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Political organization in multi-level settings : Mexican and Latin American parties and party systems after decentralization

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Political Organization in Multi-level Settings:

Mexican and Latin American Parties and Party Systems after Decentralization

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The more that you read,
the more things you will know.
The more that you learn,
the more places you'll go.

Dr. Seuss

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Abbreviations and Acronyms

AMLO	Andrés Manuel López Obrador (Mexico)
CD	Democratic Current (Corriente Democrática - Mexico)
CDE	State Executive Committee (Comité Directivo Estatal)
CEN	National Executive Committee (Comité Ejecutivo Nacional)
CIDAC	Center of Research for Development (Centro de Investigación para el Desarrollo - Mexico)
COFIPE	Federal Code of Electoral Institutions and Procedures (Código Federal de Instituciones y Procedimientos Electorales - Mexico)
FDN	National Democratic Front (Frente Democrático Nacional - Mexico)
FES	Friedrich Ebert Stiftung
IDEA	International Institute for Democracy and Electoral Assistance
IFE	Federal Electoral Institute (Instituto Federal Electoral - Mexico)
IMF	International Monetary Fund
ISI	Import-Substituting Industrialization
KAS	Konrad Adenauer Stiftung
LOPPE	Federal Law of Political Organizations and Electoral Processes (Ley Federal de Organizaciones Políticas y Procesos Electorales - Mexico)
NAFTA	North American Free Trade Agreement
PAN	National Action Party (Partido Acción Nacional - Mexico)
PANAL	New Alliance Party (Partido Nueva Alianza - Mexico)
PARM	Authentic Party of the Mexican Revolution (Partido Auténtico de la Revolución Mexicana - Mexico)
PAY	Yucatán Alliance Party (Partido Alianza por Yucatán - Mexico)
PEMEX	Mexican Petroleum Company (Petróleos Mexicanos - Mexico)
PES	Social Encounter Party (Partido Encuentro Social - Mexico)
PJ	Justicialist Party (Partido Justicialista - Argentina)
PMS	Mexican Socialist Party (Partido Mexicano Socialista - Mexico)
PNR	Revolutionary National Party (Partido Nacional Revolucionario - Mexico)
PR	Proportional Representation
PPS	Socialist Popular Party (Partido Popular Socialista - Mexico)
PRD	Party of the Democratic Revolution (Partido de la Revolución Democrática - Mexico)

PRI	Party of the Institutionalized Revolution (Partido Revolucionario Institucional - Mexico)
PRM	Party of the Mexican Revolution (Partido de la Revolución Mexicana - Mexico)
PRONASOL	National Solidarity Program (Programa Nacional de Solidaridad - Mexico)
PVEM	Ecologist Green Party of Mexico (Partido Verde Ecologista de México - Mexico)
SNTE	National Union of Education Workers (Sindicato Nacional de Trabajadores de Educación - Mexico)
TRIFE	Federal Electoral Tribunal (Tribunal Federal Electoral - Mexico)
UDC	Coahuila Democratic Unity Party (Partido Unidad Democrática de Coahuila - Mexico)

Preface

My interest in the relationship between decentralization and political parties developed when I was a junior researcher at the German Development Institute (DIE) in Bonn. Upon completing my MA in 2004, I entered the world of policy advice and became part of a research group commissioned to assess decentralization reforms in Ecuador and to map the role of development cooperation in the process. After decades spent focusing on technical cooperation, the development community has now turned its attention to issues of "good governance". Decentralization is seen as a core component of state modernization programs and considerable efforts are devoted to promoting it. By December 2008 the Inter-American Development Bank alone had granted loans for more than US$1 billion to support decentralization and the development of subnational government in the Americas (Inter-American Development Bank 2009a). At the same time, however, the realization that development cannot be brought about by external actors and therefore requires the articulation of domestic political strategies has renewed interest in political parties. Party-building has become a prominent item on the agenda of the development community. The thirteen organizations surveyed by the International Institute for Democracy and Electoral Assistance (IDEA), which include the Netherlands Institute for Multiparty Democracy (NIMD) and various German political foundations (e.g. Friedrich Ebert Stiftung), currently spend almost €140 million per year on party assistance (Catón 2007: 12). Yet, while both decentralization and party-building are focal points for development cooperation, the way decentralization affects parties, and how parties are shaped by the state reforms recommended by international institutions, remain poorly understood. This study seeks to shed light on this important relationship.

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One of the most gratifying aspects of writing a dissertation is that, at the end of the long process, one has an opportunity to explicitly thank the people involved and to acknowledge some of the debts incurred along the way. I am grateful to my supervisors, Barbara Hogenboom, Petr Kopecký and Peter Mair, for their continuous support and guidance. My colleagues at Leiden University also offered comments and criticisms at various stages of this project. I am particularly indebted to Robin Best, Veerle van Doeveren, Hila Federer-Shtayer, Huib Pellikaan, Gerardo Scherlis, and Maria Spirova. In addition to their feedback on my academic work, my Leiden colleagues provided support as I made my first steps in the world of academia. As I tried to find my feet in both teaching and research they were an invaluable source of knowledge and advice. Christel Koop and Sarah de Lange, two former Leiden colleagues, also made many helpful suggestions along the way.

The fieldwork upon which large segments of the dissertation are based would not have been possible without the support and enthusiasm of a number of people in Mexico. First and foremost, I am indebted to my interview partners, who graciously shared their insights about Mexican politics. I owe them many thanks for their willingness to make time in their busy schedules and for the patience with which they answered my questions. Several Mexican scholars provided food for thought in the early stages of my fieldwork and helped me set up interviews. I am especially grateful to Edith Antal, Rogelio Hernández Rodríguez, Carlos Alba, Jean-François Prud'homme and Carlos Moreno Jaimes. For continuous encouragement and practical support, I thank Valeska Hesse, Kerstin von Bremen, Samuel Aguilar Posadas, and Julio Torres Jiménez. The Casa de los Amigos provided a fantastic base for my Mexico City operations, and the scholars, activists and travelers that passed through the Casa's doors made coming home after long research days both stimulating and enjoyable. I cherish the hours we spent discussing political and social developments, but also our conversations about the more mundane puzzles of everyday life in Mexico. Financial support for my fieldwork was provided by the Leiden University Fund (LUF), the Netherlands Institute of Government (NIG), and the Institute of Political Science at Leiden University. The European University Institute (EUI), which hosted me during the 2008 spring semester, was an excellent environment in which to organize and analyze the data I brought back from Mexico. During these early stages of "writing up" the input I received from EUI graduate students and faculty members was especially helpful.

The chapters of this dissertation draw on papers presented at a number of conferences and workshops. The Leiden PhD seminar and the Latin American Research Group (OLA) at CEDLA were valuable forums for critical feedback, especially during the early stages of the project. Previous versions of the analysis contained in this study have been presented at the Southern Political Science Association (2007), the Latin American Studies Association (2007), the ECPR Joint Sessions of Workshops (2008), the ECPR Graduate Conference (2008), the Politicologenetmaal (2008), and the Midwest Political Science Association (2009). I thank the discussants and participants at these meetings for their helpful comments and suggestions. An earlier version of the party system analysis in Chapter Six is forthcoming in *Comparative Political Studies*.

Last but not least, I would like to thank my family and friends. Throughout my many years of study, their encouragement has been of decisive importance. I am especially grateful to Ellen, Ingeborg and Susanne, whose friendship has been a source of stability throughout these years of wandering. My sincere gratitude goes to the Salinas family for welcoming me into their home and for sparking my interest in Mexico long before I entered the world of political science. My biggest debt is to my family, old and new, to whom Latin America is mostly a faraway place taking me away from them, and who nevertheless always support my going there. Elize took a keen interest in what I was doing. Heike and Magret supported me in more ways than I can count. Armèn somehow managed to strike a delicate balance between tough criticism and encouragement. His unwavering optimism is contagious, and was a crucial ingredient in the completion of this project. I regret not being able to show this study to my father, who I know would have had many comments and suggestions, but I am glad to share this experience with my mother and sister. I would like to dedicate this book to my family, with my love and gratitude.

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Decentralization and Its Consequences in Latin America

"Decentralizing government in a particular place and time is very much a leap into the dark."

Daniel Treisman (2007: 274)

Politics at the beginning of the twentieth century has often been understood as the development of a national political arena (Collier & Collier 1991; Caramani 2004; Díaz-Cayeros 2006). In response to the increasing centralization of government activities, the focus of political actors – particularly political parties – shifted from the subnational to the national level. At the end of the twentieth century, however, a broad and persistent movement away from centralized patterns of governance became one of the defining trends. In many new democracies the return to electoral politics has coincided with institutional reforms to promote decentralization. Rather than an increasing centralization of government activities, these countries are experiencing a transfer of resources and authority to the subnational level at a time of rising electoral competitiveness. Particularly in Latin America, with its long and well-documented history of centralism (Wiarda 1973; Véliz 1980), decentralization constitutes a departure from previous patterns of governance.[1]

In Western Europe the formation of national political arenas and strong central states has been associated with the weakening of local elites and the emergence of nationally oriented political parties, which contributed to greater accountability and responsiveness (Rokkan 1999; Caramani 2004). The nationalization of politics has thus been closely intertwined with the development of democratic

[1]The term "Latin America" refers to the Spanish- and Portuguese-speaking countries of the Americas that share an Iberian colonial heritage.

citizenship. At present, however, the tide seems to have turned away from centralized governance. Especially in new democracies, decentralization is seen as an integral part of state-modernization programs. Overall, "centralized authority – command and control – has few advocates. Modern governance is – and, according to many, should be – dispersed across multiple centers of authority" (Hooghe & Marks 2003: 233). The idea that an efficient division of competences between levels of government can help the state to fulfill its functions more effectively has found support among political scientists, economists, and policy-makers (Tiebout 1956; Oates 1972; Weingast 1995; Oates 1999). The literature on the benefits of decentralization has been conspicuously silent, however, about the effect of decentralization on parties and party systems. In fact, we have very little empirical evidence about the effect of decentralization on party organizations and systems in any part of the world (van Biezen & Hopkin 2006: 14), and we know almost nothing about these changes in Latin America. This is particularly striking, as the beneficial outcomes of decentralization in democracies are likely to be contingent upon the ability of parties to aggregate interests and articulate policies. Parties and party systems are, thus, crucial for structuring the process of representation, which lies at the heart of democratic politics.

This study is motivated by the conviction that the literature has paid insufficient attention to the way decentralization reforms affect patterns of political organization in new democracies. This oversight is probably caused by the fact that, so far, empirical work on the territorial configuration of parties has drawn heavily on the experiences of countries that democratized during earlier time periods, and particularly of those in Western Europe. Processes of party and party system formation have, therefore, often been viewed as driven primarily by sociological developments in the wake of the National and Industrial Revolutions (Rokkan 1970; Rokkan 1999). Hence, there was little reason to believe that reforms in the structure of the state would have a decisive influence on political parties, which were defined chiefly by their relationship with society. Daniele Caramani's work, for instance, which builds on Rokkan's analysis, emphasizes that after World War II the territorial configurations of political organization in Western Europe have essentially remained stable. Due to the primacy of social cleavages, "*no factor intervening after World War II was able to modify the existing territorial structures* . . . Even though there has been a strong trend toward institutional decentralization in all countries, new federal structures did not lead to the regionalization of voting behavior in the past few decades" (Caramani 2004: 291, italics in original). All in all, the emphasis on the sociological factors underpinning parties and party systems in established democracies has produced a relative disinterest in the relationship between decentralization and political

organization. Yet the presumed stability hinges on the primacy of societal factors for shaping political organization, and the effect of state reforms should therefore be considerable in cases where parties are defined by their relationship with the state rather than by their linkages with society. This is the case in many new democracies (van Biezen 2003; van Biezen & Kopecký 2007). If the structure of state institutions changes, the impact on parties is likely to be substantial.

This study explores the effect of decentralization on parties and party systems in Latin America. Drawing on an in-depth study of Mexico as well as a comparative analysis of Latin American countries, it develops the argument that decentralization challenges political organization at the levels of party systems and organizations. The central contention is that a high level of decentralization can undermine the formation of nationalized party systems and cohesive parties. Of course, decentralization is not the only variable shaping political organization. Undoubtedly, other factors – such as social structures, political culture, and electoral rules – also exert a substantial influence on the dynamics of representation. However, decentralization and the far-reaching reconfiguration of state institutions it entails are important factors influencing the trajectory of party and party system development that have, so far, received insufficient attention. Decentralization affects the distribution of political and financial resources in the state and makes more resources available locally, and thus reshapes the context within which parties organize.

Research Questions

The objective of this dissertation is to examine the impact of decentralization on political organization in Latin America. I have privileged political parties and the interactions between them, rather than social movements or other forms of political organization, as objects of study. A few words justifying this focus on parties are in order. While parties and party systems can have many attributes, my focus is on party system nationalization and party cohesion. These two characteristics tap in to the degree to which parties can be expected to formulate nationally oriented policies, and to behave as encompassing policy players. They have, therefore, important implications for the political process, and for the functioning of democracy. Let me explain these choices.

Latin American parties have received nowhere near the scholarly attention dedicated to their European and Anglo-American counterparts. This neglect has resulted from the belief that parties in the region are less relevant to structuring politics than elsewhere (e.g. Chalmers 1972). Due to the conviction that

Latin American parties play a marginal role in the policy process, their study was disregarded until the 1980s. Since then, however, democratization has renewed academic interest in parties (Hoskin 1997). This new attention is based on the beliefs that parties are procedurally necessary in modern democracies (Schattschneider 2003[1942]) and that they are crucial for democratic stability in the region (Coppedge 1994; Linz & Valenzuela 1994; Mainwaring & Scully 1995; Levitsky 2003; Hagopian & Mainwaring 2005). So far, no other actor has been able to take over the representational and procedural roles of political parties. Even though parties often fall short in the performance of their functions, they are still the primary actors with regard to the aggregation of interests, the articulation of policy programs, and the organization of governments.

Previous studies have suggested that party cohesion and party system nationalization constitute research areas not only of theoretical interest, but also of substantive normative importance. While I do not claim that nationalized party systems and cohesive parties automatically lead to better democratic performance, my choice of these two aspects has been motivated by previous research, which suggests that they are related to the relative ease with which parties can formulate nationally oriented policies. Jointly, they reflect the degree to which parties are likely to behave as encompassing policy players.

With regard to party systems, the focus is on nationalization. *The first research question, therefore, is: how has decentralization affected party system nationalization in Latin America?* Nationalization – defined as the extent to which political parties obtain similar vote shares throughout a national territory – plays an important role in shaping the terms of political competition. Nationalization "interests scholars because it helps to distinguish party systems from one another in ways that have implications for governability and political representation" (Alemán & Kellam 2008: 193). The extent to which vote patterns are nationalized or regionalized is likely to affect parties' political and electoral strategies (Jones & Mainwaring 2003: 140). Under a nationalized party system public policy is more likely to be oriented towards the national common good, as parties tend to act with a common national purpose. In Latin American countries where party systems are highly nationalized, spending on national public goods tends to be higher than in countries with regionalized party systems (Castañeda-Angarita 2009). The 2006 report of the Inter-American Development Bank, *The Politics of Policies*, also finds a strong and significant association between party system nationalization and the quality of policies. The policy index used encompasses components such as the public regardedness of policies, coherence, and coordination between policy areas, and the quality of implementation. It correlates highly with the Human Development Index and Sen's Welfare Index (Stein 2006: Ch. 6), which suggests

that party system nationalization affects the well-being of citizens. Moreover, the presence of politywide parties has been identified as one factor contributing to the survival of democracy (Stepan 2001: Ch. 15). Nationwide parties have also been seen as vital for successful federalism because they facilitate coordination between levels of government (Riker 1964; Filippov et al. 2004). The violent conflicts that have shaken Bolivia during the past two years illustrate how a regionalized party system can undermine the articulation of encompassing policies.

At the party level, the focus is on party organizational cohesion. *The second research question, therefore, is: how has decentralization affected party organizational cohesion in Latin America?* Cohesion refers to the extent to which regional subunits are closely integrated into the overall organizational structure of the party. Where cohesion is low, party subunits operate relatively autonomously. Such a situation was described by V. O. Key (1949) in his seminal study of the American South. Key found that the separation of national and state-level party units undermined the quality of political representation. More specifically, he argued that it cemented the position of influential groups in society and, therefore, put impoverished groups – the "have-nots" – at a disadvantage. Parties thus become unable to aggregate a range of interests, and articulate only the interests of certain groups. This undermines the democratic ideal of political equality and is unlikely to produce equitable policies oriented towards the national common good. Schattschneider's work (1960) echoed this sentiment, and underlined the crucial role cohesive, nationally oriented parties play in holding the power of special-interest groups in check.

The final issue that deserves explanation is the geographic focus on Latin America. Even though the literature on parties and decentralization is in its infancy (van Biezen & Hopkin 2006), in the European context the topic has recently attracted the interest of a growing number of scholars (e.g. Hough & Jeffery 2006; Laffin et al. 2007; Fabre 2008; Hopkin & van Houten 2009; Lago & Montero 2009; Swenden & Maddens 2009). The conventional contention that the territorial configurations of political organization remain unaffected by decentralization reforms has, thus, come under close scrutiny. The conclusions of some of these studies suggest that the effect of state reform on European parties and party systems is considerable. Yet, while this work makes an important contribution to research on the relationship between decentralization and political organization, relatively little is known about these developments in the new Latin American democracies. This is unfortunate, as Latin America is a particularly fascinating environment for studying the effects of decentralization. Firstly, the difference between the tradition of centralism and the degree of decentralization we currently see is particularly pronounced. In this sense, one might say that

there is substantial variation on the independent variable. Secondly, as indicated above, the effects of state reforms are likely to be particularly pronounced where parties are shaped to a substantial degree by their relationship with the state. This is generally the case in new democracies, and even though some Latin American countries had previous experiences with democratic governance, almost all of them democratized as part of the third wave (Huntington 1991). In Mexico, for instance, the conceptualization of parties as public entities (*entidades de interés público*) has been enshrined in the constitution, and parties rely on the state for the lion's share of their resources. Latin America, therefore, constitutes a particularly interesting setting in which to study the effects of decentralization on political organization.

Comparative Decentralization in New Democracies

The empirical literature on comparative decentralization has matured substantially in recent years. Scholars have made progress in tackling the puzzle of why central governments choose to give away power (e.g. Willis et al. 1999; Eaton 2004; O'Neill 2005). Yet even though we live "in an age of decentralization" (Snyder 2001: 93), we know relatively little about the consequences of recent efforts to decentralize government.

So far, the emerging literature on the outcomes of decentralization reforms has generally focused on economic growth, macroeconomic performance, and government efficiency. Less attention has been devoted to the institutions that structure the process of representation, specifically parties and party systems. The approach to the outcomes of decentralization has been predominantly technocratic, with little attention to the conflicts and struggles inherent to democratic politics. A recent review of the literature points out that "one of the crucial shortcomings of the existing literature is its failure to embed particular decentralized institutions in the broader story of the political process" and contends that "some very basic aspects of the relationship between parties, accountability, and policy making remain desperately under-studied" (Wibbels 2006: 174–176).

In part, the technocratic focus results from the fact that the study of outcomes has been dominated by economists and policy-oriented scholars, such as those affiliated with the World Bank and other international institutions. Their research has been motivated by the desire to evaluate whether decentralization reforms, which are a key ingredient in the state modernization toolbox of their institutions, have brought about the expected benefits. Issues of representation and political processes have often been subordinated to concerns about economic

development and government performance. The results of this research program have, so far, remained inconclusive, however. For instance, in cross-national studies decentralization has been found to be associated with higher government performance (Shah & Huther 1999; Fisman & Gatti 2002; Faguet 2004), as well as with smaller government deficits and lower rates of inflation (Rodden & Wibbels 2002). However, other studies have shown that decentralization leads to macroeconomic instability (Fornasari et al. 2000) and lower rates of economic growth (Davoodi & Zou 1998).

In light of such contradictory evidence, Treisman (2007) took the literature on policy outcomes to task, and examined the arguments of decentralization advocates and skeptics. He convincingly makes the case that, even from a theoretical perspective, there are no compelling reasons to expect universal effects of decentralization. Treisman (2007: Ch. 11) also re-examined a number of empirical studies, finding that the effects of decentralization on economic growth and macroeconomic performance fail to withstand close scrutiny. Hence, Treisman concluded that the causal chain is too long and too many factors intervene to expect universal outcomes. This is consistent with Angell et al.'s (2001) qualitative analysis of Colombia and Chile, which found that decentralization by itself is an insufficient condition for development. According to William Riker, one of the most prominent scholars of federalism, it is not the existence of formal institutions that produces outcomes, but rather the underlying patterns of governance (Riker 1969: 145). The effects of decentralization are, therefore, hard to predict without explicit attention to the way the political process is structured. We thus need to come to a better understanding of the consequences of decentralization for political organization, in order to understand why the outcomes of decentralization reforms vary so widely.

To date, we know relatively little about the effects of decentralization on the political process in Latin American democracies. The available evidence suggests that decentralization often seems to have strengthened local elites (Fox & Aranda 1996; Ryan 2004), and even to have created so-called "pockets of authoritarianism" (Fox 1994; Gibson 2005). Sabatini (2003) expressed concern that parties in Latin America are poorly equipped to deal with the erosion of centralized governance, and so linked party decline and failure in many of the new democracies to decentralization. Indeed, at the beginning of the twenty-first century many Latin American democracies are exhibiting a resurgence of subnational political identities (Calvo & Escolar 2005: 44; see also Gibson 2004). Recent violent clashes in Bolivia over the issue of subnational autonomy provide but one illustration of the relevance these developments have for democracy. This study seeks to contribute to our understanding of how decentralization influences

the way that conflicts in society are expressed, structured and managed through parties.

On Methodology: Studying the Effects of Decentralization on Parties and Party Systems

Analytical Design

Decentralized governance is a characteristic of countries at a specific point in time. Variation in the degree of decentralization can, therefore, be observed between countries as well as over time. The effect I am interested in unfolds within countries, at the level of parties and party systems. To establish that a link exists between decentralization, on the one hand, and parties and party systems, on the other, it has to be shown that these co-vary, and that a change in the degree of decentralization leads to a change in the two dependent variables. The first decision concerning the overall research design of the study is, therefore, how to study co-variation. The basic options are to focus on temporal variation by studying changes over time, to focus on spatial variation between countries, or to combine elements of both.

In deciding how to best study a phenomenon scholars are invariably confronted by a difficult choice between "knowing more about less and knowing less about more" (Gerring 2004: 348). In principle, both options are equally defensible and neither is inherently more valuable than the other. Both are valid means to describe and explain patterns in the social world. Yet in their extreme form both suffer from shortcomings. Studying one particular case up close can afford one a rich understanding of complex causal processes and mechanisms. Invariably, however, making inferences from this to a broader set of cases requires a significant leap of faith. Where an association is identified between two variables on the basis of a large number of cases, the required leap of faith is equally substantial without a clear understanding of the underlying causal mechanisms. This tension between advantages and drawbacks permeates most inquiries in comparative politics, as scholars struggle to bring together scope and depth.

The respective strengths of both strategies can also be understood as a trade-off between insight into causal mechanisms and causal effects (Gerring 2004). Causal mechanisms elucidate "how the independent variable actually produces the outcome" (Brady & Collier 2004: 277). A causal mechanism connects the cause (X) with the outcome (Y) by offering an explanatory narrative, which connects the dots in a direct and up-close fashion. A causal effect, by contrast, can be defined as "the difference between the systematic component of observations

made when the explanatory variable takes one value and the systematic component of comparable observations when the explanatory variable takes another value" (King et al. 1994: 81–82). In this case, for instance, a causal effect might refer to the difference in party cohesion before and after decentralization. Thus, the average increase in subunit autonomy across parties reflects the size of the causal effect. Such effects are generally best estimated with regression techniques. Both causal mechanisms and effects are important for understanding the relationship between two variables. We might think of them as answers to different kinds of questions. While a causal mechanism assesses *how* a variable mattered to the outcome, the causal effect reflects *how much* it mattered (George & Bennett 2005).

To bring together the benefits of both approaches scholars have increasingly recommended mixed-method or "nested" research designs, which combine case-oriented analysis with broad comparative techniques to bridge the divide (Tarrow 1995; Laitin 2002; Tarrow 2004; Lieberman 2005; Munck & Snyder 2007). This is the research strategy followed here. What advantages does the combination of a case study and a "large-N" comparative analysis offer? In the best case, it preserves the individual strengths of both approaches, while reducing the limitations from which each suffers. It emphasizes the elaboration of causal mechanisms, and at the same time makes it possible to draw conclusions for a larger number of cases. Mixed-method designs are based on the conviction that each method is good at answering different, but equally important questions. While large-N analyses address questions of propensities, within-case analysis can provide insights into questions of process (Laitin 2002; Collier et al. 2004b).[2]

The research strategy chosen here is a case study-based mixed-method design (George & Bennett 2005). It begins with the analysis of one country, and subsequently evaluates the ability of the argument to travel to a broader set of countries. A case study is understood as "an intensive study of a single unit for the purpose of understanding a larger class of (similar) units" (Gerring 2004: 342). I note that the term *case study* is somewhat unfortunate, as it seems to suggest that only one case is the object of study. Generally, in discussions of research design, the term *case* refers to the number of observations, which can either be

[2]Some scholars have expressed concerns about the compatibility of these two approaches on ontological grounds (Mastenbroek & Doorenspleet 2007; Rohlfing 2008). In some cases, so the argument goes, bringing together an interpretive and a more positivist view of the empirical world can create more problems than it solves. In this study the case-based as well as the large-N analyses seek to identify patterns of co-variation. Hence, the underlying logic of case studies and cross-unit analyses are similar, as both emphasize co-variation as the basis for causal inferences. In this sense, all parts of the empirical analysis are comparative.

few (small-N) or many (large-N). One might thus be led to believe that in a case study, the N is one. This is incorrect, however, as the evidence sought is co-variational in nature. To identify a relationship between a cause and a purported effect, there must be a regular association between the two. Thus, we look for variation within the case, which can either occur over time, between subunits of the case, or both. To clarify that in a case study the N is by no means one, Gerring's definition refers to the intensive study of a *unit*, which is made up of various cases. More specifically, Gerring's unit can be divided into cases, whose properties can be thought of as scores on variables.

The relevant unit under study here is a country, and the empirical analysis begins with an examination of the way decentralization has affected parties and party systems in Mexico. As the purpose of the case study analysis is to elucidate patterns that have implications for a broader range of cases, it is necessary to think about the way in which the case relates to its peers. A number of factors make Mexico a strong candidate for the case study, as it shows typical values for the main theoretical variables (Gerring 2007: Ch. 5). Firstly, Mexico reflects broader regional patterns, in the sense that it is a new democracy that has undergone significant decentralization. Thus, it shows variation with regard to the primary causal variable of theoretical interest. Secondly, Mexico shows typical values for party and party system characteristics. In two rankings of party system nationalization in the Americas, Mexico was the median case (Jones & Mainwaring 2003: 148; Stein 2006: 41).[3] The 2006 IADB report provides country-level data on party organizations – specifically, on the degree of power wielded by national party leaders. On the index, which ranges from 6 to 18, Mexico received a score of 12 (Stein 2006: 40), which again suggests that the country is typical in terms of the configuration of the main variables.

For the case study analysis, the emphasis is on temporal variation. In theory, examining one country over time makes it possible to hold a number of country-specific factors "constant" for the purpose of the analysis. The basic idea is to examine the effect of one factor, which changes, while everything else does not. Here, this logic would manifest itself if a country decentralized, while the other

[3]Both studies draw on the Party System Nationalization Score (PSNS) proposed by Jones and Mainwaring (2003). This indicator is discussed in Chapter Six. The sample of countries and the respective time period are slightly different in each study, however. Jones and Mainwaring took the average of the time period from 1979 until 2001. They reported data for Argentina, Bolivia, Brazil, Canada, Chile, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Peru, the United States, Uruguay, and Venezuela. Stein and his contributors (2006) referred to the elections closest to 2002. Instead of Canada, Jamaica and the United States, their study included the Dominican Republic, Panama, and Paraguay.

characteristics that might affect its parties, such as ethno-linguistic fractionalization and the electoral system, remained the same. Yet processes of change in the real world tend to be multi-faceted, and more than one variable is likely to change over time. Indeed, Mexico moved toward greater decentralization, but at the same time also experienced increasing political pluralism and the institutionalization of competitive elections. Thus, even though Mexico shares with other Latin American countries a history of centralism and non-democratic rule, the protracted nature of its transition sets it apart from its Southern neighbors. In Mexico, the process of democratization led to a reinvigoration of federal checks and balances, and thus to *de facto* decentralization. The country has become more decentralized, but its erosion of centralization has had a trajectory distinct from other countries in the region. In taking Mexico as a case study, it is therefore necessary to be mindful not only of similarities but also of differences, because no case is ever entirely "typical" of broader patterns. The analysis of Mexico traces relations between decentralization and political outcomes in order to develop an understanding of the way in which different factors interact with each other. Thus, Mexico is observed as an instance of a broader phenomenon. At the same time, however, it is also a study of Mexico. The empirical chapters present new and original data, which offer valuable insights into Mexican politics.

Testing the argument in a cross-country setting can increase analytical leverage. In the analysis of Mexico, it is impossible to completely disentangle the relative importance of democratization and the resulting decentralization. In Argentina, by contrast, the military regime collapsed rather quickly and power was transferred to democratically elected civilians. By examining the effect of decentralization in other Latin American countries where democratization followed a different, more abrupt pathway than it did in Mexico, we can come to a better understanding of the causal effect of decentralization.

The dimensions of variation that emerge from the overall research design are summarized in Figure 1.1. It lists the type of variation together with the chapter in which the analysis is conducted. As the argument is that decentralization constitutes a challenge for party cohesion and nationalization, and Latin America has decentralized recently, cross-temporal variation is particularly important. The analysis of Mexican party systems (Chapter Four) and organizations (Chapter Five) examines changes in the aftermath of decentralization. In Chapter Six the argument is then tested on a dataset encompassing Latin American countries. It would be ideal to test the argument across time as well as across countries. For party systems, this is possible. Unfortunately, variation between party organizations can only be tested cross-sectionally, as data over time are not available.

Figure 1.1: Research Design – Types of Co-variational Evidence

		Temporal Variation	
		No	Yes
Spatial Variation	Within-country (Mexico)		Party systems (Chapter Four) Party organizations (Chapter Five)
	Across-country (Latin America)	Party organizations (Chapter Six)	Party systems (Chapter Six)

Note: This table draws on Gerring's (2007: 343) typology of research designs.

Methods of Analysis

The specific data sources used to build and test the argument are discussed in the corresponding chapters. Nonetheless, some general remarks about the various forms of empirical evidence and the role they play in the overall analysis are useful at the outset. To identify the patterns of co-variation set forth in the research design, this study draws on tools from the quantitative as well as the qualitative tradition of social science research. It combines "dataset observations" with "causal process observations" (Collier et al. 2004a). The former refers to observations in the form of a row in a spreadsheet or rectangular dataset, which can be analyzed using statistical methods. Dataset observations record scores on relevant variables and can be gathered for a large number of observations. Conversely, causal process observations provide more detailed and richer information, which cannot easily be broken down into quantifiable variable scores. While dataset observations are associated with variable-oriented methods, such as statistical analyses, qualitative methods are generally more appropriate for causal process observations (Ragin 1987). In this study, the comparative cross-country analysis relies primarily on dataset observations. The case study of Mexico, however, draws on dataset observations as well as causal process observations to probe the relationship between decentralization and parties. I take the view that quantitative and qualitative methods are not competitive but complementary, and can be combined fruitfully to come to a better understanding of a phenomenon (Tarrow 2004; George & Bennett 2005: 207–208).

The analysis of Mexico is based on six months of fieldwork conducted in the spring and fall of 2007. During this time period, I collected a variety of "gray literature", such as party statutes and documents, as well as government

reports and budgetary statements of public bodies. The purpose of collecting this information was to identify and document within-case variation, which lies at the heart of the Mexican case study. Some of the primary information was logged in spreadsheet format and used to compile databases on party systems and organizations. Such databases are generally analyzed with statistical methods.[4] The validity of the findings and the conclusions drawn from the data were assessed using qualitative methods. To develop a fuller understanding of the underlying political processes, I conducted semi-structured interviews with representatives of political parties and public officials (Peabody et al. 1990). These interviews provided crucial contextual and background information. They also guided the coding of primary information and its translation into variable-oriented spreadsheets. Appendix A provides an overview of the interviews and explains how they are referenced in the text.

The interviews with party representatives were particularly valuable because of the prominent role political elites play in making the strategic decisions affecting both party systems and organizations. Some information about intra-party processes can only be obtained by asking those involved. Yet, while these conversations provided a wealth of information that was crucial for me in connecting the dots, such data should always be interpreted with some caution (Putnam 1973; Lilleker 2003). Political actors have their own perceptions of events, and in some cases may have strong incentives to construe or misrepresent what happened. Wherever possible, information obtained through interviews was cross-referenced with primary sources, such as archival data and newspaper articles, as well as secondary literature. Overall, examining the effect of decentralization "up close" in a case study, as well as from a cross-country perspective, offers valuable insights into party politics in contemporary Latin America.

The Chapters that Follow

Prior to the empirical analysis, Chapter Two brings the theoretical literature to bear on the two research questions. It conceptualizes the independent and dependent variables and outlines the theoretical underpinnings of the argument. It explains why, from a theoretical perspective, party system nationalization and party cohesion are challenged by decentralization. Chapter Three lays out Latin America's journey toward decentralization and thus develops the main

[4]The statistical package used to conduct the quantitative analyses in this study was Stata 10.

independent variable. It explains how neoliberal reforms and democratization weakened centralized governance, and why central governments were so eager to transfer power to the subnational level. Overall, the conjunction of democratization, neoliberalism and institutional reforms swayed the region towards an unprecedented degree of decentralization, despite its strong centralist legacy.

The effect of decentralization on Mexican party systems is the subject of Chapter Four. It highlights how the dynamics of competition in state-level party systems increasingly took on a life of their own. Elected subnational institutions had existed in Mexico for most of the twentieth century, but they were firmly locked in to the hierarchical logic of an authoritarian regime. The process of democratization combined with institutional reforms to dramatically transform the status of gubernatorial offices, allowing governors to recover their forgotten powers. Competition for the highly attractive subnational offices fuelled a geographically uneven process of party-building, and state party systems now differ substantially from one another. Subsequently, patterns of competition spilled over to federal elections, resulting in increasingly regionalized voting patterns and a decline in nationalization. Chapter Five examines the effect of decentralization on Mexican party organizations. Building on the assumption that control of resources is an indicator of power, it explores the ability of party subunits to autonomously control the resources necessary for their functioning. It shows that party subunits are now less dependent on resources from the central party, which constitutes a profound challenge to centralized control.

Chapter Six shifts the focus to other Latin American countries. It assesses how well the argument travels, and whether decentralization is also associated with lower levels of party system nationalization and party cohesion in other countries of the region. The ambition is not to replicate with similar detail the analysis of Mexico, but to explore whether similar patterns can be identified for a broader set of cases. The first section of the chapter shows that a trade-off exists between decentralization and party system nationalization. The second section demonstrates that parties are shaped to a substantial degree by their environment, as patterns of party organization are more similar within countries than between countries. Moreover, it shows that parties tend to be less cohesive in decentralized than in centralized polities. The final chapter summarizes the main findings and draws conclusions. It revisits the broader debate on decentralization introduced above, and explores the implications of this study for Mexico, for Latin America, and – more tentatively – for other new democracies currently taking a "leap into the dark" (Treisman 2007: 274) by decentralizing state institutions.

2

Political Organization and Decentralized Governance: Concepts and Expectations

". . . the nature of political organization depends on the conflicts exploited in the political system, which ultimately is what politics is about."

E. E. Schattschneider (1960: vii)

Politics is about conflict, and concerns about the way in which conflicts are expressed, structured, and managed are at the heart of political science research. While in any political system there are a potentially infinite number of different kinds of conflict, only some of these become politically relevant. The political system of a country thus organizes some issues "into politics while others are organized out" (Schattschneider 1960). In modern democracies parties and party systems are the most important form of political organization, and their configuration reflects politically relevant conflicts.

How does decentralization affect political organization? Decentralized and federal patterns of governance acknowledge the legitimacy of territorially based interests, and thus seek to "organize in" subnational political actors. When governance is decentralized, the territorial dimension of political conflict is visible in two spheres. Firstly, it is reflected at the party system level in the interactions between parties. Secondly, it influences the organizational dynamics within parties. The extent to which territorial interests are "organized in" has important implications or the ability of parties to act with a common national purpose.

What happens if previously centralized polities move toward more decentralized forms of governance? What effect does this have on parties and party systems? On the basis of the theoretical literature, this chapter outlines expectations that will guide the analysis of the empirical chapters. It specifies why, from a theoretical perspective, decentralization is likely to have a negative impact on party system nationalization and on party organizational cohesion. The first section of the chapter defines decentralization and describes the basic properties of decentralized governance. The second and third sections address the

challenge decentralization constitutes for party system nationalization and party cohesion, respectively. Both sections begin by defining the key concepts and then move on to review the relevant theoretical literature. Thus far, theoretical work has been influenced heavily by the experiences of Western European and Anglo American parties. It is therefore necessary to probe some of the assumptions and premises underlying these arguments to find out whether they are relevant to Latin America. In developing an argument that can account for the effect of decentralization on party system nationalization and party cohesion in Latin America, the prevalence of particularistic practices and the executive-centered nature of political systems in the region have to be given special consideration. The chapter shows why, under these conditions, decentralization undermines party system nationalization and party organizational cohesion.

The Concept of Decentralization

Multiple meanings have been attached to decentralization in the literature, and it is essential to specify what the term refers to in the context of this study. Decentralization describes a state of affairs in which resources and authority are dispersed across multiple levels of government. Systems are decentralized to the extent that the central government possesses a smaller share of fiscal resources and grants more autonomy to subnational levels of government (Schneider 2003). Each subnational government thus possesses a certain degree of autonomy from the center, as well as from other governments at the same level. It is important to point out that, conceptually, this autonomy is distinct from hierarchy. Decentralized governance does not mean that the center is dominated by subnational governments. Rather, building on Riker's definition of federalism, a country is decentralized to the extent that each level of government "has at least one area of action in which it is autonomous" (Riker 1964: 11).[1] In Western Europe, the term "multi-level governance" has been coined to denote such non-

[1]To qualify as federal under Riker's definition, the autonomy of different levels of government has to be constitutionally guaranteed. This additional characteristic does not have to be present to speak of decentralized governance. Overall, in recent years a shift in the literature can be observed from the term *federalism* to the more inclusive concept of *decentralization*. This shift has been attributed to the desire to include countries that are not formally considered federations, but in which subnational levels of government possess considerable autonomy (Brancati 2008: 137). Riker (1964: 139) also suggested that "the essence of local autonomy has little to do with whether or not the central constitution grants particular rights to local officials but has very much to do with whether or not local officials are elected by or are in some other way responsive to local citizens."

hierarchical patterns of governance (Hooghe & Marks 2001; Hooghe & Marks 2003).

The cornerstone of effective decentralization, as understood here, is thus a distribution of power that grants subnational governments some degree of independence. This conceptualization differs from other definitional stances adopted in the literature. It excludes, for example, deconcentration, which has often been seen as a minor form of decentralization. Deconcentration strengthens subnational branches of national government ministries or agencies. Such institutional arrangements redistribute resources and responsibilities within different bodies of the central government, rather than between levels of government (Rondinelli 1989: 81). Deconcentration is an attractive strategy for central states aiming to penetrate peripheral regions of the country (Migdal 1988). It does not, however, enhance the power of subnational governments.

Institutional reforms, then, are considered instances of decentralization only if they actually strengthen subnational governments. Students of institutional reforms have pointed out that not all changes framed in the language of decentralization end up empowering subnational governments. Falleti (2005) argues that, in some instances, the transfer of responsibilities may even weaken subnational governments. This occurs with so-called "unfunded mandates", where responsibilities are transferred without corresponding resources. In principle, such reforms also fall outside the conceptualization of decentralization employed here. Nevertheless, these reforms may take on a life of their own, and subnational governments may benefit in ways never intended by the central government. In such cases we might still conclude that decentralization has occurred. As Chhibber and Kollman (2004: 102) remind us, "authority often passes to lower levels of government as an unintended consequence of political and economic changes".[2]

In summary, decentralization taps in to the power of subnational governments. This power depends on the degree to which subnational governments possess authority and resources. These aspects are commonly referred to as the *political* and *fiscal* dimensions of decentralization. The political dimension of decentralization generally denotes the existence of a subnational electoral arena. The fiscal dimension reflects the amount of resources managed by subnational governments. While both dimensions of decentralization strengthen subnational governments, the mechanisms may differ. It is therefore useful to keep in mind the distinction between the two when teasing out the pathways through which decentralization affects political organization.

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[2]Chhibber and Kollman use the term *provincialization* rather than decentralization because "the former is less suggestive of an act on the part of the central government" (2004: 102).

Decentralization and the Development of Nationalized Party Systems in Latin America

The territorial dimension of party systems has, so far, generally been approached through the theoretical lens of party system nationalization. Nationalization refers to the extent to which major political parties are competitive throughout the national territory (Jones & Mainwaring 2003).[3] What factors promote the development of nationalized party systems? And how does decentralized governance affect nationalization? To answer these questions, this section proceeds in two stages. Firstly, it reviews the theoretical literature on nationalization and party system development. As much of this literature focuses on established democracies in Western Europe and North America, however, it is not self-evident that the arguments developed in these contexts are relevant for Latin America. The assumptions and premises informing these theoretical arguments will, therefore, be evaluated critically to determine whether they are sustainable in the Latin American context. In the second stage, expectations about the effect of decentralized governance on party systems in Latin America are developed.

The Study of Party System Nationalization

The early theoretical work on nationalization developed in two traditions: one American (e.g. Key 1949; Schattschneider 1960) and one European (Blondel 1969; Rokkan 1999). Both traditions essentially saw nationalization as a positive development, and both identified the centralization of government activities as an important factor in shaping party system nationalization.

In his seminal study of American politics, V. O. Key (1949) argued that "chaos of factionalism" and "political disorganization" characterized politics in the southern states. The increasing relevance of national issues constituted a promising solution to the problems of political representation this caused. Only closer linkages between the national and state level, Key argued, could overcome the weakness of political leadership plaguing these states: "While change will not come quickly, it is inevitable as the issues of national politics become more important than the peculiar regional interest" (Key 1949: 311).

Similar arguments were formulated by Schattschneider (1960) in *The Semisovereign People*. He identified nationalization as an important factor that structures political conflict, and thus affects the way politics is conducted and organized. Prior to the New Deal, he argued, the federal government of the

[3]Nationalization has also been referred to as "party linkage" (e.g. Moenius & Kasuya 2004; Kasuya & Moenius 2008) or as "party aggregation" (Chhibber & Kollman 1998).

United States constituted a modest enterprise that "touched directly only a few categories of people" (1960: 88), such as immigrants and importers. The federal government had not even decided on a budgetary system. The New Deal and the dramatic change in the scope of federal public policy it entailed, however, "produced the largest displacement of conflicts in American history" (1960: 89). As key policy issues shifted to the national level, the regionalized party system was replaced by nationalized party competition because of the centralization of government activities.

While the emphasis in American literature has been on the way voters and candidates respond to specific incentives, the European literature has tended to focus on political-sociological factors and how these shape politics. It has placed a stronger emphasis on cleavages and the way in which these structure politics. Despite the difference in focus, the European literature shares the positive connotation of nationalization found in the American tradition. Blondel (1969: 120–121), for example, discusses nationalization in terms of political development. A party is nationalized ("extensive", in his terminology) if it "attempts to 'occupy' the territory and both aims at covering the country and succeeds in doing do". In his view, primarily "primitive societies give rise to parties of an inextensive kind" (1969: 121). A modern democracy thus requires a nationalized party system.

The work of Stein Rokkan on state formation and the development of cleavage structures has been particularly influential in the European literature (Rokkan 1970; Rokkan 1999). He assigns a key role to the Industrial and National Revolutions in shaping lines of conflict in Europe. In a historical study of Western Europe that builds on the work of Rokkan, Caramani (2004) attributes party system nationalization to the declining relevance of preindustrial, territorially based cleavages vis-à-vis socioeconomic functional cleavages: "This process of nationalization of electorates and party systems has to a large extent been the result of the *hegemony of the left-right cleavage* over ethnolinguistic, religious, center-periphery, and urban-rural cleavages – that is, the main preindustrial cleavages" (Caramani 2004: 5, emphasis in original). Macro-processes of political and social modernization promoted the integration of peripheries into the nation-state, whereas the dislocation of important political issues from the local level to the national level contributed to the formation of a political center. Political identities became increasingly defined by their occupational status, and the focus of political actors – particularly, political parties – shifted from the subnational to the national level. Increasingly, workers from all regions of the country cast in their lot with the labor party, rather than with regional parties. What ensued was the "territorial homogenization of electoral behavior" (Caramani 2004: 1) and the creation of a national political arena, where major parties were competitive

throughout the territory.[4] Thus, the party systems of Western Europe effectively "organized in" functional issues while "organizing out" territorial issues (Bakvis 1981: 41).

In Western Europe, the process of progressive nationalization was completed before World War II. After the war, Western European countries sustained highly nationalized politics, and the predominance of the left–right cleavage has created a situation in which even decentralization and the creation of federal structures have not led to a relapse to regionalized vote patterns (Caramani 2004: 291–292). The idea that functional cleavages have overpowered territorial cleavages in Western Europe, which underlies Caramani's argument, has not remained uncriticized (e.g. Tarrow 1978). My primary interest, however, is whether his argument can generate insights into the territorial dimension of party politics in Latin America. Let me examine the premises underlying the argument.

Caramani emphasizes a process of nation-building through the creation of external boundaries, the formation of a political center, and the resulting development of functional cleavages with programmatic voter-party linkages. This argument might not travel well to Latin American countries, which have experienced different processes of state formation and political modernization. The Industrial and National Revolutions, which play key roles in Rokkan's argument, did not unleash a similarly powerful dynamic in Latin America. While the Industrial Revolution in Europe generated large-scale social change that pitted capital against labor, industrialization in Latin America followed a different path (Collier & Collier 1991). The two revolutions associated with the political development of Western Europe largely bypassed Latin America (Wiarda 1973: 209; Véliz 1980). One key characteristic of democracies in the region is, therefore, the relative weakness of politically relevant functional cleavages. This is not to suggest that social cleavages do not exist in Latin America. Economic inequality, which is often related to ethnicity, is rampant. Yet in contrast to Western Europe, these societal differences have not generally been translated into partisan identities. Social cleavages are thus underrepresented by parties, and multi-class parties are the primary form of political organization (Dix 1989; Roberts 2002a; Roberts 2002b). Whereas European parties tend to be expressions of sociological political identities, in Latin America other mechanisms – such as clientelist exchanges and personalized politics – play an important role in linking voters to parties (Kitschelt 2000; Levitsky 2003).

[4]For Caramani, the nationalization of electoral behavior serves as an indicator of the nationalization of politics, and thus of an underlying process of societal change. My use of the concept of nationalization is more limited, as I am interested in the nationalization of party systems *tout court*.

Caramani (2004) argues that Western European democracies have been remarkably resistant to regionalizing trends once a high level of nationalization has been achieved. Yet, as the development of party systems in Latin American democracies followed a distinct pathway, there is little reason to believe that regionalization will be inhibited by functional cleavages. Because these cleavages are relatively weak and have played a limited role in the development of party systems, electoral behavior is likely to be more vulnerable to regionalization.

Like Caramani (2004), Chhibber and Kollman (2004) examine party system nationalization in historical perspective. Focusing on Canada, Great Britain, India, and the United States, they seek to explain why and when national parties emerged and why, during certain periods, regional parties have been able to draw significant vote shares. Specifically, they aim to understand what motivates candidates to adopt regional or national party labels in their quest to obtain office. While Caramani emphasizes a progressive development toward nationalized politics, Chhibber and Kollman identify cyclical patterns of nationalization and regionalization within party systems.[5]

Building on an actor-centered approach and drawing on arguments developed by Cox (1997), Chhibber and Kollman (2004) attribute changes in party aggregation across districts to strategic incentives provided to voters and candidates by the distribution of authority across levels of government. Thus, their work falls within the American tradition of nationalization studies. According to the authors, "party systems become more national as governments centralize authority; in contrast, there are more opportunities for regional, state, or provincial parties to thrive as provincial or state governments gain more authority relative to the national level" (2004: 21). The hypothesized mechanism is the desire of voters and candidates to influence policy outcomes. It is rational for voters, therefore, to support national party labels at times when national governments are important in their lives and to support regional labels when subnational governments influence key policies. Even though this study focuses on countries with single-member districts, in principle the same logic should be at work in other electoral systems. A larger role for the central government, the authors contend, should make the party system more national regardless of the electoral system (Chhibber & Kollman 2004: 233–234).

[5]The only country examined by both studies is the UK. While Chhibber and Kollman (2004: 221) point out that the UK exhibits the lowest degree of dynamic development over time, among Western European countries Caramani (2004: 291) finds the UK somewhat atypical due to its pattern of regionalization in the 1970s.

Chhibber and Kollman's assumption (2004) that voters and political elites are chiefly motivated by their desire to influence policy suggests that voter–party linkages are, first and foremost, programmatic. As argued above, however, this premise does not adequately capture the political reality of Latin America, which is characterized by "pork-centric systems" (Desposato and Scheiner 2008). In such systems, political competition is not driven by policy differences, and control over resources is an important factor in deciding elections.

Thus far, Caramani (2004) and Chhibber and Kollman (2004) have offered the most comprehensive assessment of the relationship between decentralization and party system nationalization. As their conceptual arguments were developed against the background of different historical experiences, however, some of the basic premises underlying their analyses are problematic in the Latin American context. My discussion of party system nationalization (in the following two subsections) builds on their theoretical insights. It emphasizes that the centralization of government activities has important consequences for the nature of political organization, as decentralization "organizes in" territoriality. Yet, while decentralization also shapes party system nationalization in Latin America, the mechanisms underlying this relationship are likely to be different. Drawing on the work of Gibson and Suarez-Cao (2007), the next paragraphs examine the conceptual debate about party systems at different levels of government and lay the groundwork for the subsequent discussion of how decentralization affects party system nationalization in Latin America.

The Territorial Dimension of Party Systems

So far, subnational elections and party systems have been somewhat of a stepchild in the analysis of party systems. Even though social scientists now appear to be rediscovering the importance of territory, until recently subnational elections in many established democracies were dismissed as second-order elections (Reif and Schmitt 1980; van der Eijk et al. 1996; Heath et al. 1999), conducted largely with reference to national political considerations. Because less is at stake in these elections – so the argument goes – the turnout tends to be relatively low, and those citizens who do participate vote expressively, rather than strategically, giving their vote to minor parties at the expense of national-level incumbents. Yet this congruence between the national and subnational levels has been shown to derive from the presence of the left–right dimension as a "super issue" that shapes evaluations of political performance and preferences at all levels of government (Jérôme & Lewis-Beck 1999). In other words, it has been argued that the alleged

hierarchy of elections depends on the presence of functional cleavages.[6] In developing an argument for Latin America, the dynamics of competition at the subnational level thus deserve closer examination.

To be sure, the literature on party systems outside Europe contains a wealth of empirical information about distinct subnational party systems and so recognizes such systems as common phenomena (Gibson & Suarez-Cao 2007: 3). Studies of state-level party systems in the United States have been especially influential in this regard (Key 1942; Key 1949; Schlesinger 1991). In addition, recent scholarship on Latin America has emphasized the emergence of subnational authoritarian enclaves and the persistence of local party systems with limited levels of competitiveness (e.g. Fox 1994; Snyder 1999b; Gibson 2005). Within one country, we can thus find multiple party systems at different levels of government.

Yet while empirical evidence about party system dynamics at different levels of government is increasing, the development of analytical tools to analyze such systems and their dynamics has lagged and, as Gibson and Suarez-Cao (2007) argue, the empirical evidence has remained under-theorized. This neglect, they suggest, might be related to the fact that Sartori's (2005[1976]) work still constitutes the gold standard of party system analysis (see also Wolinetz 2006; Bardi & Mair 2008). Sartori (2005[1976]), however, remains ambiguous about whether subnational party systems are indeed systems in their own right. In his discussion of politics in the American South, he emphasizes the interdependence of party systems at different levels of government, stressing that "Florida or Louisiana or Mississippi . . . are not states in the sense in which Mexico and Tanzania are such" (73). Regions should thus not be considered equals to sovereign nations. However, Sartori also acknowledges that the United States possess a *two-tier party system*, one state-specific and one nationwide: "It follows from this that each level is of itself incomplete and/or reflective of the other level" (2005[1976]: 74). Sartori thus emphasizes interdependence between patterns of party competition at different levels of government.

[6]Note that even in Western Europe the conception of regional elections as second-order national elections has not remained unchallenged (e.g. Dunleavy 2005). The re-emergence of territory as a dimension of political conflict in advanced industrialized democracies has been linked to the weakening of the underpinnings of functional cleavages, which had previously suppressed territorial issues (Bakvis 1981: 42). In particular, Hough and Jeffery (2003) and Keating (2003) have argued that regional elections should be understood as truly regional. In the case of Switzerland, Selb (2006) also dismisses the argument that subnational elections are principally second-order national elections.

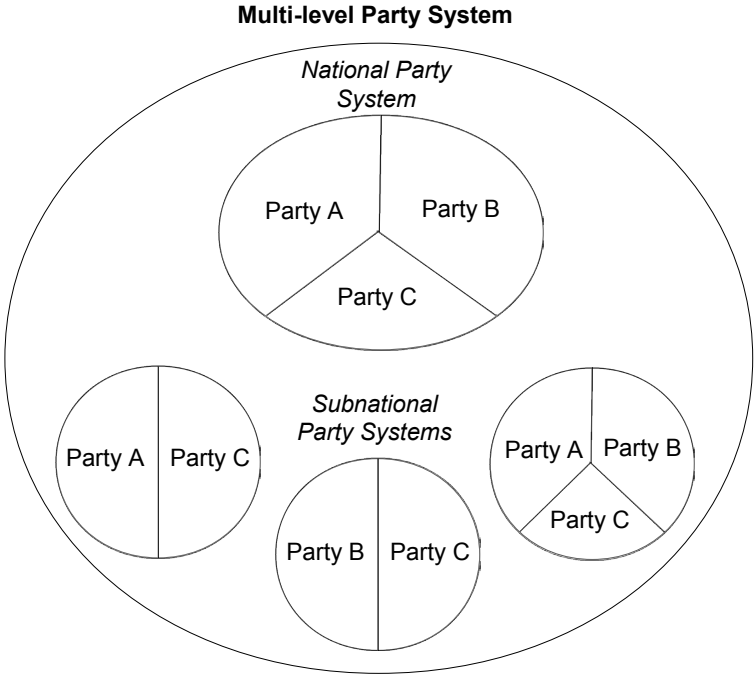
An additional reason for the conceptual confusion surrounding subnational party systems is the lack of agreement on how such a system manifests itself and, thus, how we would recognize it. Why this is problematic becomes evident in the nationalization literature, which – as outlined above – has been the main theoretical lens through which territorial issues in party politics have been approached. Both conceptually and empirically, the focus has been on elections for national office, especially on parliamentary elections. These studies have focused on competition for national offices, ignoring patterns of party competition for subnational offices. When Chhibber and Kollman (2004) refer to subnational or provincial party systems, for instance, what they mean are regional vote patterns during national elections. Similarly, Caramani (2004) studies constituency-level results during national elections. But are these really subnational party "systems"?

At this point, it will be useful to take a step back and clarify when and how parties come to form a system. If we are to speak of a *party system*, the system must display "properties that do not belong to a separate consideration of its component elements" as "the system results from, and consists of, the patterned interactions of its component parts, thereby implying that such interactions provide the boundaries, or at least the boundedness, of the system" (Sartori 2005[1976]: 39). It is precisely this existence of boundaries that becomes problematic if a polity contains more than one party system. The definition has another important component, however, since "a party system is precisely the *system of interaction* resulting from inter-party competition" (Sartori 2005[1976]: 39, emphasis in original). Wolinetz (2006) states that "[p]olitical parties competing with each other for elective office and control of government form a party system". The key aspect of both definitions is patterned competition for office. Such competition for office can take place at different levels of government, as offices can also be obtained at various levels.

Moving beyond the Euro-centric conception of subnational elections as instances of second-order elections creates the need for analytical tools that take competition between parties for subnational office seriously. Analytically, therefore, much can be gained by allowing the possibility that competition for subnational office possesses a sufficient degree of boundedness to be considered a system. I use the term *subnational party system* to refer to competition between parties for subnational office. Conversely, the *national party system* refers to patterned interactions between parties competing for national office. Nevertheless, it remains necessary to address Sartori's (2005[1976]) concerns and acknowledge that subnational and national party systems within one polity are not like billiard balls, but that they are in fact linked. Gibson and Suarez-Cao (2007: 6) have proposed the concept of the "federalized party system" to analyze systems "in

which more than one territorially delimited party system operates".[7] Building on this definition, Swenden and Maddens (2009: 6) suggest using the term *multi-level party system*, which "brings together a statewide party system which emerges from statewide elections and a set of regional party systems reflecting the outcome for regional elections". This term is adopted here as it is more inclusive and does not suggest that multi-level dynamics are specific to formally federal countries.[8] This conceptualization is consistent with Sartori's (2005[1976]) characterization of the United States as a "two-tier party system".

