</td>
<td>Turnout</td>
<td>2315</td>
<td>0.43</td>
<td>0.13</td>
</tr>
<tr>
<td></td>
<td>Number of households beneficiaries</td>
<td>2252</td>
<td>1785</td>
<td>2485</td>
</tr>
<tr>
<td></td>
<td>PRI vote share</td>
<td>2315</td>
<td>0.20</td>
<td>0.09</td>
</tr>
<tr>
<td></td>
<td>PAN vote share</td>
<td>2315</td>
<td>0.10</td>
<td>0.08</td>
</tr>
</tbody>
</table>

the presidential one. However by 2003, both treatment and control groups had been enrolled in the program for a substantial length of time. Assuming that the program has a uniform effect on the two groups, then the differences between them would decrease over time until they become identical. Thus, using the experiment to analyze the change in electoral behavior from 1997 to 2003 is not appropriate. Instead, I analyze the effects of the program at the municipal level (roughly equivalent to U.S. counties). Unlike electoral districts, municipalities are a smaller unit of analysis and are a more stable territory division and has not been altered by any legislature. Descriptive statistics of all relevant variables are reported in Table 6.1.
It is important to note that during the six months before the 2003 election, by congressional decision, no family was incorporated into the program. After this election, the program was extended to urban areas. In the final phase, the program was transformed into a demand-type program where eligible people were no longer identified by the government but rather self selected to apply. The period analyzed in this chapter runs from the beginning of the program in 1997 until six months before the 2003 election. The expansion to the urban areas and the change to demand-type of program are beyond the scope of this chapter.

Turnout in a municipality can be written as:

\[ turnout_{i,t} = c_i + \beta_1(Progresa_{i,t}) + \beta_2(Progresa_{i,t-1}) + \beta_3(turnout_{i,t-1}) + \gamma_t + u_{i,t} \]  

(6.1)

where \( i \) indexes municipalities and \( t \) indexes time period. \( turnout \) and \( Progresa \) are the share of votes for any party and the share of recipient households in the municipality, respectively. The terms \( Progresa_{i,t-1} \) and \( turnout_{i,t-1} \) represent the corresponding variables in the previous congressional election year. These variables transform the model into an error-correction model. Since these two variables enter the model as the baseline of comparison, it would be expected to have negative coefficients because of the correction to the mean effect. The analysis runs from 1997 to 2003, thus, note that by including the lagged variables I loose the first time period, 1997. Therefore the final analysis includes only two time periods, 2000 and 2003, and the year 1997 enters the analysis only as a lag. \( c_i \) is a constant that absorbs everything that is specific about the municipality and does not
change over time. $\gamma_t$ absorbs the time effects, and $u_{it}$ is an idiosyncratic error term.

I eliminate the unobserved effect $c_i$ by doing a fixed effects transformation. To do so, I averaged equation 6.1 over time and then subtracted these averages from the original equation. This transformation eliminates the municipality specific effect. Then turnout can be written as:

$$\tilde{\text{turnout}}_{i,t} = \beta_1 \tilde{\text{Progresa}}_{i,t} + \beta_2 \tilde{\text{Progresa}}_{i,t-1} + \beta_3 \tilde{\text{turnout}}_{i,t-1} + \gamma_t + u_{i,t} \quad (6.2)$$

where $\tilde{\text{turnout}}$, $\tilde{\text{Progresa}}_{i,t}$, and their corresponding lags are the time demeaned variables. 