Figure 2.1: The Multi-level Party System



Note: The figure draws on Gibson and Suarez-Cao's graphic representation of the federalized party system concept (Gibson & Suarez-Cao 2007: 6).

[7]Note that it is not self-evident that a party system exists even at the national level. In Belgium, for example, there is no electoral competition between Flemish and Walloon parties and, hence, no national party system (Bardi & Mair 2008: 154–155).

[8]Gibson and Suarez-Cao (2007) themselves use the term "federalized" relatively loosely, as they also apply the concept to Spain, which is not formally federal.

The conceptual contribution of the multilevel party system (displayed graphically in Figure 2.1) is the recognition that distinct systems can exist at the subnational level. Moreover, taking into account the concerns voiced by Sartori, it also alerts us to the fact that within one country, systems at different levels are interdependent. The argument developed in the following paragraphs is twofold. Firstly, decentralized governance creates opportunities for the development of distinct subnational party systems that structure competition for subnational offices and secondly, dynamics in subnational systems are likely to "spill over" into the national party system.

Decentralization and Party System Dynamics in Latin America

Decentralization creates a new and contentious arena for political struggle (Eaton 2004: 6). Several factors can explain why the existence of such an arena is likely to be associated with the emergence of subnational party systems. For one, differential social structures have to be taken into consideration, which can lead to the emergence of new parties, distinct patterns of alliance formation, and varying performance of nationwide parties. Moreover, the candidate-centered nature of politics and executive dominance compounds the impact of these factors.

The socioeconomic make-up of subnational units can differ quite substantially from the aggregate national structure. Regions are not mirror images of the nation in their societal composition. In fact, cleavage structures and the salience of particular issues at this level often differ quite substantially from those at the national level (Bardi & Mair 2008). In Latin America, for instance, economic inequality often manifests itself geographically. The economic strategies pursued by Latin American countries overall have done little to smooth out geographic inequality, and import-substituting industrialization particularly promoted the concentration of economic activity. Social and economic differences between regions are therefore substantial, and this generates favorable conditions for the development of party systems at the subnational level.

The regional concentration of societal groups can promote the formation of new parties at the subnational level (Chandler 1987; Weaver 2004; Brancati 2008). In Latin America, the most prominent example of this was the emergence of indigenous parties during the 1990s. Decentralization, along with the creation of a subnational electoral arena, provided such parties with a springboard (Van Cott 2003b). Rice and Van Cott (2006) show that decentralization created opportunities for the formation of ethnic parties. Whether these parties formed, and how successful they were at the ballot box within a subnational unit, then depended on underlying structural factors, such as the percentage of indigenous population and rates of poverty. Indigenous parties emerged primarily in those

provinces, departments or states where indigenous voters constituted a critical mass.

Another implication of differential cleavage structures is variation in the performance of parties that, at least in principle, may aspire to compete throughout the nation. Citizens in some parts of the country might be more susceptible to their appeal than those in others. In addition, the issues on the subnational political agenda are at least partially different from those decided nationally. This can encourage the formation of political or electoral alliances different from those at the national level (Downs 1998). This, in turn, implies that the interactions between parties in the subnational arena are distinct from those at the national level.

Different cleavage structures, and the opportunity they create for regional parties and alliance formation, are factors that can contribute to the development of subnational party systems in all politically decentralized systems. In Latin America, however, the effects of subnational elections on party systems are compounded by the executive dominated nature of the systems. Latin America has a long tradition of "all-powerful" executives (Wiarda 1973: 212). All countries in the region have presidential systems. While the powers of the president in the United States are checked by Congress, his Latin American counterparts possess considerably more room for maneuver. In politically decentralized countries, the pattern of executive dominance is reproduced at the subnational level, where elected chief executives control the political arena. This creates a dynamic in which the qualities of specific leaders exert a strong influence on political outcomes.

While subnational elections grant political authority and legitimacy to local politicians, resources enable them to pursue their own political strategies. Particularly in an environment where ideology plays a limited role in structuring party competition, public resources (which can be turned into patronage goods) have a substantial impact on the terms of competition (Calvo & Escolar 2005; Greene 2007; Scherlis 2008).

The availability of resources particularly matters in new democracies, where contingent and fluid ties between voters and parties predominate, rather than programmatic linkages (Kitschelt 2000; Roberts 2002b). In such settings, electoral success is enhanced by the ability of politicians to distribute jobs and favors (Remmer & Wibbels 2000). The level of government at which patronage resources are allocated has been shown to affect political outcomes (Calvo & Murillo 2005) and the strategies of politicians (Desposato & Scheiner 2008). A wealth of empirical studies (e.g. Fox 1994; Bizberg 2001; Ryan 2004; Eaton 2006b) has demonstrated that in a number of Latin American democracies, decentralized governance has strengthened local elites and so has created an

additional layer of particularistic exchanges. In a pioneering analysis of possible causes of subnational party system divergence in Argentina, Calvo and Escolar (2005) linked the territorial divergence of vote patterns to fiscal decentralization. Although the process of centralization at the beginning of the previous century was characterized by the nationalization of electoral competition, extensive decentralization (after the return to democratic rule in 1983) created incentives for diverging patterns of party competition across Argentine provinces. The expectation that can be formulated on the basis of this discussion is that decentralized governance is associated with the existence of distinct subnational party systems. In summary, subnational party systems are more likely to emerge in decentralized than in centralized countries.

Where subnational party systems emerge, they affect electoral competition for national offices within the region, with consequences for party system nationalization. Spillover from subnational to national elections occurs, for example, because regional or new parties begin to contest national elections. Once such parties are formed and become established, the costs of competing in national elections are relatively low. Even though regional parties are unlikely to share power at the national level, contesting national elections improves their electoral prospects in the next regional election (Brancati 2008). Moreover, new parties may use governing experience at the subnational level to lay a claim on national power. Several indigenous politicians, for instance, argued that they had proven themselves at the subnational level and were ready to play a role in national politics. When national parties entered into subnational alliances or coalitions with these parties, they had lent them credibility, and were constrained in their ability to campaign against them.

Yet even in the absence of new parties, the dynamics of subnational party systems are likely to affect voting behavior in national elections. Building on the insights of Schattschneider (1960), Stokes (1965: 63) asks at which level of government "the forces acting on the electorate arise" and discovers that party choice is influenced by subnational factors. One cue as to why this is so is provided by the literature on vote choice. Voters – so the argument goes – do not consider all competing parties with the same intensity, but take shortcuts in evaluating alternatives.

In her analysis of vote patterns in Mexico, Wilson (2008) shows that subnational party strength significantly constrains voters' effective choice in national elections, as "weak parties with less visibility in a given region are more likely to be excluded from consideration than strong parties" (164). Voters may thus systematically ignore parties that do not have a strong presence in the region, even though they are viable national choices. The consideration citizens give to

parties when deciding for whom to vote is closely linked to parties' ability to get their message out into the electorate. Wilson demonstrates that "as parties' machinery and campaigning institutions vary, so do voters' information about the parties" (2008: 180). When a party can mobilize supporters to knock on doors to spread its message, voters are more likely to recognize its candidates and symbols. If voters have a lot of information about some parties but little knowledge of others, they are unlikely to invest the time and effort to obtain complete information about all contenders. Regional variation in parties' ability to campaign thus plays a substantial role in voting decisions, and we cannot understand voters' choices in national elections adequately without taking this regional variation into account.

In addition to voters' information, incentives to vote for parties also vary. In Latin America, material or selective incentives continue to be currency for political campaigns and often play an important role in mobilizing voters. Vote-buying, in its various guises, might be the crudest form of selective incentives. More subtle ways to raise a party's vote include the provision of free transportation to the polls, and possibly a complimentary meal or small present for those making the effort to cast their ballot. In light of executive dominance at the subnational level, it is easy to imagine why party machines sometimes vary dramatically from one region to another. Subnational chief executives frequently exploit the resources of the state for political purposes, for example through targeted and highly visible public works shortly before the election.

In sum, where subnational party systems exist, the dynamics of these systems are likely to spill over and affect competition for national office. Empirically, this manifests itself though a regionalization of vote patterns and, consequently, declining nationalization. In contrast to Caramani's (2004) argument about Western Europe, where a regionalization of vote patterns has been inhibited by the predominance of functional cleavages and programmatic voter–party linkages, in Latin American democracies both nationalization and regionalization can therefore occur. The extent to which party systems are nationalized is likely to depend on the degree of decentralization. Thus, in decentralized polities, party systems are likely to be less nationalized than they are in centralized polities.

Decentralization and Party Organizations in Latin America

The previous section has outlined the effects of decentralized governance at the party system level. The centrifugal effects of decentralization not only manifest themselves at the aggregate level, however, they also affect the component parts

of the system: political parties. Conceiving of parties as multi-level organizations constitutes a relatively recent development in party scholarship (Deschouwer 2003; Deschouwer 2006). The way in which parties reconcile organizational demands at multiple levels of government, however, is particularly relevant in decentralized contexts. This section explains how decentralized governance shapes parties and why decentralization challenges party organizational cohesion. It begins with a discussion of the concept of party cohesion.

The Study of Party Organizations and the Concept of Cohesion

In the study of political parties, two broad approaches can be distinguished. The first sees parties as unitary actors in pursuit of specific goals, such as votes or office (e.g. Downs 1957). The other approach treats parties primarily as organizations (Duverger 1964[1954]; Michels 1978[1911]; Panebianco 1988). This second approach, then, does not assume that parties are unitary actors, but rather sees party cohesion as an empirical attribute that parties possess, to varying degrees. The latter approach is the one adopted here.

Questions of party cohesion have long been at the core of the study of parties, and thus at the core of theories of democracy (Katz 2006). In the literature various meanings and normative connotations are attached to party cohesion. There is no shared understanding of what cohesion – or cohesiveness, as it is also called – is and why it matters. Part of this confusion results from the fact that organizational and behavioral components of the concept have often not been clearly distinguished. Before conceptualizing organizational cohesion, which is the aspect of interest in this study, it is therefore necessary to briefly discuss behavioral cohesion.

The *behavioral* dimension of party cohesion refers to the degree to which parties behave as unitary actors. It has generally been conceptualized as an observable outcome in party behavior – for example, unity of party votes in the legislature (e.g. Harmel & Janda 1982; Morgenstern 2004) or instances of party switching (e.g. Desposato & Scheiner 2008). The normative roots of this conceptualization of cohesion are exemplified in the report *Toward a More Responsible Two-Party System* (American Political Science Association Committee on Political Parties 1950). In this view, responsibility and accountability to voters depend on party discipline and the ability of the leadership to enforce behavioral cohesion. Often, behavioral cohesion is also treated as an indicator of "party strength" (e.g. Desposato 2004: 263; Gerring & Thacker 2008). The assumption underlying this argument is that behavioral cohesion presupposes certain organizational features.

If behavioral cohesion is an observable outcome, then how can *organizational cohesion* be conceptualized? First and foremost, it is necessary to acknowledge, as Elderveld has, that parties are "miniature political systems" (1964: 1). A party, like any larger organization, consists of subunits. In studying parties, therefore, we miss a key component unless we also look at "the party from within": "Even if the party is the major unit of analysis, the analysis is incomplete unless it probes how these subunits enter – and alter the party" (Sartori 2005[1976]: 63). How subunits are linked is of prime importance for understanding party organizations (Duverger 1964[1954]: 40–41). Building on Sartori's analytical scheme, organizational cohesion is understood here as the extent to which subunits "relate to the party as quasi-sovereign groups" (Sartori 2005[1976]: 67–68). Thus, it refers to whether these units are relatively autonomous entities or, alternatively, closely linked to the organizational structure. It is a particular kind of subunit autonomy – namely, that of party subunits at the regional level – that is of interest here.[9]

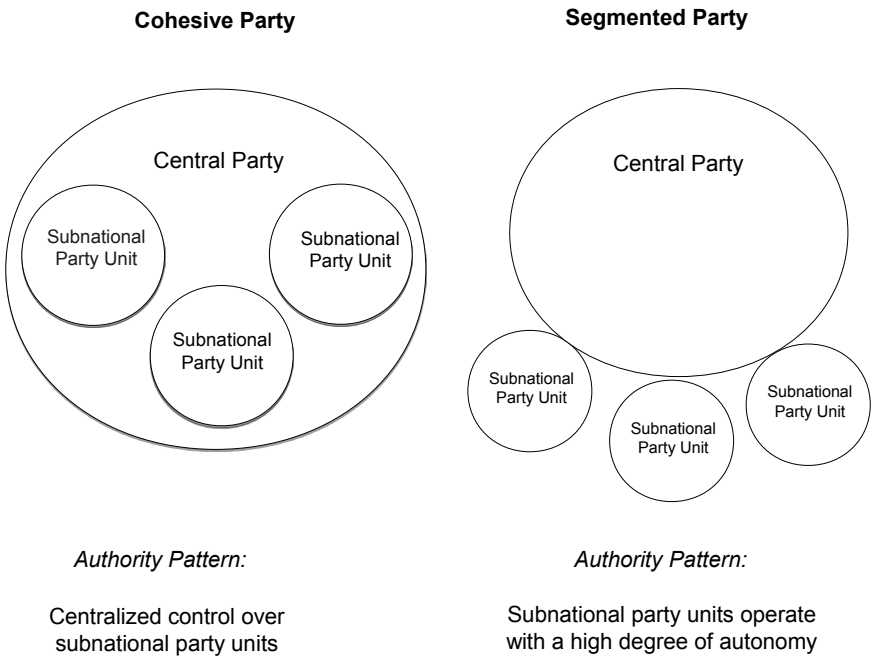
This conceptualization of organizational cohesiveness bears a close resemblance to what Deschouwer has called "vertical integration": "If vertical integration is high, the different levels and the varying territories have a limited degree of autonomy . . . If integration is low, the regional organizations of the party have some freedom to make their own decisions" (Deschouwer 2006: 294). It is also related to Blondel's notion of "party decentralization", which "refers to the amount of decision-making which takes place at different levels" (Blondel 1969: 123). What is important here is that – as in the definition of decentralized governance above – the focus is on subunit autonomy and the extent to which parties organize stratarchically.

If parties are political systems, then this again brings up the issue of the boundaries, or boundedness, of the system. At what point does a party stop being a system and becomes just a set of subunits? Huntington (1965: 403) claims that an "effective organization requires, at a minimum, substantial consensus on the functional boundaries of the group". Yet determining these boundaries is something that may be difficult if organizational cohesion is low and the party is highly segmented. Panebianco (1988: 56) argues that when "an organizational system leaves a good deal of autonomy to its internal sub-groups, its degree of

[9]Sartori does not explicitly address the issue of party subunits at the subnational level. He distinguishes fractions – as he refers to party subunits – from "party nuclei", which he defines as "grass roots, minimal and local units" (2005[1976]: 65). He does not talk about party subunits at the regional level. However, there is no reason why his discussion of fractions or "major party subunits" should not be applicable to geographically organized subunits.

systemness is low". Figure 2.2 offers a graphic representation of cohesive and segmented forms of party organization.

Figure 2.2: Patterns of Party Organization



Note: The figure draws on Wright's graphic representations of intergovernmental relations in the United States (Wright 1993: 76).

Parties in the United States, for instance, have been described as "Potemkin villages characterized by little more than a sharing of labels among politicians and political elites" (Filippov et al. 2004: 182). The best-known empirical case of a segmented party in Latin America is the Argentine *Partido Justicialista* (PJ). In the 2007 election, in some provinces two Peronist groups ran against each other, while in others Peronist labels did not support the party's candidate for the presidency (Levitsky & Murillo 2008). In such cases, it becomes difficult to speak of the party as a political system. The degree of organizational cohesion, therefore, has implications for the extent to which a party can actually be considered a delineated system.

How do the organizational and the behavioral components of cohesion relate to each other? It has often been suggested that the two dimensions co-

vary empirically, and that cohesive behavior presupposes a cohesive organization (e.g. Schattschneider 2003[1942]; Gerring & Thacker 2008). Yet cohesive behavior can also be produced through other mechanisms. Studies of parties in advanced industrial democracies, for instance, have emphasized that stratarchical forms of organizations are compatible with legislative unity (Mair 1994; Katz & Mair 1995; Carty 2004). Research on Latin American party organizations has shown that high levels of behavioral cohesion can result not only from cohesive organizations, but also from the targeted distribution of selective incentives (Jones 2002; Mustapic 2002; Scherlis 2008). Thus, behavioral cohesion does not necessarily presuppose organizational cohesion, as it can be created in alternative ways. It therefore implies a more limited notion of cohesion. My focus is on organizational cohesion and the extent to which the party forms a system. This, in my opinion, more adequately reflects whether the party will be able to bring together different societal groups in order to formulate nationally oriented policy programs. If the unity of legislative votes is primarily negotiated through selective incentives, the ability of the party to aggregate interests is likely to be fairly limited.

In his classic study, Duverger (1964[1954]) devotes considerable attention to the discussion of party subunits. In his understanding the party is essentially a community of subunits. The way in which these subunits are linked and the degree of autonomy they possess form the essence of different patterns of party organization. Sartori's pragmatic answer to the question of why party subunits are relevant is that "different subunits produce different units. More fully stated, different kinds of fractions impinge on (i) the degree of cohesiveness . . . and (ii) the ways and means of intra-party interactions and dynamics. On both counts it is very meaningful to say that the nature of a party is in the nature of its fractions . . . my feeling is that unless we come to grips with the anatomy of parties, our understanding of politics will always be handicapped by an important missing variable" (Sartori 2005[1976]: 66). The following paragraphs outline how organizational cohesion is challenged by decentralized governance.

Decentralization and Party Organization Cohesion in Latin America

The specific questions that are relevant here concern how decentralized governance and party cohesion are related, and why decentralized governance in Latin America might be associated with less cohesive parties. Essentially, these relate to the issue of how parties are shaped by their environments, as decentralization is a property of the setting within which parties organize. Weber (1972[1922]) was one of the first to attribute the organizational characteristics of modern political parties to environmental factors. Duverger (1964[1954]: 40–41) also argued that,

in their organizational structure, parties tend to imitate the state. The emphasis on the influence of the institutional environment on parties has been echoed by a number of party scholars. Lawson, for instance, states that the "tendency for power to be concentrated or dispersed within a party seems very closely linked to the nature of the governmental system within which the party must operate" (Lawson 1976: 79). Harmel (1981) as well as Harmel and Janda (1982) find that much variation in cross-national party organization can be explained by country-level environmental factors. In his work on American parties, Keefe (1988) concludes that "parties are less what they make of themselves, than what their environment makes of them". Therefore, he continues, they should be conceptualized as dependent variables in analyses of environmental and party characteristics. The environment sets the incentive structure within which parties operate. The idea that these various rules and conditions of the game influence how parties organize, therefore, makes intuitive sense.

Yet, as Blondel (1969: 125) reminds us, "the influence of outside elements has played a part in the development or modification of internal structures, while parties have also to a sizeable, though as yet immeasurable extent, modified their environments". Parties thus shape and are shaped by their surroundings. This is particularly true with regard to institutions. While the physical and social aspects of the environment are generally given, institutions can, to a certain degree, be influenced by parties. In Latin America and elsewhere, parties have shown themselves to be very resourceful in maintaining their position and utilizing the state for their own ends (e.g. Katz & Mair 1995; Díaz-Cayeros 2005). We know from previous institutional analyses that once a particular set of institutions is created, actors adapt themselves in ways that reinforce those institutions (Mahoney 2000). In the case of decentralization, we can imagine how this might play out. Even though decentralization has generally occurred due to factors beyond the control of subnational actors, once a certain degree of decentralization has been achieved, such reforms create their own advocates. Subnational politicians develop a stake in these institutions and push for their continuation (Eaton 2004: 29; Montero & Samuels 2004). As subnational actors gain prominence, re-centralization becomes more difficult.

As decentralized governance in Latin America is a relatively new phenomenon, theoretical literature on the relationship between decentralization and party organization is scarce. Yet related bodies of literature can shed light on how specifically decentralization matters for party organizations in the region. Firstly, we can conceptualize the trend towards decentralized governance as an instance of environmental change and draw on the party change literature. Secondly, the literature on parties in federal states has analyzed how such contexts affect parties.

Bringing both of these bodies of work together makes it possible to outline expectations about the effect of decentralized governance on party organizations in the region.

The party change literature approaches the relationship between parties and their environments from a dynamic perspective. Until recently, Latin America was characterized by extensive centralism (Wiarda 1973; Véliz 1980), which had fostered the development of highly centralized parties (Sabatini 2003; Alcántara Sáez 2004). In general, parties are conservative organizations and therefore are reluctant to change (Panebianco 1988; Harmel & Janda 1994). In their historical institutional analyses of party organizations in Latin America, Roberts (1998) and Bruhn (1997) show that party organizations, in particular party structures, are "sticky". Should we then not expect parties in Latin America to resist subunit autonomy?

A changing environment is often, as Katz and Mair (1994: 18) show, a source of party change. Theoretical and empirical work on party change has argued that environmental transformation is likely to lead to party organizational change (Panebianco 1988; Harmel & Janda 1994; Appleton & Ward 1997) as parties are forced to adapt their internal structures to the new circumstances and previous patterns of organization become untenable. If the change in the environment is substantial, parties are unable to ignore it.

The literature on parties in federal states outlines why decentralized contexts are likely to produce less cohesive parties. Federalism, so the argument goes, stimulates "divergent pressures on national parties, undermining internal cohesion and inhibiting the establishment of coherent national organizations" (Chandler 1987: 152). In the United States the influence of federalism has been "dispersive and parochial, permitting numerous different forms of political organizations to thrive and inhibiting the emergence of cohesive and disciplined national parties" (Keefe 1988: 3). The tasks at hand, therefore, are to identify which aspects of federalism undermine cohesion and to establish whether such conditions can also be found if governance is decentralized.

The key factor that emerges from the literature is the availability of office at multiple levels of government. Specifically, the direct election of executives and legislatures at the subnational level constitutes a challenge for politywide political parties (Keefe 1988: 42; Stepan 2001: 354). Truman (1962) illustrates this with regard to federalism in the United States. The basic fact of federalism, he argues, is that "it creates separate, self-sustaining centers of power, privilege, and profit which may be sought and defended as desirable in themselves" (123). The multitude of offices in the federal structure, and especially the institution of state governor, encourage "the development of largely independent, hostile,

and internally cohesive factional groupings" (124). While party cohesion is also affected by other social and political factors, there nevertheless appears to be "something inherent in federalism which induces decentralization and lack of coherence" (125). In the United States the result has been the development of party organizations that are most adequately characterized as nonhierarchical or confederative (Key 1942: 330, 334).

The availability of elected office at the subnational level is not limited to federal states, but can also be found in politically decentralized countries. So, if the availability of office plays such an important role, it is useful to explore the benefits that can be derived from holding office. Firstly, there are political benefits. If subnational officials are appointed by the central government, they are primarily "upwardly accountable" and their fortunes depend on decisions made by their party superiors. The introduction of elections reverses this pattern of accountability, as elected officials have to consider the preferences of their voters. Especially in countries emerging from authoritarian rule, the democratic mandate of subnational politicians provides them with considerable authority. Because subnational politicians possess a popular mandate, they have to be considered as legitimate voices in the public debate. Elected office thus grants political actors visibility and prominence.

Secondly, there are material benefits of office, which grants access to the resources of the state. These resources, which can be turned into patronage goods, are particularly valuable for political actors, as they constitute a basis upon which state and local party organizations can be built. Many Latin American political systems are "pork-centric". In such systems, the strategies of politicians are strongly influenced by the need to secure access to the resources of the state (Desposato & Scheiner 2008). In the neoliberal era, many Latin American parties are drawing on selective incentives to maintain their organizations (Auyero 2001; Levitsky 2003; Scherlis 2008). Resources derived from subnational office can be exploited directly by regional party subunits. Thus, "[s]tate and local patronage makes the local machine financially independent of the national headquarters" (Key 1942: 334). In sum, a multitude of offices is likely to foster a multitude of power centers within parties.

In addition to the direct effects of office, competition at multiple levels of government creates tension within the organization (Deschouwer 2006). If parties want to compete successfully in multiple arenas, where, as argued above, cleavage structures and policy preferences may differ, they have to develop diverse appeals. Granting regional subunits autonomy to develop such appeals is desirable from the perspective of the central party, as it is vital for electoral success. All national parties hoping to wield power "must cope with widely varying local milieus of

opinion, tradition, and social structure, and this encourages the recognition and acceptance of local leadership, local strategy, local power" (Eldersveld 1964: 9). Some degree of tension exists in all parties with broad territorial reach, even in centralized polities. Decentralization, however, is likely to fuel this tension.

Competition for subnational office provides local politicians with a platform from which to express their views. Because subnational offices are desirable from the perspective of the party, as well as for subsequent national elections, it is essential to provide subnational actors with enough room to maneuver, in order to allow them to campaign effectively. This often requires construing or adapting the party's appeal so that it is more competitive locally. These appeals, however, have to be reconciled within the organization. As Chandler has argued, "decentralization may allow policy-makers to tailor packages to a closer fit with voter preferences, but it creates the need for bargaining and log-rolling. And this in turn undermines organizational cohesion" (1987: 164). In sum, in decentralized contexts, autonomy of regional party units is strategically desirable. Yet, due to the effects of office, it is also difficult for the national level of the party to prevent. Party organizations in decentralized countries are, therefore, likely to be less cohesive than in centralized countries, as subunit autonomy becomes a fact of life.

So far, the emphasis has been on environmental factors and how these affect party cohesion. The empirical implication is that parties are more similar within countries than between countries. Variation in party organization should thus be greater between parties from different countries than between parties from the same country. Nevertheless, while all parties are challenged by decentralization, the extent of the challenge varies by party. While overall decentralized governance creates a multitude of offices, these offices are not shared equally between parties. Thus, even though the availability of subnational office is an environmental factor, its influence is not uniform across parties. Where party organizations are build around selective incentives, the "party in power nationally has much greater opportunity and much greater resources than the party out of power to construct a truly national party organization" (Key 1942: 332–333). One factor that affects subnational party autonomy, therefore, is *the role of the party within the institutions*. If the party is in government at the national level, the national level of the party is likely to be more powerful vis-à-vis the subnational level. If the party is in government at the subnational level, the subnational level of the party is likely to be more powerful vis-à-vis the national party.

Conclusions

In modern democracies political representation is structured through political parties and party systems. These institutions do not exist in a vacuum, however. They are embedded in particular contexts, which shape how parties organize and how party systems are configured. Parties extract organizational resources from their environments, and they rely on the state as well as on society for their survival. Decentralization alters the distribution of political and financial resources in the environment of the party, and makes more of them available at the subnational level. At the party system level, decentralization therefore encourages the formation of subnational party systems, and dynamics from these systems then spill over to affect voting patterns in national elections. This promotes the regionalization of voting patterns and results in a decline of party system nationalization. At the party level, decentralization promotes the autonomy of subunits, which undermines party cohesion. The following chapters will put this argument to an empirical test, exploring how well it can help us understand party politics in Latin America. Prior to this, however, one caveat should be acknowledged.

The effects of decentralization on party organizations and party systems have, so far, been presented as independent outcomes. While the effects of decentralization are likely to exert influence at both levels, it is necessary to recognize that party organizations and party systems influence each other. Firstly, the issue of subunit autonomy arises principally if the party has at least a certain level of nationalization (Blondel 1969: 122). In addition, however, it is not unconceivable that in their extreme form party system divergence and segmentation of party organizations might be alternative ways to cope with the pressures of decentralization. If a party prioritizes organizational cohesion over competitiveness and access to office, it could choose to maintain a highly cohesive structure and to constrain the ability of regional party subunits to develop diversified appeals. This would mean forgoing access to power and office in some states. If all major parties in a country opt for this strategy, the observed outcome would be a sharp decline in party system nationalization. Alternatively, all parties could prioritize competitiveness throughout the territory and grant their subunits sufficient autonomy to formulate region-specific strategies. Assuming that subunits succeed in formulating such strategies, nationalization could remain high, while segmentation increases. Due to the interdependence of parties in a country, however, empirically we are likely to observe both party system divergence and party segmentation.

3

The Rise of Multi-level Politics

To the forgotten revolutionaries of Latin America,
The unsung heroes . . . ,
Who held high the banner of local government
Contra viento y marea at a time
When it was neither fashionable nor advisable to do so . . .

R. Andrew Nickson (1995)

Until recently, Latin American politics have generally been understood through the interactions between political actors aiming to capture, control, or influence the central government. The conventional view has been that dynamics at the subnational level of government are driven by the interests and strategies of powerful national-level actors. Studies of politics in the region – for example, those focusing on bureaucratic-authoritarian regimes during the 1970s (e.g. Collier 1979) – have referred to subnational regime dynamics only in passing, if at all. The neglect of subnational politics within the political science literature was rooted in the region-wide predominance of centralized governance. While there had been brief episodes of decentralization during the nineteenth century (Eaton 2004), for most of the twentieth century the overall tone was set by heavy-handed centralism. The dedication of Nickson's (1995) book, one of the first English-language treatments of subnational government in Latin America, illustrates the low esteem in which subnational government was held.

This chapter sets the stage for the empirical analyses that follow and establishes the context for understanding decentralization. Its purpose is twofold. Firstly, it outlines Latin America's journey toward decentralization and, therefore, develops the main independent variable of this study. It examines empirically how the combined effects of institutional reforms, democratization, and neoliberalism have weakened the political center during the past two decades. Even though these factors are treated separately, they have interacted with each other and created mutually reinforcing challenges for centralized governance. Secondly, the

chapter introduces the case of Mexico and describes the Mexican journey toward more decentralized governance.

From Centralized to Decentralized Governance

The current consensus appears to be that modern governance should be dispersed across multiple centers of authority (Hooghe & Marks 2003). This enthusiasm for decentralization is remarkable, as it departs from previous conceptualizations of the state. The literature on state development has generally assumed that pressures generated by modernization would force policy-making upward and foster the emergence of centralized states (e.g. Beer 1973; Tarrow 1978; de Tocqueville 1994[1835]: 303–305). The influential conceptualization of the modern state formulated by Max Weber emphasizes the role of a rationalized and centralized bureaucracy with clear lines of accountability (Weber 1994).

In Latin America, however, centralism did not result from the development of a Weberian state. Instead, centralism preceded state-formation and so constitutes the red thread running through Latin American historical development. Most Latin American countries, "weighted down by a centralist colonial heritage, find decentralization a new phenomenon – one that introduces many new stakeholders and creates a contentious new arena for national policy making" (Daughters & Harper 2007: 213). In the most extensive historical treatment of the subject, Véliz states that centralism is "a more or less felicitous description of the ways in which Latin Americans have gone about attending to their economic, social, and political arrangements" (1980: 302). The difference between traditional patterns of governance in Latin America and the current trend toward decentralization is, therefore, considerable; it has been described as a "quiet revolution" (Campbell 2003). Prior to discussing decentralization in Latin America, it is essential to explore some of the factors that contributed to the emergence and persistence of centralism.

Hierarchical power structures, which predate the Conquest in some parts of Latin America, were firmly established through colonial rule (Meyer & Sherman 1979). Colonial officials implanted a highly centralized state, the primary purpose of which was to extract resources from the colony for the benefit of the mother country. Officials' loyalty and support was rewarded with special privileges. The vertical relationships embodied in the colonial state apparatus laid the groundwork for patron-clientelism, which has patterned the nature of politics and political organization in Latin America ever since (Teichman 2001: 10–11).

The organizing principle of Iberian colonialism was a strict sense of social, political, and cultural hierarchy. The Europeans arriving in Latin America brought with them an organic conceptualization of the state, in which "government is natural, necessary, and ordained by God for achieving harmony among men", and for which the "best form of government . . . is an enlightened monarchy or an all-powerful executive" (Wiarda 1973: 212). The Catholic Church, itself hierarchically organized, constituted a pillar of colonial rule and played an important role during the Conquest. It also supported the institutions of government in upholding political order (Black 1998: 4). For centuries, Catholicism has remained the dominant religion in the region.

The newly independent states of Latin America thus inherited a tradition of extreme centralization in governmental decision-making (Nickson 1995: 15). The void left by the colonial masters, however, threatened state integrity, as intra-elite struggles and the emergence of local strongmen disrupted political and economic life (Lambert 1967: 150). The crucial challenge was, therefore, to recover stability. Despite occasional flirtations with liberalism, overall ruling elites were aware that they had benefited from the colonial institutions, and hence they saw little reason for a radical overhaul. Rather than challenge the past, they sought to institutionalize it (Burns 1998: 71–72). After independence, Iberian colonial tradition interacted with influences from US-style presidentialism to produce highly centralized regimes, which granted the executive vast discretionary and emergency powers. A remarkable degree of continuity in the nature of society, as well as in the *de facto* workings of the political system, can therefore be observed. As Wiarda (1973: 218) has put it: "The apex of the pyramid had been lopped off, but the underlying base and the governing mores and institutions remained intact".

Thus, Latin American countries entered the twentieth century with a "hierarchically and vertically segmented structure" (Wiarda 1973: 210). Power and wealth were concentrated in the hands of a very small elite. During the first decades of the twentieth century, Latin American countries were fairly successful as exporters of primary products. The industrialization of Europe and North America had created a strong demand for foodstuffs and primary products, and Latin American countries were able to provide these goods to the world market. Politically, this period was characterized by oligarchic democracies, with limited competition between different factions of the elite, or personalistic dictatorships, which emphasized stability and social control. One of the basic purposes of both kinds of regimes was to centralize power in order to promote the development of export sectors (Skidmore & Smith 1997: 46–47).

When the Great Depression essentially eliminated overseas demand for Latin American exports, virtually overnight countries were confronted by large-scale unemployment and empty treasuries. They were forced to reconsider their economic strategies, and during the next decades they embarked on import-substituting industrialization (ISI), founded on the hope that by building up their own industries they would be less dependent on Europe and the United States for manufactured goods. While the governments of England and the United States during the nineteenth century had largely taken a *laissez-faire* approach to industrialization, the nexus of ISI was formed by an activist state, which played a strong role in the management of the public and private sectors. Central governments sought to support industrial growth by shielding domestic markets with tariff barriers, by promoting investment, and by establishing government-run companies (Skidmore & Smith 1997). Initially, this strategy was fairly successful in promoting economic recovery and stimulating growth.

While in some countries this period was marked by the continuation of limited democracy (e.g. in Chile), the most common political expression of ISI was populism (e.g. in Argentina and Mexico). Populism was organized around a particular conception of social justice that "in practice was taken to mean the incorporation of as many people as possible in the central state's vast concentric system of patronage and clientelistic relations" (Véliz 1980: 287). State-led development contributed to the organization and mobilization of new societal actors (Huntington 1965) and also played an important role in integrating them into the political system (Collier & Collier 1991). The pattern of incorporation underlying populism was not politically neutral, however. Societal actors were shaped by their relationships with the central state. Populism privileged vertical patterns of societal organization, such as corporatist peak organizations, and promoted the concentration of power in the hands of a strong executive. Corporatism contributed both to government centralization and to the decline of territorial forms of representation (Tarrow 1978; Gwynne 1992). As part of the redefinition of the role of the central state, the management of even traditionally local services like urban water supply and transportation was taken over by central government bodies (Nickson 1995: 16–17).

In Latin America, one outcome of state-led industrialization was the emergence of a private sector that was either directly controlled by the central state or highly dependent on its goodwill. The labor movement also developed close links with the state. Even though in the long run redistributive wages spurred on inflation, they created room for class compromise by strengthening domestic demand. Relatively high wages created demand for the goods manufactured by domestic producers (Hirschman 1968). Both industrialists and workers, therefore, had a stake in the system.

While the state was relatively successful in satisfying social sectors during the period of high commodity prices in the 1950s, when prices deteriorated a decade later it became clear that demand on the state was outstripping its capacity to provide. Moreover, while ISI had contributed to economic recovery after the Great Depression, it had also created a new set of economic problems, which only became evident with time. Rather than breaking Latin American dependence on world market prices, ISI had merely altered the form of dependence. Latin American economies still imported more technically advanced goods and relied on the export of primary products to earn the hard currency needed to pay for them.

The strain on the central state manifested itself through runaway inflation and political unrest. In many countries, the state was unable to resolve the tension, which resulted from the disconnect between the demands of mobilized social sectors and the ability of the central government to satisfy them. Because the state was such a key player, competition for control of the state was fierce and highly polarized. To make matters worse, the state's role and legitimacy was also challenged more fundamentally. Inspired by the example of Cuba, leftists across Latin America articulated models of more radical economic change than the ISI state could offer. They reproached the developmentalist state for its inability to lift the bottom stratum of society out of poverty, and highlighted the fact that societal patterns of social and economic dependence had persisted under ISI. The advantage of ISI had been its ability to give something to the lower classes without directly threatening the interests of the elites. The benefits of the model had been distributed unequally, however. Once radical challenges to this model emerged, the calculus of the middle sectors and economic elites changed. They increasingly perceived the mobilized working class and popular sectors to be a threat. Social and political conflicts were so severe that they undermined support for democracy among key political actors (Kurtz 2004).

As civilian governments were unable to resolve these tensions, in country after country competitive politics collapsed and non-democratic actors such as the military stepped in to break the impasse (Valenzuela 1979). The threat to competitive politics under ISI was dual: "either the state could become overly strong and utilize its vast economic discretion to impose corporatist or clientelistic controls over society, or it could easily succumb to uncontrollable demand making from unconstrained interests" (Kurtz 2004: 270). Of the twelve Latin American countries that were either democratic or semi-democratic in 1960, seven were under authoritarian rule in 1970 and another two had experienced democratic breakdowns by 1975 (Mainwaring et al. 2001).

The incoming authoritarian regimes pursued harsh anti-inflation policies, which took a heavy toll on the labor sector. The working class was marginalized politically as well as economically.[1] As these authoritarian regimes concentrated power in the hands of the military hierarchy, the takeovers gave rise to another period of political centralization (Véliz 1980: Ch. 13). Where elected subnational institutions existed at this time (e.g. in Argentina and Chile), they were quashed by incoming military rulers (Valenzuela 1977; Eaton 2005: 88–89). The military regimes of this period, which are widely known as bureaucratic authoritarian regimes (O'Donnell 1973), saw it as their task to break the societal and political impasse. Hence, there was no place in their transformative projects for independent subnational institutions.[2]

This was the setting within which Véliz (1980) completed his book on *The Centralist Tradition of Latin America*. Figure 3.1 underlines the validity of his claims about the enduring nature of centralism during most of the twentieth century. Based on a composite variable taken from the Polity II dataset, the figure shows the consistently high concentration of power in Latin America until the 1980s. While Eastern Europe is on a par with Latin America during certain time periods, the latter differs from other regions in its consistently high level of power concentration. The lack of meaningful variation substantiates the claim that centralism runs deep and can be considered a persistent feature of Latin American political systems. Véliz's outlook was, therefore, fairly pessimistic, arguing that centralism, due to its pragmatic tradition as a principle for ordering society, "will be with us for some time yet" (1980: 3).

By the time the book was published, however, reality appeared to have caught up with the expectation. From the 1980s onward, centralized governance was undermined to an extent unprecedented in the region, both in scope and depth. This reorientation may have been the result of the realization that centralism had not served the region well, politically or economically. In any case, centralism was dismantled in country after country in favor of more decentralized forms of governance.

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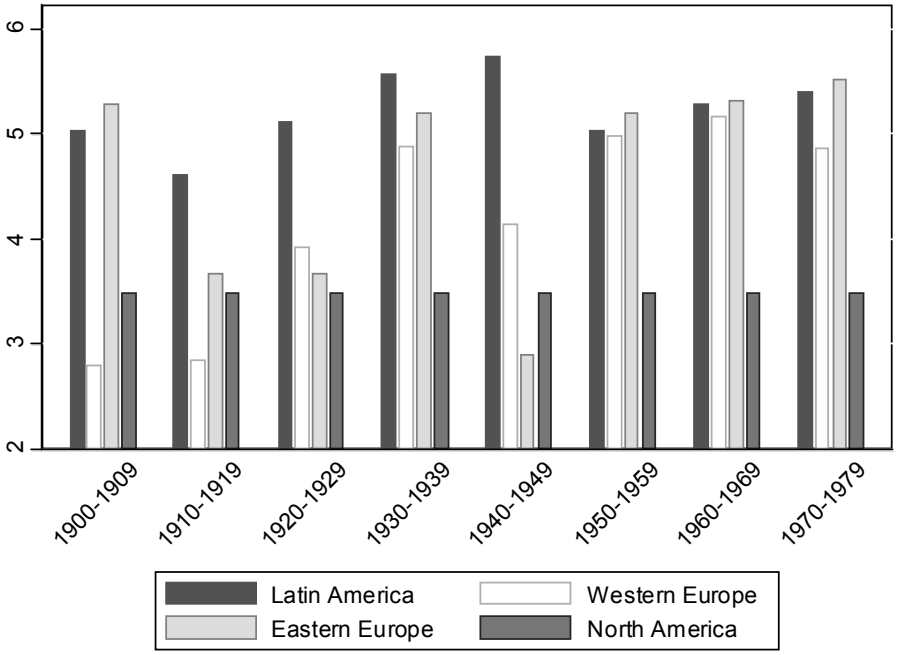
[1]Mexico constitutes a partial exception because the labor and popular sectors were controlled through the corporatist organizations of the ruling party, which created the opportunity for adjustments within the civilian regime.

[2]Eaton challenges the view of authoritarian regimes as universally centralizing. While all military regimes centralized political authority, they sometimes opted to invest in building the technical capacity of subnational governments as part of their broader transformative projects (Eaton 2006a). The result of this strategy was that the political decentralization reforms pursued subsequently by transitional and democratic governments fell onto more fertile ground.

Figure 3.1: Concentration of Power, by Region and Decade



Note: Data are taken from the dataset *Polity II: Political Structures and Regime Change, 1800–1986* (Gurr 1999) and represent regional decade averages for Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, Venezuela), Western Europe (Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom), Eastern Europe (Albania, Austria, Bulgaria, Czechoslovakia, Estonia, Greece, Hungary, Poland, Romania, Serbia, the USSR, Yugoslavia) and North America (Canada, the US).

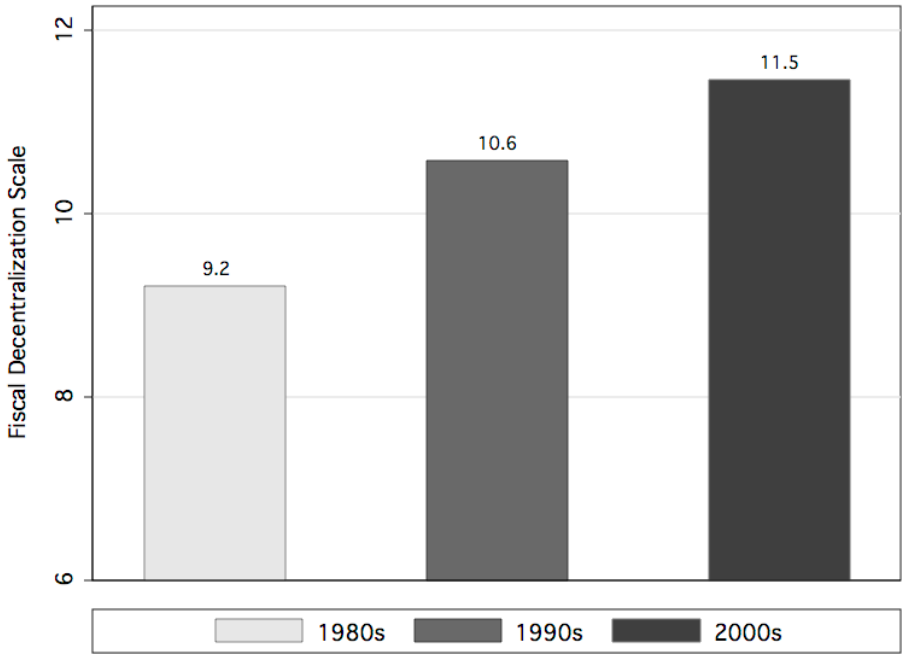
Decentralized governance, as discussed in the previous chapter, implies that resources and authority are dispersed across multiple centers at different levels of government. Systems are decentralized to the extent that the central government possesses a smaller share of fiscal resources and grants more autonomy to subnational levels of government (Schneider 2003). Yet because decentralization is a relative concept, empirical measurement is not entirely straightforward, and substantial debate exists in the literature about the best way to capture the relationship between levels of government. To reduce the complexity of decentralization, it is helpful to distinguish between the fiscal dimension and the political. The combination of political autonomy and access to financial

resources are the cornerstones of effective decentralization (O'Neill 2005: 17). Even though the extent of fiscal and political decentralization varies between countries, cross-country differences merely constitute variation "on a common theme: the unmistakable, underlying shift toward more decentralized patterns of government" (Eaton 2004: 4). During the past decades the subnational level of government has been strengthened both in the political authority it possesses as well as in its resources.

Let us first look at the fiscal dimension. Figure 3.2 illustrates the increasing fiscal impact of subnational governments. The fiscal decentralization scale displayed in the figure is composed of four indicators: subnational revenue as a percentage of gross domestic product, subnational expenditure as a percentage of gross domestic product, subnational revenue as a percentage of total government revenue, and subnational expenditure as a percentage of total government expenditure.[3] These measures do not necessarily reflect how much formal autonomy subnational governments have with regard to the use of these resources, because transfers from the central government may in some cases be earmarked for specific purposes. Nevertheless, they reflect the overall level of fiscal resources managed at the subnational level, and the extent to which subnational governments have access to resources (Schneider 2003: 37). Moreover, earmarked transfers can and have been used by subnational governments in ways other than those intended by the central government (Eaton 2006b). Even where central governments seek to maintain control over subnational spending, oversight tends to be partial, thus leaving considerable room for subnational governments to allocate funds as they see fit. Overall, subnational governments now administer a larger share of government resources than at any time in the past.

[3]The scale reliability coefficient for these four items is .88, which indicates a high degree of inter-item co-variance. Data have been obtained from the World Bank Decentralization Data Page (see http://www1.worldbank.org/publicsector/decentralization/data.htm) and have been updated and expanded using the International Monetary Fund's Government Finance Statistics CD-ROM, Historical Government Finance Statistics CD-ROM, and Government Finance Statistics Yearbook (various years). The scale is also used for the comparative analyses in Chapter Six.

Figure 3.2: Latin American Average of Fiscal Decentralization, by Decade

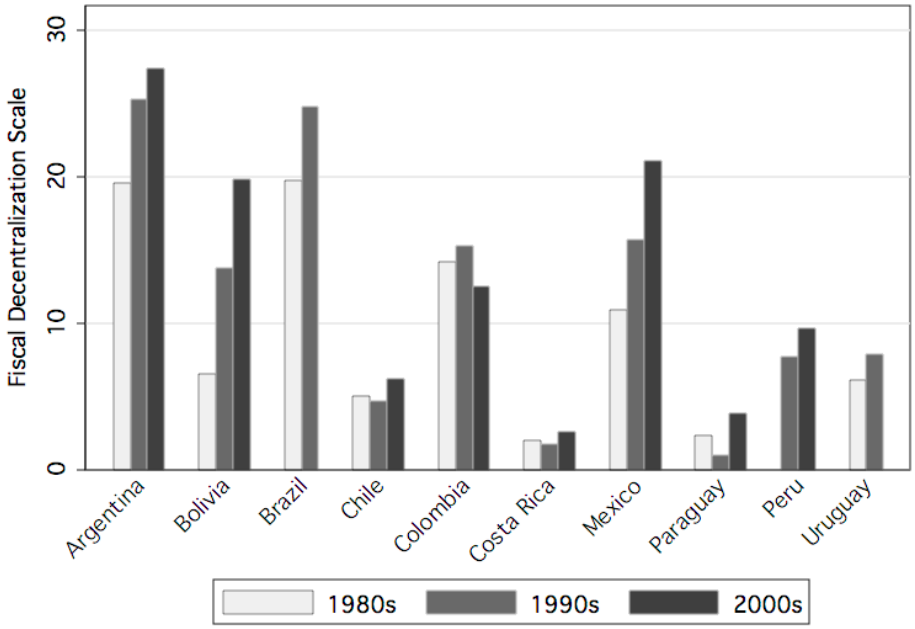


Note: Data are based on a scale composed of four indicators: subnational revenue as a percentage of gross domestic product, subnational expenditure as a percentage of gross domestic product, subnational revenue as a percentage of total government revenue, and subnational expenditure as a percentage of total government expenditure. Theoretically, the range of the scale runs between 0 and 100 percent. The empirical range for all available country-years extends from a minimum of .81 (El Salvador, 2002) to a maximum of 28.78 (Brazil, 1998).

As aggregate data can mask country differences, Figure 3.3 displays trends in the degree of fiscal decentralization for those ten Latin American countries for which relatively complete time-series data are available. Even though countries differ significantly in the degree of resources managed by subnational governments, the shift toward a fiscal strengthening of this level of government is clear. With the exception of Colombia, all countries are more decentralized at the end of the period than at the outset.[4]

[4]Colombia's decentralization program, which began in the 1980s and led to the reform of the nation's constitution in 1991, was conceived as part of a strategy to reduce political violence by bringing actors engaged in armed struggle into the system. While armed groups seized the

Figure 3.3: Country Averages of Fiscal Decentralization Scale, by Decade



Note: For information about data and sources see Figure 3.2.

Let us now turn to the political dimension of decentralization. Politically, Latin America has transformed from a region in which subnational institutions play a marginal role into one in which subnational actors are important players. The current wave of decentralization is unique in the degree of authority it accords to subnational politicians. Overall, Latin America has a long tradition of centrally appointed executives at the subnational level (Daughters & Harper 2007: 213). This general pattern held during both democratic and authoritarian periods. During periods of competitive politics, democratic governance at the subnational

opportunities created by decentralization, the strategy failed to contribute to pacification. In many cases, decentralized resources were diverted to fund combatants, which led to the paradoxical outcome that "part of the central state (the Finance Ministry) issues automatic revenue transfers to local governments that are controlled by armed groups at war with other parts of the central state (the military and the police)" (Eaton 2006b: 537). This might explain why fiscal decentralization measures were partially reversed after 2000.

level was generally realized through the appointment of subnational officials by elected national governments (Eaton 2004: 15). Even in Venezuela, a federal country that sustained competitive politics for most of the twentieth century, neither governors nor mayors were elected until 1989. Similarly, in Colombia, the country with the most impressive record of holding elections in the region, governors and mayors served at the pleasure of the central government until the late 1980s (Eaton 2006b: 542). In the majority of Latin American countries, elections for subnational officials had never been held prior to the third wave of democratization (Nickson 1995; Willis et al. 1999).[5]

Thus, in most countries subnational officials are now for the first time accountable to local constituents, rather than to the central government (Daughters & Harper 2007: 214). Figure 3.4 illustrates this development. It shows graphically the increase in the number of countries with democratically elected regional executives. While the map is blank in 1980, the overwhelming majority of Latin Americans now live in countries with democratically elected regional officials. The effect of this shift can be felt not only at the subnational level, but also in a variety of ways, throughout the political system.

Subnational institutions have created new entry points for ambitious politicians. In addition to providing opportunities for local political careers, they are now a valuable springboard for aspiring national politicians. All top three candidates in the 2000 Mexican presidential election had previously served as governors. In the 2006 presidential election, two of the three main candidates had done so.[6]

[5]The trajectories of Argentina, Brazil, Chile and Uruguay differ somewhat from this general pattern because of their experience with subnational elections during previous periods of democratic governance (Valenzuela 1977; Eaton 2004).

[6]The candidates in 2000 were Vicente Fox for the PAN (governor of Guanajuato), Francisco Labastida for the PRI (governor of Sinaloa) and Cuauhtémoc Cárdenas for the PRD (governor of Michoacán and mayor of Mexico City). In the 2006 presidential campaign, Andrés Manuel López Obrador, PRD, had served as mayor of Mexico City and Roberto Madrazo, PRI, as governor of Tabasco. The winning candidate, Felipe Calderón, PAN, had campaigned unsuccessfully for the governorship of Michoacán in 1995.

Figure 3.4: Latin American Countries with Democratically Elected Subnational Officials

Note: Countries shaded in gray have elected subnational officials and a score of 4 or higher on the Polity IV democracy measure (Marshall & Jaggers 2005). If more than one subnational level of government exists, the level directly below the central government is considered. Data on subnational institutions have been obtained through the World Bank's Database of Political Institutions (Beck et al. 2001). Where this database was incomplete, data have been updated and cross-checked with information obtained from Daughters and Harper (2007) as well as from the websites of the Library of Congress and the US State Department.

Of the seven Argentine presidents since that country's return to democracy, five had held subnational office.[7] Even in unitary countries, such as Ecuador, politicians like Sixto Durán-Ballén, Abdalá Bucaram and Gustavo Noboa have been able to launch successful bids for the presidency after holding subnational office.[8] Tabaré Vázquez, the current president of Uruguay, also made a name for himself as mayor of the capital city, Montevideo.

It appears as if the broad and persistent trend towards more decentralized governance in the region has given rise to the idea that decentralization is somehow inevitable. Daughters and Harper (2007), for instance, seek to evaluate empirically "how effectively decentralization is progressing in each country" (2007: 251) and to develop a Decentralization Maturity Index (DMI). The triumph of decentralization during the past two decades makes it easy to forget the centralist legacy. From a historical perspective, however, the shift towards more decentralized forms of governance constitutes a sharp break with the past. Therefore, this development is puzzling and requires an explanation.

Pathways towards Decentralization

While centralized governance has been associated with state formation and modernization, the idea that an efficient division of competences between levels of government can help the state to fulfill its functions more effectively also has a long pedigree. Philosophers, political scientists, economists, and policy-makers have argued the case of decentralized governance. From a normative perspective, there have always been good reasons to favor decentralization. The overarching objective of decentralization – on this proponents agree – is to enable the state to fulfill its functions more effectively. However, opinions about the functions of the state vary widely. While some authors are principally concerned about economic efficiency and the state's ability to promote economic growth, others stress the representative tasks of the state and its ability to involve citizens in public affairs. In either case, local government is seen as particularly well positioned to fulfill these functions.

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[7]Carlos Menem (1989–1999) had been governor of La Rioja, Fernando de la Rúa (1999–2001) mayor of Buenos Aires, Adolfo Rodríguez Saá (2001) governor of San Luis, Eduardo Duhalde (2002–2003) governor of the province of Buenos Aires, and Néstor Kirchner (2003–2007) governor of Santa Cruz. The presidents without experience in subnational office are Néstor Kirchner's wife, Cristina, who is currently president, and the first president after the return to democracy, Raúl Alfonsín (1983–1989).

[8]Sixto Durán-Ballén served as mayor of the Ecuadorian capital, Quito, Abdalá Bucaram as mayor of Guayaquil, the country's largest city, and Gustavo Noboa as governor of Guayas province.

The case for the political benefits of decentralization was eloquently made by Alexis de Tocqueville in *Democracy in America*. He admired the political advantages of local government in the United States. Democracy on a nationwide scale, he argued, presupposes the active involvement of citizens in local affairs; otherwise, how "can a populace unaccustomed to freedom in small concerns learn to use it temperately in great affairs?" (de Tocqueville 1994[1835]: 95). Local governments, therefore, serve as schools for democracy.

This argument has been picked up by the literature on "democratic deepening" after the beginning of the third wave of democratization. Local governments are seen as particularly well placed to promote citizens' involvement in public affairs. Such participation transforms citizens as well as the state. Citizens are empowered because they develop a political consciousness and emancipate themselves, thus leaving behind their previous role as passive clients. Participation also offers opportunities for citizens' education. The state becomes an arena for interaction between equals and is renewed in the process. As power is dispersed more widely throughout state and society, a return to authoritarian rule becomes less likely (e.g. de Sousa Santos 1998; Canel 2001; Avritzer 2002; Fung & Wright 2003).

The conceptualization of local government underlying arguments about economic advantages differs substantially from that articulated by the democratic deepening literature. Hayek (1945), for instance, pointed out that local governments are closer to citizens and therefore have better information about local conditions and preferences. His ideas have been developed further by the literature on fiscal federalism, which emphasizes the benefits of competition among subnational jurisdictions for policy innovation (e.g. Musgrave 1959; Oates 1972). Such competition can occur even in authoritarian regimes, as Montinola et al. (1995) demonstrate for the case of China. Fiscal federalism does not require active citizenship or even democratic elections. Instead, it recommends aligning policy responsibilities and fiscal instruments, particularly taxes, as a mechanism for the efficient provision of services. By tailoring the production of public goods "to the particular preferences and circumstances of . . . constituencies, decentralized provision increases economic welfare above that which results from the more uniform levels of such services that are likely under national provision" (Oates 1999: 1121–1122). The link between the decentralized provision of public services and economic efficiency is the essence of the so-called "decentralization theorem" formulated by Oates (1972). This type of argument has been highly influential within the World Bank, which has argued that fiscal federalism can foster higher public-sector performance, lower levels of corruption, as well as equity and macroeconomic stability (Bahl & Linn 1992; World Bank 2000; Fisman & Gatti 2002; Campbell 2003).

The logic of political and fiscal arguments may help us to understand the enthusiasm decentralized governance has inspired among international aid agencies and academics. Yet the fact that there are strong normative reasons to decentralize is insufficient to explain why it has actually occurred. Clearly, arguments for decentralization are not novel and they precede the actual adoption of reforms. Moreover, all potential benefits emerge only in the long term, which suggests that decentralization is unlikely to receive priority treatment from policy-makers confronted with a multitude of pressing problems. The discussion of centralism in Latin America above has shown that its flexibility as an organizing principle had once trumped arguments in favor of decentralization. From the 1980s onwards, however, the appeal of decentralization began to exert an influence across Latin America. How can we account for this transformation?

During the past decade a rich body of political science literature has emerged to explain the so-called "puzzle of decentralization": the question of why rational central governments choose to give up power. The arguments have focused on issues related to institutional reforms. As these reforms have generally come in the form of special laws or constitutional amendments, parties, presidents, and legislators have attracted considerable attention as crucial actors in these processes. The literature has specified conditions under which giving up power can be consistent with self-interested behavior. Decentralization has been understood as an electoral strategy of political parties that expect their electoral prospects to be better at the subnational level than at the national level (Escobar-Lemmon 2003; O'Neill 2005). It has also been identified as a strategy of policy appeasement designed to bolster a party's national support by undermining electoral threats from regionalist parties (Meguid 2008). Politicians from traditional parties are also expected to favor decentralization reforms to bolster the legitimacy of the political system, while those with an anti-party or outsider appeal are more likely to capitalize on crises of legitimacy to concentrate power and reduce the space of traditional political parties (Barr 2001). This body of work has contributed significantly to our understanding of the phenomenon. Yet it is somewhat unsatisfactory when it comes to explaining the scope and depth of decentralization across the region compared to previous periods. Actors also had incentives to push for institutional reforms during earlier periods, yet that did not lead to a significant reshaping of governance patterns. The introduction of subnational elections, which occupies a key position in actor-centered explanations, was until recently particularly conspicuous by its absence.

In addition to actor-centered accounts, decentralization has been portrayed as the natural consequence of broad regional developments, such as the demise of authoritarian regimes (e.g. Nickson 1995; Souza 1997; Grindle 2000; Myers &

Dietz 2002) and the fundamental reorientation of economic policy (e.g. Rondinelli 1989; Litvack et al. 1998). The importance of these structural factors has generally been downplayed in the actor-centered literature, which has considered these explanations deficient in explaining the timing of reforms. My purpose here is not to settle the debate between structure- and agency-based accounts. Instead, I suggest that the debate between the two is somewhat misplaced. A closer look at the conceptualization of decentralization can help clarify why these approaches are not competing, but should in fact be considered as complementary.

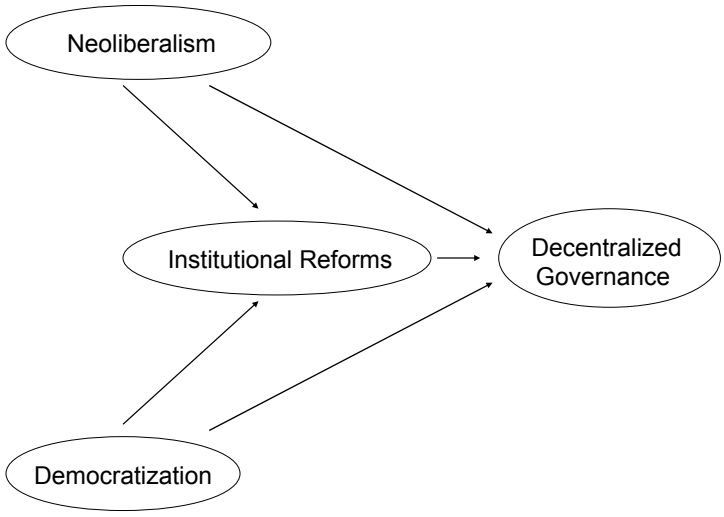
Decentralized governance refers to the relative distribution of authority and resources between levels of government. This means that decentralization can occur in two ways. In the first case, the central government knowingly and willingly transfers power to subnational governments through institutional reforms. This occurs, for instance, where central governments introduce direct elections for subnational officials, who had previously been appointed. An empirical example of fiscal decentralization is the Ecuadorian "Ley 15", with which the national government committed itself to transferring a fixed share of its annual income to subnational governments (Faust et al. 2008). These are the kinds of reforms that have captivated political scientists trying to solve the "puzzle of decentralization". While these are truly fascinating events that can help improve our understanding of the origins and creation of institutions, they only constitute one aspect of decentralization. In addition, it is possible that the absolute amount of resources at the disposal of subnational governments remains constant, while resources available to the central government shrink. This is the case, for instance, if publicly owned corporations are privatized and thus are removed from central government control. In this situation, we would still conclude that governance has become more decentralized, as the relative distribution of power between levels of government has changed. Indicators of fiscal decentralization, such as those reported in Figures 3.2 and 3.3 above, pick up on these changes, as they reflect the share of total government resources managed by subnational governments. The pathway to decentralization has varied from country to country, as has the degree of decentralized governance obtained. While Chile, for instance, has remained reluctant to embark on large-scale decentralization reforms, the country has nevertheless engaged in substantial privatization.

Thus, decentralization does not always occur as a result of conscious efforts to reform institutions; it can also be an unintended consequence of political, social, or economic changes affecting the central government. The political science literature has, so far, privileged institutional reforms. If we do not take into account direct challenges to the power of central governments, however, we risk missing part of the broader picture. The following paragraphs aim to outline how actor-centered

and structural accounts can be combined to provide a fuller understanding of the scope of decentralization in contemporary Latin America. What is specific about the current period of decentralization in comparison to previous episodes, I suggest, is that institutional reforms designed to grant authority and resources to subnational governments have gone hand-in-hand with a *de facto* reduction of central government power. Recent institutional reforms have, therefore, exerted a much stronger effect than they did during previous periods.

This implies that there are two ways through which neoliberalism and democratization affect the degree of decentralization. Firstly, both have led to a direct reduction in the power of central governments, and thus to the decline of central government power relative to subnational governments. Secondly, both developments have created a favorable environment for actors seeking institutional reforms. In contrast to previous periods, such institutional reforms have now fallen onto fertile ground. In summary, while neither structure- nor agency-based accounts by themselves suffice as explanations for the extent of decentralization that we currently see in Latin America, when combined they provide us with considerable analytical leverage to understand decentralization. How structure- and agency-centered accounts can be combined is illustrated in Figure 3.5.

Figure 3.5: Pathways towards Decentralization



Neoliberalism

Let us begin by discussing the impact of neoliberalism. Its adoption eroded one of the pillars that had supported centralized governance in Latin America during the twentieth century. The heart of import-substituting industrialization was an activist central state. Increasingly, however, confidence in the ability of the state to perform the multitude of tasks it had taken on began to wane. The previous section has already explained some of the political consequences of ISI during the 1960s and 1970s. During the 1970s, challenges to the economic model could generally be contained through extensive external borrowing. In the aftermath of the 1973–74 energy crisis, commercial banks encouraged Latin American countries to make use of "petrodollars" and the resulting influx of money smoothed over some of the tension arising from ISI. Between 1970 and 1980 external debt exploded from US$27 billion to US$231 billion, with annual debt service payments of US$18 billion (Skidmore & Smith 1997: 58–59). This debt-led growth quickly revealed itself as unsustainable, and the region-wide economic crisis that ensued increased the role of Washington-based international financial institutions (IFIs) in the region. Debt negotiations provided a platform for the articulation of new economic ideas, and gave legitimacy to the domestic actors calling for a profound overhaul of the economic system. The new "international policy culture" did not look kindly on the central state (Kahler 1992). In country after country, technocratic elites that shared the economic outlook of international institutions gained control over the policy process and steered countries on a fundamentally different economic course (Teichman 2001). As neoliberal policies threatened a multitude of domestic interests, the reform process generally circumvented democratic deliberation and consultative mechanisms. Policies were, by and large, implemented through presidential decrees in a highly centralized elite-driven manner (Grindle 1996: 35).

Neoliberalism entailed a new conceptualization of the state, which was embodied in the so-called Washington Consensus.[9] Rather than large and ubiquitous, the state was supposed to be lean and restrained. The Washington Consensus had three main elements. Firstly, it emphasized the opening of markets through trade liberalization and easier access for foreign direct investment. Secondly, it stressed the need for the reduction of state intervention in the economy through privatization in order to achieve fiscal discipline and balanced budgets. Thirdly, it identified the private sector – rather than the state

[9]The term was coined by the economist John Williamson, who sought to document the change in policy attitudes occurring in the region. The term has drawn criticism because it was seen to imply that the new policies were imposed by Washington (Thorp 1998: 226).

– as the main instrument for economic growth and called for a "freeing" of Latin American markets from an overbearing state (Gwynne 1999: 83). The spread of neoliberalism is illustrated by the increase in trade openness as a percentage of GDP from a regional average of 37 percent in 1970 to over 60 percent in 2000 (Inter-American Development Bank 2009b). The role of the state as the steward of economic development diminished as economies became increasingly internationalized. Moreover, privatization became widespread and even "sectors hitherto considered sacred to the state", such as electric power and oil, were passed over to the private sector (Thorp 1998: 227). Yet this reorientation of economic policy failed to produce quick results. While the social consequences were immediate and drastic, economic recovery did not take off as hoped. The deterioration in social conditions, coupled with the absence of economic growth, brought about a "lost decade" with regard to social and economic development during the 1980s (Fernández Jilberto 2004).

Neoliberalism also challenged the power of the central state by weakening corporatist peak associations, specifically labor. The developmentalist state had induced societal actors to organize vertically. As these associations possessed only a limited degree of independence from the state, they constituted an important resource for centralized governance. The decline of these associations in the aftermath of neoliberal reforms is illustrated by the case of organized labor. Structural adjustment programs were a blow to unions. Due to the reorientation of economic policy, union density – i.e. union membership as a percentage of the non-agricultural labor force – declined in eight of the nine countries in the region for which data are available (International Labour Organization 1997).[10]

Thus, the transition from ISI to neoliberalism led not only to a reconceptualization of the state, but also to a new configuration of citizenship. Yashar (1999) outlines how the neoliberal citizenship regime came to replace the corporatist citizenship regime. The latter had been characterized by the promotion of associations "that (1) structured and often monopolized official representation, (2) received state subsidies, and (3) were controlled by the state" (81). Under neoliberalism, in contrast, citizenship has become "more liberal and more local" (86). Instead of lobbying for their demands at the central level of government,

[10]Data are available for Argentina, Chile, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Mexico, Uruguay and Venezuela. On average absolute trade union density declined by 8.1 points. The most dramatic decrease can be observed in Argentina, where union density plummeted from 48.7 in 1986 to 25.4 in 1994. Only Chile experienced a modest increase in union density from 11.6 percent in 1985 to 15.9 percent in 1993. As the Chilean data have been collected through surveys and the 1985 numbers were estimated in the context of a repressive dictatorship, the increase might be due to underreporting during the initial period.

societal actors could now make use of multiple entry points. The relationship between the central state and corporatist associations was interdependent. While the democratic content of participation was often limited, the powerful central state provided societal actors with a clear focal point for mobilization. As the power of the central state diminished, so did the incentive for societal organization. Even though societal groups now possess a larger degree of autonomy from state interference, they have also become more fragmented and the overall level of societal organization has declined (Kurtz 2004).

In addition to these direct effects on centralized governance, the reorientation of economic policy also provided actors with specific incentives to promote institutional reforms. One of the conditions conducive to institutional reforms was the existence of crises. With regard to government finances, such crises, associated with economic transitions, "played an important role in increasing the interest of governments in decentralizing the finance and management of public services" (Rondinelli 1989: 79). Garman et al. (2001) also emphasize the role of fiscal crises in disrupting equilibria and opening up existing fiscal agreements for renegotiation. According to Rondinelli (1989), decentralization programs in a number of developing countries, such as Mexico, were motivated chiefly by the desire of the central government to reduce its financial obligations. Politically, decentralization became a rational strategy for central governments as they tried to deflect pressure from mobilized sectors. The effect of political and economic crises for decentralization reforms emerges from a number of country studies (e.g. Rodríguez 1993; Grindle 2000; Escobar-Lemmon 2003). In Venezuela, for example, the decision to introduce direct elections for governors in 1989 was taken in the aftermath of the *Caracazo* – a series of riots triggered by an increase in the cost of public transport – earlier that year (Penfold-Becerra 2004).

Another condition that should not be overlooked is pressure from international financial institutions and aid agencies. Until the 1980s, organizations like USAID had reinforced government centralization by preferring to channel aid through the central state and its planning agencies. Even programs intending to strengthen basic public services were not generally implemented via local governments (Nickson 1995: 16). As the failure of this allocation strategy became apparent, these organizations rediscovered the potential of subnational governments. The expectation of efficiency gains – as formulated by the fiscal federalism literature – explains why decentralization was so popular within research departments and among policy-advisers of international institutions. As country after country tumbled into economic crisis, financial institutions gained considerable leverage in the region. Ultimately, of course, decisions about institutional reforms had to be taken and supported by domestic actors (Manor 1999). However, financial

institutions and development agencies did their best to make decentralization an appealing strategy. Certainly, "the constant recommendations in favor of decentralization by visiting officials from the IMF" contributed to the attractiveness of reforms (Eaton 2006b: 541). In Ecuador in 2005, for instance, nine aid agencies were carrying out programs with substantial decentralization components, while several others, such as the European Commission, had program lines to support subnational governments.[11] Up to December 31, 2008, the Inter-American Development Bank (IADB) alone had approved more than US$1.043 billion in loans to support decentralization and subnational governments (Inter-American Development Bank 2009a). Cash-strapped central governments, therefore, had good reason to consider launching decentralization programs.

Democratization

Democratization eroded another pillar of centralized governance. The affinities between democratization and decentralization are easy to recognize, as both disperse power more widely throughout the state and its society. While there had been few checks on the power of the central state during authoritarian periods, newly democratic states have been more constrained in their actions. Even though respect for civil liberties and the rule of law has lagged in many new democracies in the region, the power of democratic central states is more curbed than the power of authoritarian states.

Democratization also provided actors with opportunities to push for institutional reforms. From a normative perspective, as outlined above, decentralization appealed to many actors interested in promoting democratic deepening and preventing a return to authoritarian rule. It was often seen as part of the "second-generation reforms" which many countries embarked on after the initial transition (Falleti 2005). Democratizers saw decentralization not only as a way to reduce the possibility of an authoritarian backslide, but also as a means to spread democratic principles (Diamond 1999). As Diamond and Tsalik (1999: 120) point out, "in countries emerging from authoritarian rule in Latin America, decentralization was seen as a means to dilute the power of the central state and thus undermine the political, social and economic resource bases on which authoritarian rule could be rebuilt".

Advocates of decentralization could be found not only among democratizers, however. The region-wide trend towards democratization made decentralization a desirable strategy even for outgoing authoritarian regimes. The underlying

[11]For a detailed discussion of these programs, see Faust et al. (2008).

logic is fairly intuitive: actors unable to hold on to control of one mighty center preferred to fragment power, in the hope of maintaining access to at least some of it. This reasoning applied to outgoing authoritarian regimes as well as to incoming democrats. In some countries, such as Chile and Brazil, outgoing authoritarian regimes pursued institutional reforms to limit the power of their democratic successors (Boylan 1998; Samuels 2004). This logic is consistent with theoretical arguments that hold decentralization to be an electoral strategy pursued by political parties. O'Neill (2005) argues that parties in the Andes decentralized because their support at the subnational level appeared more secure than at the national level. Decentralization reforms thus become a rational strategy for actors who control the national executive but who do not expect to retain the executive indefinitely. The region-wide trend towards democratization meant that institutions were in flux, as constitutions were rewritten or reformed as part of the transition period. Actors therefore had considerable room to shape institutional rules according to their preferences. Decentralization reforms could quite easily be framed in the language of democratization, even though the actual underlying motivations may have been more sinister.

The theme that emerges from all these different studies is the characterization of decentralization as a top-down, rather than a bottom-up process. Compared to other regions – such as Europe, where decentralization has been driven by regionalist pressures (e.g. Meguid 2008) – Latin Americans seem to have maintained their "centralist tradition" in bringing about decentralized governance. It is possible that this merely reflects a bias in the literature. This appears unlikely, however, as even scholars who have sought to study decentralization from the bottom up have been unable to unearth significant pressures for these reforms. In Latin America, overall decentralization has occurred "in the absence of anything like secessionist demands from subunits" (O'Neill 2005: 8). According to Montero and Samuels (2004: 11), for instance, "actors in political society and the state have played the primary role in initiating, implementing, and shaping decentralization".

There is, however, substantial evidence that subnational politics have been reinvigorated after decentralization. Now, at the beginning of the twenty-first century, many Latin American democracies are exhibiting a resurgence of subnational political identities (Gibson 2004; Calvo & Escolar 2005). This is most obvious in the case of Bolivia, where the issue of regional autonomy has recently become highly politicized. In a sense, decentralization has contributed to the creation of a new set of subnational actors with a stake in decentralization. Penfold-Becerra (2004) illustrates this process, using the case of Venezuela. Studies of politics in Latin America also link the appearance of new actors to the opportunity structure created by decentralization (Van Cott 2003a; Rice & Van Cott 2006).

In summary, the profound reorientation of economic policy and the decline of authoritarian regimes created a fertile environment for institutional reforms. During previous periods, the effects of these reforms were superseded by the overwhelming power of the central state. It is therefore necessary to take into account structural factors, such as democratization and economic policy, to understand decentralization in contemporary Latin America. In this study, decentralization is conceptualized as a cause, rather than an effect, and it is treated as exogenous to party cohesion and party system nationalization. This is consistent with the argument developed by Chhibber and Kollman (2004: 102) that changes in the degree of state centralization are often unintended consequences of economic and political change.

Centralization and Decentralization in Mexico

So far, the discussion in this chapter has focused on the region-wide trend away from centralized and towards more decentralized governance. This section shows how Mexico fits into these regional trends. Many of the themes laid out in the previous section, such as the legacy of centralism, and the impact of economic reforms and democratization on central governments, are reflected in Mexico's political trajectory. Yet, in a number of ways, the Mexican experience also departs from regional patterns. Particularly remarkable in this regard is the Mexican Revolution (1910–1920s), which was the defining event of Mexican politics during the twentieth century. Moreover, whereas military coups overthrew civilian governments in the rest of Latin America, the Mexican post-revolutionary regime was a bastion of stability. The following paragraphs examine Mexico's path from having a highly centralized authoritarian regime to having more decentralized and democratic forms of governance. They lay the groundwork for the case study analysis in the subsequent two chapters, which will also provide more detailed information on party systems and organizations in Mexico. The primary purpose of this section is to describe the setting in which developments in political organization took place.

The Centralized Federation

Even though Mexico was formally a federal country, decentralization is a recent phenomenon (Nickson 1995; Daughters & Harper 2007: 255). The discrepancy between formally federal institutions and the actual workings of the political system has been noticed by a number of scholars. As early as 1835 Alexis de Tocqueville pointed out that: "The Mexicans were desirous of establishing a

federal system, and they took the Federal Constitution of their neighbors, the Anglo-Americans, as their model and copied it almost entirely. But although they had borrowed the letter of the law, they could not carry over the spirit that gives it life" (1994[1835]: 167). Riker (1964: 41–43) was equally dismissive of Mexican federalism; until recently, Mexico has indeed shown "a very solid tradition of centralism" (Rodríguez 1993: 134).

The extent of centralism in Mexico was extreme, even by regional comparison (Nickson 1995: 200). The Aztecs had maintained control over the territory through hierarchical rule, which facilitated the establishment of centralist institutions by the Spanish *conquistadores*. Mexico shared many of the characteristics that had contributed to the emergence and persistence of centralism across the region discussed in the first section of the chapter. These tendencies were further compounded by the contingencies of Mexican history, which established the belief that only the concentration of power in the capital could guarantee stability and public order. Political unrest in the aftermath of the Wars of Independence (1810–1821) was overcome only through the centralization of power in the hands of strongman Porfirio Díaz (1877–1911). In the 55 years between independence in 1821 and the beginning of the so-called *Porfiriato*, Mexico saw 75 presidents come and go, all of them essentially unable to establish a stable national government. The result of this tumultuous period was a traumatic loss of territory, as almost half of Mexico's original area fell to the United States (Haber et al. 2008: 20–21).

After the *Porfiriato* the Mexican Revolution spurred on the disintegration of centralized power, which again was associated with the breakdown of public order. Two decades of civil war, armed rebellion and short-lived military coups ensued. Stability did not return until after the establishment of an official party, the *Partido Nacional Revolucionario* (PNR), a precursor to the *Partido Revolucionario Institucional* (PRI), in 1929. The hegemonic party was crafted as a coalition of all major stakeholders in the revolution, in order to create a framework of effective central control over the national territory (Scott 1964; Story 1986).

Due to the similarities in the formal institutional setup, foreign observers have often been tempted to portray the Mexican system as an unsuccessful attempt to copy US federalism. Approaching the Mexican system through this lens, however, yields a biased and ultimately misconceived view of politics in the country. In the aftermath of the revolution a highly institutionalized type of electoral authoritarianism emerged. The logic of politics in this system was distinct from its northern neighbor and can only be understood in light of the pivotal position the official party occupied. The formation of the hegemonic party went hand-in-hand with the establishment of a highly centralized authoritarian regime. Even

though Mexico has recently undergone a transition to democracy and the PRI was voted out of the presidential palace in 2000, the former hegemonic party and the institutions created during its rule continue to exert a strong influence on politics. To set the stage for the analysis of Mexico in the next chapters, therefore, the following paragraphs trace the progression of the country from the consolidation of the highly centralized hegemonic party and towards more decentralized and democratic patterns of governance.

The Emergence of Post-Revolutionary Centralism

The Mexican Revolution (1910–1920s) was a watershed event in Mexican politics. Rather than consisting of one unified front, it was characterized by a number of regional armed struggles against the increasingly repressive regime of Porfirio Díaz. As Díaz had perpetuated his three-decade rule through a series of fraudulent re-elections, the slogan "*sufragio efectivo, no reelección*" (effective suffrage, no re-election) became the battlecry that united the diverse groups involved in the conflict. In the wake of this period of bloodshed and political upheaval, re-establishing order became imperative. The foundation of the *Partido Nacional Revolucionario* (PNR), which later evolved into the PRI, was an attempt to bring together subnational as well as national political elites under one roof, and to absorb the power of regional bosses into one nationwide organizational structure.[12]

To unite the so-called "revolutionary family" and to forge a broad societal alliance, President Lázaro Cárdenas (1934–1940) reorganized the PNR into the *Partido de la Revolución Mexicana* (PRM). This transformation was more than a change of name: its cornerstone was the creation of associations representing the major constituencies of the revolution: workers, peasants, so-called "popular sectors", and the military.[13] Cárdenas brought non-elites into his political project and laid down a mass base for the party. While the consolidation of corporatism contributed to the pacification of the country, it also provided an organizational

[12]According to the Mexican novelist and intellectual Carlos Fuentes, two distinct fronts can be distinguished among the various regional struggles of the Mexican Revolution. The first was led by Emiliano Zapata and Pancho Villa, who fought for peasants' rights, land reform, and local government. The second front, associated with Álvaro Obregón and Venustiano Carranza, was inspired by the idea of a modern Mexico with a strong central government: "A national revolution confronted a local revolution" (Fuentes 1992: 329). It was the national revolution that emerged victorious, and whose vision shaped the political development of the country for decades to come.

[13]The military sector was eliminated in the course of the final transformation of the party from the *Partido de la Revolución Mexicana* into the PRI in 1946. For a more detailed discussion of the organizational development of the PRI, see Chapter Five.

base for centralization. Policy "was made and implemented by means of the pyramidal sector organization but . . . rather than moving from the grass roots up, policy decisions usually emanated from the bureaucracy and leadership of the sector, filtering down through the hierarchy to the rank and file" (Scott 1964: 134). Yet this system also generated strong incentives for mass participation, as sector organizations became channels for the allocation of the state's sizeable patronage resources and pay-offs were increasingly channeled through the confederations (Wuhs 2008: 13). State-level party organizations, however, were reduced to marginal roles (Stansfield 1992: 119).

The creation of influential corporate-sector organizations contributed to the erosion of the subnational political machines. Why did subnational elites, which had wielded so much power in the aftermath of the revolution, accept this concentration of authority in Mexico City? While the process did not remain unchallenged (Middlebrook 2009), centralizers in Mexico City had a number of advantages on their side. For instance, changes in the economic environment provided President Cárdenas with a window of opportunity to pursue his agenda. In the aftermath of the global depression of 1929, which had weakened regional economies, states were struggling to recover and were therefore more inclined to accept a larger compensatory role of the federal government (Díaz-Cayeros 2006: 75).[14] Centralism was perceived as the key to economic recovery, and to the so-called "Mexican Miracle", a period of strong economic growth beginning in the 1940s, spurred on by successful state-led industrialization.[15]

Overall, the PRI succeeded in bringing subnational elites into the system through a combination of carrots and sticks. Sticks often took the form of political coercion. Even though elections were held regularly, they were neither free nor fair. It was "not the popular will or ballots, but recognition of electoral victory by the central authorities that decided the outcome of all elections, national or local" (Scott 1964: 118). The leadership of the official party worked hard to centralize control over electoral processes. This meant that parties without ties to the post-revolutionary leadership stood little chance of taking power, even where they might succeed in convincing voters. Hence, opportunities for political careers outside the official party were limited, whereas joining the PRI and its precursors

[14]Yet, in the early years of the post-revolutionary regime, military challenges to the authority of the federal government and to the leadership of the official party were also real threats. Increasingly, however, the regime grew strong enough to counter regional rebellion. For a discussion of this period, see Díaz-Cayeros (2006: Ch. 3) and Scott (1964).

[15]The period of economic growth ended relatively abruptly in the 1970s. Until then, the country had been able to sustain annual growth rates of more than 5 percent while also controlling inflation (Hansen 1974).

provided considerable advantages. The party also tilted the playing field by supporting its candidates with the financial and electoral resources of the central government. The PRI maintained tight control over the organization of elections for most of the twentieth century, only releasing electoral authorities from its grip reluctantly during the process of democratization.

The PRI's privileged position was derived from its ability to access resources, which it put to political use, and indeed the party became "the world's largest and most prodigious political machine" (Shirk 2005: ix), with the president of the republic as its ultimate patron. Mexico's federal constitution grants the states as well as the federal government taxation rights. In the decades after the revolution, however, revenue collection increasingly passed to the federal government, which came to monopolize almost all sources of revenue (Díaz-Cayeros 2004). States were compensated for the loss of income with revenue transfers, so-called *participaciones*. Díaz-Cayeros (2006) explains state support for fiscal centralization as a bargain struck between regional and national elites. States were willing to forgo fiscal authority in return for access to the vast political resources controlled by the PRI.[16] Once the states had abdicated taxation authority, however, it was of course difficult for them to take it back because they lacked the technical capacity to levy taxes.

Joining the PRI meant respecting the authority of the president, who was the *de facto* leader of the party. Power was concentrated not only at the central level of government but also, at that level, in the upper ranks of the PRI. Even compared to his Latin American colleagues, the Mexican president was particularly powerful. Presidential dominance did not only arise from the constitution. Rather, the president's "godlike majesty" (Domínguez & McCann 1996: 2) was derived from his "metaconstitutional powers". These were based on unified government, a high level of party discipline, and the fact that the president was also the leader of a centralized party (Weldon 2004: 134–135). Presidential leadership over the hegemonic party, which controlled all institutions, canceled out institutional checks and balances and the president maintained a firm grip on the PRI. Party discipline was facilitated by the prohibition of direct re-election, one of the legacies of the revolution. The institutionalization of the revolutionary creed of "effective suffrage, no re-election" limited possibilities for the development of independent power bases, and the president controlled nominations to virtually all offices within the political system. Thus, no elected official could ever get too

[16]The centralization of fiscal authority occurred through a series of reforms, the most prominent and far-reaching of which was the Third National Tax Convention in 1947. A detailed account of fiscal centralization, and the causal pathways underlying it, is provided by Díaz-Cayeros (2006).

comfortable in his or her current office, and maintaining good relations with the party leadership was the key to future political success. The ban on direct re-election thus became a powerful tool to enforce party discipline.[17]

The president's power was particularly evident in his relationship with the governors. Obtaining the nomination of the hegemonic party for an elected position was essentially synonymous with obtaining the office itself. In order to qualify for the nomination, therefore, gubernatorial hopefuls had to seek the favor of the president. Popular election did not grant governors independence, however. They were essentially the "president's premier agents in their respective states" and so were hired and fired at his discretion (Eisenstadt 2004: 93). The conventional wisdom was that governors who fell out of favor with the president had a political life-expectancy of 45 minutes, "and it was only this long because of the deplorable state of the country's telephone system" (Grindle 2007: 25). Even though governors possessed some discretion in the use of the resources at their disposal, this "was all done within generally recognized limits, set by central authorities" (Cornelius 1999: 10). Even though presidents did not generally interfere in the day-to-day running of state affairs, they certainly possessed ultimate control if disagreements arose.

The power the president exercised over governors was backed by a constitutional provision that granted him extensive powers to intervene in state politics. The 1917 constitution had been crafted against a background of belligerent regionalism, and its authors searched for ways to promote national cohesion. They granted the president the possibility to declare a "dissolution of powers" in a given state. In such cases, the sitting governor was dismissed and the president appointed an interim governor.[18] Even though this required a ruling of the Senate, PRI dominance in the institutions meant that this was just a formality, and overall Congress did little to check the powers of the president. The provision facilitated the consolidation of centralism in the early life of the post-revolutionary regime. Cárdenas (1934–40), for instance, used it to break the subnational opposition to his imposition of a corporatist structure on the party. In the six years of his presidency nineteen governors were forced to "retire" (Eisenstadt 2004: 96). Between 1949 and 2000, 71 governors were removed from office, which means that around a third of governors did not complete their term (Hernández Rodríguez 2003: 105).[19]

[17]The ban on re-election is most lasting for presidents and governors, who cannot be re-elected during their lifetime. Other officials, such as legislators, may run for re-election at a later time.

[18]The constitutional basis for the dissolution of power is Article 76(V), which stipulates the right of the senate to appoint a new governor on the basis of a nomination made by the president.

[19]Cárdenas had the Senate declare a "dissolution of powers" in twelve states during his first two

Even formally elected governors, therefore, served at the mercy of the president. In this situation, "governors behaved more like appointed federal bureaucrats than elected officials" (Díaz-Cayeros 2004: 223).[20] The centralization of fiscal authority buttressed the dependence of governors on the federal government. As tax collection became increasingly centralized, governors were "forced . . . to go to Mexico City, hat in hand, seeking grants from the national government" (Scott 1964: 135).

In summary, the centralization of fiscal and political power became the backbone of the post-revolutionary regime, which succeeded in maintaining a remarkable degree of political stability during a period marked by *coups d'état* and political turbulence in the rest of the region. Centralism was also seen as the key to economic growth. Overall, the view that "the needs of the country . . . require strong central control over policy and politics" remained mostly unchallenged (Scott 1964: 117). Interestingly, the index of Scott's comprehensive study of the post-revolutionary Mexican political system does not contain entries for governors, subnational officials or subnational government. The entry for "states" reads as follows: "State governments: presidential control over . . ." (1964: 343), which illustrates the subordinate role state politics played.

Decentralization and the Strengthening of Governors

Despite the strong legacy of centralism, Mexican politics has recently become more local (Díaz-Cayeros 2004: 225). The traditional view of state politics merely as a derivative of national politics has become untenable, and understanding contemporary Mexican politics is impossible without taking account of the dynamics of the subnational level. The 32 governors now wield vast political powers, and are endowed with substantial resources, leading some to describe them as "local kings".[21] The president's metaconstitutional powers, which he

years in office (Díaz-Cayeros 2006: 84). In this way, he contributed to establishing the practice that governors served at the pleasure of the president. While the relations between Cárdenas and the governors were highly conflictive, his successors could generally rely on more implicit threats and did not have to go through Congress to remove unpopular governors.

[20]While previous accounts of gubernatorial nominations have portrayed the president as relatively unconstrained in choosing candidates (e.g. Scott 1964; Meyer 1977), Díaz-Cayeros (2006) points out that presidents had to keep in mind the balance between the different groups making up the PRI. Moreover, incoming presidents inherited a substantial number of governors from their predecessor. Nevertheless, all governors were well aware that displeasing the president would result in a forced resignation.

[21]One of my interviewees referred to the governors as "*reyes locales*" (Interview A, April 24, 2007). The Mexican federation is made up of 31 states and the Federal District of Mexico City (DF). The head of the DF executive is known as "*jefe de gobierno*", rather than as governor. For the

derived from the leadership of the hegemonic party (Weldon 2004), were eroded. The authority lost by the president was absorbed by the governors, who have come to play an important role in directing the political course of the country. They are among the most influential political figures in contemporary Mexican politics.[22] How can we account for this remarkable transformation?

Decentralizing Mexico was a cautious journey and the country "did not embrace decentralization easily or quickly" (Grindle 2007: 25). After decades of sustained and unquestioned centralism, concerns about "overconcentration" began to be voiced by intellectuals in the 1970s (Rodríguez 1993: 134). The exhaustion of the Mexican Miracle, which had brought the country sustained economic growth, created some room for a re-evaluation of economic and political centralism. Like in other countries in the region, decentralization was thus put on the political agenda in the aftermath of the economic crises that occurred when import-substituting industrialization ran out of steam, and the period of debt-led growth came to a dramatic end. After Mexico nearly defaulted on its external loans in the early 1980s, the central government was forced to reduce spending (Levy & Bruhn 2006: 106–108; Edmonds-Poli & Shirk 2009: 140–144). Against the background of tight budgetary constraints, decentralization became an attractive strategy for the ruling elite.

The first cautious steps toward reform came in the form of deconcentration during the presidency of Miguel de la Madrid (1982–1988) (Nickson 1995). His efforts were strongly influenced by the 1982 economic crisis, which sowed the seeds of a rethinking of the economic model. The crisis was brought about by a painful decline of petroleum prices, which occurred simultaneously with an increase in interest rates. Rather than cut expenditures, the Mexican government went on a "binge of public borrowing and spending in 1981–82" (Teichman 2001: 131). This brought about a devastating crash of the economy in 1982, and forced the Mexican government to turn to the IMF for help. Domestically, the crisis paved the way for market reformers, and the cabinet of incoming president de la Madrid was dominated by technocrats with graduate degrees in economics and related disciplines (Camp 1985). Because the new ruling team recognized the inability of the central government to cope with the increasing demand for public services, they began to contemplate "controlled decentralization". For

sake of simplicity, however, he is grouped with the other state executives under the common label of governors in the text.

[22]A recent article identifying the most influential political figures in contemporary Mexico specifically mentions the power of the governors (see "En 18 políticos, el rumbo del país", *El Universal*, April 19, 2009).

instance, de la Madrid strengthened subnational involvement in the provision of health care and public education.[23] Through bilateral development agreements (called *Convenio Único de Desarrollo*), which were negotiated between the federal government and individual states, his administration also bolstered the transfer of resources.

Moreover, the 1983 municipal reform, which consisted of an amendment to Article 115 of the Mexican Constitution, specified a number of public services, such as water supply and sewage, for which municipalities had prime responsibility. While the reform had initially been presented as an initiative to strengthen municipalities, *de facto* control over municipalities merely shifted from the federal government to state governments (Rodríguez 1992: 136; Nickson 1995: 200–201).[24] As governors were still under the whip of the president, the increase in subnational power was, therefore, mostly cosmetic. Yet talking about decentralization was attractive for the PRI leadership because such reforms could be framed as a move towards democratization. During PRI rule, centralism and authoritarianism had become closely associated in the mind of the public. Thus, de la Madrid sought support for this agenda with the slogan "*descentralizar es democratizar y democratizar es descentralizar*" (Rodríguez 1993). Yet even though the official rhetoric suggested otherwise, centralized control remained tight.

The administration of Carlos Salinas de Gortari (1988–1994), de la Madrid's successor, also paid lip service to decentralization while maintaining centralized control. The Solidarity Program (PRONASOL) provided resources to local governments through a highly centralized allocation scheme controlled directly by the president. By 1992 the expenditure of the program represented 1.1 percent of Mexico's GDP (Nickson 1995: 201). The program was innovative in so far as it recast the PRI's clientelist strategies in territorial terms, rather than relying principally on crumbling corporatist institutions. Yet the underlying logic of Solidarity was one of deconcentration, rather than decentralization, as decision-making remained at the central level (Bailey 1994). Moreover, the fact that 17

[23]State involvement in the education sector was further strengthened in 1992, when the administration of education was "offloaded" from the central government to the states. While states were granted some additional resources to pay teachers' salaries, governors were generally reluctant to accept the new responsibility. Given the realities of presidential control, however, they had limited possibilities to oppose the reform (Grindle 2007: 31).

[24]Among other things, the reform stipulated that budgets prepared by municipal councils should be submitted to state legislatures for approval. State governments were also empowered to remove elected municipal officials by a provision akin to the "dissolution of powers" through which the president maintained control over the governors. For a detailed discussion of the relationship between state and municipal governments see Grindle (2007) and Rodríguez (1993).

governors were "retired" during Salinas' *sexenio* made clear that presidential authority was alive and well (Eisenstadt 2004: 96).

Meaningful decentralization did not take off until the 1990s, when President Zedillo (1994–2000) introduced the most comprehensive plan for decentralization to date (Ward et al. 1999; Edmonds-Poli & Shirk 2009: 142). These steps towards decentralization were taken under the impact of a profound economic and political crisis, which undermined public confidence in the federal government and its policy-making ability. On New Year's Day 1994, the violent uprising of the Zapatista movement in the southern state of Chiapas laid bare some of the social and ethnic tensions the PRI had long tried to conceal beneath a myth of revolutionary rhetoric. The conflict was especially painful because it coincided with Mexico's entry into the North American Free Trade Agreement (NAFTA), which was supposed to crown Salinas' efforts to portray Mexico as an emerging modern economy. Three months later the PRI's presidential candidate was assassinated at a campaign rally. The first high-level political assassination since the murder of president-elect Álvaro Obregón in 1928 was traumatizing for the country, and also undermined the legitimacy of the political class, which had long prided itself as being the sole guarantor of stability. Moreover, Mexico's economic difficulties could only be overcome with the help of a bailout scheme orchestrated by US President Bill Clinton, which required the imposition of an austerity package "of a severity that even Mexico had rarely seen" (Ward et al. 1999: 22).

In the search for a way out of this crisis, Zedillo dramatically redefined the role of the central government in state and economy. Firstly, he continued and deepened the strategy of privatization begun by his predecessor. Privatization hacked into the regime's prized state-owned enterprises, which had been among the most coveted assets of the PRI's political machine. Between 1990 and 1996 employment in state-owned enterprises was almost halved.[25] The central government's ability to appoint supporters to lucrative positions was slashed. Secondly, Zedillo sought to share the burden of governing with the states.

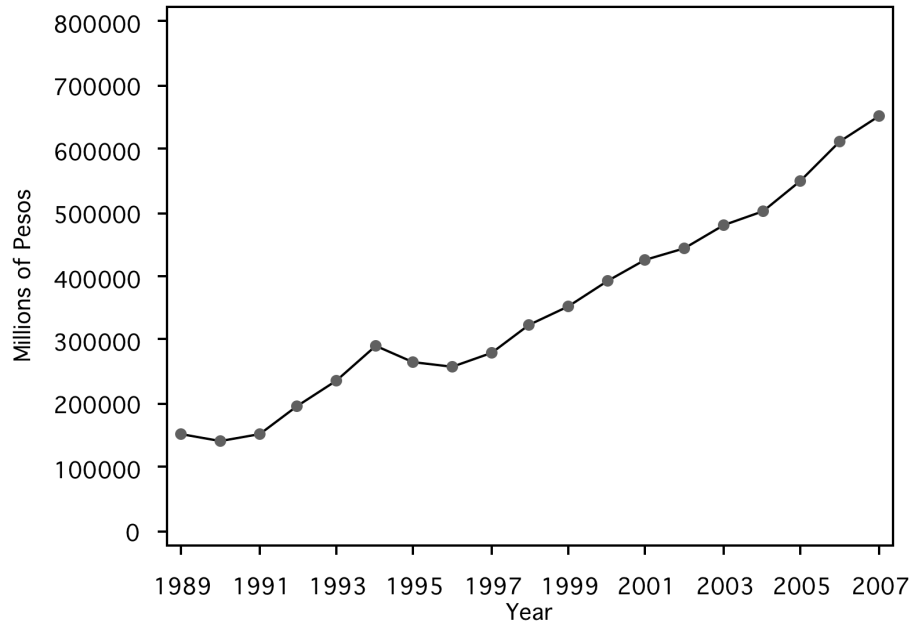
[25]Employment in state-owned enterprises dropped from 949,588 in 1990 to 517,430 by 1996 (Centro Latinoamericano de Administración para el Desarrollo n.d.). Simultaneously, the overall number of state-owned enterprises also declined. According to Pedro Aspe, Secretary of Finance in the Salinas Cabinet (1988–1994), the number of state-owned enterprises had been brought down to 213 by the end of that administration, from 1155 a decade earlier (Oppenheimer 1996: 169). The bulk of these privatizations occurred during the second half of the Salinas administration. Privatization during the de la Madrid presidency had met with fierce resistance, and therefore consisted mostly of the state separating itself from relatively unimportant small companies (Teichman 2001: 132).

He transferred a number of policy responsibilities that had previously been centralized, such as public education and health care (Hernández Rodríguez 2003: 108). He also reorganized Salinas' Solidarity Program by involving the states in its implementation, thus strengthening them financially and politically. Another of his reform initiatives was the building up of subnational government in the Federal District of Mexico City, which had previously been under the tight control of the central government. After decades of appointed chief executives, direct elections for city government in the Federal District were first held in 1997 (Harbers 2007: 43–45).[26] Overall, Zedillo's New Federalism initiative strengthened state autonomy. For the first time in decades, the federal government showed a credible commitment to broadening the allocation of resources to subnational, and specifically to state governments.

Decentralization in fiscal matters occurred mostly through the decentralization of expenditure, rather than through an increase in subnational revenue. As stated above, the states had transferred fiscal authority to the federal government during the consolidation of the PRI regime and so generally lacked the infrastructure to collect taxes. The current system of intergovernmental financial relations bears the imprint of this development. While spending has become more decentralized and a substantial amount of national expenditure is now carried out through subnational governments, revenue collection has remained relatively centralized. Municipal and state governments combined collect only about 5 percent of the national revenue (Díaz-Cayeros 2004: 209). Fiscal decentralization, therefore, took the form of an increase in the transfer volume and the creation of more transparent rules for the allocation of resources. The impressive growth of state governments is shown in Figures 3.6 and 3.7. Figure 3.6 demonstrates the remarkable increase in overall state expenditure between 1989 and 2007. The size of state governments, reflected by their employee numbers, also grew considerably during this time period, as illustrated by Figure 3.7. Simultaneously, the number of public officials employed by the central government declined from 2.6 million employees in 1990 to 1.5 million by 1996. This represents a decline from 56 percent of all public sector employment to 34 percent (Centro Latinoamericano de Administración para el Desarrollo n.d.). If, as Chhibber and Kollman (2004) have argued, the number of public officials on the payroll of subnational governments provides an indication of the role these governments play in the life of citizens, Mexican states have indeed come to occupy a much more prominent place in politics.

[26]Dissatisfaction with centralized government in the Federal District had been fueled by the failure of the PRI-controlled city government to effectively coordinate rescue and relief efforts after the 1985 earthquake, which had devastated Mexico City.

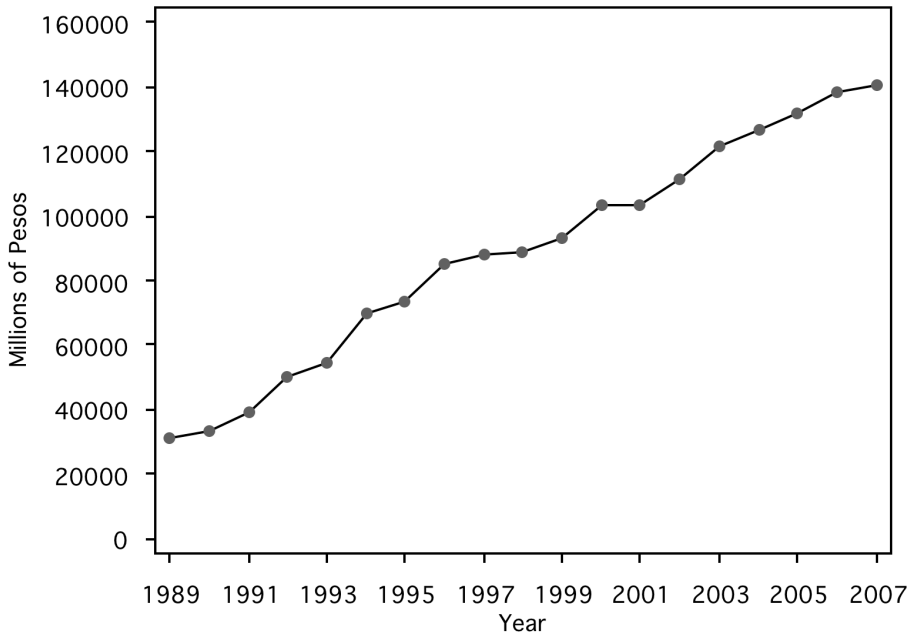
Figure 3.6: State-level Expenditure in Mexico, 1989–2007



Note: Data have been obtained from the Instituto Nacional de Estadística y Geografía (INEGI) and are part of the database "Estadística de finanzas públicas estatales y municipales" (www.inegi.org.mx, accessed April 9, 2009). The first year for which data are available in this database is 1989. Values are adjusted for inflation, with 2000 as the base year.

Yet fiscal decentralization would probably have done little to strengthen the autonomy of governors, had presidential control over them remained intact. It is crucial, then, to view fiscal decentralization in light of the political changes that occurred during the 1990s. While centralization in Mexico had been associated with the consolidation of authoritarian rule, the dissolution of centralism and democratization also went hand-in-hand. The political opening of the regime set in motion a process of *de facto* political decentralization, during which many of the institutional checks and balances that had been muted were reactivated (De Remes 2006). Governors regained their forgotten powers as states were released from centralized control. As Hernández Rodríguez points out, "the gains of state governors and local structures represent net losses for presidential power" (2003: 115).

Figure 3.7: Expenditure of Mexican State Government on Wages, 1989–2007



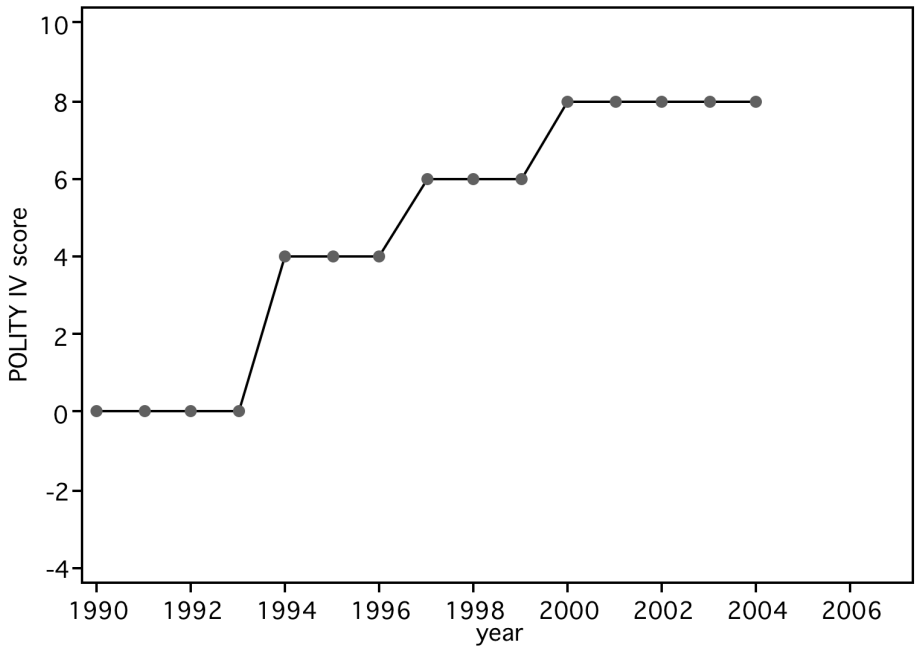
Note: For information about data and sources, see Figure 3.6.

Democratization in Mexico advanced along two principal pathways. Firstly, formal institutions were reformed to become more inclusive and substantial efforts were made to strengthen the proportional representation components of the electoral system. Secondly, guarantees for free and fair elections were introduced through the creation of autonomous electoral institutions. While transitions in other countries of the region often consisted of a pact between authoritarian and democratic elites, during the Mexican transition four pacts were negotiated between the PRI and opposition parties (Lujambio 2003). The electoral reforms of 1990, 1993, 1994, and 1996 constituted important steps toward more competitive politics.

One of the focal points of democratization was to wrench control of electoral processes away from PRI-controlled government institutions. The establishment of the Federal Electoral Institute (*Instituto Federal Electoral*, IFE) in 1990, therefore, was a milestone in the democratization process. The PRI relinquished control only grudgingly, and the electoral reforms were the outcome of fierce

negotiations between the PRI and opposition parties.[27] The gradual increase in democratic openness that occurred during the 1990s as a result of these reforms is illustrated in Figure 3.8, which displays the progression of Mexico's score on the Polity IV democracy measure.

Figure 3.8: Mexico's Score on the Polity IV Democracy Measure



Note: Data have been obtained from the Polity IV dataset (Marshall & Jaggers 2005), with higher scores indicating more democracy.

Democratization has eroded centralized control over governors. Until recently, "direct intervention by the president was an ever-present possibility that served to preemptively discipline potential 'troublemakers' . . . There was a credible threat that any breach of discipline would be severely and summarily punished,

[27]While control over elections has become more pluralist, electoral processes are still not immune to partisan interference. Instead, the IFE provides a mechanism of power-sharing between major political parties seeking to maintain influence over issues that directly affect them (Estévez et al. 2008).

effectively nullifying one's prospects for upward mobility within the system" (Cornelius 1999: 4). However, formally declaring the "dissolution of powers" in a state is an extreme measure, and the power of previous presidents over governors rested mainly on the threat to invoke this provision. Rather than wait for a formal condemnation, which the president could hammer through the Senate because he was the leader of the majority party, governors would generally hand in their resignation if pressured by the president. Exercising such control over a governor is more difficult when the governor can claim a democratic mandate. When governors served at the discretion of the president and owed their positions to him, elections were just a formality and presidents were generally not too concerned about setting governors aside. This has changed dramatically. Recently, governors of all parties have become essentially untouchable.

The first signs of changing relations between the governors and the president were visible during the presidency of Ernesto Zedillo (1994–2000), who took a hands-off approach to subnational politics. Recall that presidential authority over governors had largely derived from his control over the hegemonic party. Zedillo, however, vowed to keep his distance from intra-party affairs. As Zedillo redefined his position and essentially refused to exercise his metaconstitutional powers, state and local politicians began to exercise "greater autonomy within their domains than at perhaps any other time since the 1920s and early 1930s" (Cornelius 1999: 10).[28]

While this comes closer to the federal conceptualization of state government as an autonomous sphere, the extent of autonomy that has resulted in Mexico is extreme. Two recent cases illustrate this forcefully. Even when a recorded conversation revealed that Mario Marín, the PRI governor of Puebla (2005–2011), had used (or rather abused) his position to help the leader of a child pornography ring, and in the process had ordered the abduction of a journalist, the federal government did not intervene, despite considerable public outrage. Ulises Ruiz Ortiz, the PRI governor of Oaxaca (2004–2010), who was directly responsible for considerable human rights violations that led to civil unrest and months of protest, also remained unsanctioned. Partially, this can be attributed to the greater pluralism of the federal legislature, which makes it unlikely that

[28]The governors of Puebla, Tabasco, and Quintana Roo, Manuel Bartlett, Roberto Madrazo, and Mario Villanueva, were the first to benefit from the erosion of presidential control. All three were engaged in authoritarian practices that embarrassed the national leadership of the PRI, an offense that would almost certainly have led to a forced resignation in the heyday of presidential control. Yet even though Zedillo generally refrained from a direct intervention in state politics, he forced the resignation of Guerrero governor Rubén Figueroa, who had been implicated in a massacre of 17 unarmed peasants in August 1995.

the Senate will simply rubber-stamp presidential appointees. Yet presidents too have not pursued these cases, and forced resignation has now become virtually unthinkable, or at least highly unlikely.[29]

To be sure, the excesses of governors and poor state government were not novel. Over the years, PRI presidents had tolerated a fair number of governors' abuses of power (e.g. Demmers 1998).[30] However, the line was generally drawn when governors became a serious embarrassment to the president and the party. Forced resignations resulted if political conflicts "put at risk both the state's [stability] and the stability of the political system", and if "the governor committed serious mistakes . . . which resulted in deaths and demonstrated the governor's political inability to solve conflicts and respond to social claims" (Hernández Rodríguez 2003: 105–106). During the 2006 conflicts in Oaxaca, a foreign journalist was killed in the midst of violent confrontations between protesters and security forces.[31] That Ulises Ruiz was able to survive such riots, which provoked international condemnation, and remain governor is therefore remarkable.

Rather than being concerned primarily with their relationship with the president, governors now seek to cultivate local sources of political support. During the PRI regime, governors were primarily accountable to their party superiors. Yet, as will be shown in Chapter Four, during the 1990s the opposition parties PAN and PRD began to make inroads in the states. When governors of opposition parties gained access to gubernatorial office, they were not locked

[29]There were accusations that a political agreement had been reached between the PRI and the PAN for the protection of these two governors. It was asserted that the PAN had agreed not to seek sanctions against the two *priístas* in return for PRI support for a number of policy projects in the legislature. President Calderón (PAN) denied the existence of such an agreement ("Niega Calderón acuerdo con el PRI en el caso Marín-Cacho", *Proceso*, December 3, 2007). Yet even if no explicit deal was made, Calderón's refusal to take a more active role in curbing governors' excesses shows a shared understanding among parties that states are independent arenas of contestation.

[30]A semi-amusing illustration of this is the construction of the Tuxtla Gutiérrez city airport in the middle of nowhere, on a piece of land famous for heavy fog. The curious choice of location owed much to the fact that the land was owned by the state governor, a surgeon with little political experience. Allegedly, he has been offered the governorship as a reward for successfully operating on President Echeverría. The governor sold the land to the state for an amount far exceeding its actual value, and subsequently procured government contracts for friends and family to build a new highway connecting the remote airport with the city (see Oppenheimer 1996: 37–39).

[31]Bradley Will, a journalist from New York City, was killed on October 27, 2006 while covering the protests. The official account claimed that he was shot by anti-government protesters. This version of events was questioned by his family and human rights groups, who highlighted the brutality of the state police.

into the PRI hierarchy and so took a more independent stance.[32] PRI governors had owed their position first and foremost to the president, and had sought subnational support mainly "to the extent necessary to maintain stability and deliver sufficient votes for the ruling party on election day" (Snyder 1999a: 187). Only when a governor had neglected his constituents to the degree that he appeared to have lost control over his state, the threat of forced resignation loomed. With democratization the incentive structure was reversed, and all gubernatorial candidates and governors now seek to foster much stronger links with their constituents. It is important to point out that such linkages do not necessarily have to be programmatic or even associated with more responsive government. In fact, there is considerable evidence that subnational autonomy has facilitated the emergence of authoritarian enclaves (Fox 1994; Snyder 1999b; Bizberg 2001), in which clientelism and patronage play a key role in forging political alliances.

Overall, decentralization has strengthened states, rather than municipalities (Ward et al. 1999; Grindle 2007: 25). Whereas governors have gained greater political independence and fiscal decentralization has put a substantial amount of resources in their hands, municipalities are still highly dependent on higher levels of government. The municipal reform pursued by de la Madrid did little to strengthen the power of municipalities. It did, however, lay the groundwork for the emergence of powerful governors, once presidential control over them began to wane. Federal resources for municipalities have mainly been channeled through the states, and governors have exercised considerable discretion in distributing these resources (Edmonds-Poli & Shirk 2009: 143–144). As Rodríguez (1993: 137) points out, "a state's control over municipal finances allows it to retain political control, because it has the discretion to favor certain local governments over others". Governors have become the "owners of municipalities".[33] The power of governors is reinforced by a substantial degree of executive dominance over state legislatures (Ward 1990). Legislatures in the states are often too weak to form an effective counterweight to the power of the governor. In Mexico, political and fiscal decentralization have therefore encouraged the emergence of extremely powerful state executives.