Following the same argument, vote shares for the PRI and PAN are given by:

$$\text{PRI}_{i,t} = c_i + \gamma_1 (P_{i,t} * I_t) + \beta_1 P_{i,t} + \beta_2 I_t + \beta_3 P_{i,t-1} + \beta_4 (\text{PRI}_{i,t-1}) + u_{i,t} \quad (6.3)$$

$$\text{PAN}_{i,t} = c_i + \gamma_1 (P_{i,t} * I_t) + \beta_1 P_{i,t} + \beta_2 I_t + \beta_3 P_{i,t-1} + \beta_4 (\text{PAN}_{i,t-1}) + u_{i,t} \quad (6.4)$$

where $\text{PRI}_{i,t}$ and $\text{PAN}_{i,t}$ are the vote shares of PRI and PAN, accordingly, in the municipality $i$ at time $t$. $P_{i,t}$ is the share of Progresa recipient households in the municipality. I allowed the marginal effect of Progresa to

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7 Alternatively, I can eliminate the unobserved effect $c_i$ by doing a first differencing transformation. This approach consists of calculating the difference in turnout and enrollment rates in the program between periods, and regressing the first on the second, with a vector of municipal controls. Results for this specification are consistent with the following and they can be found in Table 6.7 and Table 6.8.
vary depending on which party was incumbent, as captured by the interaction term \( P_{i,t} \) * \( (I_t) \). \( I_t \) is a binary variable that takes the value of one when the PRI was the federal incumbent and zero when the PAN was the federal incumbent. Finally, I included, as in equation 6.1, the lagged vote share and enrollment in Progresa.

Doing the fixed effects transformation to eliminate the municipality unobserved effects equations 6.3 and 6.4 become:

\[
PRI_{i,t} = \gamma_1(P_{i,t} * I_t) + \beta_1 P_{i,t} + \beta_2 I_t + \beta_3 P_{i,t-1} + \beta_4 (PRI_{i,t-1}) + u_{i,t} \quad (6.5)
\]

\[
PAN_{i,t} = \gamma_1(P_{i,t} * I_t) + \beta_1 P_{i,t} + \beta_2 I_t + \beta_3 P_{i,t-1} + \beta_4 (PAN_{i,t-1}) + u_{i,t} \quad (6.6)
\]

where ~ indicates that the variable is time demeaned.

### 6.3 Progresa and turnout in congressional elections

Studies on Mexican politics show that turnout in Mexico is now similar in magnitude and structure to turnout in advanced democracies. Before 1990, excessively high levels of turnout were signs of the non-democratic nature of elections. The high participation of the poor and rural regions of the country was evidence of the well-functioning PRI electoral machine (Klesner and Lawson 2001). Despite the strength and longevity of this tendency, persistent economic crisis and the political reforms that took place in the 1990s transformed the political system and with this the turnout levels. “Turnout
patterns now more closely resemble those of established democracies; Mexico’s more affluent and politically engaged citizens are now more likely to participate than the poorer, less informed and rural voters who for decades dutifully delivered their votes to the PRI” (Klesner and Lawson 2001: 19).

In the presidential election of 2000, sixty-four percent of people decided to vote. In the midterm elections of 1997 and 2003, fifty-eight and forty-two percent, respectively, decided to vote.

The estimate of $\beta_1$ in equation (6.1) suggest that for an increase in a share point in Progresa, turnout increased by .06 share points. This result is consistent with the previous estimate of turnout. Remember that using the experimental data in Chapter 5 I find that an increase in one share point of Progresa increased turnout by .054 (Table 6.2).

### Table 6.2: Progresa and turnout in congressional elections

<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progresa</td>
<td>0.068</td>
<td>(0.013)**</td>
</tr>
<tr>
<td>Year 2000</td>
<td>0.171</td>
<td>(0.004)**</td>
</tr>
<tr>
<td>Turnout t-1</td>
<td>-0.444</td>
<td>(0.021)**</td>
</tr>
<tr>
<td>Progresa t-1</td>
<td>0.078</td>
<td>(0.009)**</td>
</tr>
<tr>
<td>Constant</td>
<td>0.638</td>
<td>(0.014)**</td>
</tr>
</tbody>
</table>

Observations: 4396
Number of i: 2199
R-squared: 0.79

Standard errors in parentheses
† significant at 10%; * at 5% level; ** at 1% level
Figure 6.1

Turnout in 2000 and 2003 congressional elections and the share of beneficiaries

Graphs by year
In Figure 6.1, I plotted the predicted values of turnout from equation (6.2) for 2000 and 2003 against the share of people enrolled in the program. Note that Progresa had a positive effect in both years.