[32]The first opposition victory in a gubernatorial election occurred in Baja California (1989), and was followed by opposition successes in Guanajuato (1991), Chihuahua (1992), Jalisco (1995), Querétaro (1997), Nuevo León (1997), and the Federal District (1997), among others. Changes in the party system will be discussed more extensively in the next chapter.

[33]"Los gobernadores son los dueños de los municipios" (Interview B, June 24, 2007).

Conclusions

Until recently, centralism has been "a more or less felicitous description of the ways in which Latin Americans have gone about attending to their economic, social, and political arrangements" (Véliz 1980: 302). For most of the twentieth century oligarchic democracies, populist regimes, and military dictatorships found that centralized control served their political needs. In post-revolutionary Mexico, centralism took the form of a hegemonic political party, which allocated political and financial resources from its headquarters in the capital to the rest of the country. The third wave of democratization, however, which swept across Latin America after 1978 (Huntington 1991), eroded centralized control in unprecedented ways. To account for the extent of the challenge, I have argued, we have to combine structure- and agency-based explanations. Democratization and neoliberal reforms provided a fertile environment for institutional reforms that strengthen subnational governments. Simultaneously, both these developments eroded the power of central governments.

In Mexico, the economic problems that arose when state-led development ran out of steam forced the political elite to rethink centralization. Presidents de la Madrid (1982–1988) and Salinas (1988–1994) sought to strengthen the states' role in policy implementation and gradually bolstered their resource base. At the same time, however, they emphasized presidential control over states and governors. Full-blown autonomy was certainly not what they had in mind when they spoke of decentralization. The primary purpose of these reforms was to take pressure off the regime, to ensure its survival and continued viability. Unwillingly, however, these cautious decentralizers paved the way for the emergence of more powerful governors during the 1990s.

In 1994 Ernesto Zedillo took over the presidency amidst a profound political and economic crisis. Cosmetic reforms to deflect pressure from the regime were no longer an option. The austerity package he implemented in response to the economic collapse entailed large-scale privatizations, slashing the central government's ability to build political support through appointments to lucrative positions in state-owned companies. It also took a heavy toll on corporatist sector organizations, which had been important pillars of the PRI regime. Thus, neoliberal reforms directly undermined the power of the central government. In addition, the central government was forced to downsize its bureaucracy. While the size of the central government shrank, state governments grew, both in relative and absolute terms. Throughout the 1990s state-level bureaucracies grew consistently.

That the political power of governors received such a dramatic boost during the Zedillo presidency is one of the peculiarities of the Mexican decentralization process. It was caused by the specific nature of the hegemonic party regime and sets Mexico apart from its neighbors. In most Latin American countries, directly elected chief executives were recently introduced for the first time. In Mexico, elected governors had existed for most of the twentieth century, but due to the centralized nature of the authoritarian regime they had generally behaved like appointed federal bureaucrats (Díaz-Cayeros 2004). Mexican presidents possessed powers that even made their Latin American counterparts green with envy. Yet these powers were essentially "metaconstitutional" (Weldon 2004). Paradoxically, on paper the Mexican presidency appears to be one of the weakest in Latin America (Shugart & Haggard 2001). Zedillo broke with the tradition set by his predecessors and vowed to maintain his distance from the PRI. He declined to use his role as party leader to intervene in state affairs. Once presidential control over governors eroded, however, they happily made use of their financial resources. Reforms introduced by de la Madrid and Salinas also granted them considerable influence over municipalities and state legislatures, so that the pattern of centralized control was essentially reinvented at a lower level. Governors thus absorbed the power lost by the presidency during the Zedillo years. The next chapter analyzes how this erosion of centralized control has affected party systems in Mexico.

4

The Dynamics of Multi-level Electoral Competition: Subnational and National Party Systems in Mexico

"We're past the age of authoritarianism,
when the President's will was the only thing that mattered,
from Sonora to the Yucatán . . ."

Carlos Fuentes, The Eagle's Throne

In the aftermath of the 2006 presidential election many observers expressed concern about the progressive regionalization of the Mexican party system (Klesner 2007b; Lawson 2007). The regional distribution of electoral support, as illustrated in Figure 4.1, was all the more disconcerting as the two top contenders essentially finished the contentious electoral race in a statistical tie. Official tallies granted Felipe Calderón Hinojosa of the *Partido Acción Nacional* (PAN) a 243,934 vote lead over Andrés Manuel López Obrador (AMLO) of the *Partido de la Revolución Democrática* (PRD), a difference of merely 0.58 percent of the total vote. Subsequently, the loser cried foul and challenged the legitimacy of the election. What ensued was a highly polarizing debate about the electoral outcome that pitted supporters of the two candidates against each other along regional lines. The regional dimension of the conflict raised particular concern, because it challenged the conception of national unity emphasized by the official post-revolutionary discourse.

Several accounts have portrayed the conflict surrounding the 2006 election as a clash between pro-market forces located in the northern Mexican states and the predominantly rural losers of economic integration in the Mexican south.[1] While the different economic profiles of the regions doubtlessly constitute a piece of the puzzle, they cannot adequately explain why "a brown-skinned, low-income

[1]See for example "Political Geography: Mexico Faces Its Own Red-Blue Standoff", *New York Times*, July 9, 2006.

man with a modest education who never attends church" had a 20 percent chance of supporting López Obrador if he lived in the northern states, a 34 percent if he lived in the center of the country, a 44 percent if he lived in the south and a 72 percent chance if he happened to dwell in the Mexico City metropolitan area (Lawson 2007: 46–47). This chapter argues that the increasing relevance of regional factors in Mexican politics needs to be viewed in light of the broader trend toward decentralization that occurred in Mexico in the 1990s. Democratization, and the *de facto* decentralization it encouraged, have reinvigorated federal checks and balances that had been muted by the PRI regime. The result has been the emergence of subnational electoral arenas with distinct party system dynamics.

To set the stage for the empirical account that follows, it will be useful to revisit briefly some of the conceptualizations and theoretical expectations outlined in the second chapter. Firstly, it has been argued that multiple party systems can exist within one country at different levels of government. In the context of this study, the term *subnational or state party system* refers to competition between parties for subnational office. Conversely, the *national or federal party system* refers to interactions between parties competing for national office. The core of the theoretical argument about party systems in decentralized settings is twofold. Firstly, decentralized governance creates opportunities for the development of distinct subnational party systems, which structure competition for subnational office. Secondly, dynamics of these subnational systems are likely to "spill over" into the national party system.

Why are the dynamics of electoral competition in the national party system not maintained at the state level after decentralization? What factors contribute to the emergence of subnational party systems? The theoretical discussion has identified inter-regional differences in socioeconomic structures, associated with the formation of regional parties, and divergent patterns of alliance-formation as factors that promote divergence. These general effects are likely to be compounded in Latin America by executive dominance and the candidate-centered nature of electoral campaigns. In Mexico, for instance, the framing of subnational electoral campaigns has increasingly concentrated on local, rather than national issues, and the performance of incumbent governors has become a critical factor in subnational campaigns (De Remes 2006: 186). In sum, subnational party systems are likely to emerge in decentralized countries.

Why does spillover occur? One proposed pathway is the entrance of regional parties into the national electoral arena as they start to compete in national elections (Brancati 2008; Lago & Montero 2009). Lago and Montero (2009) refer to this increase in the number of parties as interaction or contamination effects. An additional pathway is the varying regional strength of national political

Figure 4.1: Regional Distribution of Electoral Support in the 2006 Presidential Election

Note: The different shading indicates which presidential candidate achieved the largest share of the vote in the state. Felipe Calderón Hinojosa of the National Action Party (*Partido Acción Nacional*, PAN) won states indicated in black, while those in light gray went to Andrés Manuel López Obrador of the Party of the Democratic Revolution (*Partido de la Revolución Democrática*, PRD). The third candidate, Roberto Madrazo Pintado of the PRI (*Partido Revolucionario Institucional*), did not finish ahead of his competitors in any of the states. Data were obtained from the website of the Instituto Federal Electoral (http://www.ife.org.mx/portal/site/ifev2/2006_HRE, last accessed May 10, 2009).

parties, which affects their ability to campaign and, hence, the information voters possess about them (Wilson 2008). Specifically in the Mexican case, where the PRI has long courted voters with a wide array of selective incentives, control of the governor's political machine is likely to affect parties' ability to mobilize electoral support.

The first section of this chapter traces the development of state and federal Mexican party systems until the 1990s, with particular attention to the "rules of the game". The PRI's hegemonic position was solidified by its ability to restrict political opportunities outside the party, which deterred potential PRI defectors and undermined the growth of independent opposition parties. Electoral laws played an important role in accomplishing this, and remnants of many of these

provisions still exist today. It is therefore necessary to take them into account when analyzing Mexican party systems. The second section then maps out the development of state party systems after the opening up of subnational electoral arenas in the mid-1990s. It demonstrates the increasing divergence in patterns of inter-party competition between states. The third section analyzes how the diversification of state party systems has affected voting patterns in federal elections.

Upholding Goliath: The Development of Mexican Party Systems

Any exploration of party politics in Mexico has to begin with an acknowledgement of the extraordinary position of the PRI, the long-term goliath of Mexican politics. The PRI was forged with the explicit goal of holding power. In fact "from the time it was founded as the National Revolutionary Party (PNR) in 1929 until 1988, the PRI had never lost a presidential, gubernatorial, or federal senatorial race it contested" (Klesner 2005: 105). This is all the more remarkable in light of the constitutional ban on consecutive re-election, one of the legacies of the Revolution, which essentially eliminated all candidate-specific advantages of incumbency.[1] The PRI dominated all levels of government, and its organization extended even into the remote corners of the country. Regional cleavages, which had been salient dimensions of political conflict in the 1920s and 1930s, were muted within the PRI and by the 1950s had ceased to play a role in structuring politics (Díaz-Cayeros 2006: 75). How did the PRI manage to establish and maintain its hegemonic position? Why did challengers find it so difficult to take on the PRI at the polls? A closer look at the rules governing the electoral game can help to answer these questions and also shed light on the unraveling of the party's dominance. The following paragraphs lay out the institutional context within which the Mexican party system developed.

During the early years of the hegemonic party, as outlined in the previous chapter, the organizational imperative was the consolidation of centralized one-party rule. Presidential succession was a particularly difficult time for the revolutionary party, as there was always the threat that those who considered themselves *presidenciables*, but who were not chosen as the party's nominee, would break away and go it alone. The post-revolutionary electoral law did not

[1]Yet the multitude of offices controlled by the PRI meant that there were ample opportunities for career politicians to move between positions. Voters were, therefore, often familiar with candidates because of their previous political offices.

deter this kind of behavior. It allowed for independent candidacies, and the bar for registering new political parties was low. Under the Federal Electoral Law of 1918, parties merely had to have the support of 100 citizens and publish governing rules in order to appear on the ballot (Edmonds-Poli & Shirk 2009: 168–170).[2]

After a couple of tumultuous years, the electoral law of 1946 reduced the space for electoral challenges to the PRI. Firstly, it centralized the organization of electoral processes in the hands of the Ministry of the Interior (*Secretaría de Gobernación*); they were, therefore, under the umbrella of presidential control. Secondly, the new law banned independent candidacies and raised the bar for parties wishing to appear on the ballot. Only legally registered parties were eligible to compete in federal elections. To obtain the required registry aspiring parties had to demonstrate that they were national political parties and, as such, that they possessed broad and territorially dispersed membership bases. Only parties able to prove a minimum of 30,000 members and at least 1000 members in two-thirds of Mexico's federal entities could hope to be recognized by the PRI-controlled electoral authorities (Story 1986: 46). Registration requirements became even more stringent in 1954, when parties had to demonstrate 75,000 supporters nationwide, and a minimum of 2500 members in at least two-thirds of Mexico's states and territories (Edmonds-Poli & Shirk 2009: 168–170).[3] These measures were designed to limit the exit options for disgruntled *priístas* (Ward et al. 1999: 31; Langston 2006b: 151). They also stifled the development of opposition parties.

Once party hegemony was achieved, the PRI, with its supermajorities at all levels and all branches of government, controlled the rules of the electoral game. Yet in using this instrument to define the terms of competition, it had to strike a delicate balance. On the one hand, the cohesion of the hegemonic party depended on its monopoly on power and the resources of the state. Party recalcitrants were discouraged from defecting because there was essentially no political life outside the party – at least, not for an ambitious politician hoping to win office. Mizrahi (2003) aptly described the motivation of the early opposition leaders organized in the National Action Party (*Partido Acción Nacional*, PAN) as a form

[2]The law also prohibited parties that had a religious or racial denomination (Molinar Horcasitas 1991b: 27).

[3]The 1946 membership requirement equals 1.2 percent of all registered voters and 0.3 percent of the national voting age population. The 1954 reform required support from 0.6 percent of the voting age population. Data on the number of voters have been obtained from the website of the Institute for Democracy and Electoral Assistance (www.idea.int, accessed June 25, 2009).

of martyrdom. They had few illusions about their political career prospects, but stayed in the game for programmatic and ideological reasons.

On the other hand, to maintain the legitimacy of the regime, it was crucial that "the opposition neither leave the field nor perish in electoral terms, thereby turning the regime into a single-party system and depriving it of internal and international legitimacy" (Crespo 2004: 59). The opposition thus had to have sufficient incentives to participate, but could not be successful enough to launch a credible threat against the PRI. Electoral legislation was designed with this dual goal in mind: "When there was a danger of their disappearance or withdrawal, the electoral system would be opened up sufficiently to provide oxygen to the opposition; when it appeared that opposition forces might become strong or unite, the electoral system was closed off in order to weaken or contain them" (Crespo 2004: 64).

Given the high registration requirements, only the best-organized opposition parties, or those with help from the regime, were able to overcome the hurdles and obtain party registry. To maintain a semblance of political pluralism, the PRI propped up certain opposition parties, such as the Socialist Popular Party (*Partido Popular Socialista*, PPS) and the Authentic Party of the Mexican Revolution (*Partido Auténtico de la Revolución Mexicana*, PARM). These parties have been described as "PRI satellites" because they were financially and organizationally linked to the PRI.[4] During the presidency of Carlos Salinas de Gortari (1988–1994), the PRI also appears to have supported the foundation of the Worker's Party (*Partido del Trabajo*, PT). To critical questions about the young party's remarkable resource base, its leader, Alberto Anaya, nonchalantly replied: "In this country, the government pays for everything – even to be criticized" (Oppenheimer 1996: 142).

The National Action Party (PAN) was the main independent opposition party and jealously guarded its autonomy from the regime. From its foundation in 1939, the party's founding fathers emphasized a strong organization as basis for the advancement of their conservative doctrine (Shirk 2005).[5] The PAN started fielding candidates for municipal office in 1940 and ran its first gubernatorial candidate in 1944 in Aguascalientes. By 1977 the PAN had penetrated the country

[4]The PPS was established under the label *Partido Popular* in 1948. The PARM was officially registered in 1957. That the electoral authorities were favorable to some parties, while discriminating against others, is illustrated by the fact that they recognized the PARM while simultaneously withholding the legal registry of the much better organized Communist Party (Scott 1964: 148).

[5]The development of the major Mexican parties as organizations will be explored in the next chapter.

so successfully that it was able to nominate candidates for federal deputies in all 300 electoral districts (Lujambio 2001).

Yet even though the territorial extensiveness of the opposition grew, it remained weak electorally. The opposition may have been able to field candidates, but they generally did not win. Through the introduction of "party deputies" in 1963 the PRI sought to revive its ailing opponents. The reform was the first of a series of measures that introduced elements of proportional representation (PR) into what had previously been a purely majoritarian system. It granted parties that won at least 2.5 but less than 25 percent of the national vote special seats in the Chamber of Deputies.[6] That these reforms were first and foremost an attempt to revive the opposition in order to ensure the legitimacy of the hegemonic system is underlined by the fact that the PRI was slightly underrepresented in three of the five legislative periods between 1964 and 1976. Even though the PRI controlled virtually all seats in the Chamber, due to the introduction of party deputies it had less seats than it would have been entitled to under pure PR (Díaz-Cayeros & Magaloni 2001: 283–285).

While the introduction of proportional elements lowered entry barriers, it did not solve the PRI's problems. In 1976, due to internal differences, the PAN failed to nominate a presidential candidate. As the satellite parties PPS and PARM generally supported the official party's candidate, the PRI contender López Portillo ran unopposed. This was a painful embarrassment for a regime trying to maintain the appearance of competitiveness. One of the first legislative projects undertaken by the new president was, therefore, the constitutional reform of 1977. The trend towards increasingly restrictive registration requirements for political parties was reversed and, for the first time in decades, obtaining legal registry became easier for opposition parties. Under the new law organizations able to demonstrate four years of continuous political activity could appear on the ballot with a conditional registry. If they then won at least 1.5 percent of the national vote, they would qualify for permanent registry (Edmonds-Poli & Shirk 2009: 168–170). The PRI's efforts paid off, and in the next presidential elections its candidate, Miguel de la Madrid, was able to soundly defeat nine rivals (Crespo 2004: 69).

During the 1970s the PAN had continued to invest in building its organizational base, and it achieved broad territorial coverage prior to the liberalization of the

[6]Parties were to receive one seat for each 0.5 percent of the vote they obtained. The maximum number of seats that could be obtained in this way was 20. The formula for the allocation of party deputy seats was revised in 1973, when the threshold for receiving PR seats was lowered to 1.5 percent and the cap expanded to 25 seats (Edmonds-Poli & Shirk 2009: 168–170).

regime. Between 1982 and 1988 the PAN fielded gubernatorial candidates in 90 percent of all state races (Lujambio 2001). Juan Molinar shows the discrepancy between the formal territorial extensiveness of the opposition and the system's competitiveness by analyzing municipal data. During the mid-1980s, on average, 2.8 parties obtained votes in municipal elections.[7] The percentage of municipalities where the PRI ran unopposed declined consistently from the 1970s to the 1980s (Molinar Horcasitas 1991b: 116–117). Yet, even though opposition parties made inroads throughout the national territory, their vote share remained limited.

The 1983 reform was, therefore, yet another initiative to breathe life into the struggling opposition, as it opened up possibilities for the introduction of PR seats in state legislatures (González Casanova 1995: 593). The process of political opening thus extended over multiple levels of government. In 1987 the PR component of the federal electoral system was also strengthened by increasing the number of PR seats from 100 to 200, while the 300 single-member districts were maintained.[8] While the electoral system moved closer to a mixed system, the reform discouraged the unification of opposition forces against the PRI. It determined that voters were to cast only one vote in the single-member district race, which would automatically be counted for the allocation of PR seats. Voters were therefore unable to split their ballot, which rendered the coordination of opposition parties against the PRI in district races extremely costly (Díaz-Cayeros and Magaloni 2001).[9] Moreover, the reform of the ballot also made the PRI eligible for PR seats.

In the run-up to the 1988 presidential election, one of the PRI's worst nightmares came true. For decades, the hegemonic party had succeeded in resolving the contentious issue of presidential succession internally. In 1987, amidst controversy about the party's economic course, the so-called Democratic Current (*Corriente Democrática*, CD) and its leader, Cuauhtémoc Cárdenas, broke

[7]Data cover the period 1984–1986 and are available for 22 of the 31 states. No data are reported for the Federal District. The state average of parties obtaining votes in municipal elections ranges from 1.4 (Hidalgo) to 9 (Baja California).

[8]This reform also established the controversial "governability clause", which grants the largest party an automatic majority of seats as long as it obtains at least 35 percent of the vote. The "governability clause" survived a series of constitutional reforms (see Appendix B). Yet it was not applied in practice because the PRI was able to win a sufficiently large share of the vote (Díaz-Cayeros & Magaloni 2001). The 1996 reform finally capped the seat share of the majority party in the Chamber at 300 (out of 500), which meant that the largest party would lack the two-thirds majority required to amend the Constitution.

[9]Note that this differs from the German system, which grants voters two votes, one for the district's direct candidate and another for the preferred party.

away from the PRI after an unsuccessful attempt to challenge the presidential nomination.[10] Cross-party endorsements, which had benefited the PRI when its satellites backed the official party's candidate, facilitated the formation of a broad electoral alliance of small left-wing parties to support Cárdenas' bid for the presidency. After early vote tallies on election night showed the challenger in the lead, the computer system tabulating the vote mysteriously "collapsed", and when it had started up again, the PRI was ahead. This episode is known in Mexico as the *caída del sistema* or "breakdown of the system". Whether the PRI "stole" the election from Cárdenas, or if his initial lead was just due to a bias in early counting, is a subject that still provokes heated debate in Mexico. In any case, it was clear that the incoming president, Carlos Salinas de Gortari, would have to restore confidence in the regime in order to gain legitimacy. The threat to PRI legitimacy was also highlighted by a low turnout, as less than half of those eligible to vote did so.

Cárdenas' opposition to the PRI was put on a more solid organizational basis with the foundation of the Party of the Democratic Revolution (PRD) after the election. The new party's relationship with the regime was characterized by intensive hostility. Hence, in the aftermath of the 1988 presidential elections, the PRI reached out to the PAN. These two parties arrived at an agreement, which stipulated that PAN cooperation would be rewarded with the recognition of subnational electoral victories (Haber et al. 2008: 133–134). The alliance between the PAN and the PRI was facilitated by the increasingly strong role neoliberal technocrats played within the hegemonic party. This, of course, had also been the reason for the rupture with the Democratic Current. In order to pre-empt a new electoral threat from the left, the PAN and the PRD cooperated in the elaboration of yet another electoral reform, which raised the bar for cross-party presidential candidates.[11]

During the state elections of Baja California, the PRI made good on its promise and the *panista* Ernesto Ruffo became the first opposition candidate to

[10]The last challenge to the party's presidential nomination had occurred in 1952, when General Henríquez Guzmán broke away only to lose by a 5:1 margin to the PRI candidate, Adolfo Ruiz Cortines. Henríquez Guzmán's attempt to face up to the PRI ended with his inglorious retirement from public life. The registry of the party that had supported him was revoked by the electoral authorities because of an alleged illegal resort to force (Scott 1964: 151).

[11]Under the new law, parties nominating a common candidate for the presidential elections were required to coordinate candidacies for all congressional races taking place at the same time. This had to be done prior to the official start of the campaign, which created substantial transaction costs and therefore impeded possibilities for the coordination of the anti-PRI opposition (Díaz-Cayeros & Magaloni 2001).

successfully compete for gubernatorial office.[12] Yet, while the Salinas presidency showed the first signs of electoral opening at the subnational level, conditions continued to be less than democratic. Electoral victories were awarded directly by the president, rather than by autonomous electoral institutions. It was the will of the president, rather than the will of voters, that determined electoral outcomes (Lujambio 2001: 70). In his efforts to reach out to the PAN, in some controversial instances Salinas went so far as to force apparently victorious PRI candidates to resign and yield to challengers from the PAN (Haber et al. 2008: 134). The informal and extra-institutional arrangements between the PRI and the PAN surrounding these elections are known as *concertacesión*.[13]

The autonomy of subnational electoral arenas from presidential interference, and with it a restoration of federal practices, materialized during the *sexenio* of Salinas' successor, Ernesto Zedillo (1994–2000). Upon taking office, he declared his intention to maintain a healthy distance (*sana distancia*) from party affairs. He stuck to his commitment and "adopted a policy of strict nonintervention in electoral disputes" (Cornelius 1999: 5). While the recognition of subnational election results during the Salinas presidency was subject to the political maneuvers of the president, who acted as the ultimate arbiter, Zedillo remained committed to the institutional process. Where Salinas had exercised his "metaconstitutional powers" without hesitation, Zedillo took a hands-off approach. Contrary to his predecessors, he also refused to attend governors' inauguration ceremonies, which underlined his distance from state affairs.[14]

The aversion of Vicente Fox (2000–2006), the first PAN president, to intervention was even stronger. As a former governor, he vowed to stay out

[12]The willingness of the PAN elite to cooperate with the PRI should also be seen in light of the experience of the 1986 gubernatorial election in Chihuahua, where a strong electoral showing of the PAN had been met with fraud and repression by the PRI. The PAN elite came to realize that the recognition of subnational electoral victories required the goodwill of the upper echelons of the PRI hierarchy, at least until meaningful electoral reform could be achieved. Because many of the early electoral victories of the PAN took place in the northern states, such as Baja California, they are sometimes referred to as "barbarians from the north" in Mexico City.

[13]The term *concertacesión* draws on the Spanish words for arrangement (*concertación*) and cession (*cesión*) (Prud'homme 1997: 1).

[14]In the first months of his presidency, Zedillo half-heartedly attempted to negotiate the resignation of Tabasco governor Madrazo, whose election had been overshadowed by allegations of electioneering, by offering him a cabinet post. The resounding failure of this initiative probably reinforced Zedillo's conviction to stay out of state affairs. In response to rumors that Mexico City was seeking to make a deal with Madrazo, state legislators and political leaders invoked federalist principles and proclaimed that this would violate the sovereignty of the state of Tabasco (Grayson 2007: Ch. 5).

of state matters and declared that the period of *concertacesión* was over, now and forever. Fox stood by his commitment through a series of contentious gubernatorial electoral processes, such as those in Yucatán and Jalisco. In response to an electoral controversy in Tabasco, he declared: "This is an issue for Tabasco to decide and not for the Federal Executive . . . Other presidents were accustomed to doing that [interfering with states' political matters], but it is not happening now" (Eisenstadt 2004: 248).[15]

In the Mexican case, democratization has led to a *de facto* political decentralization. During the 1990s, subnational elections gradually became competitive. After Ernesto Zedillo took office in 1994, the outcome of state elections was no longer contingent upon presidential decisions and interventions. Zedillo's willingness to respect the autonomy of subnational electoral arenas, in combination with his New Federalism initiative, which strengthened state governments financially, constituted a fundamental redirection of intergovernmental relations in Mexico. The next section explores how this has affected party system dynamics at the state level.

The Diversification of State Party Systems

At the outset, a few remarks about state-level electoral systems will be useful. Mexican states elect a governor and a unicameral state legislature. The gubernatorial term of office is six years and the electoral calendar is staggered, so that in any given year some governors will have been elected recently, while others are about to finish their term. Legislative terms at the state level are shorter than gubernatorial terms, and elections for local deputies therefore take place halfway through the governor's tenure. The size of state legislatures varies, generally in accordance with population size. In 2007 the state legislature of Baja California Sur, Mexico's least populated state, had 21 seats, while the legislature of the densely populated Estado de México had 118 members. In parallel with the expansion of the federal Chamber of Deputies, the number of seats in state legislatures has also grown. In 1990 the average state legislature had 25 deputies; this had increased to 35 by 2000 and 38 by 2007.[16]

[15]Eisenstadt's (2007) analysis of the 2006 presidential election suggest that the legacy of *concertacesión* still influences Mexican politics today. He argues that López Obrador's decision to challenge the electoral outcome in the streets was an unsuccessful attempt to force the government to engage in extra-legal negotiations.

[16]Data on the composition of state legislatures have been obtained from the database "México

Elections for state houses have become more competitive as the average margin of victory of the winner over the runner-up has declined consistently in recent years. During Salinas' *sexenio* (1988–1994), the average incoming governor had been elected with a comfortable 56 percent lead. This margin declined to 26 percent during Zedillo's term (1994–2000) and to 11 percent in the Fox years (2000–2006).[17] A corollary of increased competitiveness is the willingness of parties to form electoral coalitions. While parties had previously gone it alone, declining margins of victory have forced all major parties to look for allies. In head-to-head races for the governorship, sometimes even a few percentage points gained through an alliance with a minor party constitute the crucial edge over competitors. While in gubernatorial elections held in 1994 no votes were won by parties running as part of a coalition, the overall percentage of votes won by coalitions had increased to 15 percent by 2000 and to 44 percent by 2006.[18]

The governorship is the most coveted political office at the state level. The attraction of gubernatorial office derives from the broad powers governors now wield over state affairs. Their prominent position is facilitated by relatively docile state legislatures. The ban on consecutive re-election hampers the development of law-making expertise and long-term legislative careers. While the federal president has had to navigate the difficult waters of divided government since 1997, executive dominance over legislatures continues to be the default at the state level. Where the federal legislature has become increasingly assertive, the ability of state legislatures to check the powers of the governor has remained limited. Governors, who are also endowed with considerable discretionary powers, generally experience few difficulties in obtaining legislative majorities for their initiatives (Lujambio 1996; Snyder 1999b; Ward et al. 1999; Hernández

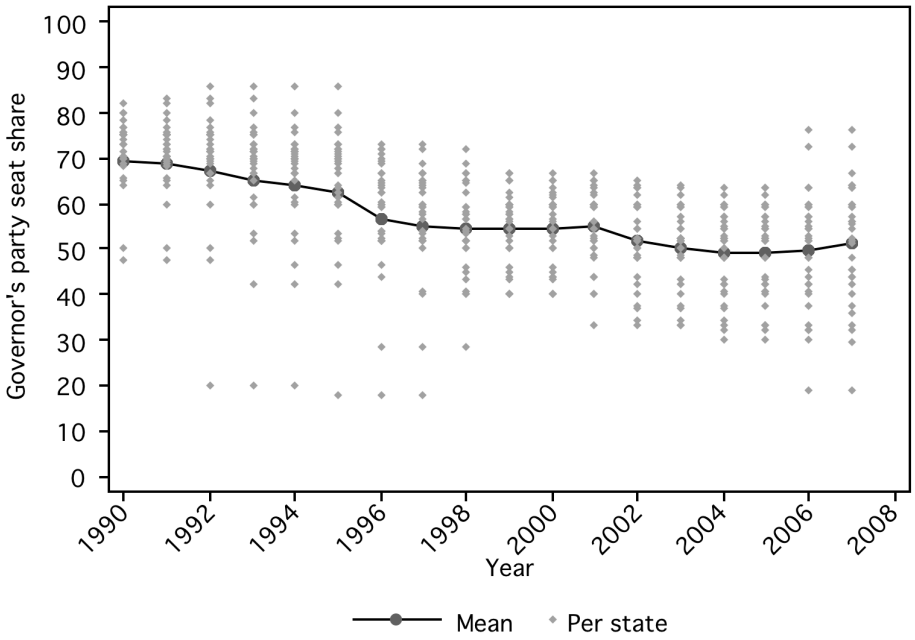
Electoral: Estadísticas Federales y Locales" prepared by the División de Estudios Económicos y Sociopolíticos of the Grupo Financiero Banamex (until 2003), as well as from the database "Composición de Congresos Locales" (until 2007), which is available on the website of the Centro de Investigación para el Desarrollo (www.cidac.org, last accessed April 21, 2009).

[17]Author's calculations on the basis of data provided by CIDAC ("Base de datos de elecciones locales 1980–2008: Elecciones de Gobernadores", available at http://www.cidac.org, last accessed May 10, 2009). In the first gubernatorial elections of the Calderón presidency (Baja California, Michoacán, and Yucatán), the average margin of victory has remained at 11 percent.

[18]The growing popularity of electoral coalitions also emerges from a closer look at six-year averages. During Zedillo's *sexenio* (1994–2000), coalitions obtained an average of 8 percent of the vote in gubernatorial elections. During Fox's tenure as president (2000–2006), the mean percentage had increased to 40 percent (data are also taken from CIDAC's "Base de datos de elecciones locales 1980–2008: Elecciones de Gobernadores", available at http://www.cidac.org, last accessed May 10, 2009).

Rodríguez 2003).[19] Figure 4.2 shows that in 1990 the average governor could count on a comfortable two-thirds majority in the state legislature. While the mean seat share of the governor's coalition has declined since then, it was still above 50 percent in 2007. Governors are generally the unchallenged leaders of state party organizations, and they therefore hold considerable sway over the career prospects of their party's state legislators.

Figure 4.2: Share of Governor's Party in State Legislatures



Note: Data on the composition of state legislatures have been obtained from the database "México Electoral: Estadísticas Federales y Locales" prepared by the División de Estudios Económicos y Sociopolíticos of the Grupo Financiero Banamex (until 2003), as well as the database "Composición de Congresos Locales" (until 2007), which is available on the website of the Centro de Investigación para el Desarrollo (www.cidac.org, last accessed April 21, 2009). Information about governors' party identification was taken from the database "México Electoral" prepared by the División de Estudios Económicos y Sociopolíticos, Banamex.

[19]Even though the institutionalization of state legislatures has lagged behind their federal counterpart, Beer (2001) argues that executive-legislative relations in the states are changing, and that state legislatures in more competitive states are becoming increasingly assertive.

Even though governors are the protagonists of politics in the states, the political circumstances under which they operate differ substantially. A closer look at the dynamics of competition in the states can shed light on the development of state party systems, which is the principal concern of this section. A useful starting point for the analysis is the number of parties in the system, which offers insights into the degree to which power is concentrated or dispersed, and the basic parameters that define the interactions between the players (Sartori 2005[1976]). For most of the post-revolutionary period, Mexican party systems have been characterized by one-party dominance. Hence, the extent to which new players have entered the arena and succeeded in capturing vote shares is a particularly salient question.

Students of Mexican party systems generally draw on Molinar's Number of Parties Index (NP) to examine the numerical party system criterion (Molinar Horcasitas 1991a). This indicator reformulates Laakso and Taagepera's Effective Number of Parties (ENP) to more adequately reflect the competitiveness of the system.[20] The advantage of NP over Laakso and Taagepera's measure is that it treats the winning party differently from the rest. It "weighs the probability that two randomly chosen voters belong to the same minority party by the probability that two randomly chosen voters belong to the same party (winner or not)" (Molinar Horcasitas 1991a: 1385).[21] Hence, because NP treats the winning party differently it is generally lower than the ENP measure.

To gauge the development of state-level party systems, it will be useful to examine legislative rather than gubernatorial elections. As competition for executive office tends to promote two-party – or, more accurately, two-candidate – contests (Duverger 1964[1954]; Cox 1997), legislative elections reflect the number of players in the system more accurately. As outlined above, gubernatorial races have become more competitive and parties are now more inclined to enter into alliances. Unfortunately, in such cases it is not possible to determine the relative contribution of different parties to the overall coalition vote. This means that the number of parties would be seriously underestimated. As alliances are

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[20]The formula to calculate the effective number of parties is defined as

$$ENP = \frac{1}{\sum_{i=1}^{n} P_i^2},$$

where n is the actual number of parties and P_i^2 is the squared proportion of the i^{th} party's share of the total vote (Laakso and Taagepera 1979).

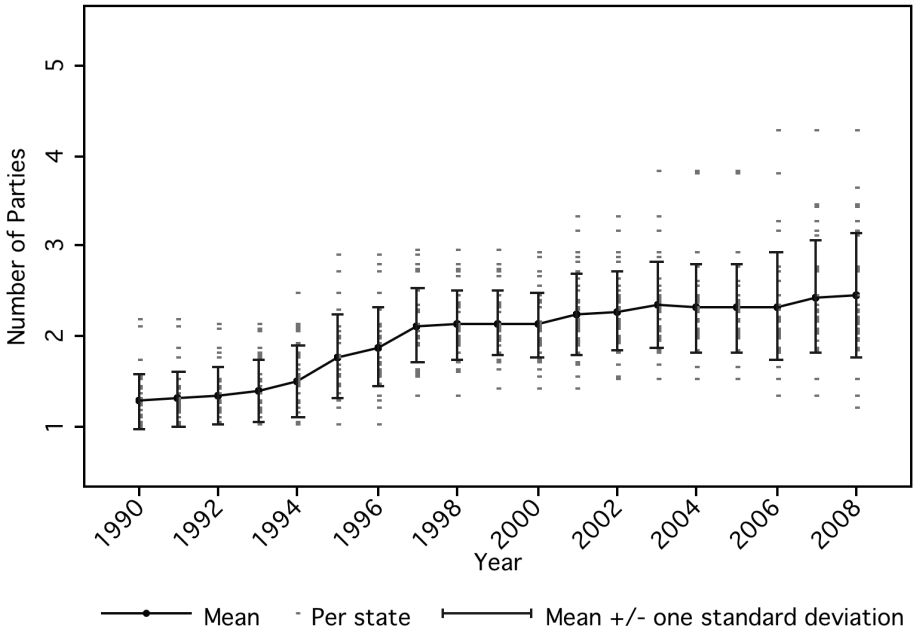
[21]The formula for deriving NP from Laakso and Taagepera's index (ENP) is:

$$NP = 1 + ENP^2 \left(\sum_{i=2}^{n} P_i^2 \right),$$

where the term in parentheses captures the sum of the squared vote proportion of all non-winning parties.

sometimes also formed for legislative elections, especially when these take place concurrently with the gubernatorial election, using legislative elections does not resolve this problem entirely. There remains a risk that the number of parties will be underestimated. Yet examining elections for state legislatures offers a fuller account of the dynamics of local competition. Accordingly, they will be the focus of the analysis of state-level party systems.

Figure 4.3: Number of Parties in State Legislative Elections



Note: The index for the number of parties is defined by Molinar Horcasitas (1991a). Electoral data until 2003 have been obtained from the database "México Electoral: Estadísticas Federales y Locales" prepared by the División de Estudios Económicos y Sociopolíticos of the Grupo Financiero Banamex. For legislative elections from 2003 to 2008 data have been obtained from the respective state-level electoral authorities and, where this information was unavailable, from news media reports as well as the website of the Instituto de Mercadotecnia y Opinión (http://www.imocorp.com.mx/, last accessed May 1, 2009).

Prior to beginning the analysis, let me explain the choice of timeframe. The year 1990 is chosen as starting point in Figure 4.3 as well as in subsequent figures. As the discussion in the previous chapter has outlined, decentralization

proceeded in several steps, and it is therefore not possible to establish a sharp cut-off point between centralized and decentralized governance. Yet it is also clear that the standing of state government was transformed substantially in the 1990s. Significant budget decentralization occurred in the second half of the Salinas presidency (1988–1994). For instance, the number of federal public employees dropped from 2.7 million in 1992 to 1.6 million in 1993. This signifies a decline from 60 to 37 percent of all public-sector employment. The number of state employees doubled in these two years from just under 1 million to 2 million, which constitutes an increase from 21 to 45 percent of all public-sector employment. In 1993 state-level public employment surpassed federal public employment for the first time. The second important change in the relationship between levels of government occurred between 1996 and 1997, when the number of central government employees again declined by 40 percent from 1.4 million to 600,000 (Centro Latinoamericano de Administración para el Desarrollo n.d.). As I argued in the previous chapter, steps toward budget decentralization during the Salinas presidency paved the way for state autonomy, once presidential control over governors had waned. The emphasis of President Zedillo (1994–2000) on state autonomy was particularly significant in this regard. The year 1990, therefore, has been chosen as the starting point, because the time period then encompasses the gradual transition toward more decentralized governance.

Figure 4.3 displays the development of state party system with regard to the numerical criterion. It shows the number of parties in state legislative elections between 1990 and 2008. Figure 4.3 yields two principal findings. Firstly, it shows the increasing pluralism, or alternatively the increasing fragmentation, of state-level party systems. The average number of parties, captured by the NP measure, grows from 1.3 in 1990 to 2.5 in 2008.[22] Recall that the NP is generally lower than Laakso and Taagepera's effective number of parties because of its treatment of the winning party. The overall increase in the number of parties shows that PRI dominance is also waning at the subnational level. Secondly, and more importantly for this investigation, the variance around the mean increases substantially. The range spikes reflecting the standard deviation grow longer throughout the time period. In fact, the standard deviation more than doubles from 0.3 in 1990 to

[22]Elections for state legislatures are generally held once every three years. A party system is considered to be in place until the next election takes place. Hence, the reported annual mean is not limited to states holding elections in that year. For each year the average NP is calculated on the basis of all 32 party systems. The Federal District of Mexico City had long been governed by special constitutional arrangements, which placed it under the control of the federal government. The 1987 constitutional reforms introduced elections for a legislative assembly, which are included here. Citizens in the Federal District were first able to directly elect their chief executive in 1997.

0.7 in 2008. The same development is underlined by the increasingly scattered distribution of states around the mean. While in 1990 the difference between the system with the highest and the lowest number of parties is 1.2, it grows to 3.1 in 2008.[23] Differences between state party systems in terms of the number of parties, therefore, have increased consistently after 1990.

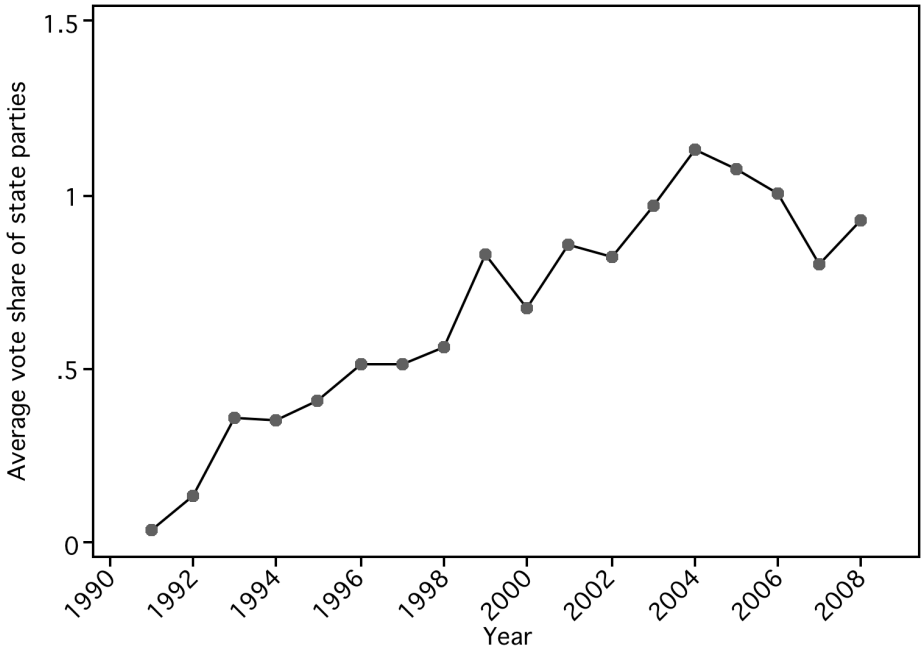
The number of parties in a system constitutes a useful starting point because it provides insight into the basic parameters of competition between the players. Yet it is incomplete, as two systems with an identical NP score can be characterized by very different patterns of competition. Sartori's second dimension, therefore, is the ideological distance between parties. In Mexico contestation on the ideological dimension has traditionally played a minor role. Through its broad appeal, the PRI absorbed different ideological currents, so that pro vs. anti regime became the primary line of conflict (Domínguez & McCann 1996; Magaloni 1999). In this light, we can see why the opposition parties PAN and PRD occasionally formed electoral alliances in subnational elections to improve their chances against the PRI. While still important, the salience of the regime cleavage has faded since 2000 (Klesner 2005). Instead, the 2006 presidential election brought the conservative PAN and the leftist PRD into sharp conflict, with the PRI currently enjoying a comfortable middle position. Competition on the basis of differential ideological appeals, however, is a relatively recent phenomenon in Mexican politics (Wilson 2008: 169). Rather than attempting to classify party systems with regard to the degree of polarization, the following paragraphs explore in more depth who the competing parties are. Identifying the contenders will help us to develop a fuller understanding of the dynamics in the different systems than the number of parties alone can offer.

The first question is: what type of party competes? Previous studies have associated decentralization with the formation of regional parties (Weaver 2004; Brancati 2008). Inter-regional differences in cleavage structures, coupled with the opportunities provided by subnational electoral arenas, so the argument goes, encourage the formation of such parties. The previous chapter has briefly outlined the diffuse origins of the hegemonic party. In the period immediately following the revolution, "thousands of regional political parties . . . competed for local and national office" (Díaz-Cayeros 2006: 74). Has the relaxation of centralized control led to a relapse to such dynamics? Can regional parties account for the differences in the number of parties between states? This is the question taken up in Figure 4.4. Subnational parties are defined here as all parties competing only

[23]Calculations based on Laakso and Taagepera's ENP yield the same substantive results, both in terms of the increased number of parties as well as with regard to the higher variance.

in one state, such as the *Partido Yucateco* or the *Partido Unidad Democrática de Coahuila*.[24]

Figure 4.4: Average Vote Share of Subnational Parties in State Legislative Elections



Note: For information about data and sources see Figure 4.3.

The graph demonstrates that the average vote share of regional parties has increased considerably since the opening up of state electoral arenas. Yet overall the share of the vote won by such parties has remained limited. Even at its peak, the aggregate share of votes going to regional parties is only slightly larger than 1 percent. Of course, this masks some inter-state variation. The *Partido Unidad Democrática de Coahuila* (UDC), for instance, achieved a respectable 6.6 percent of the vote in the 2005 election and 6.8 percent in 2008. It is currently represented in the state legislature by three deputies. Moreover, the graph considers only

[24]This is consistent with the notion of regional parties employed by Brancati (2008) as well as Lago and Montero (2009). Note that this conceptualization does not consider whether the party advances a regionalist ideology.

regional parties that ran alone. This might underestimate the actual influence of such parties, as some of them have fielded candidates together with national parties. The *Partido Alianza por Yucatán* (PAY) is a case in point. After running on its own in 2001 and obtaining slightly more than 2 percent of the vote, the PAY formed an electoral alliance with the PRI in the 2004 and 2007 legislative elections. As elections become more competitive and margins between winning and losing parties shrink, state parties might become valued allies. They can help the major national parties capture valuable percentage points that can give them the edge over competitors. Nevertheless, the emergence of regional parties is clearly not the factor driving the divergence of state-level party systems. Table 4.1, therefore, provides a breakdown of the different patterns of party competition in Mexican states by identifying the main contenders.

The table classifies party systems by using two dimensions: the number of parties and the identity of the main competitors. The first column distinguishes five types of party systems by their scores on the NP index, drawing on categories developed by Guadalupe Pacheco Méndez (1997).[25] The original coding scheme consisted of four categories. The first category refers to patterns of party competition where one party is dominant (NP < 1.5). Instances of pure bipartism are characterized by two-party competition (1.5 ≤ NP < 2), while under plural bipartism these two parties are joined by a weaker third party (2 ≤ NP < 2.5). The residual category of the original coding scheme is tripartite competition (NP ≥ 2.5). In Pacheco Méndez' analysis of municipal-level vote patterns in the early 1990s, this is the least populated category. Yet, as shown above, in the last decade the pluralism of Mexican party systems has increased. Lumping together all party systems with more than 2.5 parties would therefore be undesirable. To provide a more useful account of the increased pluralism of Mexican party systems, I have added another category. The breakdown in Table 4.1 distinguishes between tripartite competition (2.5 ≤ NP < 3) and multipartism (NP ≥ 3).

The second column of the table captures different configurations of party actors. For hegemonic party systems, it identifies the majority party. For the bipartisan categories, it differentiates between different constellations of the two largest parties, and in cases of tripartite competition different constellations of the three largest parties. Coalitions between one of the three major national parties (PRI, PAN, and PRD) and minor parties are considered as instances of competition involving the major party. This might hide some variation, as the identities and relative strengths of minority parties can differ substantially from

[25] The same coding scheme is used by Klesner (2005) in his analysis of voting patterns in federal elections.

Table 4.1: The Diversification of State Party Systems

		1991–1993	1994–1996	1997–1999	2000–2002	2003–2005	2006–2008
Hegemonic		**23**	**3**	**1**			**2**
(1.0 ≤ NP < 1.5)	PRI	23	3	1[c]			1
	PAN						1
	PRD						
Pure Bipartisan		**7**	**18**	**11**	**11**	**7**	**6**
(1.5 ≤ NP < 2.0)	PRI - PAN	6	14	5[c]	10	4[c]	3
	PRI - PRD	1	4	6	1	3[c]	2
	PRD - PAN						1
Plural Bipartisan		**3**	**6**	**14**	**12**	**18**	**10**
(2.0 ≤ NP < 2.5)	PRI - PAN	3	6	6	9	11[c]	8
	PRI - PRD			5	3	7[c]	1
	PRD - PAN						1
Tripartite			**3**	**6**	**7**	**5**	**4**
(2.5 ≤ NP < 3.0)	PRI - PAN - PRD		3	6	7	3	4
	PRI - PAN - Other					1	
	PRI - PRD - Other					1	
	PRD - PAN - Other						
Multiparty					**2**	**2**	**10**
(NP ≥ 3.0)	PRI - PAN - PRD				2	2	9
	PRI - PAN - Other						1
	PRI - PRD - Other						
	PRD - PAN - Other						
Total		**33**[a]	**30**[b]	**32**	**32**	**32**	**32**
Diversity of Coalitional Configurations		**2**	**3**	**5**	**11**	**19**	**14**

Note: (a) Coahuila held elections in 1991 as well as in 1993. (b) No elections were held in the Estado de México and San Luis Potosí between 1994 and 1996. (c) The PRD and the PAN formed electoral alliances in Coahuila (1999), Nayarit (1999), Sonora (2003), Chihuahua (2004), Oaxaca (2004), and Chiapas (2004). In these cases the pattern of party competition is determined on the basis of the major party in the alliance. This was the PAN in Chihuahua and Sonora, and the PRD in Oaxaca, Nayarit, and Chiapas. Coahuila was characterized by hegemonic competition.

Chiapas (2004). In these cases the pattern of party competition is determined on the basis of the major party in the alliance. This was the PAN in Chihuahua and Sonora, and the PRD in Oaxaca, Nayarit, and Chiapas. Coahuila was characterized by hegemonic competition.

one state to the next. To at least partially address this shortcoming, the table therefore also indicates the diversity of coalitional configurations, i.e. the number of distinct coalitions winning votes. State-level party systems are grouped into the different categories for three-year periods, the standard term for local deputies.

The table again highlights the increased electoral pluralism of state party systems. While in the initial period (1991–1993) two-thirds of the state party systems are characterized by hegemonic competition, they make up only 6 percent of all party systems by 2008. The table also qualifies the emerging conventional wisdom that "Mexico is less a three-party system than a pair of two-party systems" (Klesner 2005: 109). While two-candidate competition characterizes elections for governorships and certainly also appeared to be the default pattern of state legislative competition until the late 1990s, there is a clear trend toward tripartite or multi-party competition in recent years.

The key finding of the table, however, is the increased diversification of party systems both in the number of parties as well as in the constellation of actors. The amount of populated cells, each of which reflects a distinct party system configuration, increases from one electoral period to the next. In the last period, party system dynamics differ widely between the different federal entities. It is remarkable, for instance, that hegemonic party dominance is no longer the prerogative of the PRI. During the 2006 election, the party system of Guanajuato was characterized by PAN hegemony as the party soundly defeated all competitors with a comfortable margin of 35 percent over the runner-up.[26] This highlights that political pluralism is not a one-way street. Coahuila, where the PRI garnered a proud 63 percent of the vote in the 2008 election, also highlights this point. Yet, in contrast to its remarkable recovery in Coahuila, in other states the PRI is crumbling to the point that both the PAN and the PRD have surpassed it. In Baja California Sur (2008) and the Federal District (2006), the PRI only came in third.

Another indication of the increasing diversification of state-level party systems is the growth in the number of coalitions. As outlined above, the fact that coalitions between a major nationwide party and smaller parties are grouped under the label of the major party masks some inter-state variation. Even though the table shows a growing diversity of state party system configurations, this picture is, therefore, incomplete. Let me illustrate this with an example. In the

[26]Sadly, events surrounding this electoral process echoed memories of PRI hegemony, as in the aftermath of the election opposition parties in Guanajuato alleged electoral fraud and unfair competition on the part of the PAN ("Reciben alcaldes y diputados electos en Guanajuato constancias de mayoría", *La Jornada*, July 8, 2006).

period between 2006 and 2008, eight state party systems were characterized by plural bipartism, with the PRI and the PAN as the largest parties. The PRI ran alone in one of these states, in two states in coalition with the *Partido Nueva Alianza* (PANAL), and in three others with the *Partido Verde Ecologista de México* (PVEM). In the remaining two states the PRI–PVEM alliance was joined by state parties, the *Partido Estatal Baja California* and the *Partido Alianza por Yucatán* (PAY), respectively.[27] The PAN, on the other hand, ran alone in seven states and formed an electoral alliance with PANAL and the state party *Partido Encuentro Social* (PES) in one. Within these eight party systems, then, there are six different configurations of the top two contenders. The alliances between the PRI and the PANAL are remarkable, as the latter is the result of a PRI rupture. The PANAL was created by the powerful teacher's union, *Sindicato Nacional de Trabajadores de Educación*, which had previously been one of the PRI's most loyal and largest sector organizations.

The bottom row of the table indicates the diversity of coalitional configurations during each period. There is an unmistakable upward trend in the variety of coalitions.[28] As in gubernatorial races, coalitions have become increasingly common in state legislative elections. This suggests that a substantial reshuffling of political forces is taking place at the state level. Neither the ascent of opposition forces nor the decline of the PRI are territorially homogenous processes.

Differences in state party systems, therefore, appear to be driven by the unequal electoral performance of national political parties. What accounts for this regionalized distribution of party support? The theoretical discussion has drawn attention to the geographically distinct lines of conflict and cleavage structures. This line of argument suggests that the socioeconomic make-up of a state has an effect on the kind of party system that will develop there, as different national

[27]The PRI ran alone in Jalisco, in coalition with the PANAL in Chihuahua and Sonora, together with the PVEM in Colima, Nuevo Leon, and Puebla, and with the PVEM and state parties in Baja California Sur and Yucatán.

[28]The only exception to the upward trend is the decline in the number of coalitions from 19 (2003–2005) to 14 (2006–2008). This result should be seen in light of the polarizing experience of the 2006 presidential election. Prior to 2006 the PAN had sometimes formed state-level alliances with the PT and Convergencia, two smaller leftist parties participating in AMLO's "Coalición Por el Bien de Todos" (together with the PRD). After the contentious presidential election, hostility between leftist parties and the PAN ran high, and formal electoral alliances were therefore out of the question. In all major national parties, electoral alliances at the state level have to be sanctioned by the central party, and such approval was unlikely after 2006. In the federal legislature the PAN turned to the PRI in its search for support for its policy agenda. In this light, it becomes understandable why the PAN supported PRI candidates in the gubernatorial elections of Chiapas and Tabasco, two states where its own roots were relatively weak (Klesner 2007a).

parties cater to different constituencies. The mechanism driving divergence would, therefore, be the varying ability of national political parties to compete in different contexts and to take advantage of local conditions.

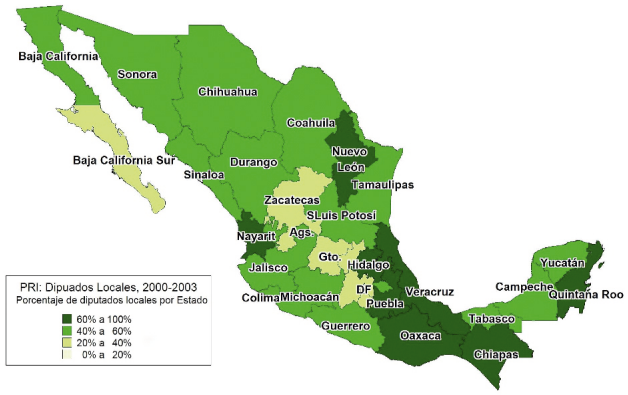
Let us first look at the socioeconomic make-up of states and link this to the different constituencies of the parties, beginning with the PRI. Previous analyses have drawn attention to the importance of demographic and socioeconomic changes as explanations for waning PRI votes (Pacheco Méndez 1997; Magaloni 1999; Gómez Tagle & Valdés 2000). The PRI appears to be particularly vulnerable in urban areas, while marginalized and rural environments are more conducive to continued PRI control. The extent of socioeconomic modernization, which has proceeded at different speeds throughout the country, can therefore help account for the heterogeneous erosion of PRI support.

While electoral support for the PRI has declined at different speeds throughout the country, the growth of its main opponents has also varied geographically. Support for the PRD and the PAN can be tied to differences in the socioeconomic and demographic characteristics: "The PAN became the PRI's main competitor in the north and the center-west because of the PAN's pro-market ideology (attractive to northerners) and its embrace of Catholic social philosophy (appealing to the Catholic Bajío). The PRD became the PRI's opponent in the south because of its greater emphasis on distributive justice and its economic nationalism, important in a region with endemic poverty and inequality and especially threatened by the forces of globalization" (Klesner 2005: 128–129).[29] At the individual level, a typical PRI supporter is economically marginalized, lives in a rural area, and is lowly educated. The average PAN supporter is an urban, educated member of the middle class, while the PRD finds voters primarily in non-industrialized areas (Gómez Tagle 2000; Valdés 2000; Mizrahi 2003).

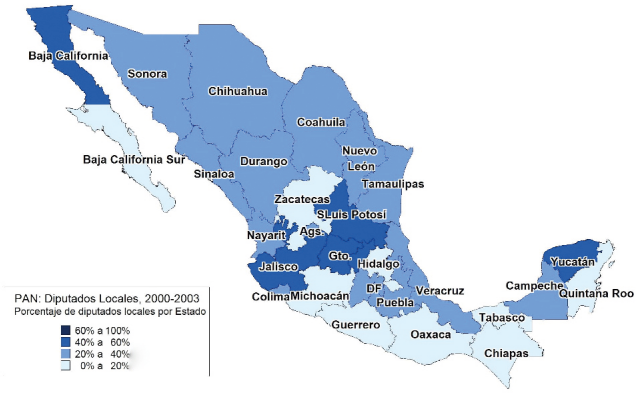
The regionalized distribution of party support in state elections emerges from Figure 4.5. The maps display vote patterns in state legislative elections for the 2000–2003 period. They clearly show the PAN's strong performance in the northern, relatively affluent states, and the PRD's presence in the poorer south. Yet, while structural factors such as urbanization, literacy, and the poverty rate provide considerable leverage for understanding party support, they constitute only part of the puzzle. In the maps certain states appear to disrupt the broader pattern. Baja California Sur and Zacatecas, for instance, are PRD dominated states surrounded by PAN strongholds. The same states deviate from the north–south pattern in Figure 4.1, which suggests that there is more going on than just

[29]The Bajío region is located to the north of Mexico City in the center of the country.

Figure 4.5: Distribution of Party Support in State Legislative Elections, 2000–2003



a) Geographic Distribution of PRI Support



b) Geographic Distribution of PAN Support

c) Geographic Distribution of PRD Support

Note: Maps were created with software available on the CD-Rom "México Electoral: Estadísticas Federales y Locales". The database was prepared by the División de Estudios Económicos y Sociopolíticos of the Grupo Financiero Banamex.

short-term fluctuation during one electoral cycle. A closer look at party system development in these states seems warranted.

For most of the 1990s voting patterns in Baja California Sur and Zacatecas were in line with the overall pattern of relatively weak PRD support north of Mexico City. In the 1996 state legislative elections of Baja California Sur the PRD had managed to win only 4 percent of the vote. The party barely obtained one seat in the state legislature and was outperformed not only by the PRI (50.4 percent) and the PAN (36.9 percent), but also by the Worker's Party (*Partido del Trabajo*, PT), which obtained 6.7 percent. The PRD's electoral fortunes in Zacatecas were equally bleak and its support oscillated around 12 percent. In 1995 the PRD ran jointly with several minor parties, but nonetheless finished a distant third.[30]

The reversal of PRD fortunes in these two states must be seen in light of the opportunities created for ambitious politicians by the opening-up of subnational electoral arenas. In both states the PRD benefited from defecting *priístas*, a phenomenon often referred to as "*transfuguismo*" in Mexico. Loyalty to the ruling party had previously been fortified by the lack of alternatives for ambitious politicians. Even those passed over for the PRI's nomination were convinced that they would be better off within the party than outside it. This calculus changed, however, as subnational electoral arenas were released from the grip of centralized control. When the outcome of subnational elections was no longer determined by the decisions of the president, those passed over for the PRI's nomination were increasingly willing to offer their political resources to the highest bidder. Especially politicians with strong roots in state politics were able to abandon the PRI and compete for the state house under a different partisan banner. PRI defectors won governorships in Zacatecas (1998), Tlaxcala (1999, 2005), Nayarit (1999), Baja California Sur (1999), and Chiapas (2000), and thus brought opposition victories even to states that had only limited experience with independent activity and political organization outside the PRI (Langston 2006a: 71).[31] In particular, the PRD, itself the result of a rupture from the PRI, welcomed such defectors.[32]

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[30]The 1995 legislative elections in Zacatecas were won by the PRI (47 percent), followed by the PAN (30 percent) and the PRD (11 percent).

[31]The last two Tlaxcala governors were ex-priístas. Alfonso Sánchez Anaya (1999–2005) ran under the PRD banner after he was passed over for the PRI nomination. His successor in the state house, Héctor Ortiz Ortiz (2005–2011), joined the PAN when he did not obtain the PRI nomination.

[32]The PAN, which placed a high premium on its independence from the ruling party and has traditionally maintained stringent membership criteria, was less open for ex-*priístas*. Nevertheless,

Depicting these party converts as pure opportunists willing to do anything to obtain power might be somewhat unfair. The PRI had been home to a number of different ideological currents, and, as illustrated by the defection of Cárdenas, some groups within the PRI were deeply unhappy about the party's neoliberal economic course. Defections were especially successful where there had previously been a strong leftist current within the PRI (Valdés 2000). Yet the rupture of the Democratic Current and the emergence of the PRD had also shown state politicians that challenging the PRI would no longer provoke the harsh sanctions incurred upon previous dissenters. The "sticks" that had previously kept disgruntled *priístas* within the party were, therefore, no longer as threatening.

The defection of prominent party leaders to run for the state house were particularly dramatic and visible. Yet similar dynamics occurred at lower levels, where opposition parties courted influential *priístas*, for instance, by promising them legislative seats. An episode recounted by Grayson in his biography of Andrés Manuel López Obrador (AMLO) illustrates how political networks became valuable personal assets for subnational politicians. In his efforts to build the PRD organization in Tabasco, a state that had yet to experience party alternation in the state house, AMLO sought to recruit a popular local radio host for his endeavor: "When challenged by a PRD stalwart about recruiting a dyed-in-the-wool PRI member as a candidate, López Obrador replied . . . 'Ingratiating ourselves with the Jesús Sibilla clan will ensure us access to *Telerreportaje*, through which we can reach tens of thousands of people – many more than in our rallies'" (Grayson 2007: 78–79). The candidacy of the national political heavyweight Porfirio Muñoz Ledo, a former PRI party president and prominent member of the Democratic Current, for the governorship of Guanajuato in 1991 also contributed substantially to the expansion of the PRD base there (Grayson 2007: 109). In addition to structural explanations for opposition support, the contingencies of individual politicians' ambition thus also played a crucial, and less predictable, role in the development of opposition parties.

It is important to see these defections against the background of Mexican electoral law. The legacy of the PRI regime is an electoral code that imposes steep hurdles for new parties and independent candidates at the federal as well as at the state levels. The PRI imposed these measures to ensure that career ambitions were

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it also accepted defectors, such as Héctor Ortiz Ortiz, who currently serves as first PAN governor of Tlaxcala, and Demetrio Sodi, who competed for the chief executive post of the Federal District. Sodi, who began his political career in the PRI, had been elected senator for the PRD prior to obtaining the candidacy under a PAN banner. See the following chapter for a discussion of PAN's organizational development.

structured around the PRI. As the PRI no longer controls electoral authorities, however, it cannot deny victory to opposition candidates. This means that disgruntled partisans are essentially free to cast their lot in with other parties. In general, however, they cannot run on their own as independent candidates, because of the barriers imposed by state and federal electoral laws. Hence, they have to use the label of a registered political party. In Baja California Sur and Zacatecas, the PRD label was available but the organizational structure behind it was extremely feeble. PRI defectors thus captured the party label, and brought their own political networks to fill it with organizational life. We can already begin to sense how this affected the nature of parties, a topic that will be explored in detail in the next chapter.

While the PRD in Guanajuato and Tabasco still awaits its electoral breakthrough, the ascent of ex-*priístas* to the governorships of Baja California Sur and Zacatecas transformed the party systems in these states permanently. Prior to the election of Leonel Cota Montaño (Baja California Sur, 1999–2005) and Ricardo Monreal Ávila (Zacatecas, 1998–2004), the PRD had been weak in these states, in both organization and electoral performance. Their governorships dramatically reversed the PRD's fortunes. Ricardo Monreal was succeeded as governor by Amalia García Medina, a lifelong left-wing activist and founding member of the PRD. Leonel Cota also turned the state house over to another *perredista*. In both states, the PRD has emerged as majority party in all state elections following the initial election of a PRD governor. Why did these defections have such a lasting impact on state party systems?

Firstly, defectors were able to run successful campaigns because they took with them substantial organizational networks. Control of these networks was what prompted the opposition to court disgruntled *priístas* in the first place. The transfer of these organizational structures strengthened the opposition, while simultaneously weakening the PRI. The militants who joined the PRD were no longer part of the organizational network of the PRI. Hence, even where opposition parties had previously been weak, they now stood a much better chance in subsequent elections.

Secondly, in addition to the organizational jump-start the defection of PRI sectors provided, incoming governors invested in organizations that would support them (Wuhs 2008). The considerable resources available to governors meant that they were particularly well placed to engage in organization-building. To appreciate the significance of governors, it is useful to recount some key features of the context within which party competition takes place.

During decades of PRI rule, electoral campaigns and voting day were a chance for citizens to interact with the regime, rather than to express political preferences.

Turning out to vote provided citizens with an opportunity to request legal advice or assistance with the completion of government forms, in addition to receiving goodies ranging from free t-shirts to construction materials. Under the label "Operation Tamale", for instance, the PRI treated voters to a free breakfast before ushering them to the voting booth (Grayson 2007: Ch. 7). While voting may now be a more sobering experience, many remnants of this system still survive, especially in rural areas. A well-oiled get-out-the-vote apparatus, therefore, continues to be a key ingredient for electoral success.

The PRI-controlled federal government used specifically targeted social programs well into the 1990s to shore up its electoral support. The National Solidarity Program (PRONASOL) created by President Salinas is a case in point. In addition to being particularly successful, the program was significant because it shifted the locus of clientelist exchanges from corporatist organizations to a territorial base. An anecdote relayed by Kathleen Bruhn describes an exchange between two Mexicans: "One complained that the PRI was simply buying the vote with PRONASOL. To which the other responded, 'Well, finally the vote is *worth* something!'" (Bruhn 1997: 266). PRONASOL targeted local communities, but without involving governors in the allocation of resources. Once Salinas' successor vowed to show greater respect for state autonomy, however, the partisan distribution of resources was a model quickly taken over by governors. PRONASOL had demonstrated that successful partisan programs could be implemented with a territorial focus, rather than going through the crumbling corporatist institutions. What was to stop governors, who were strengthened financially during Zedillo's tenure, from doing the same?

"Bartlett's Law" illustrates how governors have put decentralized financial resources to political use. During his tenure as governor of Puebla (1993–1999) Manuel Bartlett orchestrated a state law altering the distribution criteria for federal revenue-sharing funds in his state. While previously guidelines for the intra-state distribution of resources had been set by the federal government, this authority had now passed to state authorities. Under the thinly veiled pretext of poverty alleviation, the law diverted resources from PAN-controlled municipalities to traditional PRI strongholds. Even though the measure drew heavy criticism from the PAN, as well as from the Ministry of Finance, critics ultimately had to concede that such initiatives were within the realm of state autonomy (Cornelius 1999: 8–9). Bartlett succeeded in undermining electoral support for the PAN, which subsequently lost electoral ground in Puebla in state elections (Valdiviezo S. 2000).[33] Other governors quickly copied the initiative, which was an attractive

[33]In doing this, Bartlett also availed himself of the time-tested PRI tool of electoral reform. The electoral law of Puebla continues to facilitate artificial legislative majorities, akin to the federal "governability clause" (López Rubí Calderón 2007).

method of shoring up electoral support and had set a powerful precedent, telling the federal government to stay out state budgetary matters.

Decentralization reforms during the 1990s had been undertaken under the impact of economic crises, and the central government had pursued reforms to "offload" a number of policy responsibilities to the states. This had strengthened the role of state governments in the provision of public services. The political significance of social benefits was not lost on non-PRI chief executives. The social programs created by Andrés Manuel López Obrador (AMLO) as mayor of Mexico City are a case in point. AMLO established a variety of initiatives to aid vulnerable groups, such as senior citizens, single mothers, and the disabled. Even though the city government insisted that the benefits from these programs were granted according to objective criteria, the programs clearly had a partisan flavor. For one thing, they were interwoven with initiatives to promote citizen participation in a way that created a direct link between AMLO and the program beneficiaries (Harbers 2007). Many of the programs determined eligibility on the basis of residence in poor or marginalized neighborhoods, which also happened to be PRD bastions (Gómez Tagle 2000). Moreover, especially with regard to the subsidized housing program, demand and need far outstripped available government funds. To obtain a favorable review of one's application, affiliation with a pro-AMLO organization was, therefore, a key asset (Grayson 2007: 180). Doling out social benefits solidified the position of the PRD in the Federal District, as more and more organizations were drawn into its orbit.[34] As a result, in the run-up to the 2006 election, Demetrio Sodi, the PAN candidate for the chief executive in the Federal District, accused the PRD-controlled city government of orchestrating an *elección de estado* against him.[35]

The term *elección de estado* refers to electoral campaigns where opposition candidates are not only confronted with the campaign resources of their respective opponents, but where the personnel, resources, and social programs of the government are used to shore up support for the incumbent party's candidate.

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[34]There is a fine, sometimes blurred line between the use of public monies for the creation of personalized political networks and for personal enrichment. That the two have traditionally often overlapped is illustrated by the famous aphorisms attributed to two longtime *priístas*, who declared that "A politician who is poor is a poor politician" (Carlos Hank González) and "Politics is the easiest and most profitable profession in Mexico" (Jesús Silva Herzog). While Andrés Manuel López Obrador has championed the development of populist social programs, he has also eschewed personal enrichment and made a statement by living modestly. As PRD president, he also reminded newly elected subnational PRD officials to lead by example and to be satisfied with "one car, one home, and one wife" (quoted in Grayson 2007: 117).

[35]Demetrio Sodi de la Tijera, "Elección de Estado", *El Universal*, June 2, 2006.

This kind of campaigning had been the norm during the heyday of one-party rule and was an important ingredient in the recipe for PRI success. One of the key demands of opposition parties during the democratization process, therefore, was to prohibit state involvement in order to level the playing field. Since 1994 the use of government funds for partisan purposes has been officially banned by federal legislation.

Nevertheless, there is often a fine line between government and partisan support, and in practice governors play an important role in influencing electoral campaigns. For instance, "state executives can provide money and human resources that they siphon from state government offices . . . They can obligate unions in the state's districts to aid in the campaigns, and can help in media appeals . . . governors can tour the state and make speeches supporting the candidate, and hold private meetings with local leaders asking them to back the PRI candidate" (Langston 2005: 14). The most important check on government interference in campaigns at the federal level, therefore, has been political pluralism. Engaging in an all-out political campaign for a political candidate would be difficult for the federal government, because its social programs are generally run with state involvement. Moreover, the president has to negotiate the budget with the legislative branch. Both the allocation of resources and the implementation of social programs, therefore, require the support of institutions at least partially controlled by opposition parties. At the state level, however, political pluralism is more limited, and checks on executive power are weaker. Governors therefore play a crucial role in political campaigns, particularly because they are able to access the resources of the state. Efforts to ban advertisements for tax-funded projects and programs in the days prior to an election have, so far, done relatively little to curb governors' influence. Given the reality of executive dominance, governors control their budgets and have considerable room to use material incentives to solicit electoral support.

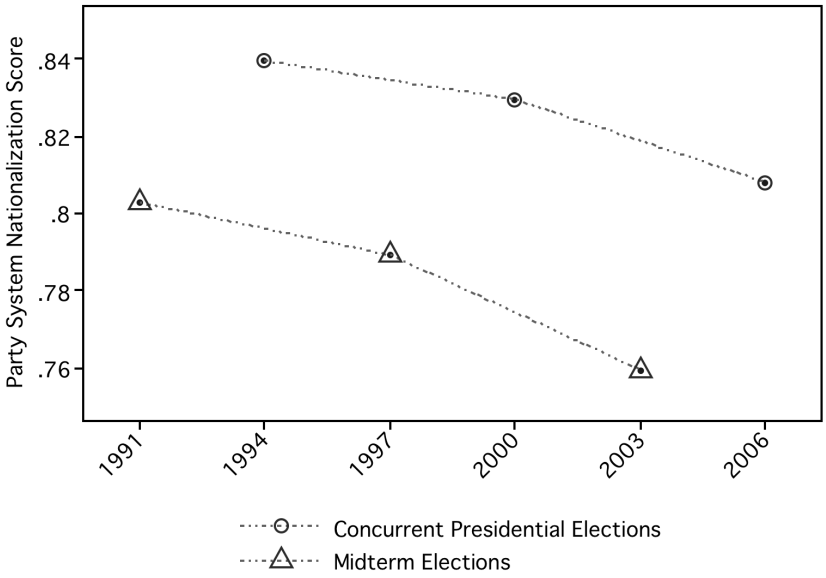
In summary, two principal pathways underlie the diversification of state party systems in Mexico: the socioeconomic make-up of a state, and the contingencies of candidate-centered politics. The relative size of parties' core constituencies in a state affected the electoral prospects of the parties. Yet, in addition to such structural variables, opportunity structures also played a role. Previous studies have linked the institutional incentives of decentralization to the formation of regional parties. In Mexico, the impact of these parties has been limited. Yet institutional incentives clearly mattered. Executive dominance at the state level has fostered candidate-centered campaigns. This has dramatically altered the calculus of ambitious politicians. While previously roots in the state had often not been particularly valuable for advancement within the PRI, politicians now discovered

that state-level political networks were "personal assets" that they could take to another party. Once defectors had moved into the state house, limited checks on the governor's power enabled them to put decentralized financial resources to political use. Targeted social programs provided considerable opportunities to build up support bases and expand political networks. The effect this has had on state-level party systems was profound.

Spillover: The Regionalization of Federal Elections

Prior to decentralization, state-level party system dynamics were firmly locked in to the logic of centralized political competition. Yet in the course of the 1990s "a clear differentiation between federal and local elections emerged" (Díaz-Cayeros 2004: 220). While previously subnational elections had tended to follow federal trends, viewing state elections through the lens of federal politics became increasingly inadequate. State-specific events, such as high-level defections from the PRI and the appeal of particular candidates, became crucial for understanding the dynamics of party competition. The previous section has demonstrated the increasing diversification of state party systems. The topic of this section is whether this divergence has affected voting patterns in federal elections.

Figure 4.6: Party System Regionalization, 1991–2006



If state-level dynamics matter for federal elections, this would be empirically reflected in increasingly regionalized voting patterns and, thus, a decline in party system nationalization. Figure 4.6 plots the development of party system nationalization scores, as defined by Jones and Mainwaring (2003), from 1991 until the most recent federal election in 2006. Higher scores reflect higher levels of nationalization.[36] For one thing, the graph highlights the difference between legislative elections held concurrently with presidential contests and midterm elections. Voting patterns for midterm elections are less nationalized than when elections for the Chamber of Deputies are held concurrently with elections for the chief executive. Yet within both categories there is a steady downward trend. By looking at just one country, however, it is difficult to gauge the significance of this decline in nationalization. The issue will therefore be revisited in Chapter Six, which puts Mexico in comparative perspective. For the moment, the important point is that voting patterns became increasingly regionalized during the time period under consideration.

The finding is consistent with previous analyses of voting patterns in elections for federal deputies. Klesner, for instance, identifies regional effects "beyond what would be expected given the already considerable differences of the regions on that standard measures of socioeconomic modernization and religion" (Klesner 2005: 116).[37] Lawson (2007: 46) also finds regional variables to be an important predictor for the voting choice of Mexicans. While these studies point to the importance of geographic factors, the following paragraphs will explore whether and why state-level factors matter. Let me start with the first question.

If state-level factors matter for federal elections can be investigated on the basis of a simple regression model. Statistical techniques are particularly well suited to investigate causal effects, and whether a systematic link exists between two variables. In this case the issue is whether state-level party systems affect voting patterns in federal elections. If they do, we should be able to predict state-level vote shares in federal elections ($Vote\ share\ (fed)_t$) on the basis of preceding state-level electoral results ($Vote\ share\ (state)_{t-1}$), even when controlling for previous federal elections ($Vote\ share\ (fed)_{t-1}$). Thus, the results of preceding state elections should give us a better idea of how well a party will do in the federal elections than would its previous federal electoral result in the state.

[36]The score is based on an inverted Gini coefficient. See Chapter Six for a detailed discussion of this indicator.

[37]Klesner groups states into five regions (North, Center-West, Mexico City area, Center, and South).

Before setting up the analysis, it is important to remember that elections at the state level are staggered. This means that some are held in close temporal proximity to the next federal election. State-level results might thus capture broader national trends and political moods, which could bias results. We might find that state-level results are a better predictor of federal vote shares simply because of the smaller time difference. It is therefore necessary to control for the varying periods of time between elections. A variable has been created that captures the number of months between state and federal elections (*Months*). For example, state elections in Aguascalientes were held in August 2004. The variable takes a value of 23, which corresponds to the 23 months until the next federal election in July 2006. In the model, an interaction term is included to capture the degree to which the effect of state elections is conditional upon the number of months between state and federal elections.[38] The resulting interaction model can be summarized as:

$$\begin{aligned} \textit{Vote share (fed)}_t = {} & \beta_0 + \beta_1 \textit{ Vote share (state)}_{t-1} + \beta_2 \textit{ Months} + \\ & \beta_3 \textit{ Vote share(state)}_{t-1} \textit{ x Months} + \\ & \beta_4 \textit{ Vote share(fed)}_{t-1} + \varepsilon \end{aligned}$$

The units of observation are state-level election results of the PRI, the PAN, and the PRD. All alliances involving one of the three major parties in state or federal elections are counted as votes for the major party. Due to the variety of coalitions, this might introduce some noise into the data. Electoral alliances can and do change between elections, both at the state and at the federal level. Unfortunately, it is not possible to disentangle party-specific votes from the overall coalition result. As the PRI, PAN, and PRD are generally the major party in coalitions, however, it seems justifiable to expect them to be responsible for the majority of the vote. The six electoral alliances between the PAN and the PRD in state legislative elections were excluded from the analysis. State elections have been grouped into electoral periods. The first period starts with the federal election of 1991 and ends right before the federal election of 1994. All other state elections have been coded following the same logic.

[38]No direct relationship between the modifying variable *Months* and the dependent variable is expected. Nevertheless, it is included because the omission of constitutive terms in an interaction can lead to biased estimates. Note that one drawback of including all constitutive terms is an increase in multicollinearity, which may inflate standard errors of the interaction and reduce the likelihood of finding significant results. Nevertheless, "the danger of inferential errors from omitting constitutive terms outweighs any possible benefits" (Brambor et al. 2006: 70).

Table 4.2: Regression on Party Vote Shares in Federal Legislative Elections

	Model 1 **1994**	Model 2 **1997**	Model 3 **2000**	Model 4 **2003**	Model 5 **2006**
Vote share (state)$_{t-1}$	0.15 (0.14)	0.49** (0.21)	0.55*** (0.2)	0.85*** (0.14)	0.19 (0.18)
Months	0.06 (0.11)	0.22 (0.18)	–0.23 (0.26)	0.21** (0.11)	–0.47** (0.19)
Vote share (state)$_{t-1}$ × *Months*	–0.00 (0.00)	–0.01 (0.01)	0.01 (0.01)	–0.01* (0.00)	0.02** (0.01)
Vote share (fed)$_{t-1}$	0.54*** (0.11)	0.37*** (0.13)	0.03 (0.12)	0.32*** (0.10)	–0.04 (0.12)
Constant	10.5*** (2.45)	4.04 (3.71)	13.40** (5.73)	–6.68*** (2.34)	25.40*** (4.98)
N	96	90	90	96	90
Model fit (R^2)	.90	.76	.69	.89	.64

Note: Robust standard errors, clustered by state, are reported in parentheses. Levels of statistical significance, on the basis of a two-tailed test, are: *** $p \leq .01$, ** $p \leq .05$, and * $p \leq .1$.

Table 4.3: Marginal Effects on Federal Elections

	Model 1 **1994**	Model 2 **1997**	Model 3 **2000**	Model 4 **2003**	Model 5 **2006**
Vote share (fed)$_{t-1}$	0.54* (0.11)	0.37* (0.13)	0.03 (0.12)	0.32* (0.10)	–0.04 (0.12)
Marginal Effect of *Vote share (state)*$_{t-1}$ where *Months* = 30	0.08	0.27*	0.8*	0.67*	0.7*
Percentage of observations for which *Vote share (state)*$_{t-1}$ has a significant positive effect at the 10 percent level	0 %	83 %	100 %	100 %	97 %

Note: A * indicates that the coefficient is significant at the 10 percent level.

The full results of the regression are summarized in Table 4.2. Yet coefficients and standard errors of interaction terms are not readily interpretable, as effect size and standard errors differ depending on the value of the modifying variable. Table 4.3, therefore, reports the marginal effect of *Vote share (state)*$_{t-1}$ for state elections held 30 months prior to the federal election. The 30 months' difference is chosen because it is far enough away from the next federal election to ward off concerns that effects are caused solely by temporal proximity. The last row of the table reports the percentage of all empirical cases for which a significant effect of *Vote share (state)*$_{t-1}$ on federal election results can be identified.[39]

Model 1 predicts the vote share of the three major parties in 1994 on the basis of the results in 1991 and the vote share obtained in the preceding state election, while taking into account the number of months between the state election and the federal election. This first period falls within Salinas' *sexenio* and thus captures dynamics under more centralized governance. In the model, the best predictor for the 1994 result is the previous federal election. The effect of state elections is not significant. Moreover, regression diagnostics suggest that the two election predictors are closely related. This is consistent with previous evidence showing that party systems were relatively homogenous during this first electoral period (Table 4.1 and Figure 4.6). If diversification matters, we would expect to see a change in the importance of predictors. With time, previous federal election results should become less important for the outcome, while the relevance of state-level results should go up.

Models for later years indeed show an increasing importance of state elections. In Model 2 the preceding federal as well as state elections are significant predictors. Yet the effect for federal elections is slightly larger. In Model 3 the coefficient for federal elections is no longer significant, while the coefficient for state elections increases to 0.8 and maintains its significance. Thus, in the 2000 federal elections, previous state election results forecast the outcomes better than the federal election of 1997. The outcome of state elections is a significant predictor for all federal elections held from 1997 to 2006. This suggests that there is a systematic link between state-level dynamics of competition and federal elections. The next question to be addressed is why this spillover from the state to the federal level has occurred. The theoretical discussion has suggested two causal mechanisms: the entrance of regional parties and the varying ability of national political parties to campaign and get out the vote. These will be discussed in turn.

[39]In Table 4.2 the signs of the interaction terms for 2003 and 1997 indicate a downward slope, while the lines for 2006 and 2000 are upward sloping. However, these slopes are statistically indistinguishable from 0 at the 10 percent level for all real values of *Months*.

Previous studies of decentralization have found "contamination effects" where regional parties start to contest national elections (Brancati 2008; Lago & Montero 2009).[40] While the vote share of subnational parties in state elections has grown in Mexico, it has nevertheless remained limited (Figure 4.4). Even at the state level, the impact of regional parties has remained modest. While many parts of the electoral code have been reformed, as outlined in the first section, requirements for party registration have remained stringent. Under current electoral law, regional parties and independent candidates continue to be excluded from competing in federal elections.[41] Parties seeking national registry need to demonstrate that they have a minimum of 3000 members in at least 20 federal entities or, alternatively, a minimum of 300 members in 200 of the 300 electoral districts.[42] Hence, the entrance of subnational parties cannot explain regionalized vote patterns.

Regional variation in the ability of parties to campaign and get out the vote constitutes the second mechanism proposed in the theoretical discussion. The information voters possess about parties, so the argument goes, affects how much consideration they give to the different parties when making voting decisions (Wilson 2008). Campaigning is more than the dissemination of information about candidate and programs. Parties' ability to mobilize voters and get them to the polls plays a key role. A well oiled "get out the vote machine" is therefore crucial. Effective campaigning includes the ability of parties to give voters a reason to favor them over competitors. This can include the provision of free transportation, complimentary meals or, other kinds of selective benefits. Thus, regional variation in party machineries and campaign institutions makes a difference for voting patterns in federal elections.

Magaloni (1999) has linked voters' willingness to vote for the PAN and the PRD in federal elections to subnational governance. During the 1990s, voters

[40]The term "contamination effect" is taken from Lago and Montero (2009).

[41]After the electoral reform of 2007 a group of smaller parties attempted to challenge the ban on independent candidacies in the courts, but remained unsuccessful. (The challengers were *Convergencia*, *Partido del Trabajo*, *Nueva Alianza*, *Partido Verde Ecologista de México* and *Alternativa Socialdemócrata*. See "Valida Corte prohibición a candidaturas independientes", *El Universal*, July 3, 2008).

[42]See COFIPE, Article 24b, for registration requirements. The successful formation of the *Partido Nueva Alianza* (PANAL) is the exception that proves the rule. In 2005 the party was created by the *Sindicato Nacional de Trabajadores de la Educación* (SNTE), the largest union in Latin America, amidst escalating conflicts between the union's leader, Elba Esther Gordillo, and PRI president Roberto Madrazo. Until then, the SNTE had been one of the most valuable pillars in the PRI's corporatist structure. The formation of the party was facilitated by the fact that it could draw on a nationwide organizational network.

were considerably more likely to vote for opposition parties if they had direct experience with them in subnational office. The asymmetry of information voters possessed about the PRI and its competitors meant that voting for the opposition constituted a considerable leap of faith. The PRI was familiar and voters knew what they were getting. Voters generally possessed less information about the PRI's competitors, and voting for them therefore constituted a risk. The PRI did its best to reinforce those fears by arguing that it was the only party with sufficient experience to govern.[43] Once voters had some first-hand experience with former opposition parties at the state level and were able to evaluate their performance in office, however, they were more likely to cast their ballots for the opposition in federal elections.

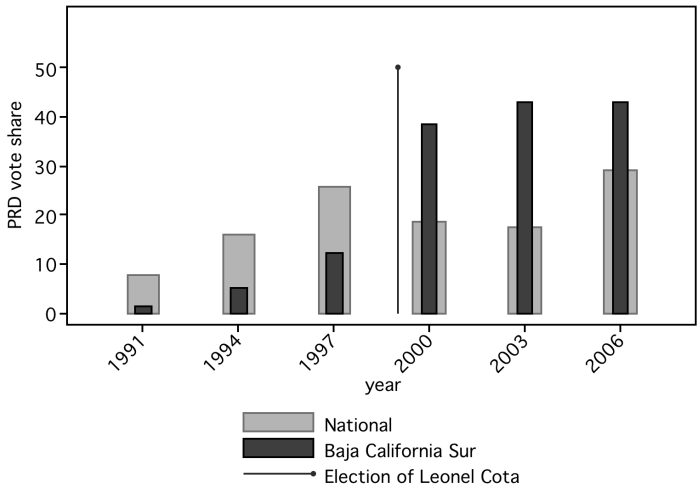
While this explanation constitutes a piece of the puzzle, it is somewhat incomplete. The argument emphasizes voters' ability to make informed decisions about parties in federal elections. It does not take parties' campaign machinery into account. This is an important aspect, however, because of the role *transfuguismo* has played in subnational party development. In states such as Baja California Sur and Zacatecas, the rupture of prominent *priístas* from the PRI weakened the party and simultaneously strengthened its competitors. As PRI recalcitrants could not run for governorships as independent candidates, they had to be nominated by an already registered party. National political parties have the right to compete in all state elections. Therefore, piggybacking on the label of these parties was an appealing avenue for gubernatorial hopefuls. Especially in states where the organizational structure of opposition parties was weak, bringing on board prominent politicians constituted an attractive strategy to reverse the electoral fortunes of the party. National parties, especially the PRD, were able to penetrate regions where they had been weak by absorbing the political networks of ex-*priístas*. These defections had a profound impact on state party systems. Evidence presented in Figure 4.7 suggests that the impact of these reshuffles extended beyond the subnational arena.

Figure 4.7 examines PRD vote shares in elections for federal deputies in Baja California Sur and Zacatecas, two states where ruptures from the PRI occurred. The bars clearly show that throughout the 1990s the PRD's electoral performance

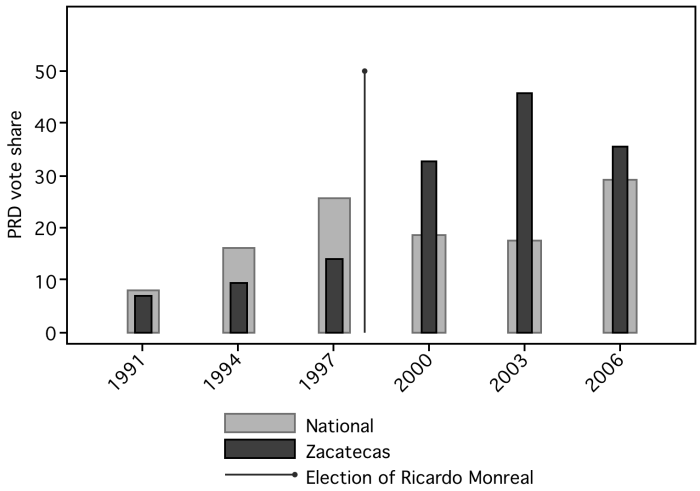
[43]Even though the PRI has now been out of *Los Pinos* for almost a decade, it still frequently campaigns on the basis of its alleged superior experience. In the run-up to the 2009 legislative election, PRI president Beatriz Paredes Rangel sought to cast doubt on the PAN's ability to face up to the economic crisis: "We in the PRI know how to govern, we know how to address an economic crisis so that we do not lose jobs . . . We do not forecast growth in the economy that later turns into a recession" (SourceMex, May 20, 2009).

Figure 4.7: Development of PRD Vote Share in Federal Elections, 1991–2006

a) Baja California Sur



b) Zacatecas



in the states was well below its national average. Yet after Ricardo Monreal and Leonel Cota's ascent to the governorship, the electoral fortunes of the party reversed. After that point, the PRD performed consistently above its national average in both states. This is remarkable because the period between Leonel Cota and Ricardo Monreal's arrival in the state house and the next federal election was brief (one or two years, respectively). This left voters relatively little time to evaluate the performance of the PRD in office. It is unlikely, then, that impressive governing records explain the surge in PRD votes in these states. Instead, the organizational networks controlled by the governors are likely to have been absorbed by PRD and put to effective use in campaigning. This interpretation is corroborated by the fact that gains for the PRD translated into losses for the PRI in both states. In Baja California Sur the vote share of the PRD increased by 18 percent between 1997 and 2000, while the vote share of the PRI declined by 19 percent. In Zacatecas the vote share of the PRD grew by 19 percent, while the PRI lost 12 percent.

The dramatic reversal in electoral fortunes of the PRD in Baja California Sur and Zacatecas also suggests that governors are particularly effective campaigners. This is true not only in cases of *transfuguismo*. A closer look at one of the examples mentioned above highlights this. Recall that the PRI governor of Puebla, Manuel Bartlett (1993–1999), set out to bolster the PRI base through the targeted use of government funds. The PRI's primary opponent in Puebla was the PAN, whose vote share had increased steadily for a number of years. The PAN obtained 26 percent of the vote in Puebla during the 1994 federal election, which was slightly better than the party's national average. Bartlett's strategy was to undermine PAN support by rerouting government funds from PAN-dominated municipalities to PRI strongholds. This strategy proved successful, and the vote share of the PAN declined in the subsequent state election (Valdiviezo S. 2000). In addition, however, the PAN vote share also went down in the 1997 federal election, and the party now performed below its national average. This illustrates why the regression analysis discovered a systematic link between state-level results and federal elections across parties, not only those in gubernatorial office. Bartlett's strategy, which was copied by a number of other PRI governors, weakened the PAN and strengthened the PRI. The governorships of Leonel Cota and Ricardo Monreal undermined the PRI, while fortifying the PRD. Governors thus exercise considerable influence over the electoral fortunes of parties in their states.

Conclusions

This chapter has addressed two questions: firstly, whether decentralization in Mexico has been associated with a differentiation in subnational patterns of party competition, and secondly, whether dynamics present in these arenas affect voting patterns during federal elections. The answer to both questions is yes. This is remarkable, as the discussion of electoral rules in the first section of this chapter has shown that there are strong institutional pressures for nationalized competition. While the federal electoral code underwent substantial reforms during the process of democratization, stringent registration requirements for national parties, as well as the ban on regional parties and independent candidacies, remained in place. Barriers for the entrance of new actors into the federal electoral arena are, therefore, exceedingly high.

Nevertheless, there is a clear trend toward the diversification of state party systems. The formation of regional parties has played a limited role in this process. Differences in the number of parties and in the configuration of competitors should primarily be attributed to the varying performance of national political parties across states. The decline of the PRI, as well as the ascent of former opposition parties the PAN and the PRD, have been territorially heterogeneous processes. Socioeconomic variables – such as the state's living standards, literacy rate, urbanization, and religion – influence the kind of party system that will develop there. The PRI has been able to hang on in states where large segments of the population live in rural areas and are economically marginalized. The PAN has been able to make inroads in the relatively affluent northern states as well as in the Catholic Bajío. The PRD, on the other hand, has won loyalties of the non-industrialized Mexican south.

In addition to such structural variables, political ambition has played a significant role in the process. During the 1990s, the power of governors increased considerably. The decentralization of resources and political changes at the national level granted governors an unprecedented degree of autonomy. Governorships thus became the focus of ambitious office-seekers. To be sure, gubernatorial office had been attractive in the past, not least because it provided considerable opportunity for personal enrichment. Yet the power of governors had been curtailed by the president, who was the ultimate authority in cases of conflict.

When subnational electoral arenas became increasingly competitive, ambitious politicians with roots at the state level came to realize that they did not have to throw their political lot in with their current party. Control over a political network became a personal asset that could be offered to the highest bidder.

In several cases prominent *priístas* who had been passed over for their party's gubernatorial nomination competed under another partisan banner. Where such defectors emerged victorious in the elections, the effect on the state party system was profound. Defections constituted blows to the PRI, while offering windfalls to its competitors. Moving into the state house provided access to a broad array of resources that could be used to further invest in organization-building. So far, such high-level defections have mainly affected the PRI. Yet there is evidence that *transfuguismo* will not spare other parties. Demetrio Sodi, for example, left the PRD to compete for the chief executive of the Federal District in 2006 under a PAN label. The PAN appears to be increasingly willing to accept such converts.

Mexico differs from other Latin American countries in two respects. Firstly, it is distinguished by the drawn-out nature of its democratic transition. This makes it difficult to disentangle the effect of democratization on party systems from the effect of decentralization. To some extent, partisan reshuffles are probably inherent to the process of political opening-up in a dominant party regime. I argue, however, that decentralization fuelled the process, because it created powerful subnational executive offices, which became the focal points of political ambition. The existence of state-level effects – beyond the degree of differentiation in party performance we would expect on the basis of socioeconomic structures – can be attributed to the institutional incentives of decentralized governance. Governors are endowed with resources that allow them to shape the electoral fortunes of parties within their state. This is a crucial component for understanding party system dynamics at the state as well as at the federal level. Voting patterns in federal elections have become increasingly regionalized. For the last three federal elections, vote shares obtained in previous state elections have been better predictors of electoral results than previous federal elections, even when controlling for the timing of state contests. Yet it is necessary to acknowledge that decentralization and democratization are intertwined in Mexico. Therefore, the relationship between decentralization and democratization will be revisited in Chapter Six, which looks for cross-national evidence of the effects of decentralization.

The second way in which Mexico differs from its Latin American neighbors is in its electoral code, which favors national parties. This legacy of the PRI regime means that some party system effects are concealed within parties. As highlighted in the theoretical discussion, studies of subnational elections have linked decentralization to the emergence of regional parties. The Mexican political system is biased against new contenders. Rather than start a new party, prominent subnational politicians therefore capture the label of an existing party. The consistency of party labels across states thus masks internal diversification.

What implications does this have for the way parties organize? Building party organizations around such powerbrokers is a double-edged sword. It is tempting because absorbing brokers' political networks expands the party's base. It is problematic, however, because the relationship between brokers and the party is primarily instrumental. Brokers "take advantage of . . . parties in their search for political office and in their attempts to reinsert themselves into the system and to reach positions from which they can offer their clients access to public resources" (Zárate Hernández 2005: 277). Moreover, their incursion into subnational government has a profound influence on the organization of local and regional structures of governance (Pansters 2005: 359). Parties essentially trade electoral support for the use of their labels, and the loyalty of brokers to the party is limited. The extent to which parties form a cohesive political system is therefore likely to diminish, and this is the topic taken up in the next chapter.

5

Decentralization and the Challenge to Party Cohesion in Mexico

Latin American parties increasingly compete in decentralized settings. Chapter Three has outlined how, over the past two decades, politics has been reshaped on a continent that had often been viewed as the most centralized region in the world. Sabatini (2003) expressed concerns about the ability of Latin American parties to cope with the erosion of centralized governance. He worried that decentralization would confront centralized party organizations with an insurmountable challenge, and he linked party decline and failure in many of the new Latin American democracies to decentralization. Yet empirical evidence about this relationship is largely absent. This chapter explores the link between decentralization and party cohesion through an analysis of Mexico.

Based on the theoretical literature, Chapter Two developed a number of expectations about the effect of decentralization on party cohesion. Let me briefly summarize them here. Firstly, drawing on the literature on party change and on parties in federal states, it outlines why party organizations in decentralized countries are likely to be less cohesive than in centralized countries. *Cohesion* is understood here as the extent to which subunits "relate to the party as quasi-sovereign groups" (Sartori 2005[1976]: 67–68). Decentralization changes the distribution of resources in the environment of the party, and valuable resources become accessible directly at the subnational level. The availability of office at the subnational level of government, and the benefits that can be derived from holding such office, constitute a challenge to centralized control over subnational party units. Elected office grants political actors visibility and prominence. Specifically, in countries like Mexico that are emerging from authoritarian rule, the fact that subnational politicians have won competitive elections and can claim a democratic mandate is likely to provide them with a substantial degree of legitimacy and autonomy. While overall decentralized governance creates a multitude of offices, these offices are not shared equally between parties. The effect of decentralization, therefore, is mediated by the role of the party within the institutions, with government positions at the subnational level swaying the party towards more autonomy for subunits.

This chapter analyzes how decentralized governance has challenged centralized party organizations in Mexico. The analysis is divided into five parts. The first section describes the centralized patterns of organization that traditionally characterized the three major Mexican parties. The second section highlights some of the difficulties involved in studying Mexican political parties, and describes the research strategy employed here. On the basis of an original database of party finances and semi-structured interviews, the third section outlines the challenge decentralization has created for centralized party organizations. The fourth section identifies how parties are responding to this challenge, and how changes in the level of party cohesion influence the political process. It is followed by the conclusion.

The Predominance of the Center: Traditional Patterns of Party Organization in Mexico

Mexican political parties have generally been organized in a heavily centralist manner and intra-party life has revolved around the powerful central party. Regional peculiarities and desires had to be subordinated to the broader national strategy of the party. It was at the national level, so the general perception had it, where important decisions were made.[1] The importance of the strong party presence in Mexico City emerges vividly when one visits the parties' respective headquarters. The PRI's imposing central office is located on Avenida Insurgentes, one of the capital's main traffic arteries, and within walking distance from the Monument to the Mexican Revolution. The group of high-rise buildings occupies a whole block and can only be entered through guarded gates. The PAN constructed a modern and equally imposing building in the fashionable Colonia del Valle, which also occupies a whole block, while the PRD preferred to settle in the working-class neighborhood of Colonia Escandón.[2]

The anatomy of the three major Mexican party organizations is substantially similar. Formally, supreme authority for all three parties is vested in a National Assembly, called either *Asamblea Nacional* (PRI and PAN) or *Congreso Nacional* (PRD), which meets about once every three years, or more frequently if special circumstances require it. The assemblies name the members of the National Council

[1]This was of course reinforced by the Electoral Law of 1946, which mandated a national orientation. Party registration requirements are discussed more extensively in the Chapter Four.

[2]This stands in stark contrast to Levitsky's (2003) account of the offices of the Argentine *Partido Justicialista*, which lacked even the most basic infrastructure.

(*Consejo Nacional*), a deliberative body that meets at least once a year. Its size ranges from around 250 members, in the case of the PRD, to more than 1000 for the PRI. Members are drawn from all major groups and constituencies within the party and include party governors as well as federal and local legislators. The day-to-day management of the organization is in the hands of the National Executive Committee (*Comité Ejecutivo Nacional*, CEN), which has between 20 and 40 members and is headed by the party president. This same basic structure repeats at the state level, where the primary organs are the State Assembly (*Asamblea Estatal*), the State Council (*Consejo Estatal*), and the State Executive Committee (*Comité Directivo Estatal*, CDE). At both levels, the executive committee is the center of party life.[3]

The centralization of the state had induced parties to apply the same logic to their organizations. Regional party subunits were overawed by the powerful party center. While centralism was characteristic of all three parties, the origins and the specific interpretation given to centralized control were distinct. Whereas the PRI had a stable organizational presence throughout the whole national territory, its challengers from the PAN and the PRD had to work hard to establish subnational organizations. Traditional organizational patterns of the three parties are discussed in the following paragraphs.

Partido Revolucionario Institucional (PRI)

> *El Partido Revolucionario Institucional, sigue sosteniendo en forma vigorosa y renovada la ideología política de la Revolución Mexicana. Tenemos las mejores tesis, los mejores programas, la mejor organización y los mejores hombres.*
> *- Miguel de la Madrid, Mexican President (1982–1988)*

This statement by former President de la Madrid highlights what observers of Mexican politics knew to be true: in its organizational capacity and strength, the PRI outperformed its competitors by a sizable margin. As outlined in Chapter Three, the emergence of centralism within the PRI was intertwined with the consolidation of a centralized authoritarian state. Yet while the PRI came to embody centralized control, the origins of the party were quite different. The PRI was formed in the aftermath of the Mexican Revolution as a confederation of around 150 regional parties, which were formally dissolved only in 1933 (Jiménez et al. 2001: 383). The organizational imperative during these early years was to consolidate these multiple parties.

[3]See Wuhs (2008: Appendix 3) for more information on the national party organs of the PAN and the PRD.

The erosion of regional power bases within the party followed a number of pathways. One was the creation of a dual organizational structure, which strengthened corporatist sector organizations at the expense of the party's territorial base. The corporatist structure added to the financial strength of the central party, which now collected contributions from the sector organizations in addition to the contributions already made by all employees of the national government. This drained resources from the subnational political machines, which had played such an important role in the early life of the party (Scott 1964: 135). Over the years, the PRI built up a considerable national party bureaucracy to support centralized control over the party (Jiménez et al. 2001: 415).

Centralism within the PRI should be understood in terms of the vast powers wielded by the president of the republic. Even though the president of the republic was not formally the leader of the party, the actual party president served at his pleasure (Jiménez et al. 2001: 409). All power was essentially derived from the president, who was the ultimate patron. Decision-making within the PRI was often slow because important matters were passed upwards and cleared with superiors.[4] Maintaining the favor of the president was important because he controlled all major nominations. As the Mexican system does not allow for immediate re-election, no politician could ever get too comfortable in his or her current post. Chapter Three has outlined that governors served at the pleasure of the president, who had nominated them. He could use his metaconstitutional powers to force them to "retire" even after they had been elected.[5]

Presidential candidates were selected through the *dedazo*, a highly institutionalized but informal means by which a sitting president appointed his successor.[6] The informal rules surrounding the *dedazo* limited candidates for the presidency to current members of the cabinet, thus excluding all sitting governors.

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[4]Interview M, November 28, 2007. My interviews with party actors and government officials often touched on sensitive issues. Some information was shared with me only on the condition of confidentiality. All interviews cited are therefore anonymized and identified through letters. An overview of the places and dates of interviews is provided in Appendix A, which also offers some basic information about the positions occupied by respondents. This biographical information is provided to convince the reader that respondents had access to relevant information and were in a position to comment on the issue at hand. It is kept at a fairly general level, however, to ensure the anonymity of those interviewed.

[5]The national PRI's influence on local party affairs is illustrated by the conflict leading up to the ousting of Tabasco governor Salvador Neme Castillo (1989–1992): "In his selection of the local party leadership, the governor arrogantly imposed his slate over that favored by the national PRI." This "highhanded act" of defiance ended with the annulment of the contest and the removal of the governor (Grayson 2007: 77).

[6]The term is derived from "dedo", the Spanish word for "finger".

Hence, the president not only chose his successor but, since he appointed the members of his cabinet, he also controlled the universe of potential candidates (Langston 2006b). The best strategy for an ambitious politicians was, therefore, to invest in a federally oriented career that would create opportunities to demonstrate loyalty to the president, rather than to build a local support base.[7]

Central party leaders also sought to undermine the territorial structure by concentrating resources at the center. President Adolfo Ruiz Cortines (1952–1958) prohibited the PRI from receiving funds from sources other than the state. This provision, which was upheld until 1982, ensured presidential control over the hegemonic party (Iturriaga Acevedo 2007: 16). The resources of the state were in the hands of the president, who therefore also maintained a firm grip on the allocation of resources within his party. Throughout the PRI hegemony, the centralized control over resources was a key mechanism for maintaining party cohesion (Langston 2002; Eisenstadt 2004: Ch. 4).

The most important decision-making body at the national level has been the National Executive Committee (*Comité Ejecutivo Nacional,* CEN), which is headed by the party president. At the state level, the state committees (*Comités Directivos Estatales*, CDEs) have been in charge of running day-to-day party operations. The link between the federal and state levels of the party have been the so-called CEN delegates (*delegados del CEN*), who represent the national leadership of the party in all 31 states and the federal district. As these delegates are the "eyes and ears of the president in the states", they have to possess the full trust of the party leader.[8] Being a CEN delegate is a national-level position, and delegates are paid by and accountable to the CEN.[9] To ensure their undivided loyalty to the center, delegates are recruited from other states. As they are not members of the local political elite, they do not have a direct stake in state politics and cannot run for elected office in the state in which they serve. Because CEN delegates represented the powerful party center, they were often key figures in state-level party politics.

Many of the traditional mechanisms for keeping subnational politicians in check depended on the fact that the leader of the party was also the president of the republic. The internal structures of the party were designed essentially to facilitate centralized control. Yet many of these mechanisms, such as the *dedazo*, differed quite substantially from the formal rules laid down in the party's statutes.

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[7]Formally, PRI statutes mandated that the presidential candidate be selected by a convention of the PRI's major sectors.

[8]Interview E, May 24, 2007.

[9]Interview C, May 21, 2007; Interview E, May 24, 2007.

Partido Acción Nacional (PAN)

Since its foundation in 1939 and throughout most of the PRI regime, the PAN played the role of the "loyal opposition" (Mizrahi 2003). While the PRI emerged as a confederation of regional parties, the PAN was centralized from its inception. It was formed to provide an organized expression for entrepreneurs, intellectuals, and committed Catholics who were dissatisfied with the statist and anticlerical policies pursued by the hegemonic party. While such dissent had been growing, the leftist policies pursued by President Cárdenas (1934–1940) aggravated the alienation of these groups. The PAN's founder, Manuel Gómez Morín, sought to create a network of committed individuals who would oppose the revolutionary party's increasingly firm grip on power. Membership in the PAN has always been highly selective and required the sponsorship of an active PAN member. The party was conceived essentially as a "party of notables" (Shirk 2005: 52–53).[10]

The PAN sought to penetrate the territory by extending the organization from its nucleus in Mexico City. Where the organizational challenge for the early PRI was to erode regional power bases, the PAN had to build up state-level party structures from scratch. The founding fathers of the party recognized the need for organization-building but sought to devise ways in which even a more extensive organization could remain autonomous and resist PRI interference.[11] The centralization of power in the hands of the National Executive Committee (*Comité Ejecutivo Nacional*, CEN) was seen as the best way to ensure party cohesion, and the PAN opted for the far-reaching controls of the CEN over subunits to shield the party from infiltration. Thus, the CEN became the center of party life. It formulated the party's program and strategy, represented the party in negotiations with other political actors, and had final authority with regard to candidate selection (Prud'homme 1996; Wuhs 2008: 126). As the PAN's organizational bases in the regions initially consisted mainly of personal contacts established by its founder, Gómez Morín, subunit autonomy was not in great demand (Shirk 2005: 53).[12]

[10]Membership requirements are laid down in chapter 2 of the PAN statutes. The bar to join the PAN was lowered somewhat in 1996 under the leadership of Felipe Calderón, when "aspiring members" were also granted rights to participate in party decisions, and again with the 2007 reform of the statutes, which relaxed sponsorship requirements.

[11]Despite its Catholic ideology, for instance, the PAN avoided formal links with the hierarchy of the Catholic Church (Loaeza 1999: 24), even though this would have facilitated the process of organization-building.

[12]Gómez Morin had served as rector of the *Universidad Nacional Autónoma de México* (UNAM) in the 1930s, and during this time he had traveled the country to present his ideas on academic freedom. Contacts established during these travels proved vital for the formation of the PAN (Lujambio 2001: 50).

The CEN of the PAN acted under the leadership of the party president, who was by far the most influential person within the party. The party leader was empowered to appoint and remove all party officials. He was also *ex officio* a member of all state and municipal party committees, and was in charge of coordinating and steering their activities (Loaeza 1999: 165–166). The CEN of the party oversaw subnational party finances, and party statutes permitted far-reaching interventions by the central party in state party affairs. For instance, to ensure the "normal functioning of the party" at the state level, the central party could dismiss a sitting state committee and impose a substitute committee, called a delegation (*delegación*). This provision was designed to allow the PAN to survive even where subnational structures were weak, and to guard against PRI infiltration. Like the CEN delegates of the PRI, members of these delegations normally came from other states, to ensure their loyalty to the center.[13] As state delegations of the PAN were appointed in half the states between 1986 and 2005 (Wuhs 2008: 77 & 127), central party imposition was clearly more than an empty threat.

Even though the PAN itself was highly centralized, it denounced the centralization of the state under the PRI. Its declaration of principles (*Principios de Doctrina*) calls for respect for subnational autonomy and the separation of powers.[14] In advocating liberal democratic principles, the PAN differed substantially from other conservative right-wing parties in the region, which had allied themselves with military dictators. The PAN, by contrast, rejected violence even when subjected to the repression of the hegemonic party. For the PAN, respect for the rule of law was in many ways synonymous with democracy. Therefore, the party attached great value to routinization and respect for party rules. As David Shirk (2005: 86) puts it: "The PAN was a party rigorously devoted to procedure, statutes, and programmatic agendas. Party rules and procedures were, for the most part, strictly adhered to and provided a sense of order and stability not found in the PAN's external political context".

Partido de la Revolución Democrática (PRD)

While the PAN had traditionally represented conservative groups and values, the PRD is the party of the Mexican left. Since the electoral reform of 1977 a number of small left-wing opposition parties, such as the Trotskyist Revolutionary Workers'

[13]Interview B, June 24, 2007; Interview G, June 5, 2007.

[14]The *Principios de Doctrina* were adopted by the constituent assembly of the PAN in 1939 and then reformulated in 1965 and 2002. Particularly the reform of 1965 strengthened the commitment to the separation of powers and respect for local government.

Party and the Mexican Communist Party, had been struggling unsuccessfully against the PRI. Their aggregate electoral support fluctuated around a few percentage points (Bruhn 1997: 3). In the run-up to the 1988 presidential elections, however, the so-called Democratic Current (*Corriente Democrática)* split from the PRI after a conflict over the presidential nomination and joined forces with other leftist groups. Under the label Democratic National Front (*Frente Democrático Nacional*, FDN) this broad alliance supported the candidacy of Cuauhtémoc Cárdenas, the son of former president Lázaro Cárdenas, who had presided over the most leftist period of PRI hegemony. While Cuauhtémoc Cárdenas lost to Carlos Salinas de Gortari after an election marred by fraud, his strong electoral showing encouraged the leaders of the movement to transform it into a political party. The Party of the Democratic Revolution (PRD) was officially registered in May 1989.[15] It is, therefore, the youngest of the three major Mexican parties and – in contrast to the other two – did not consolidate during the heyday of centralism.

The party's emergence as a "fusion party" has exerted a strong legacy. Uniting ex-*priístas*, popular and social movements, independent trade unions as well as left-wing intellectuals under one roof has not been easy. From the moment of its birth, the party had well-organized and well-defined factions, called *corrientes* or currents (Bruhn 1997: 172). The charismatic founding fathers of the party were mostly ex-*priístas*, whose attitude towards the hegemonic party was somewhat ambiguous. Porfirio Muñoz Ledo, for instance, one of the first PRD presidents, had previously held the same position in the PRI. The majority of seats on the first CEN went to Cárdenas' allies from the Democratic Current (Grayson 2007: 107). While these early party leaders had been socialized in the PRI and therefore shared with it a certain understanding of political processes, they had left at least in part because they were unhappy with the party's undemocratic structures. Yet they were also ready to admit that the PRI was by far the most successful party in Mexico, and that its organizational style and strong party discipline were key ingredients of this success. Often, the new *perredistas* showed considerable admiration for the efficiency of the PRI's organization, which was at least in some measure attributed to centralized control.