6.4 Progresa and incumbent vote shares in congressional elections

Did both the PRI and PAN collect the rewards of the program? In Figure 6.2, I plotted the predicted PRI’s vote share from equation (6.5) against the share of people enrolled in Progresa in the municipality in 2000 and 2003. Consistent with the direction of previous results in this dissertation, the figure suggests that Progresa increased the PRI vote share in 2000. The effect, however, dramatically decreased in 2003 when the PRI is no longer the federal incumbent.
Figure 6.2
PRI vote share in 2000 and 2003 congressional elections
and the share of beneficiaries
In Figure 6.3, I plotted the PAN’s vote share against the share of people enrolled in the program at the municipality. Note that in 2003 PAN vote share increased as a function of Progresa. Conversely, PAN’s vote share decreases as a function of Progresa in 2000.⁸

⁸Beatriz Magaloni, Alberto Diaz-Cayeros, and Federico Estévez analysis of the 2006 presidential election using survey data corroborates the finding that the PAN was able to benefit from Oportunidades. See “Buying Off the Poor: Effects of Targeted Benefits in the 2006 Presidential Race” presented at Mexico’s 2006 Elections conference at the Weatherhead Center For International Affairs, Harvard University.
Figure 6.3
PAN vote share in 2000 and 2003 congressional elections and the share of beneficiaries
Table 6.3 reports the estimates from equations 6.5 and 6.6. First note that the interaction term between enrollment in Progresa and the incumbent party \((\gamma + \beta_1)\) is significantly different from zero in both equations, therefore the effect of Progresa on the parties' vote share is different when the PRI was in power than when the PAN was. Next note that while the program produced electoral rewards for both parties, the PRI was more benefited by the program, \(\gamma + \beta_1 = 0.102\) in equation 6.5, than the PAN, \((\beta_1 = 0.046)\) in equation 6.6. Finally, note that while the effect of Progresa on the PRI vote share decreased when the party lost the presidency, as Figure 6.2 suggests, a share of Progresa recipients still rewarded the PRI \(\beta_1 = 0.033\) in equation 6.5.

These result are even more striking when considering that it was precisely in the 2000 elections that the PRI vacated the presidential chair for the first time. The same election in which disenchanted Mexicans voted to get the PRI out of power saw that beneficiaries of the program decide to reward it with their vote in the congressional election of 2000. Similarly, by 2003 when the excitement of having a different party in the presidency was declining, Progresa convinced voters to cast a ballot for the right-wing party. Thus, it is safe to conclude that Progresa had mainly a pro-incumbent effect, both the PAN and PRI were able to collect the rewards of Progresa, although the magnitude of the effects suggest that the PAN was less able than the PRI to capitalize on the program comparing the 2003 and 2000 congressional elections.
Table 6.3: Progresa and vote shares in congressional elections

<table>
<thead>
<tr>
<th></th>
<th>PRI</th>
<th>PAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incumbent X Progresa</td>
<td>0.069 (0.016)**</td>
<td>-0.139 (0.015)**</td>
</tr>
<tr>
<td>Incumbent</td>
<td>0.075 (0.003)**</td>
<td>0.063 (0.003)**</td>
</tr>
<tr>
<td>Progresa</td>
<td>0.033 (0.009)**</td>
<td>0.046 (0.009)**</td>
</tr>
<tr>
<td>Progresa t-1</td>
<td>0.009 (0.016)</td>
<td>-0.013 (0.016)</td>
</tr>
<tr>
<td>PRI vote share t-1</td>
<td>-0.338 (0.020)**</td>
<td></td>
</tr>
<tr>
<td>PAN vote share t-1</td>
<td></td>
<td>-0.488 (0.021)**</td>
</tr>
<tr>
<td>Constant</td>
<td>0.282 (0.009)**</td>
<td>0.157 (0.007)**</td>
</tr>
<tr>
<td>Observations</td>
<td>4394</td>
<td>4394</td>
</tr>
<tr>
<td>Number of i</td>
<td>2199</td>
<td>2199</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.70</td>
<td>0.53</td>
</tr>
</tbody>
</table>