Hence, when the PRD party statutes were drawn up, many of the centralist organizational characteristics of the PRI were preserved, and early patterns of the organization privileged vertical linkages (Bruhn 1997: 188). The small leftist

[15]The PRD actually took over the registry of the Mexican Socialist Party (*Partido Mexicano Socialista*, PMS) because it anticipated that its efforts to register as a new party would be torpedoed by the PRI-controlled electoral authorities.

parties that had co-founded the PRD contributed the notion of "democratic centralism", typical of many socialist and communist parties (Jiménez et al. 2001: 472–473). As state-level organization was rudimentary at best, the primary linkage mechanism was the currents (Wuhs 2008: 80). Thus, the early party statutes granted the center substantial control, while at the same time emphasizing internal elections, in order to rise above the undemocratic practices of the PRI. Internal elections and centralism have not integrated well, and the new party has suffered from a persistent conflict over its internal rules. The organizational pattern that has resulted might be described as "segmented centralism". Conflict between factions characterizes all levels of the party, and factions are organized hierarchically. Within the National Executive Committee (*Comité Ejecutivo Nacional*, CEN), for instance, different currents of the party are represented by unofficial quotas (Martínez González 2005).[16]

While the PAN had grown slowly and with the support of committed individuals, the PRD entered the political arena by almost winning a presidential election. Yet moving from broad electoral support towards party consolidation turned out to be difficult. One of the challenges confronting the new party was the dearth of resources available for organization-building. In the early years, "resource constraints blocked the construction of strong communication networks and prevented the central party organization from using financial incentives to enforce general party discipline" (Bruhn 1997: 188–189). The central party's limited financial role thus undermined centralized control. Moreover, the currents competed for the scarce resources, which resulted in arbitrary management and further hampered party consolidation (Bruhn 1997: 194; Wuhs 2008: 86).

Thus, the power of the center over party subunits was limited by the fact that it was divided and did not represent a unified front. This can be illustrated by the case of the CEN delegates, which were one of the mechanisms of centralized control the PRD had taken over from the PRI. While the president of the PRI appointed delegates, in the PRD appointments were the result of negotiations between the different currents represented in the CEN.[17] In some cases, two delegates were appointed to represent different currents.[18] Thus, while in the PRI delegates were backed by the power of the center, in the PRD delegates represented only a part of the center. Whereas PRI delegates were supposed to be outsiders, PRD delegates were representatives of the currents.[19] They therefore had a direct stake in state politics.

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[16]This also emerged from a number of my interviews, particularly Interview I, April 20, 2007.
[17]Interview J, June 21, 2007.
[18]Interview O, November 29, 2007.
[19]Interview K, November 21, 2007.

The party's diverse origins made it difficult for it to agree on clear rules, and even more so to enforce them (Sánchez 1999). The result was an organization characterized mostly by *ad hoc* practices, where intra-party rules were subject to constant negotiations.[20] During periods of conflict, solutions had to be negotiated between the leaders of the currents; precisely when they should have provided certainty, party statutes were circumvented.

Studying Parties and Decentralization in Mexico

As outlined in Chapter Three, Mexico has recently undergone substantial political and fiscal decentralization. While the availability of office at the subnational level is not new, the status of this office has been altered dramatically. Democratization has led to a process of *de facto* political decentralization. Previously, governors depended on the president and behaved essentially like "appointed federal bureaucrats" (Díaz-Cayeros 2004: 223). They have now achieved a substantial degree of political independence, and expenditure decentralization has put considerable resources in their hands. The size and significance of gubernatorial government has grown tremendously in recent years.

How have these changes affected party cohesion? Gathering data on intra-party political processes is notoriously difficult, as they fall into the realm of what Sartori (2005[1976]: 84) has called "invisible politics". Tracing power relations within parties is challenging, as decision-making is likely to take place behind closed doors: negotiations that define who gets what, when and how are generally not publicized. This is also true with regard to the relations between the central party and subnational units. As party cohesion is often considered desirable, politicians at the national as well as the subnational levels may be inclined to hide disagreements within the party and to seek to resolve such issues away from the public's gaze as much as possible.

[20]During the Tenth Extraordinary National Party Congress of the PRD, held in August 2007, a statutory reform was debated that attempted to remedy the incongruence between informal practices and formal structures by creating a so-called National Political Committee (*Comité Político Nacional*). This committee, which would replace the CEN, would be composed of the leaders of the party currents, "charismatic" figures, and other influential people within the party, such as governors. While the proposal was accepted and the National Political Committee took office in 2008, it is still unclear how the new committee will affect the functioning of party. (For some of the arguments in favor of this new setup, see "Plantean desaparecer CEN de PRD y crear comité dirigido por corrientes", *El Universal*, July 14, 2007.)

These general problems are aggravated in the Mexican context by a broader culture of secrecy, which became deeply ingrained during decades of authoritarian rule. Access to information was closely associated with power, and government institutions generally provided citizens with as little information as possible. The asymmetry of power between citizens and the state was thus reinforced by an information asymmetry. Victoria Rodríguez (1997: xviii–xix), who provides an insightful discussion of some of the challenges of doing research in this environment, quotes a public official with the words "*La cuenta pública no tiene nada de pública*" (Public accounts are not public at all). It is therefore not surprising that Mexican political parties are often suspicious of outsiders prying into party business.

The research strategy employed here is to draw on publicly available information and to complement and validate it with interviews. Overcoming the culture of secrecy continues to be a key issue in contemporary Mexican politics. Yet even though a lot remains to be done, important advances have been made in the past two decades. While parties have often tried to resist closer scrutiny, a high degree of oversight has been achieved with regard to party finances. Parties have agreed to more transparency in exchange for hefty public subsidies. They essentially traded the provision of financial information for generous funding.[21] As this information is – at least in theory – publicly available, it is a useful starting point for the analysis.

Tracing financial relations offers important insights into the distribution of power within a party (e.g. Blondel 1969: 122; Paltiel 1970; Poiré 2005: 2–3; van Houten 2009). In his discussion of "the party from within" Sartori (2005[1976]: 82–85) argues that financial arrangements are crucial for understanding intra-party processes, and that streams of political money provide valuable information about the relationships between subunits and the party as a whole. The distribution of resources between the central party and the subunits is indicative of the level of independence subunits possess (Duverger 1964[1954]: 59). Hence, control over resources constitutes a key indicator for party cohesion. Where party

[21]With regard to political parties, finance continues to be the area where transparency requirements are most advanced. As part of the second generation of democratic reforms, Mexico enacted a federal transparency law (*Ley Federal de Transparencia y Acceso a la Información Pública Gubernamental*) in 2007, which aims to strengthen the ability of citizens to access public information. While parties are subject to such transparency laws in some states, they do not fall under the federal transparency law. Article 11 merely establishes that parties are required to provide annual financial reports and that these reports should be accessible to citizens, a provision which dates back to the 1990s. Parties are thus subject to federal transparency laws only with regard to the use of public resources.

subunits autonomously control the resources necessary for their functioning, party cohesion is low. Conversely, the centralized control over party resources promotes close integration of subunits into the broader organizational structure (Panebianco 1988: 56–57). Thus, to the extent that party subunits succeed in financing their activities without support from the party center, they are likely to possess a high degree of autonomy. The assumption underpinning this is that control over money is an indicator of power in intra-party relations.

The idea that control over resources is linked to power has a long pedigree in the party literature. More recently, it has informed analyses of party formation and development in new democracies. In southern and eastern Europe, where national public funding accounts for a large share of party resources, the provision of subsidies has been argued to promote the centralization of power within the party (van Biezen 2003: 40, 198). Indeed, if these monies are channeled through national party headquarters, they can be expected to shift the balance of power within the party in favor of the central party apparatus (Nassmacher 1989: 250–251; Casas-Zamora 2005: Ch. 5). Again the argument is that control over resources signifies power. There is no inherent reason, however, why public subsidies should always encourage centralization. The effect of subsidies varies, depending on the organizational level within the party that receives them. As the following section will show, subnational party chapters in Mexico have benefited substantially from public money.

In addition to these theoretical reasons, studying intra-party financial relations is appropriate in the Mexican context because public resources for parties is a highly contentious issue. Resources are often seen as key currency for political success. The development of the PRI underlines how public resources can be utilized for political competition in a setting where the attraction of programmatic appeals is limited. For decades, disparate access to resources prevented serious challenges to PRI hegemony (Greene 2007). The centrality of resources is also illustrated by the heated debate that occurred in the aftermath of the 2006 presidential election. Some of the chief complaints brought forth by the runner-up, López Obrador, who had lost only by a very slim margin, centered on the use of public monies. He claimed that the process had been tilted to his disadvantage by disparate levels of party funding, and that the government had abused its position by using social spending to convince voters to support the PAN (Wuhs 2008: 145). *Alianza Cívica*, a non-partisan civil-society organization that has been at the forefront of the struggle for free and fair elections, has also expressed concern about the continued use of selective incentives for shoring up electoral support (Eisenstadt

2007: 42).[22] The resources controlled by parties, then, are often seen as critical for party fortunes, which is why the distribution of public monies to parties has been such a key issue on the political agenda during the past two decades.

The Development of Public Funding in Mexico

At the federal level, direct public funding to political parties was introduced in 1977 with the Federal Law of Political Organizations and Electoral Processes (LOPPE).[23] This reform granted parties a privileged place in the political system by recognizing them as "entities of public interest" (*entidades de interés público*). In response to rising levels of voter apathy and discontent among opposition parties, the ruling party took steps to bolster the legitimacy of the PRI system. These measures were designed to keep opposition parties within the political system and to prevent anti-system mobilizations. In particular, access to public resources – in the form of direct public funding and free television time – was supposed to offer opposition parties incentives for continued participation in elections.[24] The PRI itself, which had almost monopolistic access to the resources of the state, was not dependent on party financing at this time. Even though hard evidence is difficult to come by, it was widely understood that PRI-controlled executive branches at all levels of government made use of government resources to shore up support for the hegemonic party (see Greene 2007). The fact that the PRI could draw on the resources of the state, while their competitors could not, had contributed to the consolidation of the hegemonic party system in the post-revolutionary period (Iturriaga Acevedo 2007).[25]

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[22]Eisenstadt and Poiré (2005) provide an insightful discussion of the concerns about "playing field levelness" in the run-up to the 2006 presidential election.

[23]Prior to 1977 there had been indirect financing for opposition parties, in the form of tax exemptions (since 1963) and access to electronic media (since 1973). Even though the 1977 reform of the electoral law formally introduced direct party financing, it did not specify the total amount of public funding or how resources were to be distributed between parties, which rendered the process highly discretionary. A concrete framework for the allocation of state subsidies was not established until 1987 (see also Appendix B).

[24]The PAN, wary of the PRI's efforts to undermine the independence of the opposition, initially refused to accept public monies. The party's position on the issue changed only after Luis H. Álvarez beat doctrinaire Gabriel Jiménez Remus in the 1989 competition for the party presidency and more pragmatic views became predominant in the CEN (Wuhs 2008: 83).

[25]Evidence gathered by the journalist Andrés Oppenheimer suggests that prior to 1994 the Finance ministry transferred around $1 billion per year from the government's chest directly to the party, generally disguised as government funds for public works. Oppenheimer also quotes a PRI

As pressure on the PRI to democratize the political system continued throughout the 1980s and 1990s, the ruling party was forced to make more and more concessions. In particular, the questionable presidential elections of 1988, which were marred by large-scale electoral fraud and led to widespread anti-PRI mobilizations, constituted a challenge to the regime's legitimacy. Demands by the opposition concentrated on two areas. First, the highly unequal access to resources made it difficult for the opposition to compete successfully when the PRI, with access to the resources of the state, had so much to offer to voters. Secondly, electoral fraud became a focus of criticism and there was substantial pressure for more transparency in electoral processes. In both of these fields, the Federal Electoral Institute (IFE), created in 1990 by the adoption of the new federal electoral law known by its Spanish acronym COFIPE (*Código Federal de Instituciones y Procedimientos Electorales*), came to play a key role.

In the aftermath of the 1988 presidential elections, opposition parties were primarily interested in putting in place mechanisms to prevent electoral fraud. This, therefore, was the aspect that received the most attention in the 1990 reform. A follow-up reform in 1993 strengthened the IFE's autonomy vis-à-vis party influence and prohibited governmental support for party organizations. The IFE played an important part in ensuring that the presidential elections of 1994 were free and clean. Even though the election was won by the PRI, the process itself was commended for its transparency, and President Zedillo was widely perceived as the legitimate winner. Yet Zedillo himself acknowledged that the election had been clean but highly inequitable (Lujambio 2003: 382). The analysis of campaign finance reports showed that the playing field continued to be tilted, even in the absence of large-scale vote-rigging. Of all campaign resources reported to the IFE, 78.3 percent had been spent by the PRI. The PRI had outspent the runner-up 4:1 (Iturriaga Acevedo 2007: 24).[26] Creating a more equitable distribution of financial resources between parties, therefore, became a key issue on the political agenda.

The 1996 constitutional reform, which was negotiated against this background, was one of the milestones in the development of the current federal public funding system. The new Article 41 explicitly states that, due to their role as entities of

official as saying: "The national lottery is the party's petty cash . . . Whenever we need a few million from one day to another, there's where we get it from" (Oppenheimer 1996: 88).

[26]"Informe y Dictamen que rinde la Comisión de Consejeros constituida para la revisión de los informes financieros de campaña presentados por los partidos políticos", IFE, April 7, 1995. Unofficial reports suggest an even more extreme spending imbalance during the presidential race, with the PRI's campaign chest containing $700 million, compared to the PAN's $5 million and the PRD's $3 million (Oppenheimer 1996: 110).

public interest, registered national parties are entitled to public funding, and that the distribution of such funds should be guided by the principle of equality. The COFIPE recognizes five legitimate sources of party income: 1) public funding, 2) funding provided by party members, 3) funding provided by party sympathizers, 4) income obtained from fundraising activities such as conferences, and 5) income obtained from financial investments.[27] It also requires parties to submit income and expense reports on an annual basis.[28] The PRI had a stake in the new system because the lavish supply of government funds for the party had started to dry up, as the Finance Ministry was increasingly unable and unwilling to foot the bill for the party's financial needs. In the run-up to the 1994 election, the PRI's efforts to solicit financial supports from business tycoons, who owed their burgeoning fortunes to the privatization of state-owned corporations, had landed the party in a fully fledged party-finance scandal (Oppenheimer 1996: Ch. 5). The PRI thus shared with its competitors an interest in ensuring a stable and predictable flow of funds to the party.

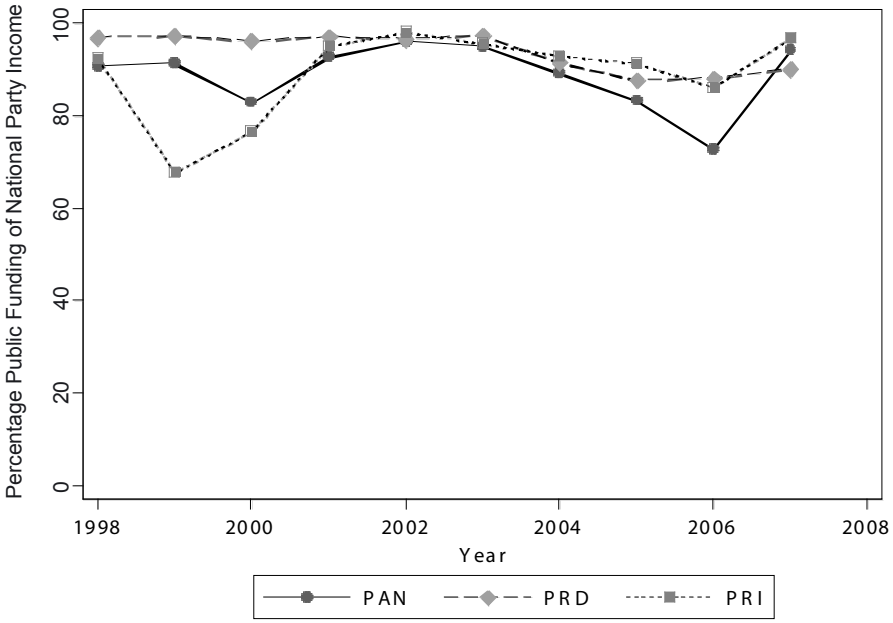
The new law stated that no other source of funding could surpass public funding. Even membership fees could never be the primary source of party income, which illustrates the conceptualization of parties as public rather than private institutions. The initial proposal had been to limit private contributions to a maximum of 10 percent of the amount of public funding received by the largest party. The provision in the COFIPE was somewhat less restrictive and set the party maximum to 10 percent of the total amount of public funding provided to all parties in that year (Iturriaga Acevedo 2007: 24). In practice, the generous provision of public money has crowded out other sources of income. While private funding accounted for about three-quarters of total party income in 1994,

[27]Article 49, Section 1 of the *Código Federal de Instituciones y Procedimientos Electorales* (COFIPE) reads: "El régimen de financiamiento de los partidos políticos tendrá las siguientes modalidades: a) Financiamiento público, que prevalecerá sobre los otros tipos de financiamiento; b) Financiamiento por la militancia; c) Financiamiento de simpatizantes; d) Autofinanciamiento; y e) Financiamiento por rendimientos financieros, fondos y fideicomisos."

[28]During the initial years of public financing, parties had received state resources without any oversight. It is therefore unclear how much money parties received and how they spent it. The notion that parties have to justify their use of public funds was first contemplated in the 1987 reform (Art. 61VIII, *Código Federal Electoral*), and then developed further in the reform of 1993. The 1993 reform also prohibited donations from municipal, state, or federal authorities to political parties. As the electoral authorities lacked the auditing capacity to control and verify party reports, however, financial oversight was essentially a paper tiger until the reform of 1996, which granted the IFE authority to check party bank accounts and impose sanctions in cases of violation. The reform also called for the establishment of a permanent auditing committee, rather than the temporary *ad hoc* committees that had existed previously (Lujambio 2003; Peschard 2006).

its share dropped to less than 10 percent over the next three years (Lujambio 2003: 383). Figure 5.1 illustrates the continued predominance of public funding since then.

Figure 5.1: The Predominance of Public Funding in Mexico



Note: Calculations based on annual financial reports submitted by the parties to the Federal Electoral Institute (IFE). These reports are available on IFE's website (www.ife.org.mx, last accessed March 15, 2009).

Federal public funding can be divided into three streams of money. Firstly, parties receive annual funding for ordinary permanent activities (*actividades ordinarias permanentes*). The total amount to be distributed each year is determined by the General Council of the Federal Electoral Institute according to a fixed formula, which includes a corrective for inflation (Aceves Bravo 2006: 75).[29] Secondly,

[29]The amount was determined by multiplying the minimum budget required to conduct a successful campaign (determined by IFE) by the number of seats in Congress and then again by the number of parties represented in Congress. The party multiplier could lead to sudden and substantial increases in the total amount and therefore drew a lot of criticism. The formula has been reformed

parties are entitled to funding for electoral campaigns (*gastos de campaña*). Both of these streams of money are distributed between parties according to fixed criteria, with 30 percent distributed equally among all parties represented in Congress and 70 percent allotted according to the vote share obtained in the previous federal election. Thirdly, parties can apply for a reimbursement of up to 75 percent of the costs of educational or research activities carried out in the previous year (*actividades específicas como entidades de interés público*). All of these federal funds are delivered directly to the central party, which has to justify the use of these funds in its annual audit reports.

Tracing political money is probably not particularly interesting where the overall quantity is very low and these resources are only of marginal importance to party functioning. It is, therefore, useful to point out just how wealthy Mexican parties are. In 2008, which was not an election year, Mexican parties received a total amount of 2.5 billion Mexican pesos for their ordinary permanent activities. This equals roughly US$185 million, or US$2.80 per voter. In the same year, all US presidential candidates combined spent US$1.8 billion on their respective campaigns, which equals roughly US$7.80 per voter. Thus, Mexican parties received in federal public funding about one-third of the per voter amount spent in the US during the most expensive presidential race in history.[30] These generous public subsidies have enabled Mexican parties to build up large bureaucracies, and resources play an important role for their functioning. Monies are used to maintain the party administration, but also for the political apparatus more broadly. When the financial bonanza began after 1996, the PRD, for instance, used parts of its public funds to distribute free textbooks in PRD-governed areas and to sponsor pensions for the widows and children of party members who had died during PRI rule. In addition, it invested in the so-called Sun Brigades

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as part of the 2007 electoral reform, which had been framed as an effort to reduce the considerable cost of public funding. Yet, the resulting reduction in federal public funding was modest, and affected primarily campaign funding. The cost of funding for ordinary permanent activites remained virtually unchanged ("Partidos mantendrán jugosos recursos", *El Universal*, January 27, 2008). The same reform also strengthened the auditing capacity of IFE, more specifically of the *Unidad de Fiscalización* (see Córdova Vianello (2008) for more information on the 2007 reform).

[30]The calculations are based on data provided by the Federal Election Commission, available through the website of the American NGO Open Secrets (www.opensecrets.org, last accessed March 21, 2009). Per voter amounts are calculated on the basis of voting age population statistics, which include all citizens above the legal voting age. This information is available through the website of the International Institute for Democracy and Electoral Assistance (www.idea.int, last accessed March 21, 2009). The exchange rate between the Mexican Peso and the US Dollar was 13.7 to 1 in December 2008. See also Poiré (2006: 2–3) for a comparison of the cost of campaigning in the US and Mexico in 2003 and 2004.

(*Brigadas de Sol*), a network of paid activists who mobilize PRD voters by going door-to-door in key neighborhoods (Grayson 2007: 116–117).[31]

Yet even though federal funding is generous, it is only half of the story. Looking exclusively at federal funding seriously underestimates the amount of public funding available to political parties. While the IFE supervises party activities at the federal level, it has no authority over subnational party finances. Only direct transfers from national party headquarters to subnational party units fall within its responsibilities. Authority over subnational party finances lies with the state-level electoral institutes (Art. 116, Mexican Constitution). These state institutes (*institutos estatales electorales*, IEEs) are autonomous from the federal level. Yet the states have followed the federal lead in setting up a state-level system of public funding.[32] In addition to monitoring and organizing local elections, these IEEs assign and administer a growing amount of public party financing, and a system of public funding has emerged at the state level that, so far, has generally been overlooked by scholars of Mexican parties.[33]

The emergence of this system of state-level party funding illustrates how subnational party units have benefited from the changed distribution of resources in their environments. It is important to keep in mind the broader opportunity structure that enabled state politicians to increase state-level public funding to parties. States have full autonomy to determine the amount of public funding to political parties as part of their annual budget decision (Poiré 2006: 2). As subnational funds have grown, so have the resources available to parties. Subnational politicians have taken advantage of the opportunities

[31]The Sun Brigades program was highly centralized and coordinated throughout the country by CEN-appointed party officials (Montero Domínguez 2000: 176–178).

[32]For the most part, state electoral laws distinguish the same three streams of financing as the federal level (ordinary permanent activities, campaign activities and specific activities). Exceptions are Tamaulipas and Sinaloa, where there is no formal distinction between financing for ordinary permanent activities and campaigns. In these states, the amount of money available for distribution between parties is substantially higher during election years. Allocation rules vary, however, with some states applying different formulas than the 30/70 distribution between equal funding and vote share maintained at the federal level. In Sinaloa, for instance, the breakdown is 20/80 (Capítulo VII, Artículo 45A, Ley Electoral de Sinaloa), while it is 15/85 in the Estado de México (Artículo 58, II-III, Código Electoral del Estado de México). Rather than vote shares in federal elections, distribution is based on vote shares in local elections.

[33]While the electoral reform process at the federal level has received substantial scholarly attention, the study of Mexican subnational electoral institutions is in its infancy (Monsiváis Carrillo 2009). The speed with which subnational party finance became regulated varies by state. While some states, such as Baja California, specified mechanisms for public finance in their electoral laws during the early 1990s, others, such as Coahuila, did not do so until 2001.

created by decentralization and rerouted resources that had been granted to the states during the process of expenditure decentralization to party chapters. The normative arguments surrounding the expansion of state financing were similar to those presented at the national level, primarily to promote more equitable competition between parties and to ensure independence from private donations. In a decentralizing system, where local elections began to play an increasing role, these were reasonable claims. Yet public funding also offered real benefits to subnational politicians, as it altered the distribution of resources within parties. Reforms to increase public funding could generally count on broad support in the state legislatures, as parties shared an interest in ensuring that money would come in on a regular basis, even when they were not in state government.[34] Federal and subnational streams of political money are illustrated in Appendix D.

While the IFE's funding is delivered to the central party, state funding for political parties is granted to subnational party chapters. Subnational funds are handled directly by local party administrators (Poiré 2005: 8) and state party units have acquired a source of income that is independent of their relationship with the central party. The institutionalization of state-level public funding typically proceeded through a series of party-negotiated reforms, as was the case at the federal level. While direct and indirect party financing was not entirely new in all states, the extent to which subnational units could draw on these funds was unprecedented.[35] While evidence for the composition of party income at the subnational level is more difficult to come by than at the federal level, available data suggest that public funding is also the predominant form of income at the state level.[36] Just how remarkable the growth in subnational funding is will be demonstrated in the next section. First, however, it is necessary to introduce the data and reflect on the validity and reliability of the available information.

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[34]Interview P, November 30, 2007.

[35]Paco Barrera (1997) provides an illustrative discussion of electoral reforms in the state of Sonora. In the state of San Luis Potosí, to provide another example, parties had been entitled to direct financing since 1992. The monthly amount for each party was calculated by multiplying the legal minimum wage in the state capital by 1000 (Reformas y Adiciones a la Ley Electoral del Estado, San Luis Potosí, Decreto 472, Article 38A, published October 13, 1992). Under current legislation, the total annual amount to be distributed to parties is calculated by multiplying 1/3 of the legal minimum wage by the total number of registered voters in the state. Accounting for the number of parties and disregarding inflation, the new formula signifies more than a tenfold increase.

[36]State electoral laws generally provide caps on private funding akin to those in place at the federal level. Audit reports from the states such as Morelos, Quintana Roo, San Luis Potosí, and Sinaloa confirm the predominance of public funds.

Federal and Subnational Party Funding: Data and Sources

States are free to determine the amount of public funding available to parties within their territory, and funding provided at the state level is not subject to federal oversight. This also means that state-level electoral institutes are under no obligation to report the amount of public funding to the IFE.[37] The only way to find out how much public funding political parties receive at the state level is, therefore, to request this information directly from all 32 state institutes. Even though data on public funding should theoretically be public, obtaining this information is often difficult. The reluctance to provide data can be explained at least partially by the relatively low organizational capacity of some of these institutes. Particularly in the early years, records may not have been well-kept – and even well-kept records sometimes get lost in the archives. Appendix C provides an overview of the information I have been able to compile. It constitutes, to my knowledge, the first effort to systematically map party income at different levels of government and to evaluate the interaction between federal and state funding over time.[38]

While the party literature suggests that streams of money are indicative of the distribution of power within the party, one might question whether official data adequately reflect the actual distribution of resources within Mexican parties. In a system with a reputation for corruption and particularistic practices, party finances might differ quite substantially from what is officially reported (Transparency International 2006). The Mexican system of public party finance was designed largely to limit the influence of private financing and to ensure that parties were autonomous from particularistic interests. Yet even though parties receive generous public funding, studying official streams of money is unlikely to tell the whole story.

To the outside observer, it might seem startling that parties would continue to seek out illicit funds despite the state's generosity. The reform of 1993 was the first serious effort to increase transparency in party finance and to prevent

[37]Electoral institutes in some states, such as Jalisco, have signed cooperation agreements with the IFE to exchange information about subnational and national party finance. Such agreements are strictly voluntary and encompass only the sharing of information. Authority to audit and allocate resources remains with the institutes at different levels of government.

[38]So far, the literature on subnational funding in Mexico is scarce and consists mostly of descriptions of the legal framework in particular states (e.g. Paco Barrera 1997). Notable exceptions are two working papers by Alejandro Poiré, in which he explores the relationship between local public funding and intra-party transfers (Poiré 2005) and the effect of state-level public funding on electoral competition (Poiré 2006). Both analyses are based on data for 2003 only and do not allow for the study of trends over time.

the dependence of parties on private contributions. In addition to requiring parties to submit annual reports, it also limited anonymous private contributions to a maximum of 10 percent of the amount of public funding a party receives (Art 49, COFIPE). Under current federal law, anonymous contributions to political parties are prohibited completely. This measure was designed to increase transparency and to bar money coming from illegal sources, such as drug cartels. States generally adopted this rule when crafting their electoral laws. Nevertheless, even though Mexican parties are generously funded, a number of high-level campaign finance scandals have occurred in recent years, the most widely publicized being "Pemexgate" and the "Amigos de Fox" affair during the 2000 presidential election.[39] It would therefore be somewhat naïve to assume that the official reports provide a complete picture of party funding.

In the Mexican context, the involvement of the drug cartels in politics is particularly worrying. Despite the absence of hard evidence, it is widely believed that drug traffickers go to considerable length to influence parties, and that illegal money constitutes an important factor in politics. The stakes in the drug trade are high, and the influence of the cartels, especially along the main trafficking routes, is tremendous. Money coming from these sources of course falls outside the realm of government control, and is therefore not registered in my database. The influence of drug money on politics is a tremendous challenge for democratic politics in Mexico. It is also potentially problematic for my research, as it might bias results. While there is no comprehensive evidence about the party and government actors who accept illegal money, available information suggests that a disproportionate amount of these funds goes to subnational actors.[40] Therefore, focusing on official funds is likely to lead to an underestimation of the amount of resources in the

[39]During the 2000 presidential elections, resources derived from the public oil company *Petróleos Mexicanos* (Pemex) were illegally channeled to its union, the *Sindicato de Trabajadores Petroleros de la República Mexicana* (STPRM), and from there to the campaign of Francisco Labastida (PRI). As a result of the so-called Pemexgate scandal, a $100 million fine was imposed on the PRI by the IFE's General Council. During the same election the candidacy of the winning candidate, Vicente Fox, had been supported financially by two organizations, called the "Amigos de Fox" and the "Fundación para el Desarrollo y la Democracia". Because at least part of this money came from foreign donors, which is prohibited by Mexican electoral law, and this income had not been reported correctly to the IFE, a fine of $54.5 million was imposed on the coalition partners *Partido Acción Nacional* (PAN) and *Partido Verde Ecologista de México* (PVEM) (Peschard 2006).

[40]Data obtained from public opinion polls suggests that Mexicans perceive a particularly close relationship between the PRI and the cartels. In response to the question "which party was more likely to cave in to the drug cartels, a majority of respondents, about 41%, pointed to the PRI, compared with smaller percentages for the PAN and the center-left Partido de la Revolucion Democratica (PRD)" (SourceMex, February 18, 2009).

hands of subnational party chapters, rather than to an overestimation.

As the development of mechanisms of auditing and oversight at the subnational level has lagged behind the federal level, channeling illegal money to subnational party chapters is, overall, easier than to federal party headquarters. The IFE has worked hard to strengthen its auditing capacity, and has been supported in this through generous government funding. The annual cost of the IFE bureaucracy is almost equal to the overall funding for all political parties (Peschard 2006). During election years in the 1990s, a larger share of the budget was allocated to the two federal election management bodies, IFE and TRIFE, than to the legislative and judicial branches combined (Eisenstadt & Poiré 2005). State level electoral institutes are much smaller, pay is generally lower, and attracting qualified and motivated auditors has often been difficult.[41] Moreover, while the IFE has achieved a high degree of autonomy from direct party interference, also due to the international attention it has received, state institutes are generally less insulated.[42]

In addition, subnational politicians are generally more vulnerable to pressure from the cartels than federal politicians, and for the traffickers it is rational to target spending in geographical entities along their routes.[43] Various subnational politicians, governors and mayors have been accused of ties to the cartels, and "it has also been common knowledge that the cartels have been involved in financing some local and state elections" (SourceMex, February 18, 2009). Even though the influence the cartels exert on political parties is impossible to

[41]While the IFE received a budget of 100 pesos per registered voter in 2007, the state institute in Tabasco received only 44 pesos per registered voter. In 2008 the state institute in Yucatán received a budget of 50 pesos per registered voter, even though 2008 was an election year (calculations based on budget data obtained from the respective institutes' websites). Eisenstadt's (2004) analysis of subnational electoral courts during the 1990s, which are distinct from electoral institutes but share responsibility for the realization of clean elections, also suggests that their capacity to enforce legislation was often weak.

[42]For instance, after the fiercely contested 2004 gubernatorial race in Veracruz, the newly elected legislature and the PRI governor approved a constitutional reform, that reduced the independence of the state electoral institute and reinforced direct partisan control over it (Poiré 2006: 19). In his comparative study of subnational electoral legislation, Monsiváis Carrillo (2009: Graph 1) demonstrates that scores on the two dimensions measuring the organizational development of state electoral institutes (professionalization and formal independence) lag behind scores on the dimension measuring equal competition, which includes public funding to parties.

[43]For an overview of the main issues related to drug trafficking and a discussion of the problems associated with the infiltration of local governments, see Levy and Bruhn (2006: 212–225). A recent account of the same issue was provided by political scientist Denise Dresser in her testimony for the United States Senate on March 17, 2009 (United States Senate Committee on the Judiciary 2009).

estimate, regular reports of assassinations of critical politicians and high-level scandals underscore the extent of the problem.[44] Recognizing the vulnerability of subnational politicians, President Calderón has repeatedly called on governors, mayors, and politicians of all parties to close ranks against the influence of the cartels in electoral politics. This suggests that decentralization has increased entry points into the political system, not only for citizens but also for less benign interests. As eradicating illegal money is easier said than done, the amount of resources in the hands of subnational politicians is likely to be underestimated in official data.

Challenging Centralized Control: The Changing Distribution of Resources

The previous section has outlined the importance of public funding for the functioning of parties. Public funding for so-called ordinary permanent activities, in particular, is the bread and butter of party life and therefore constitutes the focus of the analysis presented here.[45] The following section outlines how the increase in resources directly available to subnational party units has come to challenge centralized control within Mexican parties.

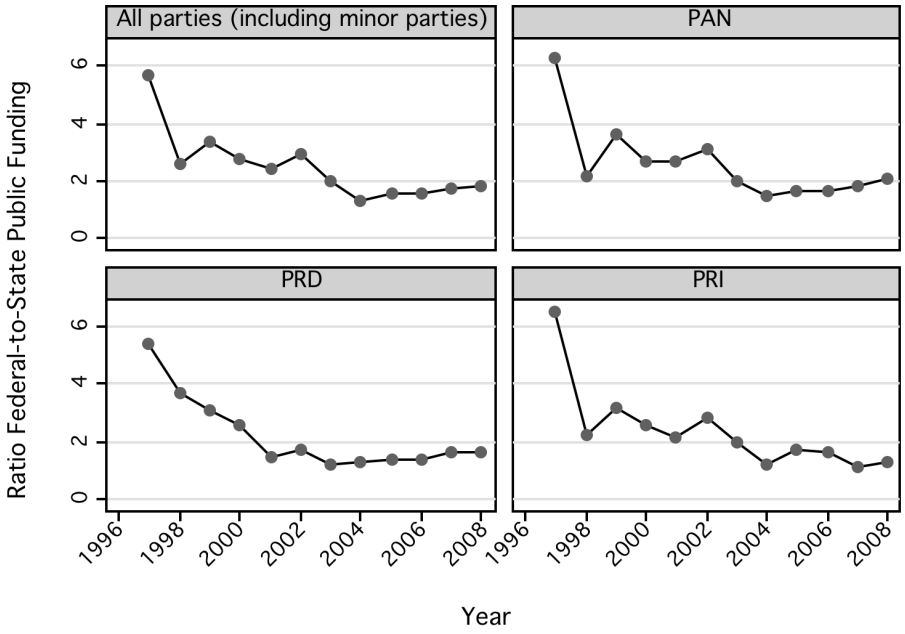
State-level public funding represents a growing share of the overall income of parties. Figure 5.2 shows that the ratio of federal-to-state funding per voter is decreasing. While federal funding is roughly six times larger than state funding at

[44]For instance, in November 2007 the mayoral candidate Juan Antonio Guajardo was gunned down in the northern state of Tamaulipas after accusing the cartels of seeking to bribe candidates (see "Mexico fears drug gangs seeking political influence", *Reuters North American News Service*, November 30, 2007). More recently, close associates and cabinet members of Michoacán governor Leonel Godoy (2008–2012, PRD) were arrested for alleged links to drug cartels (see "A prisión, equipo de Leonel Godoy", *El Universal*, June 19, 2009). With regard to high-level scandals, particularly the case of former Quintana Roo governor Mario Villanueva Madrid (1993–1999, PRI) caused outrage. After being accused of aiding narco-traffickers, Villanueva went into hiding a few days before the end of his term, to avoid arrest the moment his immunity expired. He was eventually arrested and convicted after several years on the run. Even though violence against subnational politicians has escalated dramatically in recent years, neither drug trafficking nor the involvement of drug gangs in state and local politics are novel phenomena in Mexico. Mottier (2009) provides an insightful discussion of the ways in which two drug gangs in Chihuahua used resources obtained from the drug trade to advance their political agendas in the 1920s and 1930s.

[45]Campaign funding, the second largest component in the stream of public subsidies, tends to be spent overwhelmingly on media advertisements and is therefore not as critical for the functioning of the party as an organization. As mentioned in footnote 32 above, Sinaloa and Tamaulipas do not distinguish clearly between funding for campaigns and ordinary activities. For these states, the whole annual amount is included in the database.

the beginning of the time period, the share of state-level funding grows rapidly. The declining relevance of federal funding for total party income emerges clearly in the first sub-graph, which reports aggregate figures for all parties, including minor parties. It can also be observed at the party-level for the three major parties. The central offices of the PRI, PAN, and PRD are thus confronted with increasingly well-financed subunits at the state level.

Figure 5.2: Ratio of Federal-to-State Public Funding per Voter



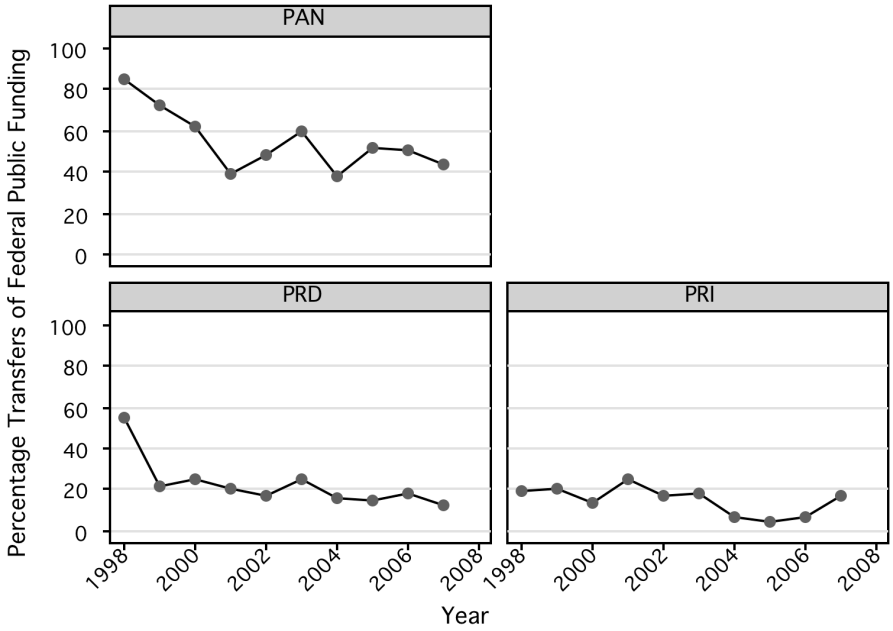
Note: Calculations are based on federal and state-level funding for ordinary permanent activities.

Subnational party units have used this money to invest in building up their own organizations, and state-level party bureaucracies have grown substantially. This is particularly true for the PRD and the PAN, whose state-level party chapters had been relatively weak financially. Given the overall dearth of resources in the former opposition parties, these parties had preferred to use the scarce funds to ensure the functioning of the central party. In the early 1990s subnational party organizations of the PRD were in a general state of impoverishment and party units often could not even afford to rent offices (Bruhn 1997). About ten years

later subnational paid officials outnumbered those on the payroll of the central party by almost 3:1 (Jiménez et al. 2001: 470). While the number of paid officials does not necessarily indicate organizational capacity, it nevertheless constitutes a useful proxy for the relative strength of different levels within the parties. The influx of resources has thus facilitated the emergence of separate bureaucracies at different levels within the parties.

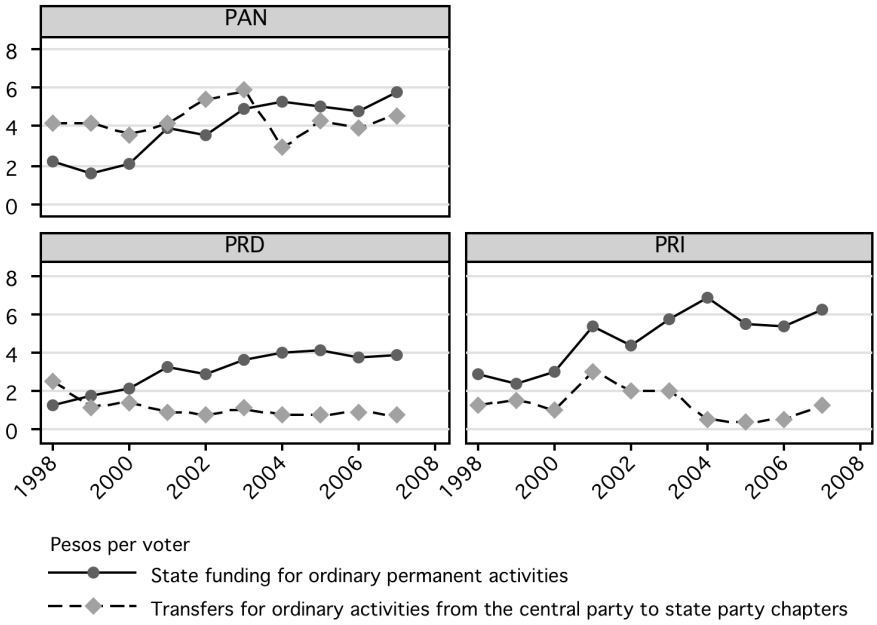
Yet, even though subnational party funding is increasing, it is only one component of subnational party income. The second major source of revenue are transfers from the central party. To develop a fuller understanding of subnational finances, it is necessary to include these transfers in the analysis and to look more closely at the composition of subnational party budgets. For instance, it is possible that subnational public funding is growing, but that transfers from the central party still make up the lion's share of subnational party budgets. In this case, party subunits would not autonomously control the resources necessary for their functioning, and would therefore continue to depend on the central party.

Figure 5.3: Percentage of Intra-Party Transfers of Federal Public Funding



Note: The figures reflect the percentage of federal funding for ordinary permanent activities that is transferred to state party chapters for ordinary activities. Data have been obtained from the IFE's annual audit reports.

Figure 5.4: Composition of Subnational Party Income



How much of their federal funding do central party offices distribute to the states? Figure 5.3 displays the percentage of federal public funding for ordinary activities that is transferred to the states.[46] The PAN is the party with the most decentralized spending pattern. While the PAN shares an average of 55 percent of its IFE funds with the states, the average is 22 percent for the PRD and only 15 percent for the PRI. The difference in transfers between the three parties is therefore quite substantial. Just how dependent are subnational party units

[46]Transfers from the central party to state chapters fall into three different categories: 1) transfers for ordinary permanent activities, 2) transfers for local campaigns for state elections, and 3) transfers for local campaigns for federal elections. The figure reports transfers that fall into the first category, which has been chosen to ensure comparability with state-level public funding, where I also focus on funding for ordinary permanent activities. In general, the majority of intra-party transfers fall into this category. Between 1998 and 2007 the average percentage of transfers for ordinary permanent activities was 82.6 percent for the PAN, 78.2 percent for the PRI, and 63.6 percent for the PRD. Data have been obtained from the IFE's annual audit reports. Transfers for local campaigns for federal elections, the third category, are reported in the IFE's federal campaign audit reports.

on these transfers? To the extent that they succeed in financing their activities without help from the central party, they are likely to possess a higher degree of autonomy (Panebianco 1988: 56–57). A closer examination of the composition of subnational party income shows that subnational funding has indeed strengthened the financial autonomy of subnational party units (Figure 5.4). A growing share of the money at their disposal now comes directly from state sources. This trend is consistent across all three parties. While previously state party chapters had to go to their respective party headquarters in Mexico City, hat in hand, and ask for financial contributions, they are now able to finance their activities independently. This represents a substantial shift in the configuration of intra-party relations. Whereas the centralized control over party resources had facilitated centralized control over subnational party units, subunits have now gained substantial financial independence. The increase in state-level resources thus undermines established patterns of intra-party power relations.

All three parties are faced with a considerable challenge to centralized control. However, the aggregate analysis presented so far masks some of the differences that exist between parties. For the central party, cash transfers can be an effective way to influence and control subnational party units in order to promote cohesion (Key 1942: 330–331). This is particularly true if transfers are discretionary. A closer examination of transfers, therefore, can generate insights into the role they play in intra-party politics, and ultimately into the way in which central and state party units are linked.

So far the analysis of transfers has been limited to aggregate measures for all states combined. Transfers do not benefit all states equally, however. From the perspective of subnational chapters, the amount of money received is likely to be as important as whether these transfers can be counted upon to arrive in more or less equal amounts from one year to the next. The role of transfers within the party depends to a large extent on the allocation rules that govern the transfer of resources. Granting or withholding financial resources might be used as "carrots and sticks" in intra-party politics. In addition to the amount of money received, what matters, then, are patterns of volatility. If transfers are highly volatile, this suggests that they are used strategically. Mexican parties are obliged to report to the IFE how they have used their resources, and to disaggregate and document intra-party transfers. They are, however, not required to specify the criteria used to allocate resources to party subunits (Peschard 2007). To understand the distribution of resources within the party, we therefore need to rely on indirect measures.

Table 5.1: Distribution of Intra-party Transfers to States

Year	PRI	PAN	PRD
1998	0.20	0.61	0.58
1999	0.38	0.58	0.63
2000	0.22	0.59	0.66
2001	0.35	0.68	0.69
2002	0.44	0.67	0.77
2003	0.46	0.67	0.73
2004	0.25	0.65	0.74
2005	0.23	0.68	0.65
2006	0.30	0.65	0.60
2007	0.30	0.74	0.69
Average	**0.31**	**0.65**	**0.67**

Note: Values reported are inverted Gini coefficients. High values indicate a relatively equal distribution of CEN transfers across states, while low values indicate that transfers are concentrated in a small number of states. Data have been obtained from the IFE's annual audit reports and refer to transfers for ordinary party activities.

Two measures are employed here to explore the role transfers play in intra-party politics. These are the distribution of transfers across states, reported in Table 5.1, and volatility of transfers over time, reported in Table 5.2. The first measure reflects the degree to which all states benefit equally from transfers. It is based on an inverted Gini coefficient. High values of the measure indicate that transfers are distributed fairly equally across states, whereas low values signify a concentration of transfers in a few states.[47] Volatility patterns are captured by a coefficient of variability (CoV); high values of the CoV indicate that transfers vary substantially from one year to the next.[48] What can these measures tell us about the relationship between central and state party chapters?

[47]Poiré (2005) uses the effective number of party measure developed by Laakso and Taagepera (1979) to capture the disperson of transfers across states. This indicator, which he uses to analyze data for 2003, produces the same ordering of parties as in Table 5.1.

[48]The coefficient of variability is obtained by dividing the standard deviation by the mean and then multiplying the obtained ratio by 100. The units of observation are the transfers received by state party chapters per year. High values of the CoV indicate high volatility of transfers. The advantage of this measure is that it adjusts for the overall transfer volume. While the standard deviation tends to take higher values where the mean is larger, dividing the standard deviation by the mean corrects for this bias. The CoV is thus not influenced by the "size of the pie" and is comparable across parties. Transfer amounts have been adjusted for inflation and are reported in constant pesos, with 2000 as the base year. Data on inflation have been obtained from the OECD's Main Economic Indicators dataset (www.oecd.org/std/mei, accessed March 6, 2009).

A closer look at the two measures reveals substantial differences in the allocation of intra-party transfers. In comparison to the other two parties, transfers within the PRI are heavily concentrated. This is surprising, as the analysis in the previous chapter showed that the PRI is still the party with the strongest electoral presence throughout the national territory. The concentration of spending suggests that the CEN of the PRI is not providing structural support to its state chapters, but instead uses resources strategically. This interpretation is supported by the high volatility in transfers. It is also consistent with information I obtained through interviews. According to a long-time *priísta*, who is also a member of the CEN of the PRI, the central party leadership determines the distribution of transfers and the president is able to make these decisions relatively unconstrained. Transfers depend primarily on short-term political considerations.[49] For the individual state party chapters, this implies a high-level of uncertainty about transfers. The ability of the central party to influence how subnational party units spend the money obtained from state-level sources, however, is limited.[50]

Within the PRD, the overall transfer volume is relatively low, and transfers are widely dispersed across states. Moreover, transfers are considerably less volatile than in the PRI. This suggests that transfers are not used for strategic purposes, or at least not to the same degree as in the PRI. It is consistent with Bruhn's findings from the early 1990s, which demonstrated that divisions between the factions of the PRD prevented the central party from developing a coherent financial strategy (Bruhn 1997). The data suggest that this continues to be the case. While the PRI president possesses a great degree of autonomy with regard to the allocation of transfers, decision-making in the CEN of the PRD requires different currents of the party to compromise. While the central party seeks to oversee state-level finances, its attempts at financial oversight are hampered by the weak professionalization of the central party apparatus.[51]

Transfer patterns in the PAN show the least evidence of strategic use of transfers. PAN transfers are widely dispersed and relatively stable from one year to the next. This suggests that the amount of transfers a subunit receives is not tied to its immediate short-term relationship with the central party. Indeed, there are clear regulations regarding the transfer of resources from the central party to the states.[52] Yet, as outlined above, the party statutes permit substantial involvement

[49]Interview A, November 20, 2007 ("depende de la coyuntura"); Interview N, November 30, 2007.

[50]Interview N, November 30, 2007.

[51]Interview K, November 21, 2007. See also Wuhs (2008), especially Ch. 5.

[52]The PAN's preoccupation with rules and procedures is illustrated by the fact that regulations exist to govern almost all aspects of party life. The "*Reglamento para la Administración del Financiamiento del Partido*" lays down the clear criteria for the distribution of resources within the party.

Table 5.2: Volatility in Intra-party Transfers, 1998–2007

	PRI			PAN			PRD		
	Mean	Standard Deviation	Coefficient of Variability	Mean	Standard Deviation	Coefficient of Variability	Mean	Std. Dev.	Coefficient of Variability
Aguascalientes	$2,625.67	$2,378.36	90.6	$4,208.31	$1,572.91	37.4	$1,422.83	$1,151.37	80.9
Baja California	$6,722.09	$7,289.15	108.4	$7,664.22	$2,298.44	30.0	$1,535.72	$856.93	55.8
Baja California Sur	$4,266.26	$3,337.51	78.2	$3,216.72	$1,870.51	58.1	$1,553.98	$681.55	43.9
Campeche	$622.03	$1,733.81	278.7	$3,365.20	$1,721.76	51.2	$1,358.68	$218.91	16.1
Chiapas	$3,422.79	$4,710.53	137.6	$6,486.04	$2,312.61	35.7	$1,474.12	$1,474.95	100.1
Chihuahua	$1,900.10	$4,329.03	227.8	$9,944.33	$5,721.47	57.5	$2,697.29	$2,834.18	105.1
Coahuila	$217.95	$357.37	164.0	$7,264.59	$3,204.88	44.1	$1,558.52	$443.28	28.4
Colima	$703.72	$1,746.88	248.2	$3,898.99	$1,936.73	49.7	$853.51	$251.28	29.4
Distrito Federal	$11,697.31	$10,104.43	86.4	$17,490.88	$5,081.49	29.1	$183.29	$423.75	231.2
Durango	$368.20	$614.02	166.8	$5,298.51	$3,580.32	67.6	$1,337.11	$1,860.75	139.2
Guanajuato	$4,333.09	$2,646.08	61.1	$12,810.65	$3,046.46	23.8	$2,377.50	$1,488.31	62.6
Guerrero	$687.75	$761.14	110.7	$5,517.67	$4,022.64	72.9	$3,837.77	$1,463.85	38.1
Hidalgo	$140.45	$287.73	204.9	$4,595.41	$1,564.28	34.0	$2,125.87	$1,218.83	57.3
Jalisco	$7,823.23	$4,811.96	61.5	$13,640.56	$4,888.00	35.8	$2,562.28	$1,488.22	58.1
Mexico	$892.64	$1,517.70	170.0	$23,001.44	$10,420.35	45.3	$3,828.52	$4,091.91	106.9
Michoacan	$6,277.62	$7,626.78	121.5	$6,886.80	$1,755.21	25.5	$4,571.23	$2,825.35	61.8
Morelos	$1,447.84	$1,262.27	87.2	$4,471.73	$2,276.40	50.9	$1,160.19	$535.54	46.2

	PRI			PAN			PRD		
	Mean	Standard Deviation	Coefficient of Variability	Mean	Standard Deviation	Coefficient of Variability	Mean	Std. Dev.	Coefficient of Variability
Oaxaca	$279.91	$500.83	178.9	$5,907.74	$1,857.67	31.4	$3,005.68	$3,224.96	107.3
Puebla	$410.63	$664.15	161.7	$10,659.03	$2,909.72	27.3	$2,560.24	$1,818.18	71.0
Queretaro	$4,143.14	$3,454.32	83.4	$5,334.87	$1,165.36	21.8	$1,343.57	$369.55	27.5
Quintana Roo	$464.22	$1,118.93	241.0	$3,638.08	$1,262.90	34.7	$1,162.27	$200.75	17.3
San Luis Potosi	$711.54	$917.84	129.0	$7,418.92	$3,950.88	53.3	$1,576.51	$416.34	26.4
Sinaloa	$283.48	$483.94	170.7	$7,046.98	$2,314.92	32.8	$2,168.52	$2,855.42	131.7
Sonora	$179.70	$245.06	136.4	$7,333.98	$2,791.68	38.1	$1,930.03	$597.34	30.9
Tabasco	$502.56	$1,009.75	200.9	$3,266.55	$2,217.51	67.9	$2,749.23	$1,951.75	71.0
Tamaulipas	$214.44	$346.80	161.7	$6,438.75	$2,440.31	37.9	$2,168.41	$1,772.91	81.8
Tlaxcala	$3,210.94	$2,634.18	82.0	$3,153.33	$1,704.64	54.1	$1,239.24	$1,422.75	114.8
Veracruz	$409.46	$935.25	228.4	$14,514.53	$2,410.50	16.6	$3,346.08	$3,410.35	101.9
Yucatan	$4,234.33	$4,555.14	107.6	$5,844.97	$1,507.90	25.8	$1,846.18	$2,109.43	114.3
Zacatecas	$2,119.53	$1,622.07	76.5	$3,222.33	$842.21	26.1	$2,385.12	$4,889.13	205.0
Average Coefficient of Variability			**143**			**40**			**76**

Note: Intra-party transfers are reported in thousands of pesos and have been corrected for inflation with 2000 as the base year. Data have been obtained from the annual audit reports of the Federal Electoral Institute.

of the CEN in state-level party finances, and the central party is empowered to audit subnational party units. The extent of financial oversight is illustrated by an initiative pursued by PAN president Manuel Espino (2005–2007) to "professionalize" state party chapters. The central party developed a series of indicators to measure the performance of state party chapters. Those falling short were threatened with sanctions, going as far as committee dissolution and the imposition of a delegation appointed by the central party (Herrera Beltran 2005).

What does this tell us about the development of intra-party relations? A number of interesting findings emerge from this discussion. Most importantly, state-level party chapters in all three parties are increasingly able to finance their activities with fewer transfers from the central party. Yet the actual degree of autonomy that subunits gain through resources is mediated by intra-party rules and the degree of control the central party is able to exert over subnational finances. For instance, the PAN, which overall has the most decentralized spending pattern, also shows the highest degree of central party involvement in state-level party finances. As the CEN of the PAN continues to fund a substantial share of state committees' budgets, it also retains a considerable degree of influence over them. This highlights that the influx of state-level resources challenges centralized control over subunits, but does not necessarily guarantee subunit autonomy. Independent funding can thus be thought of as a necessary, but not a sufficient condition for autonomy. Changes in the environment of parties do mean, however, that central parties are increasingly confronted with self-confident party subunits. To demonstrate how this affects the functioning of parties, the next section places changes in the financial configuration of parties in the broader context of party politics.

Dealing with the Challenge: Towards More Subunit Autonomy

In the early 1990s all parties invested in their territorial organizations. The PRI recognized that neoliberalism posed a challenged to its corporatist sector organizations (Prud'homme 1997: 10; Langston 2003). Therefore, it took measures to reinvigorate the territorial structure of the party in order to make "a return to the regions" (Hernández Rodríguez 2003: 113). To be able to launch a credible electoral bid against the PRI, the opposition PAN and PRD also did their best to strengthen subnational organizations (Wuhs 2008). Once these subnational organizations were established by the respective central parties, however, they took on a life of their own and became increasingly harder for the central office to control. Changes in the environment strengthened the position of

subnational party units. The following paragraphs highlight some of the changes that have occurred in the relationship between central and state party units after decentralization.