*i* significant at the 10%;  * at the 5% ; ** at 1%

Test for the interaction:

Eq. 6.5: $\gamma + \beta_1 = 0$ $F(1,2190) = 32.78$ Prob > $F$=0.0000

Eq. 6.6: $\gamma + \beta_1 = 0$ $F(1,2190) = 28.53$ Prob > $F$=0.0000

178
Table 6.4: Progresa and Vote shares for municipalities enrolled after 2000

<table>
<thead>
<tr>
<th></th>
<th>PRI</th>
<th>PAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progresa</td>
<td>-0.012</td>
<td>0.109</td>
</tr>
<tr>
<td>Year 2000</td>
<td>0.059</td>
<td>0.062</td>
</tr>
<tr>
<td>PRI vote share t-1</td>
<td>-0.877</td>
<td></td>
</tr>
<tr>
<td>PAN vote share t-1</td>
<td></td>
<td>-0.522</td>
</tr>
<tr>
<td>Constant</td>
<td>0.470</td>
<td>0.222</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>PRI</th>
<th>PAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observations</td>
<td>282</td>
<td>282</td>
</tr>
<tr>
<td>Number of i</td>
<td>141</td>
<td>141</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.60</td>
<td>0.66</td>
</tr>
</tbody>
</table>

†significant at 10%; * at 5%; ** at 1%

6.5 Extensions

As suggested in Chapter 3, recipients of the program correctly identify Progresa as a federal program. Yet, the alternation in power may have caused confusion, consequently, voters would not know which party they should reward when election times comes. Table 6.4 shows the program’s effects on the vote share for the PRI and PAN conditioned on the fact that Progresa’s operations started after 2000 in the municipality. Note that voters in these municipalities were not confused; they rewarded the PAN and not the PRI.

Secondly, are beneficiaries of the program rewarding the party that introduced them to the program in the first place or are they rewarding those parties who are implementing it? In other words, were Progresa recipients loyal to the PRI once the party stepped out of office? Did they switch their
vote for the PAN? This question can be answered by estimating the effect of Progresa among the rural municipalities incorporated before 2000. Table 6.5 shows that among the rural municipalities enrolled in the program before 2000, Progresa continued to increase the PRI vote share by \( \beta_1 = 0.055 \) when the party was no longer administering the program. On the other hand, the program scarcely convinced rural voters to cast a ballot for the PAN when it was running the program, \( \beta_1 = 0.014 \). Certainly, because this analysis is using congressional elections, these results should not be taken as final proof of the effect of the program on the PAN’s vote share, more light can be shed to this question replicating this analysis with presidential elections.

Finally, was the effect of Progresa conditioned on the municipality’s population size? Table 6.6 shows that when dividing the municipalities by their population, the effect of the program in the rural areas is similar to the overall effect. Moreover, when taking the more isolated municipalities the effect remains similar in magnitude. Certainly, this is not sufficient evidence to rule out the possibility that the mechanism that drives a Progresa recipient to cast a ballot for the incumbent resembles traditional clientelism; however, these estimates do indicate that this possibility is remote.