Decentralization increases the number of entrance points in the political system. In comparison to centralized systems, elected public office is available at multiple levels of government. Moreover, subnational office is particularly valuable, because it brings with it access to considerable resources. In Mexico, fiscal decentralization has increased access to public spoils for subnational politicians, and politicians who win office can therefore draw on a broad financial base. Competing for subnational office grants subnational politicians visibility and legitimacy. Even politicians who do not win, but merely campaign, are granted a platform for articulating their views and carving out a profile. In an executive-dominated political system like Mexico's, the personality and ability of the candidates generally take center stage during electoral campaigns. During his tenure as mayor of Mexico City (2000–2005), López Obrador showed that subnational office could constitute a valuable platform for carving out a political profile. In his case, it even provided him with sufficient clout to launch a bid for the presidency.[53] Decentralized governance, therefore, has the potential to augment the role of subnational politicians within the organization. As the next paragraphs will show, there is considerable evidence that this has occurred in Mexico.

It is important to point out that the system of public funding, which allocates the majority of public resources on the basis of electoral results obtained in the previous election, partially reflects the role of the party within the institutions. If the party does well in federal elections, there is an influx of money from the IFE. If the party gains votes in one of the states, this will result in an increase in state-level public funding. There are, however, additional direct benefits of public office, some of which have already been explored in Chapter Four.

With regard to the role of the party within the institutions, the situation of the PRI is distinct from the situation of the PAN and the PRD. The most interesting contrast emerges from a comparison of the PRI and the PAN, which will therefore be the focus of this discussion. Until the party lost the presidency in 2000, *priístas* had access to power at all levels of government. Yet subnational politicians, even governors, were locked into the party hierarchy, and the powerful national party leadership overwhelmed the local level. Control of the center over subunits began to slip amid rising levels of competitiveness, as it became

[53]López Obrador's term as mayor also illustrates how subnational government resources can be used to shore up political support (Harbers 2007).

increasingly important for the party to select candidates that could convince voters of their abilities. After the mid-1990s governors came to play a much more prominent role in the selection of congressional candidates (Langston 2005: 12). Where previously candidates running under the party label had shown primarily national-level profiles, decentralized candidate selection favored candidates with local connections (Langston 2006c). These candidates were also harder for the central party to control.

After the PRI lost the presidential elections in 2000, the party lacked a clear center of gravity. The outgoing President Zedillo no longer controlled his party, but there was no incoming president to take over. While the loss of national control would have been traumatic for the former hegemonic party in any case, the presence of powerful governors within the party meant that there was relatively little question of who would step in and fill the void. In the so-called "rebellion of governors" in the aftermath of the lost presidential election, the governors of the party demanded control over the party apparatus. In particular, Roberto Madrazo (Tabasco) and José Murat (Oaxaca), the governors of two states in which the PRI had finished ahead of its competitors in the 2000 election, stood out in this group (Jiménez et al. 2001: 411).[54] In short, the loss of the national executive has empowered the governors (Langston 2005; Langston 2007: 22). For a party accustomed to centralized control and high discipline, this has been a dramatic transformation. The party appears to be undergoing a "process of balkanization"[55] and has essentially become a "coalition of governors".[56]

As many of the mechanisms of centralized control within the PRI were previously based primarily on the power of the president to enforce compliance, they now lacked a stable basis. This was the case with the *dedazo*, which collapsed within a short period of time and was replaced by primaries (Langston 2006b). In addition, candidates can no longer count on the unconditional support of the party. The new self-confidence of the governors became evident in the run-up to the 2006 presidential election, when several PRI governors refused to support

[54]Madrazo, who is associated with hardline and anti-reform sectors of the PRI, had a history of resisting centralized control. In the aftermath of his election to the governorship, allegations of vote-buying and evidence of campaign finance violations surfaced. President Zedillo, who generally maintained a hands-off approach with regard to subnational elections, appared to consider forcing Madrazo to resign. Madrazo managed to enlist support from traditional sectors of the party, and Zedillo eventually decided not to pursue the matter. This constituted a watershed event because "for the first time since the 1930s, a sitting state governor . . . openly defied the president and survived in office" (Cornelius 1999: 6).

[55]Interview A, April 24, 2007.

[56]Interview J, June 21, 2007.

Roberto Madrazo in his bid for the presidency (Riva Palacio 2005; Langston 2007). The strength of the PRI in the states would have given the PRI candidate a clear advantage over his competitors, had governors thrown in their political weight to support him. Yet, for a variety of reasons, the so-called TUCOM governors ("*Todos Unidos Contra Madrazo*") refused to back Madrazo.[57] A key ingredient in their decision was the calculation that they had little to gain from a Madrazo presidency. Madrazo lacked the tools to enforce party discipline and finished the electoral contest a distant third. The public challenge to the party's candidate vividly underlines the rapid decline in party cohesion. That elections cannot be won without support from the governors is a lesson the PRI seems to have learnt in the aftermath of the disappointing 2006 elections. For the legislative elections of 2009 a list of candidates was prepared by a convention, but governors had the final word with regard to the designation of candidates.[58]

While the institution of the CEN delegates was maintained in the PRI, its meaning and role came under pressure. In states governed by parties other than the PRI, the CEN delegate has continued to play a substantial role.[59] The CEN delegate is often involved in overseeing transfers from the central party to the respective state committee, and overall plays an active role in directing state party affairs.[60] Yet even in these states local party presidents are becoming increasingly critical of central party interference.[61] PRI governors, by contrast, are the unchallenged leaders of the party in their state (Hernández Rodríguez 2003) and are generally able to ward off unwanted CEN interference. The ability of the CEN delegate to influence them is, therefore, relatively limited. Overall, governors negotiate directly with the central party, rather than going through the delegate. In several cases, they have even influenced the selection of the delegate.[62] Instead of being accountable solely to the national party president, these new types of delegates have to maneuver in the space between powerful governors and the national party leadership.

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[57]Governors from Coahuila, Colima, Hidalgo, Mexico, Nuevo León, Sonora, Tamaulipas, and Veracruz were part of the TUCOM alliance. Enrique Jackson, the PRI leader in the Senate, also played an important role in setting up this group. Poiré's (2005) analysis of intra-party transfers in 2003 shows that state chapters loyal to Madrazo received higher transfers than states associated with the TUCOM alliance, which again underlines the strategic use of transfers within the PRI.

[58]"Élites partidistas dan 'manotazo' a la base", *El Universal*, January 18, 2009.

[59]Interview E, May 24, 2007.

[60]Interview C, May 21, 2007; Interview E, May 24, 2007.

[61]Interview N, November 30, 2007.

[62]Interview A, April 24, 2007.

The previous section has argued that, in the PRI, intra-party transfers are a strategic tool used by the central party to build intra-party coalitions. The perception that granting resources buys influence is widely shared among party actors at different levels. Ambitious subnational *priístas*, therefore, have sometimes refused to accept transfers from the CEN to demonstrate their political independence.[63] As governors have substantial resources at their disposal, they do not have to rely on party transfers, and the ability of the central party to influence governors in this way is limited. States governed by the PRI, therefore, are considerably less likely to receive transfers from the CEN of the party.[64]

Changes in power relations between different levels of the party should also be seen in light of the changing career profiles of PRI governors, which illustrate that the state and federal spheres of the party are increasingly distinct arenas. While previously PRI candidates used to pursue nationally oriented careers that allowed them to maintain close contact with the president, PRI governors now have a much stronger background in state politics (Hernández Rodríguez 2003; Langston 2006c). Candidates with roots in the states are more competitive, and therefore are likely to be more successful at the ballot box. This has curbed the power of the central party, which is no longer able to reward loyalists with nominations. Moreover, the change has been self-reinforcing. As the national-orientation of governors' profiles began to decline, sitting governors started to play a stronger role in selecting and grooming their successor. These new governors then owed nothing to the national party leadership.

In contrast, subnational party organizations in the former opposition parties, the PAN and the PRD, had been relatively weak compared to the central party. Yet both parties realized that developing subnational organizations was essential if they were to challenge the PRI at the ballot box. However, the growth of subnational party organizations throughout the country has been unequal. The previous chapter showed that electoral support for the PAN and the PRD differs substantially between states. While parties do well in states where they are able to draw on an organizational foundation, it is also true that access to subnational office has compounded the unequal development of party organizational

[63]Interview E, December 10, 2007.

[64]Interview A, November 20, 2007; Interview E, December 10, 2007. That PRI-governed states receive fewer transfers has been confirmed through a t-test. Calculations based on transfer values (adjusted for inflation) show that the amount of resources transferred to PRI-governed states is more than five times lower than to non-PRI-governed states (PRI governed states receive an average of 878,711 thousand peso in comparison to 4,583,526 thousand peso in non-PRI-governed states). Tracing transfers for individual states over time also reveals that transfer amounts change dramatically after an alternation in power.

structures. Access to office plays a substantial role in accounting for the strength of state party organizations, as governors and mayors build organizations to support them (Wuhs 2008: 76, 81). Moreover, as the system of public funding allocates a substantial share of public resources on the basis of previous electoral results, it perpetuates and reinforces the unequal territorial structure of parties.

Whereas mechanisms of centralized control within the PRI were generally backed by the *de facto* power of the president, centralized control within the PAN was laid down in the party statutes. Once the PRI lost the presidency, centralized control became difficult to enforce. The power of the central party in the PAN, however, was derived from party statutes. Due to the value attached to respect for the rule of law within the party, centralized control has been more durable and the CEN continues to play a key role in party life.

Yet even within the PAN, subunits have become more self-confident and relations between party units at different levels are increasingly conflictive. In one of my interviews, the president of a PAN state committee objected strongly to the CEN of the party making decisions about his state without consulting him.[65] One of the mechanisms of centralized control was the imposition of delegations in states, if this was deemed necessary by the central party to ensure the functioning of the party. The power to impose delegations had been upheld for decades, without substantial challenges from state committees. Yet while delegations were initially designed to allow the PAN to survive where subnational structures were weak, the instrument has also been used by the central party to discipline disobedient state committees.[66] In some cases, assertions have been made that the national party leadership fueled conflicts within state committees to justify the imposition of a delegation (Wuhs 2008: 77). Recently, therefore, state committees have sought to devise strategies to defend themselves against impositions.

In 2007 members of PAN state committee of Baja California Sur, which had been dissolved by the CEN of the party, appealed to the Federal Electoral Tribunal (TRIFE) and argued that their political rights had been violated by the imposition of the delegation.[67] The tribunal determined that the provision in the

[65]Interview M, November 28, 2007.

[66]Interview D, May 28, 2007.

[67]The tribunal had been created by the 1996 electoral reform. Complaints such as the one brought forth by the *comité directivo estatal* of Baja California are known as *Juicios para la Protección de los Derechos Político Electorales* (JDC). Since the tribunal determined that it was competent to rule in intra-party matters if the political-electoral rights of citizens were violated, the number of complaints presented has grown exponentially. While only four intra-party conflicts were filed in 1999, this number grew to 85 in 2000, 292 in 2003, 681 in 2005, and 1101 in 2006 (Information provided by the *Dirección de Estadística Judicial* of the TEPJF, December 2007).

party statutes (Article 94, 1) was unconstitutional, because it specified neither criteria nor rules and procedures for the imposition of a delegation. This was a substantial blow to the central party. The reform of the party statutes later that year, therefore, laid down the conditions under which such a delegation could be appointed. This considerably reduced the leeway of the CEN of the PAN. The incident shows that there has been a push for more autonomy even in the PAN. Yet centralized control within the party is relatively "sticky", as reforms of the statutes have to be negotiated and agreed upon.

While the most interesting contrast emerges from a comparison of the PRI and the PAN, the PRD has also experienced pressures from subnational party units. Compared to their counterparts in the PRI and the PAN, PRD leaders have generally possessed a considerably lower degree of control over state party chapters (Wuhs 2008: 87). This is not so much due to the strength of local party chapters, but rather to the relative weakness of the center and the persistence of fractional divisions within the party. Routinization within the PRD has been low, and the ability of the central party to enforce compliance with rules has therefore been fairly limited. The struggle among factions continues to shape party life, particularly in the aftermath of the 2006 presidential election. The PRD's candidate, Andrés Manuel López Obrador, lost only by a very slim margin and, due to real and perceived problems during the electoral process, refused to accept defeat. He declared himself the "legitimate president of Mexico" and led mobilizations against Felipe Calderon, to whom he referred as the "usurper president". That López Obrador could not count on the wholehearted support of his party became evident relatively quickly. The party governors, in particular, had a clear stake in the system and were more inclined to cooperate with Calderón. The central party was essentially unable to force governors to maintain a more confrontational stance.

Conclusions

In Mexico, the centralization of the state had been associated with the development of highly centralized political parties. Institutions shaped by the hegemonic party during the heyday of the PRI regime were often designed to facilitate centralized control of the party. These institutions, such as the ban on consecutive re-election, are often still in place. Yet while the bar for subunit autonomy is generally high, even in Mexico clear signs of this autonomy are visible. Powerful party actors are increasingly located at the subnational level.

How has decentralization challenged centralized Mexican party organizations? This chapter has identified changes in party cohesion by focusing on intra-party financial relations. In Mexico centralized control over resources had traditionally played an important role in maintaining party cohesion, especially for the PRI. The system of public funding that emerged during the 1990s granted parties generous access to public monies. In a system as heavily dependent on public subsidies as Mexico's, the flow of these funds provides important information about the resources available to different levels of the party.

Subnational party chapters in Mexico have benefited from the higher availability of resources at the subnational level. In the wake of decentralization, a system of subnational public funding has emerged that provides state party chapters with access to a substantial amount of resources. State-level funding per registered voter has increased consistently throughout the time period. The majority of subnational party income now comes from subnational sources. Hence, subnational party units exert increasingly autonomous control over the resources necessary for their functioning, which constitutes a profound challenge to centralized control over subunits (Panebianco 1988: 56–57). Financially, state party chapters have recently become more autonomous. Yet while independent resources constitute a necessary condition for autonomy, they are by no means sufficient. The discussion of development within the PRI and the PAN shows that the actual degree of autonomy which subunits gain through resources is mediated by the organizational styles of the parties.

The comparison of the PRI and the PAN suggests that decentralization exerts a stronger effect on less routinized parties. In more routinized parties, the "stickiness" of centralized rules means that granting subunits more autonomy requires statutory changes. This takes time, as such changes have to be negotiated between different party actors. Through its statutory power, the CEN of the PAN has been able to maintain a considerable degree of involvement in state-level party affairs. In the PRI many mechanisms of centralized control were based on the de facto power of the president to enforce compliance, rather than on formal rules. Once the PRI lost the presidency, the governors emerged as the focal points of party life.

The analysis also shows that the presence of powerful governors within the party sways it towards greater subunit autonomy. The benefits that governors derive from their office insulate them from central party interference. PRI governors are especially able to defy party discipline. That the days of tight discipline and centralized control are over was a lesson painfully learned by Roberto Madrazo during the 2006 presidential election, when *priísta* governors refused to support his candidacy. Madrazo, who had been one of the protagonists of the rebellion

of governors, was forced to accept that the weakness of the central party had not been a temporary distortion in 2000, but that the conditions that had facilitated centralized control had now disappeared.

6

Decentralization and Political Organization in Comparative Perspective

The previous two chapters have examined the effect of decentralization on political organization in the context of one specific country. As Mexico has moved from centralized to more decentralized patterns of governance, party systems and organizations have undergone substantial changes. Up to this point in the study, variation in the degree of centralization has been observed primarily along the time dimension. Yet, as Chapter Three has outlined, the shift towards more decentralization is a region-wide phenomenon. Thus, processes similar to those identified in Mexico should also be at work in other countries of the region. This final empirical chapter, therefore, explores the relationship between decentralization, on the one hand, and parties and party systems, on the other, from a comparative perspective. It uses statistical, variable-oriented techniques to place the case of Mexico in a broader context.

A few remarks are necessary at the outset. The purpose of this chapter is not to replicate with similar detail the analysis of the Mexican case. By their very nature, variable-oriented methods lack some of the multi-faceted detail of case studies. As Satori has noted, "in case studies things are seen close up and thus magnified, whereas in comparative studies things are seen at a distance and thus minified" (2005[1976]: 74). Despite the inherent tension between case studies and cross-country comparative analyses, exploring the relationship between decentralization and the dynamics of party politics through a combination of both methods can increase analytical leverage, and thus contribute to greater confidence in the results than if only one set of methods is used. More specifically, the comparative variable-oriented analysis in this chapter makes two important contributions to the overall discussion.

Firstly, it can strengthen the conclusions reached for Mexico. As George and Bennett (2005: 220) point out, the conclusions of case studies are much stronger if they can be compared to other cases. I have argued in the previous chapters that changes in the functioning of Mexican parties and party systems are at least partially attributable to decentralization. Yet a number of important political developments have overlapped with the move towards more decentralized

governance throughout the 1990s. For instance, the protracted nature of Mexico's transition to democracy sets it apart from many of its Latin American neighbors. I have argued that democratization reactivated federal checks and balances that had been hollowed out by the PRI's authoritarian regime. The centralized control that PRI presidents exercised over governors and state politics flowed from the authoritarian nature of the regime, which endowed the president with metaconstitutional powers. Democratization therefore eroded centralized control at a time when the financial base of the states had been strengthened in an attempt to deflect economic and social pressures from the central government. The conjecture of these two developments conspired to create particularly powerful governors. In summary, I argue that democratization resulted in *de facto* decentralization, which then led to the documented effects on party systems and organizations.

One might object that the regionalization of voting patterns and the increased autonomy of subnational party units are unrelated to decentralization, and indeed that they are normal corollaries of democratic politics. If this is so, placing Mexico in the context of other new democracies in the region makes it possible to disentangle democratization and decentralization more effectively. Mexico's protracted transition to democracy, and the existence of elected subnational executives during authoritarian rule, are regional exceptions. In the majority of countries the return to electoral rule occurred more abruptly, when military dictators returned to their barracks. If there is also a systematic relationship between the extent of decentralization and parties and party system characteristics in these countries, this strengthens the argument that decentralization has been an important factor in the Mexican case.

Secondly, the analysis conducted in this chapter evaluates empirically whether the broad patterns that emerge from the logic of the argument "travel" beyond Mexico. While, on aggregate, Latin America has become more decentralized, as mentioned in Chapter Three, the degree of decentralized governance differs between countries. The expectation underlying the analysis in this chapter, therefore, is that in the new Latin American democracies the characteristics of party systems and organizations co-vary with the degree of decentralization. Specifically, I expect party systems to be more regionalized, and party organizations to be less cohesive, in decentralized countries. The two aspects will be addressed in turn.

Decentralization and the Development of Nationalized Party Systems

Chapter Four has identified spillover from subnational party systems as the key mechanism underlying the regionalization of voting patterns in Mexican federal elections. It has documented the divergence of state-level party systems, and has shown how this influenced voting patterns in federal elections. This section tackles the question of whether there is a systematic relationship between decentralization and the nationalization of party systems across Latin America. Previous work on party system nationalization in Latin America has tended to emphasize the measurement of nationalization, rather than its explanation (e.g. Jones & Mainwaring 2003; Alemán & Kellam 2008). The current analysis aims to provide an account of the determinants of party system nationalization on the basis of a quantitative investigation. More specifically, it seeks to identify whether decentralization has affected party system nationalization in Latin America since the beginning of the third wave of democratization.

The analysis begins by mapping the development of party system nationalization for 89 elections in 16 Latin American democracies. Subsequently, the ability of decentralization to explain the observed patterns is put to a test. In each country, the analysis begins with the first democratic election after the beginning of the third wave of democratization for which data are available. Only countries with a score of 4 or higher on the Polity Index have been included in the analysis (Marshall & Jaggers 2005). The results show that both political and fiscal decentralization inhibit the development of nationalized party systems, which suggests that a trade-off between decentralized governance and nationalized party systems exists.

Measurement

Let me begin by explaining the operationalization and measurement of the relevant variables. Nationalization, my dependent variable, refers to the extent to which subnational territorial units mirror the overall national pattern of party competition. If patterns of competition overlap, the system is considered nationalized. If patterns of competition diverge, the system is considered regionalized.[1] Nationalization therefore reflects the vote shares obtained by parties and does not capture programmatic differences within one party across subnational units. In this analysis, vote shares have been aggregated at the level of primary administrative divisions. In federations, these are the states (Brazil,

[1]In addition to this conceptualization, nationalization has also been understood as the uniformity of electoral change (Stokes 1967; Morgenstern & Potthoff 2005).

Mexico, and Venezuela) or provinces (Argentina). For unitary countries, the units considered are departments or regions. Table 6.1 provides an overview of the names of administrative divisions and the included elections for each country.

Table 6.1: Administrative Divisions and Included Elections

Country	Territorial Unit	Number of Units	Elections Included	Elections not Included
Argentina	Province	24	1983–2007	
Bolivia	Department	9	1985–2005	
Brazil	State	27	1986–2006	
Chile	Region	13	1989–2005	
Colombia	Department	33 (26)	1978–2006	1991, 1994
Costa Rica	Province	7	1982–2006	
Ecuador	Province	22 (20)	1979–2006	1998, 2002
El Salvador	Department	14	1994–2003	1985, 1988, 1991, 2006
Guatemala	Department	22	1990–1999	1994, 2003, 2007
Honduras	Department	18	1985–2005	
Mexico	State	32	1994–2006	
Nicaragua	Department	17	1990–2001	2006
Paraguay	Department	18	2003–2008	1993, 1998
Peru	Region	26	1980–1990, 2001–2006	
Uruguay	Department	19	1989–2004	
Venezuela	State	24	1983–1998	2000, 2005

Note: If new regions were created during the period considered, the initial number of districts is indicated in parentheses.

The nationalization measure used in this analysis is the party system nationalization score (PSNS) proposed by Jones and Mainwaring (2003). It is based on the Gini coefficient, a widely used measure of inequality. Calculation of PSNS proceeds in two steps. First, a Gini coefficient is computed that reflects the vote distribution of each party. For this party nationalization score (PNS), a Gini coefficient of 0 signifies that a party received the same percentage of votes in every subnational unit. In a second step, the obtained Gini coefficients are multiplied by the respective party's share of the national valid vote and then added up. Hence, the contribution of each party to the party system measure is proportionate to its share of the national vote. The overall Gini coefficient is then subtracted from

1, so that high scores indicate a high level of party system nationalization. As the calculation of the initial PNS is based on vote shares (rather than total votes), each district is weighted equally, regardless of differences in population.[2]

Confidence in the measure is strengthened by the fact that it compares well with other nationalization measures. It correlates highly with Chhibber and Kollman's party aggregation measure, which suggests that both indicators measure similar processes and outcomes (Chhibber & Kollman 2004: 175–178). Kasuya and Moenius' district-focused measure of nationalization and PSNS also yield very similar substantive results when applied to the evolution of the US party system (Kasuya & Moenius 2008: 8).

Decentralization refers to the division of labor between levels of government. Since decentralization is a relative concept, measurement is not entirely straightforward and substantial debate exists in the literature about the best way to capture the relationship between levels of government. The cornerstone of effective decentralization, as defined in Chapter Two, is a distribution of power between levels of government that grants subnational governments some degree of independence. Hence, effective decentralization results from the transfer of authority and resources. To tap in to these two aspects, the measurement distinguishes between the fiscal and political dimensions of decentralization. The expectation that emerges from the theoretical discussion and the analysis of Mexico is that in decentralized polities, party systems are likely to be less nationalized than in centralized polities. More specifically, two hypotheses can be formulated for the quantitative analysis.

> *Hypothesis 1*: In politically decentralized systems, party system nationalization is likely to be lower than in centralized systems.
>
> *Hypothesis 2*: In fiscally decentralized systems, party system nationalization is likely to be lower than in centralized systems.

Political decentralization is measured by a dummy variable, and a country is considered politically decentralized if both subnational legislatures and executives are directly elected. Data for this indicator are available through the World Bank's

[2]Indicators of nationalization can be either party-based (e.g. Jones & Mainwaring 2003) or district-based (e.g. Kasuya & Moenius 2008). In both cases, nationalization is calculated on the basis of lower house elections. Constituency-level data were obtained from the CLE dataset (Brancati 2007), the Lijphart Election Archive (n.d.), Maroni Nicolau (n.d.), as well as from a number of national government institutions.

Database of Political Institutions (Beck et al. 2001). Where this database was incomplete, data have been updated and cross-checked with information obtained from Daughters and Harper (2007), as well as from the websites of the Library of Congress and the US State Department.[3]

Two different indicators have been constructed to tap in to aspects of *fiscal decentralization.* The first indicator is a scale composed of four items: subnational revenue as percentage of GDP, subnational expenditure as a percentage of GDP, subnational revenue as percentage of total government revenue, and subnational expenditure as percentage of total government expenditure.[4] These measures do not necessarily reflect how much autonomy subnational governments have with regard to the use of these resources, as transfers from the central government may in some cases be earmarked for specific purposes. Nevertheless, they reflect the overall level of fiscal resources managed at the subnational level and indicate the fiscal impact of local governments (Schneider 2003: 37). Therefore, they indicate the degree to which subnational governments have access to resources.

Secondly, the size of subnational and national governments also yields information about their relative importance. Chhibber and Kollman (2004) argue that the number of public employees at different levels of government constitutes a good measure of decentralization. In addition to the fiscal decentralization scale, government employment data – obtained from the IMF's Government Finance Statistics – are used, in order to capture the extent of fiscal decentralization. More specifically, the indicator reflects the subnational wage share – that is, the percentage of total government wages attributed to subnational governments. Both indicators relating to fiscal decentralization have been constructed as a three-year moving average (two years preceding the election and the election year itself).[5]

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[3]The respective websites are http://lcweb2.loc.gov/frd/cs for the Federal Research Division of the Library of Congress, and http://www.state.gov/r/pa/ei/bgn/index.htm for the US State Department's Country Background Notes.

[4]The scale reliability coefficient for these four items is 0.88. Data have been obtained from the World Bank Decentralization Data Page and have been updated and expanded on the basis of the IMF Government Finance Statistics CD-Rom, the IMF Historical Government Finance Statistics CD-Rom, and the Government Finance Statistics Yearbook (various years) published by the International Monetary Fund.

[5]Note that data for fiscal decentralization are not available for all country-years. Honduras, for example, had to be excluded from the analysis as data were unavailable. For Mexico, Uruguay, and Venezuela, data relating to subnational wage share were not available in the IMF statistics. For Mexico, similar data are reported in Chapter Three on the basis of statistical information obtained from the *Instituto Nacional de Estadística y Geografía* (INEGI) and the *Centro Latinoamericano de Administración para el Desarrollo* (CLAD). These data are not included in the database, however, because different accounting standards render them unsuitable for cross-country comparison.

To account for inter-country differences, the analysis also includes several control variables. Previous research has shown that party system characteristics are often closely related to the social and political heterogeneity of society (Coppedge 1997; Clark & Golder 2006). In particular, *ethnicity* affects the relative ease or difficulty with which nationalized parties can be formed (Bochsler 2006). In plural societies, aggregating diverse ethnic interests into nationalized parties is likely to be more difficult than in relatively homogenous societies. The analysis therefore controls for ethno-linguistic fractionalization and includes a variable, which ranges from 0 to 1, with higher values indicating a higher level of heterogeneity.[6]

Incentives created by the political and electoral systems also affect nationalization. All the Latin American countries considered in this study have presidential regimes. There is a substantial body of literature in comparative politics, which argues that *concurrent presidential elections* reduce the effective number of legislative parties. As in presidential systems the grand prize is generally awarded in a single national district, these systems encourage the formation of national alliances between parties. If presidential elections are held concurrently with lower-house elections, the resulting "coattails" effects should promote higher nationalization (Shugart & Carey 1992; Cox 1997). This is consistent with the pattern found in the analysis of Mexico (Figure 4.7).[7]

The final control variable in the analysis is the *number of districts*. There are theoretical as well as practical considerations for the inclusion of this variable. From a theoretical perspective, it has been argued that party aggregation across districts becomes more challenging as the number of districts increases. Maintaining an organizational structure in a large number of districts is arguably more demanding for a political party than in just a few or even one nationwide district (Nikolenyi 2008). The practical reason for the inclusion of this variable is rooted in the Gini coefficient-based nature of PSNS. Bochsler (2005) shows that the Gini coefficient is sensitive to the number of units upon which it is based, with heterogeneity increasing together with the number of districts. As variance in the number of units in this dataset is limited, ranging only from

[6]For a detailed discussion of the measure, see Taylor and Hudson (1976). Data were obtained from Roeder (2001).

[7]Previous studies of nationalization have also found that single-member districts have a regionalizing effect. This effect has been attributed to parties' strategic use of resources, as they may decide not to compete in districts where their chance of winning is small, and to heterogeneity between districts (Tiemann 2006; Morgenstern & Vazquez-D'Elia 2007). Because no Latin American country employs this electoral formula, this variable cannot be included in the current analysis.

Table 6.2: Country Means for Dependent and Independent Variables

	Party System Nationalization	*Fiscal Decentralization Scale*	*Subnational Revenue as Percentage of GDP*	*Subnational Expenditure as Percentage of GDP*	*Subnational Expenditure as Percentage of Total Expenditure*	*Subnational Revenue as Percentage of Total Revenue*	*Subnational Wages as Proportion of Total Government Wages*	*Ethno-Linguistic Fractionalization*
Argentina	0.63 (13)	23.97	8.24 (22)	10.09 (22)	40.54 (22)	37.01 (22)	0.68 (20)	0.29
Bolivia	0.76 (6)	13.18	6.20 (25)	6.13 (22)	22.24 (21)	24.39 (22)	0.29 (24)	0.74
Brazil	0.59 (6)	22.68	10.57 (12)	16.28 (12)	35.50 (12)	28.36 (12)	0.67 (12)	0.58
Chile	0.89 (5)	5.39	2.06 (16)	2.05 (16)	9.13 (16)	8.31 (16)	0.13 (15)	0.52
Colombia	0.69 (7)	13.81	5.17 (14)	6.21 (14)	27.10 (14)	18.51 (9)	0.45 (13)	0.60
Costa Rica	0.88 (7)	2.08	0.76 (26)	0.78 (26)	3.30 (26)	3.47 (26)	0.04 (14)	0.46
Ecuador	0.57 (9)	10.30	2.51 (2)	2.71 (2)	17.92 (2)	18.04 (2)	0.18 (1)	0.66
El Salvador	0.85 (4)	2.05	1.17 (3)	0.78 (3)	–	5.29 (1)	0.06 (5)	0.16

Table 6.2: Country Means for Dependent and Independent Variables (continued)

	Party System Nationalization	*Fiscal Decentralization Scale*	*Subnational Revenue as Percentage of GDP*	*Subnational Expenditure as Percentage of GDP*	*Subnational Expenditure as Percentage of Total Expenditure*	*Subnational Revenue as Percentage of Total Revenue*	*Subnational Wages as Proportion of Total Government Wages*	*Ethno-Linguistic Fractionalization*
Guatemala	0.76 (3)	3.52	0.34 (4)	0.98 (4)	9.09 (4)	3.68 (4)	0.05 (4)	0.76
Honduras	0.92 (6)	–	–	–	–	–	–	0.12
Mexico	0.82 (5)	17.64	5.90 (7)	6.49 (7)	29.82 (7)	28.37 (7)	–	0.22
Nicaragua	0.86 (3)	5.49	2.32 (5)	2.66 (5)	7.98 (5)	9.02 (5)	0.08 (4)	0.39
Paraguay	0.58 (2)	2.22	0.50 (15)	0.52 (15)	4.30 (15)	3.55 (15)	0.05 (12)	0.18
Peru	0.72 (5)	8.44	2.71 (16)	4.24 (16)	19.10 (16)	6.54 (10)	0.32 (16)	0.51
Uruguay	0.87 (4)	7.69	–	3.19 (9)	10.27 (9)	10.55 (7)	–	0.38
Venezuela	0.76 (4)	1.19	0.31 (2)	0.64 (2)	2.54 (2)	1.24 (2)	–	0.52

Note: Number of observations on which these averages are based are in parentheses.

7 in Costa Rica to 33 in Colombia, a bias in the results is unlikely. As both theoretical and methodological considerations point towards a possible inverse relationship between nationalization and the number of districts, however, this has been included as an additional control. Table 6.2 summarizes the country means of the interval-level variables in the analysis, and Table 6.3 provides basic descriptive statistics.

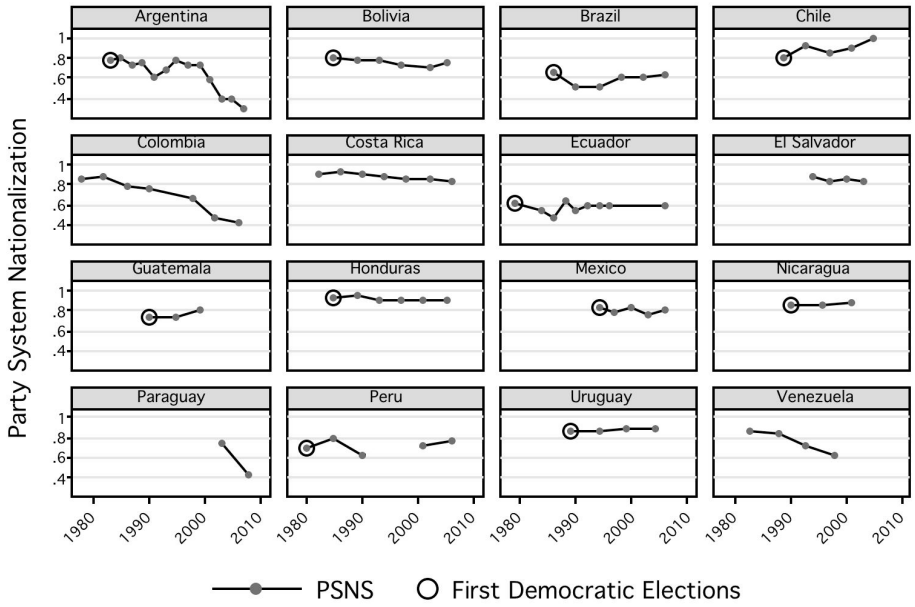
Table 6.3: Descriptive Statistics for the Party System Nationalization Analysis

	Mean	Standard Deviation	Minimum	Maximum
Party System Nationalization	0.74	0.15	0.29	0.98
Fiscal Decentralization Scale	11.04	8.41	0.81	28.78
Subnational Wage Share	0.32	0.26	0.02	0.75
Political Decentralization	0.44	–	0	1
Ethno-Linguistic Fractionalization	0.45	0.19	0.12	0.76
Concurrent Presidential Elections	0.69	–	0	1
Number of Districts	19.72	7.13	7	33

Trends in Party System Nationalization

A first glance at the data shows that countries included in the analysis differ quite substantially both with regard to absolute levels of party system nationalization and in the development of nationalization during the time period considered. Figure 6.1 displays trends for 16 Latin American democracies. The average nationalization score for all countries and elections is 0.74. Nationalization scores range from 0.98 (Chile 2005) to 0.29 (Argentina 2007). Of the countries for which data are available for at least three elections, Argentina (standard deviation, $\sigma = 0.17$) is the country with the highest level of change over time, while Honduras ($\sigma = 0.01$) is the most stable. Mexico's average nationalization score for the period between 1995 and 2006 is 0.78, with a standard deviation of 0.09. Thus, Mexico's average score is above the regional mean. While there are considerable changes over time, they are smaller than in some other countries, such as Colombia, Venezuela, and Argentina. This suggests that the strong institutional pressures for the formation of national parties in Mexico have inhibited the regionalization of voting patterns.

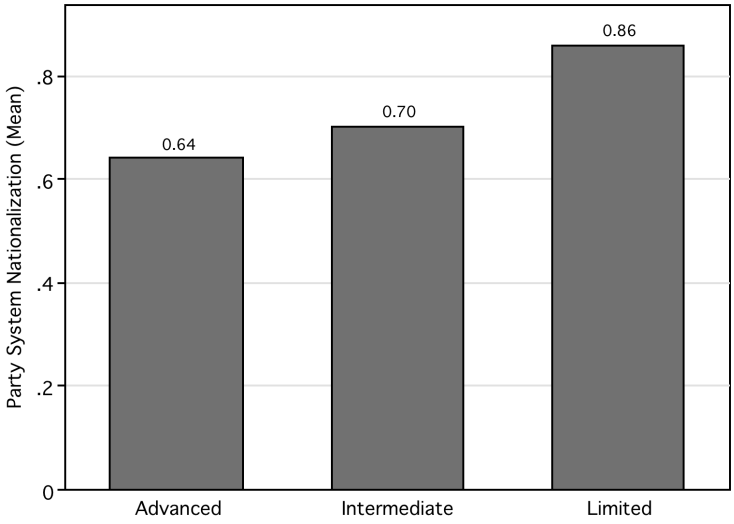
Figure 6.1: Party System Nationalization in Latin America



The data show that, in Latin America, trends towards nationalization as well as a regionalization of voting patterns can be observed. While a number of countries, such as Argentina and Colombia, move towards regionalized voting patters, the party system in Chile nationalizes. In another group of countries (e.g. Uruguay and Costa Rica), no trend in either direction is observable, and voting patterns appear relatively stable between elections. As Chile, Costa Rica, and Uruguay consistently receive high scores on measures of democracy, the lack of regionalization undermines the claim that regionalization is a mere corollary of democratization. Overall, the variety of trends in Figure 6.1 supports the notion developed in the theoretical discussion that in Latin America party system nationalization is fairly dynamic and that changes over time are possible. This sets Latin America apart from Western Europe, where, as Caramani (2004) argues, nationalization has been progressive and voting patterns have remained stable once nationalization is achieved.

As levels of nationalization and regionalization in Latin America differ quite substantially between countries, the question of how we can account for this outcome remains. The following section tests the hypotheses formulated above and shows that a substantial portion of the variance in PSNS – both between and within countries – can be explained by fiscal and political decentralization.

Figure 6.2: Average Party System Nationalization, by Level of Decentralization



Explaining Party System Nationalization

Figure 6.2 provides an initial graphic illustration of the relationship between party system nationalization and levels of decentralization. In their survey of decentralization in Latin America, Daughters and Harper (2007) divide countries into three groups: those with advanced levels, with intermediate levels, and with limited levels of decentralization. While average party system nationalization in the first group is 0.64, it is 0.7 in the second and 0.86 in the third group. A closer look at Colombia and Venezuela in Figure 6.1, both of which embarked on a process of political decentralization in the late 1980s (Lalander 2003), also indicates that in these countries party system nationalization scores declined sharply in the period following the reforms.

This provides some initial support for the hypothesized link between decentralization and levels of nationalization. Hypotheses 1 and 2 are now tested more systematically on the basis of the following model:

$$\begin{aligned} \textit{Party System Nationalization}_{i,t} = {} & \beta_0 + \beta_1 \textit{Fiscal Decentralization}_{i,t} + \\ & \beta_2 \textit{Political Decentralization}_{i,t} + \\ & \beta_3 \textit{Ethno - Linguistic Fractionalization}_{i} + \\ & \beta_4 \textit{Concurrent Presidential Elections}_{i,t} + \\ & \beta_5 \textit{Number of Districts}_{i,t} + \varepsilon_{i,t} \end{aligned}$$

All hypotheses are tested using pooled time-series cross-sectional analyses. As observations are clustered within countries and the number of observations per country differs quite substantially, the data pose a number of econometric challenges. Because of the relatively small number of democratic elections in many countries, variation between countries is more than twice as large as variation within countries. The number of time-periods (i.e. elections) is relatively small compared to the number of countries, so feasible generalized least squares would be inappropriate as they run the risk of underestimating standard errors. Therefore, and because countries constitute fixed, rather than sampled units, models are estimated using panel-corrected standard errors, which can accommodate different within-country and across-country disturbance structures (Beck & Katz 1995).[8] Panel-specific serial correlation has been modeled as a first-order process through a Prais-Winsten transformation rather than by the inclusion of a lagged dependent variable, in order to preserve sample size and degrees of freedom.[9]

[8]A concern with the use of panel-corrected standard errors on these data is the relatively low number of repeated observations per country. Even though there is no strict lower limit to the number of repeated observations, it has been shown that performance of time-series cross-sectional estimators increases with the number of repeated observations (Beck et al. 2001). Models reported are run using a minimum number of three repeated observations. The average number of observations is 5.3. Models were also estimated with a minimum of 4 (average 6.5) and 5 (average 7) repeated observations. This does not qualitatively alter inferences with regard to the key variables.

[9]To account for different starting levels of nationalization, I also explored country fixed effects. In this model, the effect of the fiscal decentralization scale remains similar in terms of size and significance. As expected, however, the standard errors of the time-invariant and slowly changing institutional variables are inflated, as they correlate highly with the fixed effects. While political decentralization retains its negative sign, it is therefore no longer significant. Models including a lagged dependent variable yield similar substantive results, even though the effects of the fiscal decentralization variables are slightly lower.

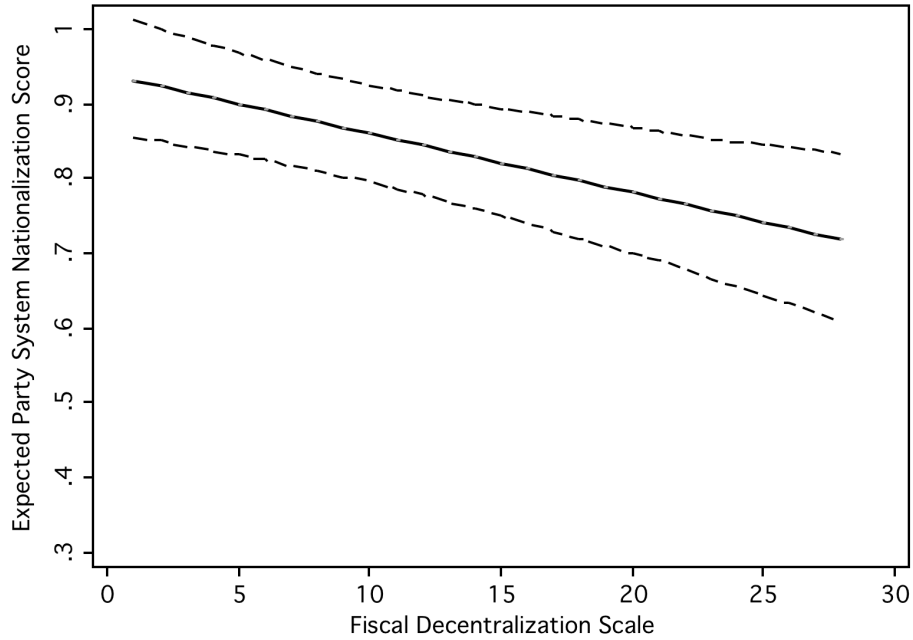
Table 6.4: Regression on Party System Nationalization Scores

	(1)	(2)
Fiscal Decentralization Scale	–0.006**	
	(0.003)	
Subnational Wage Share		–0.115***
		(0.042)
Political Decentralization	–0.073*	–0.181***
	(0.045)	(0.035)
Ethno-linguistic Fractionalization	–0.242***	–0.324***
	(0.094)	(0.055)
Concurrent Presidential Elections	0.033***	0.030**
	(0.013)	(0.014)
Number of Districts	–0.005***	–0.001
	(0.002)	(0.001)
Constant	1.051***	1.027***
	(0.060)	(0.036)
N	48	38
R (Fitted values, PSNS)^2	0.53	0.59
Wald $\chi 2$	203.65***	238.26***

Note: Significance levels are *** ≤.01, ** ≤ .05, * ≤.10 (two-tailed test). Panel-corrected standard errors are in parentheses.

Results of these estimations are reported in Table 6.4. Models 1 and 2 provide support for the hypothesized negative effect of political and fiscal decentralization on party system nationalization. Coefficients for both political and fiscal decentralization show the expected negative sign and meet common levels of significance. The fiscal decentralization scale has a range of 28, and the predicted difference in party system nationalization between the lowest and the highest level of fiscal decentralization in the data is thus 0.17 (Model 1). Since this is almost 25 percent of the empirical range of party system nationalization, fiscal decentralization can be said to exert substantial influence on party system nationalization. To illustrate the magnitude of this effect, Figure 6.3 displays the predicted level of party system nationalization across the observed range of values of the fiscal decentralization scale. The graph reports the predicted effects of fiscal decentralization, if ethno-linguistic fractionalization and the number of districts are held at their means. The dummy variables in the analysis are kept at their mode, so that the figure displays a situation where presidential elections are concurrent and the polity is politically centralized.

Figure 6.3: Predicted Level of Party System Nationalization for Values of the Fiscal Decentralization Scale



Note: Expected values were simulated with the software package Clarify (King et al. 2000).

In politically decentralized systems, party system nationalization is expected to be 0.07 points lower than in centralized polities. In Model 2, which substitutes subnational wage share for the fiscal decentralization scale, the effect of political decentralization is more pronounced (0.18), while the effect of the alternative fiscal decentralization variable remains significant. In both models, concurrent presidential elections show the hypothesized positive effect, while the coefficient for ethno-linguistic fractionalization is negative. The effect of the number of districts is consistently negative, even though it fails to reach significance in Model 2. Overall, the results sustain the argument that both fiscal and political decentralization have a negative effect on party system nationalization.

In summary, the results of the quantitative analysis support the findings of the Mexican case. The fact that the country-level analysis and the investigation of time-series cross-sectional data identify a link between decentralization and party system dynamics strengthens confidence in the relationship. The next section

evaluates whether the same is true for the link between decentralization and party organizations.

Decentralization and Party Cohesion in Latin America

The aim of this section is to explore whether there is cross-national support for the argument that decentralization affects party cohesion. Again, my intention in this section is primarily to evaluate the ability of the argument to travel beyond Mexico. The previous chapter identified changes in party cohesion by tracing the amount of financial resources available to different units within the party. It developed the argument that the distribution of resources between the central party and subunits is indicative of the level of independence subunits possess. To the extent that party subunits succeed in financing their activities without support from the central party, they are likely to possess a high degree of autonomy.

In Latin America scholars and the public have only recently developed an interest in party finances. Prior to the third wave of democratization, legal provisions for direct public funding to political parties existed in only a few Latin American countries. Now such provisions have become the norm and all Latin American countries regulate party finances (Casas-Zamora 2005; Malamud Rikles & Posada-Carbó 2005; Zovatto 2007). The return of electoral rule has granted parties an important role in the political process, and has created a need to reflect on the way they fund their activities. A series of corruption scandals has underlined the dangers of leaving party activity unregulated and unscrutinized. Research on this issue is in its infancy, however, and available information is heterogeneous and scattered, making it unsuitable for systematic comparative analysis. While we know that funding to parties has increased, who within each party receives and control resources is often unclear.

Nevertheless, if the broader argument holds, a relationship between decentralization and party cohesion should also be found by using other indicators. Two previous comparative projects have explored the relationship between environmental factors and the distribution of power within Latin America parties. Harmel's (1981) analysis of the International Comparative Political Parties Project (ICPPP) includes 10 Latin American countries.[10] Eight of these countries, however, were not democratic during all or part of the time period under consideration (1957–1962). Hence, these data and their analysis

[10]The countries included are Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Nicaragua, Paraguay, Peru, Uruguay, and Venezuela.

tell us very little about the dynamics of Latin American party politics under electoral rule.

To explore the role of parties in policy-making processes in Latin America, Stein and his collaborators (2006: Ch. 3) developed a Party Centralization Index consisting of several components: candidate selection; features of the electoral system, such as electoral districts, open or closed lists, and whether presidential and legislative elections are held concurrently; as well as the degree of subnational autonomy. This index, which was mentioned briefly in Chapter One, was devised to help identify country-level influences on policy-making. Scores are not assigned at the party level, but at the country level. It is problematic that the index conflates causes and outcomes. Rather than establishing empirically the link between environments and parties, it simply assumes that environments determine parties.

Consequently, I begin by examining the relationship between party cohesion and country-level influences. If the environment plays an important role in shaping parties, this effect should be reflected in cross-national patterns of variance, as all parties within the country are subject to similar pressures. This line of reasoning suggests the following hypothesis:

> *Hypothesis 1*: With regard to party organizational cohesion, parties are more similar within countries than between countries.

The second task is to investigate whether decentralization can account for observed patterns of variation between countries. The two hypotheses are:

> *Hypothesis 2*: In financially decentralized systems, parties are likely to be less cohesive than in centralized polities.

> *Hypothesis 3*: In politically decentralized systems, parties are likely to be less cohesive than in centralized polities.

Prior to delving into the empirical testing of these three hypotheses, however, it is necessary to introduce the data and explain the measurement of the relevant variables.

Measurement

At the outset, it is necessary to construct an indicator that captures differences in organizational cohesion between parties. This is easier said than done, as comparable cross-national data on party organizations is difficult to gather

and therefore continues to be scarce. Collecting data on intra-party political processes is challenging, as they fall into the realm of "invisible politics" (Sartori 2005[1976]). While this is the case for established democracies, data availability is even more restricted in the new Latin American democracies, where peeks into the "black box" of party organization (Levitsky 2001) have only recently become a topic of scholarly enquiry (see also Wills-Otero 2009). A number of excellent single or comparative case studies have appeared, which provide a first glance at the organizational life of Latin American political parties (e.g. Bruhn 1997; Roberts 1998; Loaeza 1999; Auyero 2001; Levitsky 2003). Broad comparative work has remained limited, however.

The *Partidos Políticos de América Latina* (PPAL, 1999) database, which is based on a survey of 665 national and regional party activists and leaders from 54 major parties, constitutes a unique data source and provides an initial opportunity to study party organization in the region from a more comparative perspective.[11] Only parties which played a major role in shaping their countries' political processes during the 1990s were included in the study. More specifically, only parties that were represented in the legislature for at least two legislative periods during the 1990s, that obtained at least 5 percent of the national vote, and that could be considered "national parties", meaning that they enjoyed electoral support in more than one geographic region of the country, were selected (Alcántara Sáez 2004: 51–52). Data were gathered by a team of researchers from the *Instituto Interuniversitario de Iberoamérica* of the University of Salamanca. The survey contains information about party organizational characteristics, internal rules and procedures, party ideology, and positions on a number of key political issues. An in-depth explanation of the data is provided by Alcántara Sáez (2004).

One of the obstacles to studying Latin American party organizations has been the incongruence between formal and informal party organizations. The formal structure specified in statutes and party documents often does not adequately reflect actual organizational practices (Freidenberg & Levitsky 2006). An advantage of the survey, therefore, is that it asked those involved in the party how their party organized, and their responses provided a much better indication of the party's organizational life than the party statutes.

Cohesion refers to the extent to which party subunits are either relatively autonomous entities or, alternatively, closely linked to the organizational structure. In Chapter Five, cohesion was measured principally through an analysis of party finances. The survey contains no indicator asking respondents about the degree

[11]Data are available at: http://americo.usal.es/oir/Opal/ppal (accessed July 24, 2008).

to which party subunits independently manage resources.[12] It does contain several items that tap in to related aspects of the concept, however. These items can be used to construct a party cohesion index. Table 6.5 lists the relevant survey items.

Table 6.5: Measuring Cohesion

Survey Item	Survey Question
V100	How frequently does your party organize the following activities? Meetings between the national and subnational level of the party; (1) almost never, (2) at least once every three months, (3) at least once a month
V101	How frequently does your party organize the following activities? Consultations between local activists and regional party leaders; (1) almost never, (2) at least once every three months, (3) at least once a month
V102	How frequently does your party organize the following activities? Communications from the central party; (1) almost never, (2) at least once every three months, (3) at least once a month
V114	Please think about the way your party designates its candidates for the national congress and indicate whether the following procedure coincides with the method of candidate selection used by your party: The regional leaders select the candidates. (1) almost never, (2) sometimes, (3) frequently
V120	If you were to characterize the internal organization of your party, would the following statement coincide with the actual practices in your party: A tightly integrated organization, governed by a strong core of leaders who ensure that local party activities correspond with the national party strategy; (1) very different from what happens in my party, (5) very similar to what happens in my party

Note: I have translated items taken from the survey "*Partidos Políticos en América Latina*", conducted by the *Instituto Interuniversitario de Iberoamérica*, University of Salamanca. In addition to the valid answer categories reported in the table, all items provide the option "do not know" and "refuse to answer". To construct the scale, the coding of item V114 has been reversed.

[12]It does contain an item asking respondents whether the party or individual candidates bear the primary responsibility for obtaining campaign resources (V103). Yet this item is inappropriate for my present purposes, as it does not specify who within the party would be in charge of acquiring resources. In Mexico the party, rather than individuals, acquire the lion's share of political resources. Yet it matters tremendously who within the party controls them.

The first three items gauge the strength of ties between the different levels of the party. One of the prerequisites of a cohesive organization is that subunits are in regular contact with each other and therefore are well informed about their respective activities. Frequent meetings, consultations, and communications of party units are therefore important indicators of cohesion. Yet the amount of contact between different levels of the party is only one aspect of cohesion (Eldersveld 1964: 113–117). It is possible that subunits are in frequent contact with each other, but that they merely exchange information about activities different subunits plan to undertake independently.

Two additional indicators pertaining to power relations within the party have therefore been added. According to the classic definition, "a party is any political group identified by an official label that presents at elections, and is capable of placing through elections (free or non-free), candidates for public office" (Sartori 2005[1976]: 56). One of the key functions of political parties, therefore, is to nominate candidates, and control over candidate selection provides information about the influence different actors enjoy within the organization. Where regional party leaders play a prominent role in the selection of candidates, they are likely to be important figures. The discussion in the previous chapter has also shown that regional leaders of Mexican parties have come to play a larger role in processes of candidate selection. The fourth item in the index thus reflects the degree to which regional party leaders select candidates.

The final item in the index also pertains to control over the party activity. It asks respondents whether the party can be characterized as a tightly integrated organization, governed by a strong core of leaders, who ensure that local party activities are in line with the national party strategy. The existence of such a core of leaders at the central level is another indicator of cohesion.

These five items were aggregated at the party level by calculating the mean response of all individual interviewees from the party.[13] As the items have different answer categories, they have been standardized so that each variable has a mean of 0 and a variance of 1. All five items are thus weighed equally. Where necessary, the coding of items has been reversed so that high values reflect cohesion. The reliability coefficient (Cronbach's alpha) for the five items is 0.7, which indicates that the scale meets the basic requirement of reliability (Carmines & Zeller 1979:

[13]A similar technique was employed by Alcántara Sáez (2004) in his analysis of this data. It is important to acknowledge, however, that the use of interval level techniques on judgmental ordinal data can be problematic. Confidence in the analysis is strengthened by the fact that repeating the analysis with median party scores yields very similar results.

51).[14] The resulting party cohesion index, which serves as my dependent variable in this analysis, is normally distributed.

To explore the validity of the measure, it is useful to examine the scores of Mexican parties and see if their order corresponds to what would be expected based on the discussion in the previous chapter. The survey reflects party organizational patterns at the end of the 1990s, relatively soon after decentralization began to take off in Mexico. The expectation would therefore be that the PAN should receive the highest score on the scale, followed by the PRI and the PRD. This is indeed the order that emerges, with the PAN receiving a score of 0.82, the PRI 0.46 and the PRD 0.45. Examining these scores in light of the descriptive statistics provided in Table 6.6 also underlines that, overall, Mexican parties are above the regional average in terms of cohesion.

Table 6.6: Descriptive Statistics for the Party Cohesion Analysis

	Mean	Standard Deviation	Range (Min – Max)
Party Cohesiveness Index	0	0.68	–1.35–1.39
Fiscal Decentralization Scale, 1990s	10.39	8.85	0.87–25.33
Subnational Wage Share, 1990s	0.29	0.27	0.03–0.7
Governorships (ln), 1990s	1.06	1.36	0–4.32
Ideology	3.04	0.77	1.58–4.7
Number of Districts, 1990s	20.13	7.76	7–33

The best-known empirical case of a segmented party in the region is the Argentine Peronist party (*Partido Justicialista*, PJ), which has been described as a broad network of affiliated organizations (Scherlis 2008). For instance, in the 2007 presidential election, in some provinces two Peronist groups ran against each other, while in others Peronist labels did not support the party's candidate for the presidency (Levitsky & Murillo 2008). Subunits are neither registered

[14]Cronbach's alpha provides information about scale reliability, not about the unidimensionality of the measured construct. Exploratory factor analysis has therefore been conducted to confirm whether the items form one dimension. Kaiser (1960) recommends retaining all factors with an eigenvalue greater than 1. The analysis extracts only one factor meeting Kaiser's criterion (eigenvalue 2.1). Yet, as factor analysis generally requires a larger sample size, results have to be interpreted cautiously (Tabachnick & Fidell 2001: 640).

with the central party bureaucracy nor do they have official approval or support. They operate autonomously and are largely self-financed (Auyero 2001; Levitsky 2003). The score of the PJ on the cohesion index (–0.8) is well below that received by the three Mexican parties, which suggests that the indicator succeeds in picking up relevant inter-party differences.

Let us now turn to the independent variables in the analysis. The measurement of *fiscal decentralization* corresponds to the indicators included in the analysis of party system nationalization above. The fiscal decentralization scale and the subnational wage share are used to capture the extent to which fiscal resources are managed by subnational levels of government. The variable included in the analysis reflects the mean value for all years between 1990 and 1999 for which data are available.