Conclusions

I find that Progresa significantly influenced turnout levels in the congressional elections of 2000 and 2003 in a positive direction. An increase of one percent in the number of families participating in the program in the municipality translated into an increase of six percent in turnout. The magnitude of the effect is the same for municipalities with less than 2,500 inhabitants and less than 15,000 inhabitants. Then I show that the program’s pro-incumbent
Table 6.5: Progresa and vote shares for municipalities enrolled before 2000

<table>
<thead>
<tr>
<th></th>
<th>PRI</th>
<th>PAN</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(0.024)**</td>
<td>(0.021)**</td>
</tr>
<tr>
<td>Incumbent X Progresa</td>
<td>0.065</td>
<td>-0.107</td>
</tr>
<tr>
<td></td>
<td>(0.024)**</td>
<td>(0.021)**</td>
</tr>
<tr>
<td>Incumbent</td>
<td>0.084</td>
<td>0.043</td>
</tr>
<tr>
<td></td>
<td>(0.005)**</td>
<td>(0.005)**</td>
</tr>
<tr>
<td>Progresa</td>
<td>0.055</td>
<td>0.014</td>
</tr>
<tr>
<td></td>
<td>(0.013)**</td>
<td>(0.011)**</td>
</tr>
<tr>
<td>Progesa t-1</td>
<td>0.011</td>
<td>0.003</td>
</tr>
<tr>
<td></td>
<td>(0.025)</td>
<td>(0.022)</td>
</tr>
<tr>
<td>PRI vote share t-1</td>
<td>-0.260</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(0.027)**</td>
<td></td>
</tr>
<tr>
<td>PAN vote share t-1</td>
<td></td>
<td>-0.486</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(0.031)**</td>
</tr>
<tr>
<td>Constant</td>
<td>0.264</td>
<td>0.148</td>
</tr>
<tr>
<td></td>
<td>(0.014)**</td>
<td>(0.011)**</td>
</tr>
<tr>
<td>Observations</td>
<td>2322</td>
<td>2322</td>
</tr>
<tr>
<td>Number of i</td>
<td>1163</td>
<td>1163</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.67</td>
<td>0.34</td>
</tr>
</tbody>
</table>

Standard errors in parentheses
*significant at 10% level; ** at 5%; *** at 1%

Test for the interaction:
\[ \gamma + \beta_1 = 0 \text{ } F(1,1154) = 20.98 \text{ } \text{Prob} > F = 0.0000\]
\[ \gamma + \beta_1 = 0 \text{ } F(1,1154) = 16.35 \text{ } \text{Prob} > F = 0.0001\]
Table 6.6: Progresa and turnout conditioned on population size

<table>
<thead>
<tr>
<th>Population &lt;=2500</th>
<th>Population&lt;=15000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progresa</td>
<td>0.048</td>
</tr>
<tr>
<td></td>
<td>(0.024)*</td>
</tr>
<tr>
<td>Year 2000</td>
<td>0.108</td>
</tr>
<tr>
<td></td>
<td>(0.011)**</td>
</tr>
<tr>
<td>Turnout t-1</td>
<td>-0.224</td>
</tr>
<tr>
<td></td>
<td>(0.046)**</td>
</tr>
<tr>
<td>Progresa t-1</td>
<td>-0.019</td>
</tr>
<tr>
<td></td>
<td>(0.021)</td>
</tr>
<tr>
<td>Constant</td>
<td>0.578</td>
</tr>
<tr>
<td></td>
<td>(0.033)**</td>
</tr>
<tr>
<td>Observations</td>
<td>668</td>
</tr>
<tr>
<td>Number of i</td>
<td>335</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.61</td>
</tr>
</tbody>
</table>

†significant at 10%; * at 5%; ** at 1%

effect also benefited the PAN, particularly among the municipalities incorporated after 2000. Finally, I show that the positive effect for the PRI did not dissipate when the PRI stepped out of power, though the effect dramatically decreased.
<table>
<thead>
<tr>
<th></th>
<th>Coefficient</th>
<th>Standard Error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of poor people</td>
<td>0.005</td>
<td>(0.014)</td>
</tr>
<tr>
<td>Recipient families change</td>
<td>0.044**</td>
<td>(0.011)</td>
</tr>
<tr>
<td>People above 18 years</td>
<td>0.042</td>
<td>(0.072)</td>
</tr>
<tr>
<td>Literate</td>
<td>-0.231**</td>
<td>(0.05)</td>
</tr>
<tr>
<td>Indigenous population</td>
<td>0.013</td>
<td>(0.01)</td>
</tr>
<tr>
<td>Observations</td>
<td>2197</td>
<td></td>
</tr>
<tr>
<td>R-sq: within</td>
<td>0.090</td>
<td></td>
</tr>
</tbody>
</table>