Measuring *political decentralization* is more challenging. The theoretical discussion and the analysis of Mexico in Chapter Five have outlined that what matters is not only whether an independent electoral arena exists at the subnational level, but also the extent to which parties succeed in winning office there. The expectation is that holding power at the subnational level sways parties towards less cohesive forms of organization. To use a simple dummy variable that indicates whether elections were held at the subnational level during the 1990s, therefore, would be unsatisfactory. Instead, political decentralization is measured as a party-level variable, reflecting the number of governorships held by the party during the 1990s. In countries without directly elected chief executives, the variable takes a value of 0 for all parties in the country. In Mexico, for instance, the PRI held 49 governorships, compared to 10 for the PAN and 2 for the PRD. As the value of an additional governorship is likely to level off once the overall amount is relatively large, the natural logarithm of the number of governorships is included in the analysis.[15] Data are taken from Alcántara Sáez's overview of electoral party performance at different levels of government between 1990 and 2000 (Alcántara Sáez 2004: Appendix 1).

In addition to fiscal and political decentralization, the primary variables of theoretical interest, two control variables are included in the analysis. At the country level, the *number of districts* is added. As mentioned in the discussion of party system nationalization above, maintaining a cohesive organizational structure is arguably more demanding for a political party if the number of districts is relatively large. Maintaining close organizational ties with frequent meetings as well as control is likely to be more difficult for the central party if

[15]After the logarithmic transformation, the values for Mexican parties are 1.1 (PRD), 2.4 (PAN), and 3.9 (PRI).

there are many regional subunits.[16]

So far, the analysis has sought to identify factors at the party level that affect party responses to decentralization. In the cross-sectional analysis undertaken here, it is also necessary to take party-specific factors, which may foster party cohesion at a given point in time, into account. For instance, a clear programmatic profile of a party is likely to have a positive effect on organizational cohesion. A shared programmatic identity can act as organizational glue among party members of all levels within the organization (Blondel 1969: 123–124). To the extent that the party lacks a common identity, it is therefore likely to be less cohesive. The PPLA database includes the question of whether or not the respondent thinks it is appropriate to place his or her party on a left–right scale.[17] While this indicator is not perfect, and a strict economic interpretation of the left–right dimension might not travel well to Latin America, overall concepts of "left" and "right" have shown themselves to be sufficiently broad as to absorb a variety of issues. Indigenous rights, for example, have become associated with leftist political parties. The variable is therefore added to the analysis.

Explaining Party Cohesiveness

The first question to be explored is whether the environment influences party organizational characteristics. The empirical implication of this is that parties should be more similar within countries than across countries. To test this hypothesis, I draw on techniques developed for multi-level statistical analysis and calculate variance components at the country and the party levels. If the variance component at the country level is significant, this indicates that observations at the party level are not independent and that substantial country clustering exists. The extent of country clustering is reflected by the intra-class correlation, which indicates the proportion of overall variation in the dependent variable explained by the grouping structure (Hox 2002: 15).[18]

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[16]The number of districts also correlates significantly with the size of the territory (r = 0.4, p. = 0.001).

[17]The wording of the item is "*¿Le parece apropiado situar la ideología de su partido en la escala de izquierda y derecha*? (1) *Nada apropiado*, (5) *Muy apropiado*."

[18]The intraclass correlation (ICC), denoted by the Greek letter ρ (rho) is calculated on the basis of the following formula:

$$\rho = \frac{\sigma^2_{u_0}}{\sigma^2_{u_0} + \sigma^2_e},$$

where $\sigma^2_{u_0}$ is the variance component at the second level and σ^2_e is the variance component of the first hierarchical level.

In this data, variance components at the country level are significant at the 1 percent level, indicating that parties within countries are more similar than across countries. The intra-class correlation is 0.56, which means that 56 percent of the variation in the party cohesion index can be attributed to country-level factors. This provides strong support for the hypothesis that party organizations are influenced by their respective environments.

The second task is to explore whether the independent variables identified above can help explain the observed variation. As observations are highly clustered, the data clearly violate the requirement of independence of observations, thus making ordinary regression techniques inappropriate. In Models 1 and 2 this dependence in the data is modeled with a clustered sandwich estimator, which adjusts standard errors for intra-country correlation. To check the robustness of this method, in Models 3 and 4 the data were analyzed with mixed-effects multilevel techniques.[19] Results of the estimations are reported in Table 6.7.

Overall, the results lend strong support to the theoretical priors, as they suggest that political and fiscal decentralization are negatively associated with party cohesion. Let us first look at the effect of fiscal decentralization. Models 1 and 3 estimate the effect of fiscal decentralization on the basis of the overall public wage share accounted for by subnational governments. This variable has a range of 0.67, which means that the predicted difference in party cohesiveness between the lowest and highest level of fiscal decentralization in the data is 0.53. This equals 19 percent of the empirical range of the cohesion index. In Models 2 and 4, which estimate the effect on the basis of the fiscal decentralization scale, the maximum effect is even stronger, with 36 percent of the empirical range of party cohesion. In all specifications, fiscal decentralization can therefore be said to exert a strong negative influence on party cohesion.

[19]The clustered sandwich estimator accounts for intra-group dependence when estimating the standard errors, but not when estimating coefficients. Multi-level analysis models dependencies in the data also with regard to coefficients. Yet even though multi-level analysis more adequately reflects the clustering structure, it should be used cautiously if sample size at the highest hierarchical level is relatively small, as is the case with this data (Maas & Hox 2005). The fact that both estimation techniques return very similar results in terms of significance level and coefficient size boosts confidence in the robustness of findings.

Table 6.7: Regression on Party Cohesion

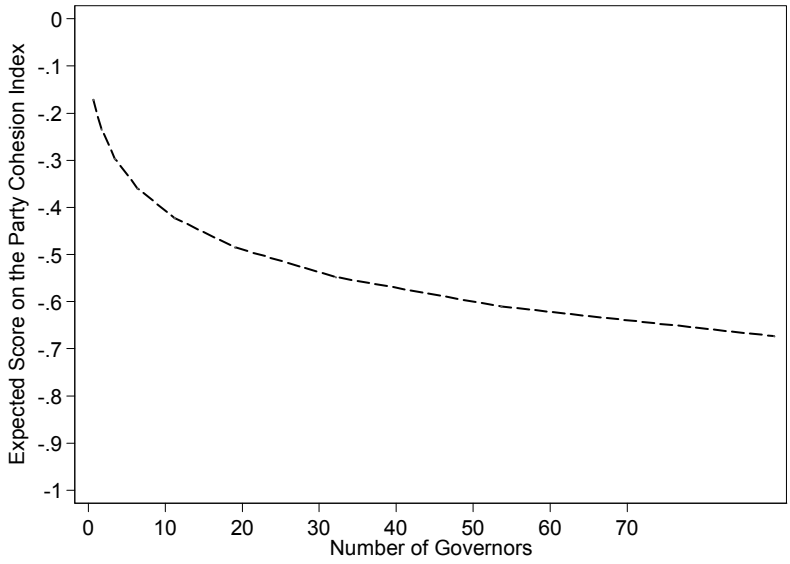
	Model 1	Model 2	Model 3	Model 4
Country-Level Variables				
Fiscal Decentralization Scale, 1990s		–0.04**		–0.04*
		(0.02)		(0.02)
Subnational Wage Share, 1990s	–0.79**		–0.79*	
	(0.28)		(0.45)	
Number of Districts, 1990s	–0.01	0.02	–0.01	0.02
	(0.01)	(0.02)	(0.02)	(0.02)
Party-Level Variables				
Governorships (logged), 1990s	–0.13*	–0.09	–0.13*	–0.07
	(0.06)	(0.09)	(0.09)	(0.09)
Ideology	0.18	0.05	0.18	0.04
	(0.19)	(0.15)	(0.14)	(0.12)
Constant	–0.21	–0.04	–0.21	–0.04
	(0.49)	(0.32)	(0.42)	(0.45)
N	33	44	33	44
Number of Countries	10	14	10	14
Model fit (Fitted values, Index)^2	0.4	0.28	0.63	0.53

Note: Levels of statistical significance, on the basis of a two-tailed test, are *** ≤.01, ** ≤ .05, * ≤.1. For Models 1 and 2 robust standard errors, clustered by country, are reported in parentheses. Coefficients and standard errors for Models 3 and 4 have been estimated using multi-level mixed-effects linear regression. Models with the fiscal decentralization scale include parties from Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Guatemala, Mexico, Nicaragua, Panama, Paraguay, Peru, and Uruguay. In the models using subnational wage share, the Dominican Republic, Mexico, Panama, and Uruguay are missing because data were unavailable. All variance inflation factors are smaller than 3.

While the coefficients for political decentralization show a negative sign in all models, they are significant only in the models with subnational wage share. Let us examine the size of the effect in Models 1 and 3. Ordinary regression coefficients can be interpreted as meaning that a one-unit change in the independent variable results in the respective regression coefficient change in the expected value of the dependent variable, where all other predictors are held constant. With regard to fiscal decentralization, it is therefore concluded that a one-point increase on the fiscal decentralization scale is associated with a 0.04 decrease on the party cohesion index. Interpreting the regression coefficient for political decentralization is unfortunately less straightforward. Because the number of governors has been transformed logarithmically, the standard interpretation is inappropriate. The

logarithmic transformation has been chosen precisely because it is assumed that the size of the effect is not constant for all values of the independent variable and that the impact of an additional governorship levels off once the number is relatively large. When interpreting logarithmic coefficients, therefore, it is necessary to look at changes in percentages rather than in absolute values. In this case, a 1 percent increase in the independent variable decreases party cohesion by –0.0013. Because even in this format the effect is still difficult to grasp, Figure 6.4 displays the relationship graphically. It shows that there is a strong negative effect for the first governorships obtained by the party, but that the effect of each additional governorship decreases once the number is relatively large.

Figure 6.4: Predicted Level of Party Cohesion



Note: Expected values are simulated using the software package Clarify (King et al. 2000). All other predictors in the model are held constant at the mean.

Whereas there is strong evidence for the expected negative effect of political and fiscal decentralization on party cohesion, inferences for the control variables are less clear. At the country level, the number of districts was included in order to capture structural constraints for the formation of a cohesive party organization. The underlying idea is that it should be more difficult for parties to form and

maintain cohesive organizations if the number of districts is relatively large. In the analysis, there is no support for this notion, and the relevant coefficient is insignificant in all four models. At the party level, a positive effect of ideology on party cohesion was expected. In all four models the effect of the ideology variable is positive, which is in line with expectations. Yet, while the coefficient is consistently positive, it does not reach significance. On the basis of this analysis, then, we cannot conclude with certainty whether ideology has a significant effect on party cohesion. The ambiguous result should be evaluated in light of the chosen indicator, which was a question from the PPAL survey asking respondents whether the party's ideology could be expressed in left–right terms. This was the only indicator available to tap in to ideology, but – as stated above – it may not adequately capture the ideological profile of a party. Clearly, having a left–right profile is not the same as having any kind of ideological profile. The conclusions drawn with regard to the impact of ideology, therefore, have to remain tentative.

Conclusions

The purpose of this comparative chapter has been to place Mexico in a broader context. The goals of the comparative analyses have been twofold. Firstly, they were supposed to increase confidence in the conclusions drawn for Mexico. Secondly, they evaluate empirically the ability of the argument to improve our understanding of party politics in Latin America's new democracies. What substantive conclusions emerge from the analyses?

On the basis of time-series cross-sectional data, the first section has examined party system nationalization in Latin America. The results show that party system nationalization is relatively dynamic in Latin America. Moreover, nationalization, regionalization, and stability can be observed in the different countries. This supports my argument that the regionalization of voting patterns in Mexico is not a mere corollary of democratization, but that it is related to the decentralized nature of the democratic regime that has emerged. The analysis also shows that a systematic relationship exists between decentralization and party system nationalization. It reveals that political as well as fiscal decentralization inhibit the formation of nationalized party systems, and that voting patterns are substantially more regionalized in decentralized than in centralized countries. These results are robust when controlling for ethno-linguistic fractionalization and characteristics of the electoral system.

The second section has investigated the link between decentralization and party cohesion. It draws on cross-sectional data taken from the survey *Partidos*

Políticos de América Latina, a unique source of information about patterns of party organization on the continent. The analysis yields three principal results. Firstly, parties are found to be more similar within countries than between countries. Party cohesion, therefore, appears to be influenced substantially by country-level factors. Secondly, the degree of fiscal decentralization, a country-level variable, exerts a strong influence on party cohesion. The result emerges consistently for two different indicators of fiscal decentralization and across different model specifications. Thirdly, holding subnational executive office appears to sway parties towards less cohesive forms of organization, even though these findings are somewhat less robust than for the fiscal decentralization indicators.

Overall, the empirical analysis conducted in the preceding three chapters points towards a trade-off between decentralized governance, on the one hand, and party system nationalization and party organizational cohesion, on the other. The broader implications of these results will be addressed in the concluding chapter.

7

Conclusions and Implications

". . . we have often granted democracy only to lose authority, creating pockets of anarchy filled by an endless string of local bosses and the forces they command"

Carlos Fuentes, The Eagle's Throne

On July 5, 2009, Mexicans went to the polls to cast their ballots for the federal midterm election. The day after the election, the front page of the newspaper *El Universal* showed a picture of former president Carlos Salinas de Gortari stepping out of the voting booth, underneath the headline "The PRI returns". The left-of-center daily *La Jornada* led with the somber caption "The practice of vote-buying continues". The PRI did indeed make a remarkable comeback and entered the Chamber of Deputies as the largest party. Together with the *Partido Verde Ecologista Mexicano* (PVEM), its ally, the PRI will be able to set the legislative agenda, as it increased its seat share from 123 to 260 of the 500 seats. Amidst the economic crisis, the PRI's campaign strategy to hand out food and material goods apparently struck a chord with voters disillusioned by the PAN government's response to the economic meltdown. Analysts agree that credit for the remarkable comeback should go to the PRI governors (Maihold 2009; Malkin 2009; SourceMex, July 8, 2009). On a voting day overshadowed by apathy and abstention, their campaign machines were particularly effective at mobilizing voters.

The outcome of the most recent Mexican election underlines why it is so important to incorporate subnational dynamics into any analysis of Latin American politics. Over the past two decades, decentralization reforms, together with neoliberalism and democratization, have reshaped the political arena on a continent that has generally been viewed as the most centralized region of the world. Decentralization unleashed forces that challenged the status quo of Latin American parties and party systems. Politics, which had previously been conceived of as essentially taking place at the national level between national actors, was transformed into a multi-level game with actors at various levels of

government. To make sense of political processes in contemporary Latin America, it is indispensible to take the subnational level into consideration. This dissertation has investigated the dynamics of party politics and has attempted to identify how parties are coping with their new environment. Its main contention is that decentralization is associated with lower levels of party system nationalization and less cohesive parties. This final chapter recapitulates the main themes of the study, and concludes with a discussion of its implications for our understanding of decentralization and democratic governance in decentralizing democracies.

Parties in Multi-level Settings: Concepts and Consequences

Incorporating decentralized governance into our analyses of political processes constitutes a considerable challenge. As Chapter Two outlines, conceptual tools to analyze parties and party systems in multi-level settings are limited. So far, subnational party systems have been the stepchild of party system analysis, and electoral dynamics below the national level have remained under-theorized. We therefore know relatively little about the way different party systems within one country relate to each other. Moreover, conceiving of parties as multi-level organizations, and taking seriously the intra-party tensions that may arise between levels of the party, also constitutes a relatively novel phenomenon in the study of party organizations.

So far, the relevant literature on parties and party systems has drawn heavily on the experiences of Western Europe and Anglo-America, and thus on countries that democratized during earlier time periods and under different conditions. For instance, nationalized party systems in Western Europe formed as part of the gradual extension of the suffrage and in response to societal changes spurred on by the Industrial Revolution (Rokkan 1970; Rokkan 1999; Caramani 2004). The assumption underpinning previous work is that voter–party linkages are first and foremost programmatic, a premise which does not "travel" well to Latin America. This study draws on the insights developed by theoretical work in other contexts and shares its basic contention that the distribution of resources within the state influences patterns of political organization. Yet while decentralization also shapes political organization in Latin America, the pathways underlying the relationship are different. Specifically, it is necessary to take the prevalence of clientelism and the executive-centered nature of political systems into consideration. Analyzing the dynamics of political organization in Latin America from a multi-level perspective constitutes a move into largely uncharted territory. Yet a closer look at political processes in Mexico illustrates why understanding how such settings influence political organization is so important.

Over the past decade, Mexican governors have come to play a crucial role in directing the course of the country. As outlined in Chapter Three, the process of democratization has reactivated the federal checks and balances that had been muted during the hegemonic regime of the PRI. The groundwork for the emergence of powerful governors during the second half of the 1990s had been laid by the PRI presidents who tried to deflect pressure away from the regime and the central government. They had strengthened state involvement in the implementation of policies and increased the transfer of resources to the subnational level. Yet at the same time they had maintained centralized control over governors, who were essentially glorified federal bureaucrats (Díaz-Cayeros 2004). Throughout the early phase of reforms, centralized control over governors thus remained firm. Once states were recognized as independent arenas of contestation during the presidency of Ernesto Zedillo (1994–2000), the calculus of subnational actors changed considerably; governors became crucial actors whose influence extended beyond their locality. Thus, the status and significance of gubernatorial office was altered qualitatively during the second half of the 1990s.

Chapter Four has shown that decentralization in Mexico has been associated with a differentiation in subnational patterns of party competition. The decline of the PRI, along with the ascent of the former opposition parties PAN and PRD, have been territorially heterogeneous processes. The varying performance of national parties across states has resulted in considerable differences in the number of parties and in the configuration of competitors at the state level.

For the PRI, decentralization has turned out to be a double-edged sword. The initial strategy to use subnational arenas as escape valves to relieve pressure on the regime and hold on to power at the national level eventually failed. Patterns of competition in these arenas spilled over into federal elections. The opposition parties that made inroads in the states used the benefits derived from subnational office to build more effective party organizations. This provided them with a crucial edge in subsequent federal elections, where they were able to campaign more successfully. Moreover, the availability of powerful office at the subnational level weakened the PRI in a number of states, because dissatisfied *priístas* (and their networks) defected to run under other party labels. When subnational electoral arenas became increasingly competitive, ambitious politicians with roots at the state level came to realize that they did not have to throw their political lot in with their current party. Control over political networks became a personal asset that could be offered to the highest bidder. In several cases, prominent *priístas* who had been passed over for their party's gubernatorial nomination competed under other partisan banners. Where such defectors emerged victorious from the elections, the effect on the state party system was profound, and state-level ruptures provided considerable blows to the PRI.

To some extent, partisan reshuffles are probably inherent to the process of political opening-up in a dominant party regime. I have argued, however, that decentralization fueled the process, because it created powerful subnational executive offices, which became the focal point of political ambition. The existence of state-level effects – beyond the degree of differentiation in party performance we would expect on the basis of socioeconomic structures – can be attributed to the institutional incentives of decentralized governance. Governors are endowed with resources that allow them to shape the electoral fortunes of parties within their state. This is crucial for understanding party system dynamics at the state as well as at the federal level. Voting patterns in federal elections have become increasingly regionalized, and vote shares obtained in previous state elections are now a better predictor of electoral results than are previous federal elections, even when controlling for the timing of state contests.

Yet while decentralization undermined the PRI's hold on national power, the party also benefited from multi-level politics. Once it lost the presidency, the PRI's fall was cushioned because it maintained access to at least some consolation prizes. There are still 14 states with uninterrupted PRI control of the state house,[1] and the party currently governs in a majority of states. The PRI's strong presence at the state level provides it with a solid base and ensures that the party is still a political force to be reckoned with. As outlined above, it also constituted the foundation for the PRI's remarkable recovery in the 2009 federal elections.

However, analyzing the effect of these reforms on "the PRI" yields a somewhat misconceived picture. Chapter Five has shown that the nature of the PRI also changed substantially in the aftermath of decentralization. A closer look highlights the importance of examining the relationship between different levels of the party. In short, the central PRI has lost out, while subnational units have gained influence. Governors, rather than the national leadership, are now the "*hombres fuertes*" in the party. That the national leadership can no longer force its will on the party apparatus was a lesson painfully learned by Roberto Madrazo, the party's presidential candidate in the 2006 election, when several PRI governors refused to support his campaign. It remains to be seen what implications the strong showing of the PRI during the 2009 midterm election has for the presidential elections of 2012. The subnational strength of the PRI means that the party is well positioned for the contest, but in order to campaign effectively, its candidate will need to secure the support of the governors. As it seems unlikely that the governors will unite behind somebody who advocates a return to centralized party control, the change in the PRI is likely to be more than a transitional phenomenon.

[1]These are Campeche, Coahuila, Colima, Durango, Hidalgo, Mexico, Oaxaca, Puebla, Quintana Roo, Sinaloa, Sonora, Tabasco, Tamaulipas, and Veracruz (as of May 2009).

The challenge decentralization poses for party cohesion has not only affected the PRI; it is also reflected in the organizational patterns of the PAN and the PRD. State-level subunits increasingly relate to the party as "quasi-sovereign groups" (Sartori 2005[1976]: 67–68). Chapter Five has analyzed intra-party relations by focusing on the distribution of resources, building on the argument that streams of political money provide valuable information about the relationships between regional subunits and the central party. Where party subunits autonomously control the resources necessary for their functioning, they are likely to possess a considerable degree of independence. In Mexico centralized control over resources had traditionally played an important role in maintaining party cohesion. Recently, however, state party chapters have benefited from the higher availability of resources at the subnational level. In the wake of decentralization, a system of subnational public funding has emerged and state-level funding per registered voter has consistently increased. The lion's share of subnational party income now comes from subnational sources; thus, subnational party units increasingly control the resources necessary for their functioning autonomously.

While independent resources constitute a necessary condition for autonomy, they are by no means sufficient, and the actual degree of autonomy subunits gain through resources is mediated by the organizational styles of the parties. The comparison of the PRI and the PAN in Chapter Five suggests that decentralization exerts a stronger effect on less routinized parties. In more routinized parties, the "stickiness" of centralized rules means that granting subunits more autonomy requires statutory changes. This takes time, as such changes have to be negotiated between different party actors. Through its statutory power, the CEN of the PAN has been able to maintain a considerable degree of involvement in state-level party affairs. In the PRI many mechanisms of centralized control were based on the *de facto* power of the president to enforce compliance, rather than on formal rules. Once the PRI lost the presidency, the governors emerged as the focal points of party life. The benefits that governors derive from their office insulate them from central party interference.

As outlined in Chapter Three, centralized control has been eroded across Latin America, not only in Mexico. To determine what lessons Mexico might have for the rest of region, it is important to consider how the country relates to its Latin American neighbors. Mexico reflects broader patterns, in the sense that it is a new democracy undergoing decentralization, yet the political trajectory of the country is distinct, because of the nature of its authoritarian regime and the gradual process of its democratic transition. The centralization of authority in the aftermath of the Mexican Revolution was intertwined with the consolidation of a centralized hegemonic party (Díaz-Cayeros 2006). As discussed in Chapter Four,

the electoral code played an important role in maintaining the PRI's dominance. On the one hand, the party had been able to sustain its position by closing exit options. Because the electoral code imposed extremely high barriers for new entrants, even unhappy *priístas* were generally better off within the party, where they might have a shot at lucrative offices in the future, than outside it. On the other hand, the ban on consecutive re-election granted the party leadership control over the career pathways of politicians. The former opposition parties PAN and PRD had struggled hard to enter the system, but once they had conquered their place they found that the rules also worked in their benefit. They particularly welcomed protection from independent candidates and the high barriers for new parties. Thus, even though the electoral code underwent a series of reforms during the process of transition, many of the restrictive provisions for new entrants have remained in place, and the electoral code favors national parties.

This legacy of the PRI regime means that some party system effects are concealed within parties. As highlighted in the theoretical discussion, studies of subnational elections have linked decentralization to the emergence of regional parties. The Mexican political system is biased against such new contenders. Rather than start a new party, prominent subnational politicians have captured the label of an existing party. The consistency of party labels across states thus masks internal diversification. Yet if decentralization has had an effect in Mexico, where there are institutional pressures for nationalization and centralized control, it can also be expected to have had significant consequences in countries where parties are less well insulated.

This expectation is confirmed by the comparative analysis conducted in Chapter Six. The analysis shows that decentralization is associated with lower levels of party system nationalization and less cohesive parties across Latin America. Comparatively, Mexico scores relatively highly with regard to party cohesion and nationalization. The decline in nationalization is not as dramatic as in other countries. But across countries and time, political and fiscal decentralization is negatively associated with party system nationalization. It was not possible to conduct a cross-temporal comparison for party organizations, so the analysis is limited to cross-sectional variation at the end of the 1990s. The results show that, with regard to organizational cohesion, parties are more similar within countries than across countries. Party cohesion, therefore, appears to be influenced substantially by country-level factors, and the degree of fiscal decentralization exerts a strong negative influence. Moreover, holding subnational executive office sways parties towards less cohesive forms of organization. This again highlights how the availability of powerful subnational offices structures political ambition and affects parties.

Of course, it would be misleading to suggest that decentralization is the only factor shaping nationalization and cohesion. The empirical evidence in Chapter Six clearly shows that other variables also matter. For instance, the analysis of party system nationalization demonstrates that it is more difficult to form nationalized party systems in ethnically diverse countries, and that concurrent presidential elections have a nationalizing effect. Yet even after controlling for these factors, the effect of decentralization remains strong. While results for the control variables in the party cohesion analysis are less conclusive, they imply that a clear programmatic identity has a positive effect on cohesion. In summary, while decentralization is certainly not the only factor influencing political organization, it is an important factor, and our understanding of party politics will be hampered if we do not take this variable into account.

Implications and Avenues for Future Research

The rise of multi-level politics raises important questions about political processes in Latin America, and scholars have only just begun to incorporate this development into their analyses. This dissertation contributes to the answering of some of these questions, but conceptually as well as empirically there is still a lot of work to be done. In closing, I would like to highlight two areas for future research, both of which flow from the results of this study. The first concerns the relationship between the two dependent variables, party cohesion and party system nationalization. The second avenue pertains to the implications these two characteristics have for democratic governance. Let me address each issue in turn.

Throughout this study, I have sought to identify the effects of decentralization at the level of party systems as well as of party organizations. While I have treated party system nationalization and party organizational cohesion as distinct outcomes, it might be more appropriate to think about them as two sides of the same coin. To be sure, decentralization affects political organization at the party system as well as at the party level, and the pathways through which challenges arise are distinct. Yet party organizations and party systems also influence one another. From a theoretical perspective, party system change and the segmentation of party organizations might even be seen as alternative ways to cope with the pressures of decentralization. While this issue has been raised in the theoretical discussion in Chapter Two, a thorough examination of the relationship between party cohesion and party system nationalization is beyond the scope of this study. Yet the analysis of Mexico suggests that this is an issue that deserves further

attention. It shows empirically that the two dimensions of political organization are indeed interrelated, as the institutional pressures for nationwide parties mask some of the regional differences within parties. The way in which nationalization and cohesion relate to one another, therefore, constitutes an important avenue for further research, and it is necessary to identify the conditions under which they might be considered alternative outcomes.

The primary objective of this dissertation has been to examine how the challenge that decentralization poses to political organization unfolds at the level of party systems and organizations. Yet political scientists are interested in parties largely because their organization has important consequences for democracy and democratic governance. So far, nationalized party systems and cohesive parties have been seen in an overwhelmingly positive light. The expectation is that nationwide cohesive parties structure the process of representation in ways that improve the quality and performance of democracy. However, the case for nationalized party systems and cohesive parties draws heavily on the trajectories of established democracies in other parts of the world, and it is therefore necessary to be cautious when generalizing about Latin America. The literature that maps and explains how territorial configurations are reflected in patterns of political organization is still very much in its infancy. While nationalized party systems and cohesive parties might also lead to better democratic governance in Latin America, this has not yet been established empirically. As a final note, then, let me evaluate some of the claims in the literature in light of the Mexican and the Latin American experiences.

In Europe, the nationalization of politics has been seen as an integral part of the construction of democratic citizenship. At the time of rising electoral competitiveness, the development of national parties encouraged clearer patterns of accountability and more responsive forms of representation. In contemporary Latin America, however, the increase in electoral competitiveness has coincided with a strengthening of the subnational level, rather than a centralization of power in the nation-state. The importance of subnational office has increased. From the perspective of individual politicians, it constitutes an important springboard for their careers. From the perspective of parties, it provides access to resources, which can be used to broaden the party's electoral base and to invest in the organization. Securing access to subnational office, therefore, becomes an important concern not only because the offices themselves are valuable, but also because subnational office provides a base for subsequent national elections. Thus, in states where their bases are weak, Mexican parties have sometimes courted political powerbrokers who could deliver organizational networks and votes.

If parties grow around these brokers, however, the particularistic interests of brokers are likely to hold sway within the party. While parties may appear to be nationwide in their electoral support, within the organization relatively autonomous subunits can still pursue their own strategies. Parties dominated by brokers are probably less likely to articulate policies oriented towards the national common good. Their incorporation thus affects the nature of parties in ways that undermine the quality of representation. In Western Europe, parties also developed from regionally focused organizations into "catchallover parties" (Caramani 2004: 6). In the process, they formed alliances with local notables who could benefit the party. Yet this occurred against the background of an increasing centralization of government activities, so that the resource bases of local brokers were eroded and the central party became more influential. In Mexico these brokers have been brought into parties at a time when their access to resources has been strengthened. They are therefore not subject to tightening top-down control, and this constitutes a significant difference. The conditions under which nationwide parties come to articulate nationally oriented policies, therefore, need to be analyzed in more detail.

Schattschneider (1960) reminds us that politics is about struggle, and that we will never understand politics unless we know what the struggle is about. While divisions in society along socioeconomic, ethnic, or religious lines are a fact of life, not all potential conflicts become politically relevant. Decentralization influences political organization by defining the scope of the arena within which some of these conflicts are articulated. It therefore provides opportunities for certain conflicts to become politically relevant.

As has become clear throughout this study, one of the peculiarities of the Mexican system is that it imposes high barriers for new entrants. Thus, even though the country has a sizeable indigenous minority, which is concentrated in the south of the country, no parties representing this group have been able to form. In other countries, decentralization has created opportunities for the formation of new parties. Stepan (2001) argues that nationwide parties are crucial for the survival and stability of democracy. The case of Bolivia shows us why this might be the case.

Until the 1980s, ethnic cleavages in Latin America were generally not expressed through parties. Indigenous voters were mobilized primarily as peasants, and many of their interests were not adequately represented in the national political arena (Yashar 1999). Decentralization, however, created opportunities for the formation of distinct indigenous parties (Van Cott 2003a; Rice & Van Cott 2006). Indigenous voters constituted a majority in some subnational districts. This created a favorable environment for the formation of new parties, which sought

to tap in to indigenous identities and step into the representational void left by traditional parties. At the subnational level, these parties succeeded in articulating a new conceptualization of democracy, which emphasized broad participation and community responsibility. In countries such as Bolivia and Ecuador, the performance of indigenous parties in subnational office was significantly better than the record of traditional parties (Madrid 2005; Faust & Harbers 2007; Van Cott 2008). Not only did they succeed in involving large numbers of previously marginalized citizens in politics, their administrations also improved basic social indicators. Overall, indigenous government was more responsive to citizens' needs than local government by the traditional parties.

Once they had proven themselves in local government, indigenous parties such as the *Movimiento al Socialismo* (MAS) in Bolivia and *Pachakutik* in Ecuador mobilized to claim their place in the national political arena. In part, this might also be one of the legacies of centralism, as centuries had deeply established the belief that important issues were decided nationally and that participation in the national arena was therefore crucial. The entrance of these new actors into the national arena created considerable tension within the political system. In Bolivia, "organizing in" ethnicity has resulted in political polarization and the regionalization of the party system. Departments with low MAS vote shares have threatened succession, and exhibit extreme hostility toward the national MAS government. For indigenous citizens, who had been condemned to remain on the sidelines and be excluded from meaningful participation in the political process, decentralization provided the opportunity to form parties representing their interests. The quality of representation for indigenous voters has undoubtedly increased. Nevertheless, neither the MAS nor its non-indigenous contenders have articulated nationally oriented policies. Both camps fight for the sectoral interests they represent, and their inability to find a middle ground has brought the country to the brink of civil war. In Ecuador, the increase in tensions has been less dramatic, but nonetheless substantial. Ecuador has long suffered from stark regional cleavages between the coastal region and the highlands. Indigenous parties have been successful in the highlands, and their entrance into the national arena has deepened the regional divide. In summary, decentralization has succeeded in bringing new groups into the political system, but the regionalization of the party system that ensued has created new challenges for democratic governance. The Bolivian and Ecuadorian experiences suggest that the relationship between nationwide parties and democratic stability in Latin America deserves closer examination.

Conceptually and empirically, the focus of this dissertation has been on Latin American democracies. I have sought to reformulate conceptual tools developed for

the analysis of party politics elsewhere to make them appropriate for the political reality of Latin America. As outlined in Chapter Two, the Western European notion of nationalization of politics emphasizes macro-sociological developments in the wake of the National and the Industrial Revolutions. This particular historical development is not reproduced in other parts of the world, which have experienced different processes of nation-building and state-formation. European arguments emphasize the power of societal factors and sociological forces in shaping parties and party systems. Yet, in many new democracies, parties are shaped primarily by their relationship with the state, and they rely on the state for their organizational survival. Thus, while in Western Europe societal forces may inhibit the regionalization of voting patterns, in new democracies parties are likely to be more vulnerable to changes in the distribution of power within the state.[2] Against this background, the study of Latin America can be expected to hold valuable lessons for new democracies undergoing decentralization in other parts of the world. All in all, the results of this study suggest that it is necessary to take seriously the effects of decentralization on political organization in such contexts. It seems paradoxical, for instance, that the Inter-American Development Bank emphasizes the benefits of nationwide cohesive parties for the formulation of policy in one of its reports (Stein 2006), yet at the same time pours considerable resources into promoting decentralization. So far, the challenge that decentralization has posed for nationwide political parties has not been sufficiently appreciated.

[2]In fact, even in Western Europe parties appear to be increasingly dependent on the state (Katz & Mair 1994; Katz & Mair 1995), so that developments in new democracies might foreshadow what decentralization holds in store for European parties. An emerging body of literature challenges Caramani's notion about the stability of nationalized politics in Europe (e.g. Hough & Jeffery 2006; Hopkin 2009; Hopkin & van Houten 2009; Swenden & Maddens 2009).

Appendix A:

Interviews

The analysis of Mexico partly draws on semi-structured interviews with government officials and party actors. These interviews often touched on sensitive issues, such as party finances and intra-party conflicts, and some information was shared with me only under the condition of confidentiality. A number of respondents answered some questions "on the record", but preferred not to be quoted on their responses to others. As information given under the condition of anonymity was often crucial for "connecting the dots", I searched for the most appropriate way of reporting it in the analysis. In doing so, I have decided to err on the side of caution and anonymize all interviews, which are now identified through letters.

This strategy has two advantages. Firstly, it preserves the integrity of the interview and allows the reader to see which pieces of information were provided by one respondent. If some parts of the interview had been attributed directly, while others had remained confidential, this would not have been possible. Secondly, in order to gauge the credibility of anonymous statements the reader requires at least some basic information about the position of the respondent. At the very minimum, it should be demonstrated that the respondent had access to relevant information and was in a position to comment on the issue at hand. If some information had been attributed using the name of the respondent, while on another occasion some basic biographical information had been provided, anonymity would have been put in jeopardy. I therefore identify respondents by letters and keep biographic background information at a fairly general level to ensure the anonymity of those interviewed.

Given the sensitive nature of some of the information provided, I did not record the conversations. Mexican political elites, as political actors everywhere, are often reluctant to share information in the presence of a tape recorder (Fenno 1978; Peabody et al. 1990; Lilleker 2003). Instead, I took down key words and phrases during the interview. As soon as possible after the meeting I wrote more extensive notes, filling in the gaps between the key words. This method allowed me to preserve the natural flow of the conversation, while at the same time ensuring that as little information as possible was lost from the interview.

The overview below only encompasses formal interviews; informal conversations are not reported here. For instance, I attended the National Assembly of the PAN in Guanajuato in June 2007. One of the items on the agenda of this assembly was the reform of the provision that allows the central party to dismiss state committees. During the assembly I had the opportunity to speak with a number of delegates from different parts of the country about the reform and about relations between central and state party units more generally. I also benefited from informal conversations with the staff at the archives of the PAN and the PRD (CEDISPAN and the Instituto de Estudios de la Revolución Democrática, respectively), as they helped me navigate through vast piles of documents. While I took field notes of these exchanges, which were useful when interpreting findings, they are not reported below.

As a caveat, I would also like to acknowledge that Mexican politics has a profuse capacity to confound observers, and that politicians are infamous for their ability to construe and misrepresent information. The Mexican Nobel Prize Winner Octavio Paz phrased this poetically when he wrote: "Lying plays a decisive role in our daily lives, our politics, our love-affairs and our friendships . . . and we attempt to deceive ourselves as well as others . . . " (Paz 1961: 40). In conducting my interviews, the most innocent expression of this trait were the difficulties I experienced in setting up appointments, when after seemingly endless phone-tag with the secretary and repeated rescheduling it finally became clear to me that a given politician had absolutely no intention of ever meeting with me, but did not wish to tell me this outright. This also forced me to take all information obtained through interviews with a grain of salt. Wherever possible, information was therefore cross-checked with primary sources, such as archival data and newspaper articles, as well as secondary literature.

Interviews

A PRI, member of the National Executive Committee and former CEN delegate, currently federal deputy; Mexico City, April 24, 2007, and November 20, 2007.

B PAN, former member of a CEN-imposed delegation, former federal deputy, currently active in municipal politics; Mexico City, June 24, 2007.

C PRI, staff member for a senior PRI senator and former member of the National Executive Commitee; Mexico City, May 21, 2007.

D PAN, member of the CEN and long-time party official; Mexico City, May 28, 2007.

E PRI, party official working in the department of organization (*secretaría de organización*), former CEN delegate; Mexio City, May 24, 2007, June 7, 2007, June 18, 2007, June 22, 2007, November 13, 2007, and December 10, 2007.

F PAN, municipal politician from a state with a weak PAN presence; León, June 2, 2007.

G PAN, member of the CEN and long-time party official; Mexico City, June 5, 2007.

H PAN, member of the CEN and long-time party official; Mexico City, June 6, 2007.

I PRD, founding member of the party and party official; Mexico City, April 20, 2007.

J PRD, founding member of the party and former governor; Mexico City, June 21, 2007.

K PRD, member of the CEN and long-time party official; Mexico City, November 21, 2007.

L PRD, party official in a state-level finance secretariat of the PRD; state capital, November 28, 2007.

M PAN, state party president in a PAN-governed state; state capital, November 28, 2007.

N PRI, state party president and local deputy in a PAN-governed state; state capital, November 30, 2007.

O PRD, member of the state party council in a PAN-governed state; state capital, November 29, 2007.

P Public official, director of party finance in a state electoral institute; state capital, November 30, 2007.

Q Public official responsible for research and documentation in a state electoral institute; state capital, April 17, 2007.

R Researcher at a leftist civil-society organization working on party finance; Mexico City, April 24, 2007.

S Researcher at a conservative civil-society organization working on party-building; Mexico City, May 17, 2007.

T Public official working at the Federal Electoral Tribunal (TRIFE); Mexico City, June 5, 2007, and June 21, 2007.

U Director of a leftist civil-society organization working on party-building; Mexico City, June 12, 2007.

V Public official working on party finance at the Federal Electoral Institute (IFE); Mexico City, June 15, 2007.

Appendix B:

Overview of Major Electoral Reforms in Mexico, 1946–1996

1946:

- Centralization of electoral processes in the Ministry of the *I*nterior (*Secretaría de Gobernación*), which maintains voter lists, oversees the organization of elections and settles electoral disputes.
- Registration requirements for parties introduced; parties need to be legally registered to compete in federal elections and must demonstrate a territorially dispersed membership base (30,000 supporters nationwide and a minimum of 1000 in two-thirds of Mexico's states and territories).

1954:

- Registration requirements for parties become more stringent (75,000 supporters nationwide and 2500 in two-thirds of Mexico's states and territories).

1964:

- Introduction of proportional representation (PR) seats with the creation of "party deputies" in the Chamber of Deputies.

1973:

- Revision of the formula for the allocation of party deputies to strengthen the PR component of the electoral system.
- Introduction of indirect funding for political parties (free access to the telegraph system and electronic media).

1977:

- Revitalization of the party system through the relaxation of registration requirements and the introduction of a conditional party registry, which allows unregistered parties to appear on the ballot under certain conditions.
- Strengthening of PR component of the electoral system to one-fourth of all seats in the Chamber of Deputies (100 "*plurinominales*" out of 400 seats).

- National parties granted the right to compete in all state and municipal races without the need to obtain special subnational registry.
- Creation of direct funding for political parties.

1983:

- Constitutional amendment introduces PR in state legislatures.

1987:

- Increase in the number of PR seats in the Chamber of Deputies from 100 to 200 (compared to 300 relative majority seats), but the largest party is also eligible for such seats.
- Governability clause grants the party obtaining a relative majority as many PR seats as needed to obtain an absolute majority in the Chamber of Deputies.
- Change in PR voting rules; citizens vote once, and their vote for single-member district seats is considered their party vote.
- Conditional party registry abolished.

1990:

- Strengthening of governability clause.
- Creation of the Federal Electoral Institute (IFE) as an autonomous agency, but it remains PRI-dominated.
- Reintroduction of the conditional party registry.

1993:

- Change in the allocation rules for the Chamber of Deputies; the new formula allocates seats according to the party's overall vote share.
- Barriers raised for electoral coalitions.

1994:

- Strengthening of the IFE's autonomy; move towards "ciudadanización" of the IFE; interior minister continues as the chair of the IFE's board but other members of the general council are non-partisan citizen councilors (*consejeros ciudadanos*) nominated by the major political parties.
- Ban on the use of government funds and personnel for partisan purposes.
- Cap of 60 percent for the number of seats held by the majority party in the Chamber of Deputies.

1996:

- The IFE becomes autonomous from the federal government.
- Reform of governability clause; majority party seat share cannot exceed its vote share by more than 8 percent.
- Increase in the amount of public funding to parties.
- Strengthening of the Federal Electoral Tribunal.
- Introduction of direct elections for the governor (*jefe de gobierno*) of the Federal District of Mexico City, and strengthening of the legislative powers of its assembly.

Sources: Scott (1964); Story (1986); Molinar Horcasitas (1991); González Casanova (1995); Crespo (2004); Haber (2008); Edmonds-Poli & Shirk (2009).

Appendix C:

State-level Party Finance Information Included in the Party Finance Database, 1996–2008

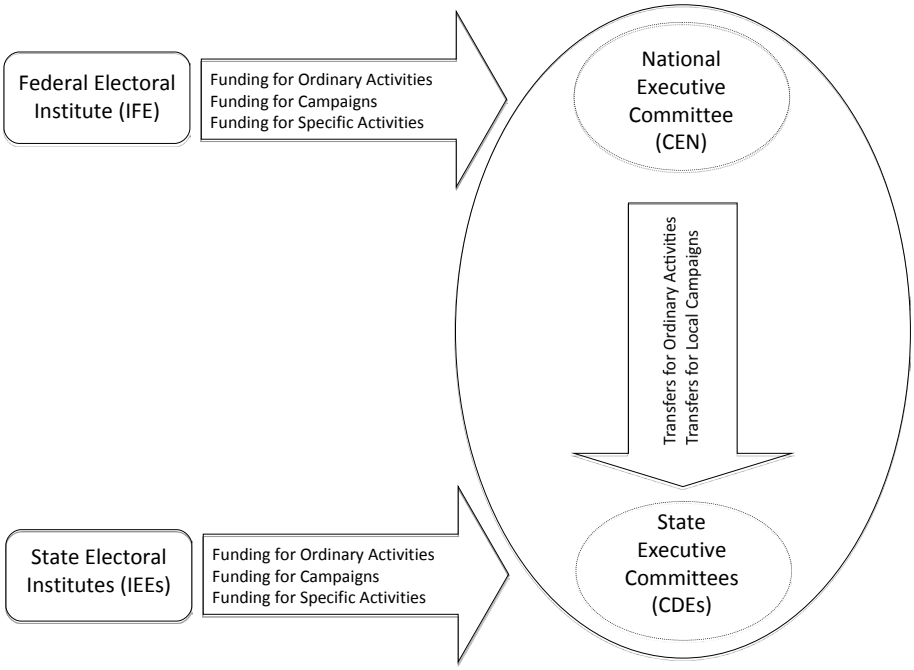
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Aguascalientes								x	x	x	x	x	x
Baja California					x	x	x	x	x	x	x	x	x
Baja California Sur					(x)	x	x	x	x	x	x	x	x
Campeche					x	x	x	x	x	x	x	x	x
Chiapas	x	x	x	x	x	x	x	x	x	x	x	x	x
Chihuahua						x	x	x	x	x	x	x	x
Coahuila						x	x	x	x	x	x	x	x
Colima											x	x	x
Distrito Federal		x		x	x	x	x	x	x	x	x	x	x
Durango										x	x	x	
Guanajuato		x	x	x	x	x	x	x	x	x	x	x	x
Guerrero	x	x	x	x	x	x	x	x	x	x	x	x	x
Hidalgo					x	x	x	x	x	x	x	x	x
Jalisco		x	x	x	x	x	x	x	x	x	x	x	x
Mexico				x	x	x	x	x	x	x	x	x	x
Michoacan					x	x	x	x	x	x	x	x	x
Morelos		x	x	x	x	x	x	x	x	x	x	x	x
Nayarit										x	x	x	x
Nuevo Leon							x	x	x	x	x	x	x
Oaxaca													x
Puebla											x	x	x
Queretaro		x	x	x	x	x	x	x	x	x	x	x	x
Quintana Roo								x	x	x			

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
San Luis Potosi					x	x	x	x	x	x	x	x	
Sinaloa	(x)	(x)	x	x	x	x	x	x	x	x	x	x	x
Sonora											x	x	x
Tabasco		x	x	x	x	x	x	x	x	x	x	x	x
Tamaulipas			x	x	x	x	x	x	x	x	x	x	x
Tlaxcala			x	x	x	x	x	x	x	x	x	x	x
Veracruz					x	x	x	x	x	x	x	x	x
Yucatan												x	x
Zacatecas						x	x	x	x	x	x	x	x
Number of States in the Database	**3**	**9**	**10**	**12**	**19**	**22**	**23**	**25**	**25**	**27**	**29**	**30**	**29**

Note: Parentheses indicate partial information. For Sinaloa (1996, 1997) and Baja California Sur (2000), only the total amount of funding is available, but not the breakdown by party.

Appendix D:

Streams of Public Funding and Political Money in Mexico



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Samenvatting

Sinds het einde van de twintigste eeuw is er een duidelijke trend waar te nemen in de richting van decentralisatie van politiek gezag. In nieuwe democratieën is de transitie naar electorale politiek veelal samengevallen met decentralisatie. Gezien haar lange traditie van gecentraliseerd gezag, betekent deze ontwikkeling met name voor Latijns Amerika een breuk met het verleden. Deze dissertatie bestudeert de relatie tussen decentralisatie en politieke organisatie en draagt bij aan ons begrip van de invloed van decentralisatie op de wijze waarop politieke partijen en partijstelsels conflicten in de samenleving uitdrukken en structureren.

Tot dusver heeft de vakliteratuur zich onvoldoende uitgelaten over de vraag hoe decentralisatie partijen en partijstelsels in Latijns Amerika beïnvloedt. Dit is te betreuren, omdat dit continent zich bij uitstek ervoor leent om deze effecten waar te nemen. Ten eerste bestaat er een schril contrast tussen de centralistische traditie en het huidige decentralisatieproces. De onafhankelijke variabele – de mate waarin politiek gezag gedecentraliseerd dan wel gecentraliseerd is – toont derhalve een grote mate van variantie. Ten tweede is het waarschijnlijk dat dergelijke hervormingen bijzonder veel impact hebben in landen waar politieke partijen een nauwe relatie met de staat onderhouden. Dit geldt voor nieuwe democratieën in het algemeen en is dan ook voor Latijns-Amerikaanse landen van groot belang.

Deze dissertatie omvat zowel een diepgaand onderzoek van Mexico als een vergelijkende studie van Latijns-Amerikaanse landen. Het kernargument behelst dat de effecten van decentralisatie zich uiten in partijstelsels en in de wijze waarop politieke partijen zich organiseren. De nadruk met betrekking tot partijstelsels ligt op nationalisatie, wat gedefinieerd wordt als de mate waarin politieke partijen gelijke stemaandelen behalen in verschillende regio's van het nationale grondgebied. De nadruk met betrekking tot partijen ligt op de cohesie van de partijorganisatie, wat refereert aan de mate waarin regionale partijeenheden geïntegreerd zijn in de algemene partijstructuur. Hoe lager de cohesie, des te autonomer deze eenheden zich kunnen opstellen. Twee onderzoeksvragen staan dan ook centraal. Ten eerste, hoe heeft decentralisatie de nationalisatie van partijstelsels in Latijns Amerika beïnvloed? Ten tweede, welk effect heeft decentralisatie gehad op de cohesie van partijorganisaties in Latijns Amerika?

De keuze voor nationalisatie van partijstelsels en cohesie van partijorganisaties is gemotiveerd door voorgaand onderzoek, waarin zowel het theoretische als normatieve belang van deze twee aspecten wordt aangetoond. Beide aspecten zijn

van invloed op het relatieve gemak waarmee partijen beleid kunnen formuleren dat gericht is op het algemeen nationaal belang. Decentralisatie stelt politieke en financiële middelen lokaal beschikbaar en verandert daarmee de context waarin partijen zich organiseren. Een centrale claim in deze dissertatie is dat het decentraliseren van gezag en de verregaande herconfiguratie van staatsinstituties de ontwikkeling van partijen en partijstelsels in een land in sterke mate beïnvloeden en de formatie van nationale partijstelsels en cohesieve politieke partijen ondermijnen.

Hoofdstuk twee brengt de twee onderzoeksvragen in verband met de theoretische vakliteratuur. De onafhankelijke variabele (decentralisatie) en de twee afhankelijke variabelen (nationalisatie van partijstelsels en cohesie van partijorganisaties) worden geconceptualiseerd en de theoretische basis van het argument wordt uiteengezet. Tot dusver heeft met name de ervaring van West-Europese en Anglo-Amerikaanse partijen een stempel gedrukt op de relevante theorievorming. Het is daarom noodzakelijk om enkele aannames en premissen, die aan deze argumenten ten grondslag liggen, nader te onderzoeken en na te gaan in hoeverre deze toe te passen zijn op Latijns Amerika. Cliëntelistische praktijken en de centrale rol van de uitvoerende macht op nationaal en subnationaal niveau spelen een belangrijke rol in de Latijns Amerikaanse politieke context. Vanuit dit oogpunt legt het hoofdstuk uit waarom decentralisatie de nationalisatie van partijstelsels en de cohesie van partijorganisaties ondermijnt.

Hoofdstuk drie laat zien hoe Latijns Amerika de weg van decentralisatie is ingeslagen in recente decennia. In dit hoofdstuk staan veranderingen in de mate van decentralisatie centraal. De gezamenlijke effecten van institutionele hervormingen, democratisering en neoliberalisme hebben de centrale staat verzwakt en de praktijk van gecentraliseerd gezag op de proef gesteld. Tezamen hebben deze processen de regio in de richting van decentralisatie gestuwd, ondanks de sterke centralistische traditie in Latijns Amerika. In Mexico heeft het democratiseringsproces de federale spreiding van machten, welke tijdens de hegemonie van de *Partido Revolucionario Institucional* (PRI) nauwelijks van belang was, nieuw leven ingeblazen. Gekozen subnationale instituties bestonden in Mexico voor het grootste gedeelte van de twintigste eeuw, maar deze waren sterk ondergeschikt in de hiërarchie van het autoritaire regime. Democratisering en institutionele hervormingen werkten samen om de status en het belang van gouverneurs radicaal te veranderen in de late jaren 90.

De gevolgen van decentralisatie op het Mexicaanse partijstelsel staan centraal in hoofdstuk vier. In de periode na decentralisatie leidde de dynamiek van electorale competitie op het subnationale niveau steeds meer een eigen leven. De strijd om aantrekkelijke gouverneursposten zorgde ervoor dat partijen zich

geografisch ongelijk ontwikkelden met als gevolg dat partijstelsels in de staten nu sterk verschillen van elkaar én van het nationale partijstelsel in termen van het aantal partijen en hun onderlinge verhoudingen. Vervolgens heeft dit patroon op het niveau van de statenverkiezingen zich overgeheveld naar federale verkiezingen. Er is een duidelijke trend van regionalisering waar te nemen in het kiesgedrag tijdens federale verkiezingen. Stemaandelen tijdens de vorige statenverkiezingen vormen nu dan ook een betere voorspeller van de federale verkiezingsuitslag dan de vorige federale verkiezingen.

Hoofdstuk vijf verlegt de aandacht naar de effecten van decentralisatie op partijcohesie in Mexico. De nadruk ligt op de distributie van middelen binnen de partij, wat voortbouwt op het argument dat de stroom van politieke financiën waardevolle informatie bevat over de relatie tussen regionale eenheden en het centrale partijbestuur. Daar waar regionale eenheden in staat zijn om hun activiteiten zonder hulp van het centrale partijbestuur te financieren, zullen zij met aanzienlijk meer onafhankelijkheid kunnen opereren. In Mexico heeft gecentraliseerde controle over financiële middelen traditioneel een belangrijke rol gespeeld in het handhaven van cohesie binnen politieke partijen. Recentelijk hebben de partijonderdelen op statenniveau steeds meer geprofiteerd van de beschikbaarheid van financiële middelen op subnationaal niveau. Het leeuwendeel van de inkomsten van regionale eenheden komt nu direct van subnationale bronnen in plaats van het partijbestuur in Mexico-Stad. Deze lagere partijeenheden beheersen dus steeds meer de middelen om autonoom te werk te kunnen gaan.

Hoofdstuk zes vormt een vergelijkende analyse van Latijns-Amerikaanse landen. Het voornaamste doel is na te gaan in hoeverre de vorige argumenten van toepassing zijn op een groter aantal cases. De eerste sectie laat zien dat er een negatief verband bestaat tussen decentralisatie en de nationalisatie van partijstelsels. Hoe meer het politiek gezag in een land gedecentraliseerd is, des te lager de mate van nationalisatie van het partijstelsel. De tweede sectie onderzoekt partijcohesie en toont aan dat politieke partijen in hoge mate gevormd worden door hun omgeving. Partijorganisaties blijken meer te verschillen van elkaar *tussen* landen dan *binnen* landen. Bovendien is de cohesie van partijorganisaties lager in gedecentraliseerde landen dan in gecentraliseerde landen. Dit wil niet zeggen dat decentralisatie de enige factor is die de mate van nationalisatie en partijcohesie bepaalt. De kwantitatieve analyse in hoofdstuk zes laat zien dat ook verschillende andere variabelen, zoals etnische diversiteit en de kenmerken van het kiesstelsel, de afhankelijke variabelen beïnvloeden. Echter, ook na het controleren voor deze overige factoren, blijft de impact van decentralisatie sterk.

De resultaten van dit onderzoek tonen een aanzienlijk effect van decentralisatie op de wijze waarop politieke conflicten gestructureerd en georganiseerd worden. In hoofdstuk zeven worden de resultaten van het onderzoek samengevat en staan de implicaties van deze resultaten voor de literatuur over politieke processen in nieuwe democratieën centraal. Net als in Latijns Amerika zijn politieke partijen in andere nieuwe democratieën in grote mate gevormd door hun relatie met de staat. Het is waarschijnlijk dat deze partijen op een vergelijkbare manier zullen veranderen als gevolg van decentralisatie. Er bestaat dus een spanningsveld tussen de erkenning van ontwikkelingsorganisaties, zoals de *Inter-American Development Bank*, dat landelijke partijen belangrijk zijn voor het formuleren van nationaal beleid, en de aandacht en middelen die dezelfde ontwikkelingsorganisaties besteden aan het promoten van decentralisatie. Tot dusver hebben zowel beleidsmakers als academici de afweging tussen decentralisatie en nationale, landelijke partijen onderschat.

Curriculum Vitae

Imke Harbers was born on December 6, 1978 in Papenburg (Ems), Germany, and attended secondary school at the Teletta-Groß-Gymnasium in Leer (Ostfriesland). She studied political science at Leiden University and at the University of California, Berkeley. Her MA thesis was awarded the 'Facultaire Scriptieprijs' by the Faculty of Social and Behavioral Sciences, Leiden University. From 2004 until 2005 she worked as junior research fellow at the German Development Institute (DIE) in Bonn. Between September 2005 and August 2009 she was a PhD candidate at Leiden University. In 2005, she received the 'Party Politics' award for best student paper, and in 2009, she received the Rudolf Wildenmann Prize of the European Consortium for Political Research. She has been a visiting fellow at the Center for US-Mexican Studies at the University of California, San Diego, and currently works at the University of Amsterdam.