†significant at 10%; * at 5%; ** at 1%
Table 6.8: First difference model: incumbent vote shares

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRI</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in recipient families</td>
<td>0.08**</td>
<td>0.02**</td>
</tr>
<tr>
<td>(0.006)</td>
<td>(0.008)</td>
<td></td>
</tr>
<tr>
<td><strong>PAN</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRI vs 1997</td>
<td>-0.4**</td>
<td></td>
</tr>
<tr>
<td>(0.01)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PAN vs 2000</td>
<td></td>
<td>-0.600</td>
</tr>
<tr>
<td>(0.01)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beneficiaries 1997</td>
<td>0.08**</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.010</td>
<td></td>
</tr>
<tr>
<td>Beneficiaries 2000</td>
<td></td>
<td>0.04**</td>
</tr>
<tr>
<td>(0.006)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Literate</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.030</td>
<td>0.020</td>
</tr>
<tr>
<td>(0.02)</td>
<td>(0.02)</td>
<td></td>
</tr>
<tr>
<td><strong>Indigenous population</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-0.007</td>
<td>0.007</td>
</tr>
<tr>
<td>(0.007)</td>
<td>(0.006)</td>
<td></td>
</tr>
<tr>
<td><strong>Beneficiaries of subsidized milk</strong></td>
<td>-0.010</td>
<td>0.011</td>
</tr>
<tr>
<td>(0.01)</td>
<td>(0.01)</td>
<td></td>
</tr>
<tr>
<td><strong>Beneficiaries of subsidized tortilla</strong></td>
<td>-0.11**</td>
<td>-0.12**</td>
</tr>
<tr>
<td>(0.06)</td>
<td>(0.05)</td>
<td></td>
</tr>
<tr>
<td><strong>Beneficiaries of the program jornaleros</strong></td>
<td>0.01**</td>
<td>0.02**</td>
</tr>
<tr>
<td>(0.003)</td>
<td>(0.003)</td>
<td></td>
</tr>
<tr>
<td><strong>Observations</strong></td>
<td>1505</td>
<td>1507</td>
</tr>
<tr>
<td><strong>R-sq:</strong> within</td>
<td>0.290</td>
<td>0.550</td>
</tr>
</tbody>
</table>

**significant at 10%; * at 5%; ** at 1%**
Chapter 7

Conclusion

This dissertation examines the effects of the Education, Health and Nutrition program (Progresa), the first and largest CCT implemented in Latin America, on electoral behavior. Progresa differed substantially from what we loosely define as clientelism. First of all, the traditional sectors of the ruling elite were not responsible for the creation of Progresa. Rather, the program was created by a political class with new set of tools and priorities. Chief among these priorities was the need to correct the inefficiency of the welfare system in place. Thus, unlike the majority of previous welfare policies which had the double objective of investing in the rural areas and fostering support for the regime, Progresa was explicitly design to break with this practice. Second, the designers of the program successfully circumvented traditional mechanisms of redistribution such as governors, local bosses, and machine politics. Third, Progresa’s bureaucracy responded to a different set of motivations, because, unlike other state representatives whose careers were tied to their ability to get votes for the PRI while managing welfare
institutions, a congressional decision made it a federal offense to use Progresa to persuade voters. Finally, Progresa not only informed its recipients about its non-political nature but it also successfully informed them about the program’s benefits, its requirements, and the origin of its resources.

Thus Progresa challenged local monopolies on political power by increasing voter’s income and giving recipients implicit and explicit information about the non-political nature of the program. This weakening of monopolies gave political parties incentives to compete for the votes of recipients of the targeted program. As a consequence, beneficiaries of the program increased their electoral participation, at least in the short term, and clientelism was irrevocably eroded. Despite the increased competition, recipients reward parties that propose and retain Progresa, even when those administering the program do not explicitly ask for their vote. Thus making such non-clientelistic approaches appealing for politicians. In other words, poverty alleviation programs like Progresa can be politically sustainable in a democratic system.

Testing my argument was challenging because of the historic correlation between poverty, rural residence, and support for the seventy-year incumbent party, PRI. The possibility that an electoral and a technical criteria coexist represents a problem, because it implies that the electoral choices of beneficiaries after the intervention of the program might reflect systematic differences in their choices before the program even existed. In other words, if the program resources followed electoral criteria, partisan voters would receive more funds and so their electoral behavior would then have driven both the resources they received and their future political decisions.
To address the methodological challenge, I used three types of data: survey data; aggregate data at the municipality level from 1997-2003; and, to explicitly deal with the possibility that together with technical criteria an electoral criterium was used, I exploited a unique experiment done in the early stages of the program. The identification strategy I used is to exploit the fact that early assignment of program benefits included a randomized component originally designed to evaluate the program effects on schooling and health. Families in three hundred villages were randomly selected to receive benefits in September 1998 and two hundred villages were excluded from the program until January 2000. By the 2000 presidential election, villages had been enrolled in the program twenty one and six months, respectively. I matched the villages in the experiment with the smallest possible unit of electoral data— the electoral sección (precinct).

The analysis of the Mexico 2000 panel data, presented in Chapter 4, suggests that that throughout the 2000 presidential campaign, Progresa recipients liked the PRI more than other parties and approved of Zedillo’s work as president more than other respondents. These two trends suggest that recipients of the program indeed cared for the program and approved of the federal government that implemented it. In addition, I show that the positive opinions of the PRI and the president are accompanied by an increase in the probability that a Progresa recipient voted for the PRI.

The results of Chapter 5, corroborate that Progresa positively affected turnout and the incumbent’s vote share. The estimates suggest that an electoral section fully treated twenty one months before election time increased its turnout in 2000 by five percentage points and its incumbent vote share by
four percentage points. For an average precinct with 578 potential voters the estimations imply a change in the probability of turnout from sixty percent in 1994 to sixty-five percent in 2000. And a change in the probability of voting for the incumbent from thirty-eight percent to forty-two percent. This chapter also shows that the conditional effect of Progresa on the strength of the PRI in 1994 is smallest among those precinct where the PRI had more than eighty-five percent of the votes in 1994 compared to precincts were the PRI strength was moderate and low. Finally, I show that the conditional effect of Progresa is lower than the effect of the PRI strength in 1994 when the PRI was dominant. On the contrary, the conditional effect of Progresa is larger than the effect of the PRI strength in precincts where competition already took place in 1994. This suggests that the mechanism behind these results is in fact as suggested throughout this dissertation: recipients of Progresa chose to vote for the PRI in 2000 because they were pleased with the program.

Finally, in Chapter 6, I show that the program had similar electoral effects on the congressional elections of 2000 and 2003. I find a positive and significant effect on the incumbent’s vote share, regardless of the actual party in office. Yet the effect for the PRI is larger than that for the PAN. I also find that among municipalities incorporated by the PRI, some voters decided to switch alliances once the PAN became the incumbent party implementing the program.

The implications of my argument for the long run are still unclear. The permanent erosion of clientelism will force parties to innovate in their campaign strategies and platforms. Yet, the revitalized competition does not
imply that the rural areas will gain meaningful representation. Progresa’s investments in human capital, however, should at the very minimum, preclude local bosses and parties from indulging in the most pervasive form of clientelism.
Bibliography


[123] Soederberg, Susanne (2001) "From Neoliberalism to Social Liberalism: Situating the National Solidarity Program within Mexico’s Passive Revolutions", Latin American Perspectives 28 (3).


